

Testimony
Department of Human Services
Information Technology Committee
Representative Robin Weisz, Chairman
June 26, 2012

Chairman Weisz, members of the Information Technology Committee, I am Jenny Witham, Chief Information Officer for the Department of Human Services (DHS). I appear before you to provide a status of Medicaid Systems Project.

The components of the Medicaid Systems Project include:

- The Medicaid Management Information System (MMIS):
 - Provider Management
 - Member Management
 - Claims Processing and Payment
 - Pharmacy Point of Sale
 - Prior Authorization
 - Utilization Review
 - Third Party Liability
 - Recoupment
 - Estate Recovery
 - Drug Rebate
 - Program Management
 - Benefit Administration/Care Management
 - Program Integrity
 - Financial and Program Analysis/Reporting
 - Budget: \$45,422,350
 - Cost through April 2012: \$25,545,111 total fund, \$2,867,670 state fund

- The Data Warehouse System:
 - Longitudinal Financial Analysis Reporting
 - Clinical Outcome/Disease Management Analysis
 - Ad Hoc Reporting
 - Budget: \$5,000,000
 - Cost through April 2012: \$2,725,000 total fund, \$312,848 state fund
- Independent Verification and Validation services:
 - Overall Quality Assurance Monitoring
 - System Requirements and Analysis
 - Code Development
 - Data Conversion
 - System Testing
 - Verification of appropriate development methodologies and processes
 - Validation of the completeness and accuracy in all project reporting and deliverables
 - Budget: \$5,918,607
 - Cost through April: \$5,091,966 total fund, \$584,063 state fund
- Information Technology Department services:
 - Project Management Services
 - Software Development
 - System Administration
 - Budget: \$9,609,248
 - Cost through April: \$9,572,919 total funds, \$1,297,743 state fund
- Other:
 - Subject Matter Experts
 - Facilities

- Contingency
- Budget: \$5,071,732
- Cost through April: \$1,598,480 total funds, \$251,278 state fund

The table below summarizes the expenditures through April 2012.

Expenditures through April 2012

Description	Budget	Total Expended	Remaining
Total Medicaid System Project	\$71,021,937	\$44,533,476	\$26,488,461
General Fund	\$6,098,318	\$3,120,076	\$2,978,242
Federal Funds	\$62,730,093	\$39,219,874	\$23,510,219
Other Funds	\$2,193,526	\$2,193,526	\$0

In May 2012, Xerox State Healthcare, formerly Affiliated Computer Services (ACS), and DHS finalized negotiations in which Xerox recognized a seven-month schedule delay and has agreed to a reduction in the total amount payable of \$1,000,000, of which \$115,500 is general fund. An additional nine-month delay in the schedule is attributable to the inclusion of International Classification of Diseases, Tenth Revision (ICD-10) functionality into the North Dakota Health Enterprise. The compliance date for this federal requirement is currently October 1, 2013, which aligns with the new go-live date. The ICD-10 functionality was not included in the original scope of the Xerox contract and represents an increase in compensation of \$8,425,282 of which \$1,146,553 is general fund.

The inclusion of the ICD-10 functionality also affects the budget for the other third party vendors, the Information Technology Department and the DHS contract staff. The third party vendor cost for the ICD-10 functionality is \$678,211 of which \$79,147 is general fund. The ITD cost

is \$1,729,559 of which \$201,840 is general fund. The DHS contract staff cost is \$63,747 of which \$7,439 is general fund.

The project's Executive Steering Committee, as required by Executive Order 2011-20, has approved the increase to the project scope and budget. DHS has sufficient funding with the general fund portion being available from post production support costs in the Information Technology Division due to the change in the go-live date. The federal authority is available within DHS's grant budget due to a decrease in caseload. DHS's budget remains unchanged overall.

Description	Budget	Budget Changes	Revised Budget
Total Medicaid System Project	\$71,021,937	\$10,896,799	\$81,918,736
General Fund	\$6,098,318	\$1,434,979	\$7,533,297
Federal Funds	\$62,730,093	\$9,461,820	\$72,191,913
Other Funds	\$2,193,526	\$0	\$2,193,526

DHS is in the process of submitting an Implementation Advance Planning Document Update to the Centers for Medicare and Medicaid Services for the revisions to the budget outlined above.

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