Testimony
Department of Human Services
Budget Section
Senator Tony Grindberg, Chairman
December 13, 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.

I am here to provide information regarding the questions that were posed at the September 15, 2011 Budget Section. Specifically, 1) a breakdown of the project by component detailing the purpose of each component and corresponding cost to date; 2) an analysis of projected annual operation costs and a comparison of those costs to other state's MMIS operational costs; and 3) the benefits that the state anticipates once the system is complete.

The components of the Medicaid Systems Project include:
- The Medicaid Management Information System:
  - Provider Management
  - Member Management
  - Claims Processing and Payment
    - Prior Authorization
    - Utilization Review
    - Third Party Liability
    - Recoupment
    - Estate Recovery
    - Drug Rebate

- o Program Management
  - ▪ Benefit Administration / Care Management
  - ▪ Program Integrity
  - ▪ Financial and Program Analysis/Reporting
  - o Cost to date: $24,045,111
- The Data Warehouse System:
  - o Longitudinal Financial Analysis Reporting
  - o Clinical Outcome / Disease Management Analysis
  - o Ad Hoc Reporting
  - o Cost to date: $2,725,000
- Independent Verification and Validation services:
  - o Overall Quality Assurance Monitoring
    - ▪ System Requirements and Analysis
    - ▪ Code Development
    - ▪ Data Conversion
    - ▪ System Testing
  - o Verifying the use of appropriate development methodologies and processes
  - o Validating the completeness and accuracy in all project reporting and deliverables
  - o Cost to date: $3,959,345
- Information Technology Department services:
  - o Project Management Services
  - o Software Development
  - o Systems Administration
  - o Cost to date: $9,391,391
- Other:
  - o Subject Matter Experts
  - o Facilities

o   Cost to date: $1,532,426

Attached is a graph (Attachment A) depicting the projected annual operation costs of the North Dakota system in comparison with other states.

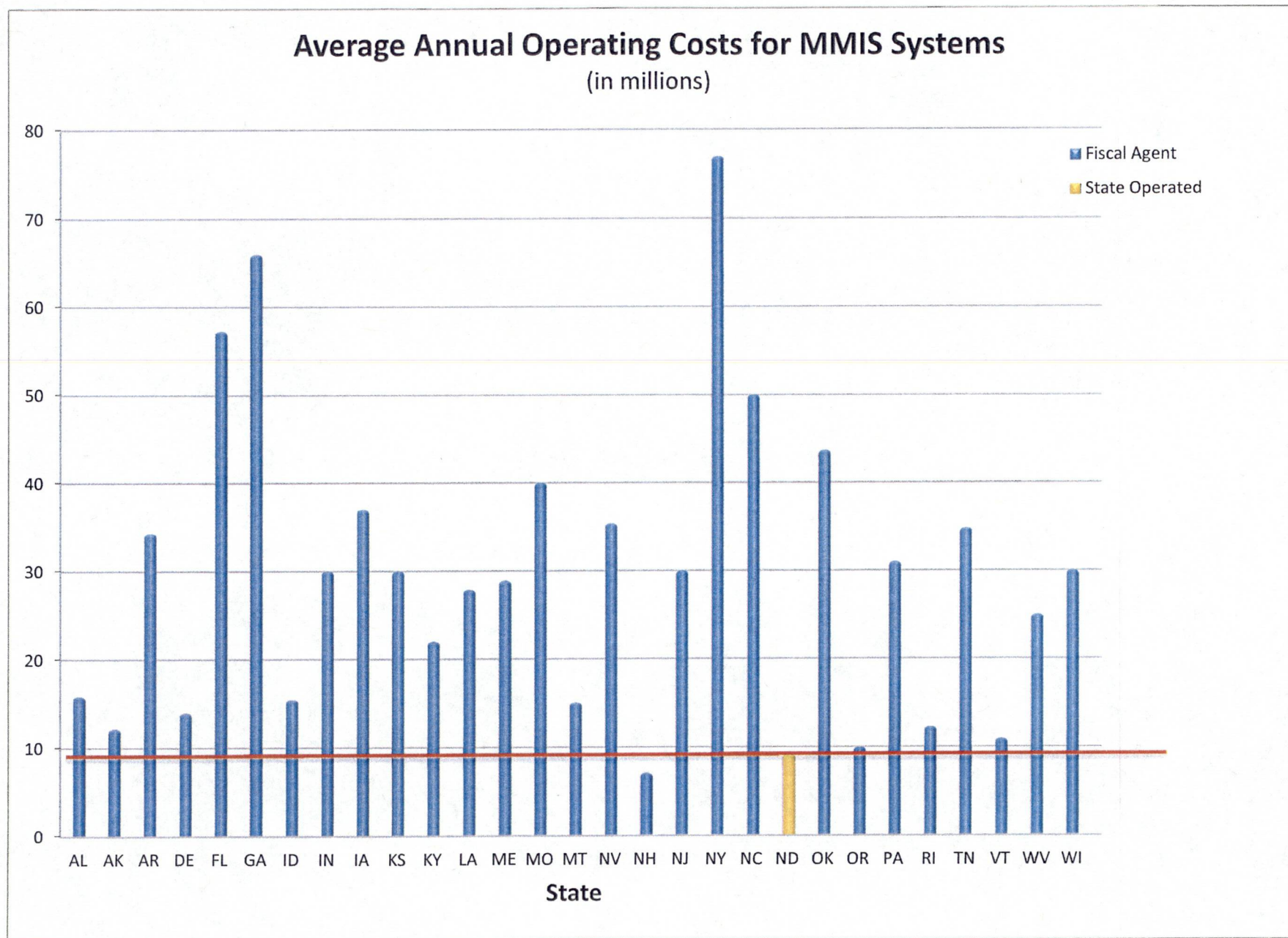Also attached is a document (Attachment B) outlining the anticipated benefits of the new system.

