



State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Utah Department of Health

W. David Patton, PhD
Executive Director

Division of Medicaid and Health Financing

Michael Hales
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March 30, 2012

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 the 2011 Legislative General Session 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, 2012.

MMIS Replacement Project Status by Component

Pre-Payment Editing System

The editing software has been in production since December 20, 2010. The total avoided claim payments for the first calendar quarter of 2012 was \$617,618. The amount avoided since the implementation of the system is \$2,642,057.

Fraud and Abuse Detection System (FADS)

The requirements for a FADS tool will be incorporated with the development of the new MMIS replacement. In the interim, the Department is providing the necessary data extracts and clarification of the data to the Medi-Medi contractor. The vendor is utilizing the State's data to analyze Medicare-to-Medicaid claims.

Point of Sale (POS) and Drug Rebate Management System (DRMS)

The POS/DRMS contract was awarded to Goold Health Systems (GHS). The Point of Sale System was implemented successfully on February 19, 2012. The DRMS is scheduled to be in production for the upcoming CMS defined quarterly schedule. The first drug rebate cycle using the new DRMS will begin with the April – June 2012 claims data.

Data Warehouse Upgrade

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



Core MMIS replacement

The Department received \$3 million in general fund in FY2011 which is a portion of what is needed to replace the entire system. Using the initial appropriation, the Department proceeded with work on the system components mentioned above and carried forward a balance of \$2,488,000 into FY 2012. The Department received an additional \$3 million in general fund for FY2012 for a total of \$5,488,000. The Department did not receive any additional funds for FY2013. The project is expected to need an additional appropriation of \$6 million for completion. As of mid-March, total (Federal and State) 2012 SFY FINET project expenditures were approximately \$1.4 M.

On February 2, 2012, the Department received approval from CMS for both the Implementation Advanced Planning Document (IAPD) securing enhanced federal funding and the Request for Proposal (RFP) for the core system replacement. The RFP was posted on the State Purchasing Bid Notification System, BidSync on February 2, 2012. The Department received four letters of intent from potential bidders. The RFP will be posted until May 2, 2012, at which time evaluations will begin.

Three oversight/coordinating committees are meeting regularly. These are the Sub-Cabinet Committee, a program committee to work through technical issues and a multi-agency project committee (which includes DOH, DHS, DTS and DWS).

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
- Point of Sale contract awarded to GHS
- Data Warehouse RFP posted and contract awarded
- Data Warehouse upgrade completed
- I-APD submitted to CMS for review and approval
- DDI RFP submitted to CMS for review and approval
- Draft core IV&V RFP circulated for internal comment
- I-APD approved

- DDI RFP Approved
- DDI RFP posted on BidSync
- IV&V RFP submitted to CMS for review and approval

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

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Hales". The signature is fluid and cursive, with a large initial "M" and "H".

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