



State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Utah Department of Health

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March 31, 2011

Jonathan Ball, Director
Office of Legislative Fiscal Analyst
State Capitol Complex
House Building, Suite W310
Salt Lake City, UT 84114

Reference: Medicaid Management Information System Quarterly Report

Dear Mr. Ball:

Legislative intent language from both the 2010 and 2011 Legislative General Sessions directs the Utah Department of Health to report quarterly on the status of replacing the Medicaid Management Information System (MMIS). This letter and its contents constitute the Department's report for the quarter ending March 31, 2011.

MMIS Replacement Project Status by Component

Pre-Payment Editing System

The editing software was put into production in December 20, 2010. It functioned properly throughout the quarter ending March 31, 2011. This project component is complete.

Fraud and Abuse Detection System (FADS)

The Implementation Advanced Planning Document (I-APD) for enhanced funding was approved by CMS. The RFP for this project was released in the spring of 2010, but retracted to allow more vendors and a wider array of products to be included for consideration. CMS approved the revised RFP on November 2, 2010. The RFP was released November 15, 2010 with responses due on January 19, 2011. Initially, there appeared to be considerable interest, with the Department receiving 15 letters of intent from potential bidders; however, ultimately the Department received only one response. A review of that response determined that it failed to meet all mandatory requirements, resulting in the Department's judging the response to be non-compliant. Consequently, the procurement was cancelled on February 3, 2011.

The Department recently received two commitments from CMS under the Medi-Medi (Medicare-Medicaid) program. One commitment is to provide a staff resource. The other is to provide access to the MedStat DataProbe Fraud and Abuse Detection System for five years at no charge to the Department. Although the focus of the Medi-Medi program is the dual eligible population, we understand that the system can be used by the Department to meet other Program Integrity (PI) FADS needs. The PI staff indicate that this system will meet their needs and state that it actually exceeds their expectations for improving detection and recoveries.



Because of the availability of this new option, the Department has decided not to reissue the RFP at this time for a FADS tool. Rather, it will use the MedStat DataProbe tool for the next several years while the new MMIS is in development. The new MMIS core system requirements will incorporate the development of a FADS tool, which will be the long-term solution for fraud and abuse detection tool.

Point of Sale (POS) and Drug Rebate System

The Implementation Advanced Planning Document (I-APD) for enhanced funding was approved by CMS on July 26, 2010. The RFP was submitted and approved by CMS on November 15, 2010. The RFP was released November 23, 2010 and closed on January 18, 2011. The Department received six letters of intent from potential bidders. Four responses were received and evaluated. Recommendation for award is forth coming. The Point of Sale functionality will be in production by January 2012.

Data Warehouse Upgrade

The Data Warehouse upgrade was completed in February 2011 and is in production.

Core MMIS replacement

The Department received a \$3 million one-time, general fund appropriation in FY2011, which is a portion of what is needed to replace the entire system. The Department proceeded with the system components mentioned above with the initial appropriation. The Department presented the replacement options and the recommended replacement solution to the Executive Appropriations Committee on August 17, 2010.

The Department received an additional \$3 million one-time, general fund appropriation for FY2012. These additional State funds will allow the Department to seek approval for enhanced funding from the Federal Government to begin developing the MMIS core. The Department has started drafting the Implementation Advanced Planning Document (IAPD) for Design, Development and Implementation (DDI).

The Department is also preparing a Request for Proposal (RFP) for an Independent Validation and Verification (IV&V) contractor and an RFP for the core system replacement. The anticipated time frame for releasing these RFP's is by the end of the 2011 calendar year.

Specific Accomplishments of the Planning Project

- State Self-Assessment completed
- Assessment of State Capabilities completed
- Gap Analysis completed
- Cost/Benefit Analysis completed
- Request for Information (RFI) completed
- Requirement Analysis and Documentation drafted
- Draft I-APD for System Design, Develop, Implement (DDI) completed
- Draft RFP for Core System Development written
- FADS I-APD submitted to CMS Regional Office and approved
- FADS I-APD amendment approved by CMS
- FADS Request for Proposal (RFP) submitted to CMS Regional Office and approved
- FADS RFP posted on BidSync
- FADS canceled-5 year functionality provided free of charge by CMS Medi-Medi project
- Pre-Pay RFP posted and contract awarded
- Pre-Pay project implemented

- Point of Sale (POS) I-APD approved
- Point of Sale (POS) RFP approved
- Point of Sale RFP posted on BidSync
- Point of Sale responses evaluated
- Point of Sale intent to award was sent
- Data Warehouse RFP posted and contract awarded
- Data Warehouse upgrade completed

Please let me know if you have any questions related to this report. You can reach me at (801) 538-6689.

Sincerely,



Michael Hales
Deputy Director, Department of Health
Director, Division of Medicaid and Health Financing