This following table outlines the expenditures through the month of October 2011.

Description	Budget	Total Expended	Remaining
Total Medicaid System Project	$62,529,371	$41,653,273	$20,876,098
General Fund	$5,117,427	$2,792,337	$2,325,090
Federal Funds	$55,218,418	$36,667,410	$18,551,008
Other Funds	$2,193,526	$2,193,526	$0
Total	$62,529,371	$41,653,273	$20,876,098

Medicaid Claims

As of December 6, 2011, there were 29,131 Medicaid claims in suspense.

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

Average Annual Operating Costs for MMIS Systems
(in millions)

Legend: Fiscal Agent, State Operated

X-axis (State): AL AK AR DE FL GA ID IN IA KS KY LA ME MO MT NV NH NJ NY NC ND OK OR PA RI TN VT WV WI

12/13/2011

* ND costs are based on a 6 year average. Approximately $2.3 million or 25% will be general funds.

Medical Services Anticipated Business Process Improvements

- ND Medicaid will be able to auto bill potential third parties, as compared to the current manual processes for Medicaid staff and providers.

- ND Medicaid will realize significant improvements for the Service Authorization. Providers will be able to submit requests for services online. (Services include: Durable Medical Equipment, Home and Community-Based Services, Out of State Services, Home Health, Partial Hospitalization, etc.) This new process should result in less physical paper to handle, and will improve accuracy in claims processing as the claim will automatically check for a prior authorization.

- Claims will be adjudicated upon submission allowing providers to know quickly if they made a mistake and need to resubmit.

- Members will be able to view their eligibility along with PCP and claims information online. Members will also have the ability to do a Provider Search on-line and also identify which providers are PCP and Accepting new patients to include any specifics about the provider (i.e. treat women and children only, gender of provider, etc...)

- Providers will be able to update and track PCP referrals on-line. Today these question must be handled via a phone call to Medical Services staff.

- Department staff will have the ability to track "internal" notes on cases. For example, administrative support can enter "notes" on-line during telephone conversations with members or providers. When the next staff member is in contact with the individual they will have an online history of previous conversations. The notes may include: issues, claim status, correspondence, referral to another staff person etc.

- Staff will have enhanced insight into the claims payment process. For example, staff will be able to run "queries" on any procedure or diagnosis code to see how it is paying or if it is paying incorrectly for any reason. We then should be able to go in to that code criteria and pend the code for manual review or set the code to auto-deny if needed.

- For children's dental services, notices will be sent to recipients based on the dental periodicity schedule.

- Regional Health Tracks coordinators, along with all providers, will be able to view and know when the last screenings were completed for a child, who completed the screening and when notices were sent to families.

- From a systems perspective, the new system will be able to much more scalable and extensible to support increased utilization by adding server hardware to meet the new processing needs. It will also be configurable, allowing the addition of new Benefit Plans, changes to Edits/Audits and Business Rules without the need for additional programming.