

**Testimony before Budget Section
Medicaid Systems Project Update
September 15, 2011**

Chairman Grindberg, members of the Budget Section, I am Jenny Witham, Director of the Information Technology Services Division for the Department of Human Services (DHS). I appear before you to provide information on the status of the Medicaid Systems Project and Medicaid claims processing.

The Department provided testimony at the last Budget Section on June 21, 2011 that, due to continued delays in the completion of the Enterprise base product, the June 2012 implementation date is no longer viable. You have just heard testimony from ACS indicating that "now that the base system is complete, we [ACS] will be able to finalize the development of the North Dakota specific functionality." We are working with ACS regarding the revised schedule. ACS has proposed a July 1, 2013 implementation date, but all parties have not agreed to or aligned to that date.

The Department continues to work toward the finalization of the cost negotiations with ACS. I would like to provide a short history of the correspondence between the Department and ACS regarding costs due to the delayed implementation. Carol Olson, DHS Executive Director, sent a letter to ACS on February 24, 2011 outlining our terms for contract modification. We received a counter proposal from ACS on July 11, 2011. Since mid-July we have had two additional rounds of correspondence. Although the gap is narrowing between our positions, we still have a few key elements upon which we have failed to agree upon. While it is the intention of the Department to recover all the added costs that are

attributable to the schedule delay, the Department may incur some additional costs. Both DHS and ACS are hopeful that these items can be resolved over the next few weeks. The ACS contract amendment will also require submission to the Centers for Medicare and Medicaid Services for final approval.

The table below outlines the expenditures through August 2011.

Description	Budget	Permanent Oil Trust Fund	Budget	Total Expended through August 2011	Remaining
Total Medicaid System Project	62,529,371	-	62,529,371	41,394,491	21,134,880
General Fund	3,643,133	1,474,294	5,117,427	2,757,909	2,359,518
Federal Funds	55,218,418		55,218,418	36,443,056	18,775,362
Other Funds	3,667,820	(1,474,294)	2,193,526	2,193,526	-

Medicaid Claims

As of September 7, 2011, there were 23,338 Medicaid claims in suspense.

If you have any questions, I would be happy to address them at this time.