

**TESTIMONY BEFORE BUDGET SECTION  
MEDICAID SYSTEMS PROJECT UPDATE  
DECEMBER 3, 2008**

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

At the September 25, 2008, Budget Section, I presented that Carol Olson sent a letter in early June to ACS State Healthcare, LLC. (ACS) expressing concerns regarding the delays in their product development and that the Department was in negotiations with ACS regarding the impact the delayed delivery was going to have on the project schedule. On November 5, 2008, ACS formally proposed through the project's change control process a request for a ten month delay to the project schedule. The Department agreed to the request with the understanding that the state bears no responsibility for additional costs resulting from the delay. We are in the process of identifying those additional costs.

Throughout this negotiation process, the project team has continued to move forward on finalizing the system design. This phase of the project is scheduled to be completed in mid-January.

The table below outlines the expenditures through the month of October 2008.

Description	Budget	Expended	Remaining
Total Project	\$62,529,371	\$22,279,440	\$40,249,931
General Funds	\$3,643,133	\$1,551,169	\$2,091,964
Federal Funds	\$55,218,418	\$19,720,674	\$35,497,744
Other Funds	\$3,667,820	\$1,007,597	\$2,660,223

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