

Testimony
Department of Human Services
Information Technology Committee
Representative Robin Weisz, Chairman
April 4, 2012

Chairman Weisz, members of the Information Technology Committee, I am Jenny Witham, Director of the Information Technology Services Division for the Department of Human Services. I appear before you to provide information on the status of the Medicaid Systems Project, including information on the status of the New Hampshire's implementation of a new Medicaid Management Information System (MMIS).

In December 2011, Affiliated Computer Services (ACS) and DHS finalized negotiations for the past project delays through June 1, 2012, resulting in ACS agreeing to reduce its contract by \$3,500,000 of which \$404,250 is general fund to cover third party contract costs. The negotiations also addressed the inclusion of the HIPAA 5010 transaction standards into the new MMIS. The compliance date for this federal requirement was January 1, 2012. The cost for this new scope is \$6,606,822 of which \$763,088 is general fund. The Centers for Medicare and Medicaid Services (CMS) and the project's Executive Steering Committee, as required by Executive Order 2011-20, have approved the increase to the project scope and budget. The Department has sufficient funding within its current operating budget to cover this increase in scope. During the 2011 Legislative Session, the Department requested \$6.7 million to be used for post-production support and licensing services from ACS to cover the period from June 1, 2012 to June 30, 2013. With the extension of the go-live date beyond June 1, 2012, it is anticipated that these funds will not be necessary for the reason originally appropriated. Instead, the

Department moved these funds from the operating line to the project budget to cover the new scope outlined above.

Also, during the 2011 Legislative Session, the Department requested authority in its operating budget for user acceptance testing of the new system to augment Department staff. The amount budgeted is \$1,885,744 million, of which \$217,803 is general fund. We believe this expenditure is more appropriately placed in the project budget, rather than the operating budget, and moved this funding to the project budget as well to better represent overall project costs.

Both of these budget changes were presented to Budget Section on March 13, 2012. It is important to note that overall, the Department's information technology budget remains unchanged.

The Department is still negotiating with ACS the impact of the implementation of the federal ICD-10 coding standard. The compliance date for this federal requirement is October 1, 2013.

New Hampshire

The ACS Health Enterprise implementation in New Hampshire has met several significant milestones over the past several months. The first phase of the system in New Hampshire, i.e. Provider Enrollment, went into production in mid-December. On January 4, 2012, New Hampshire completed the first cycle of MMIS integration testing, taking full operational cycles through daily and weekly operational processes. In February they successfully executed an Electronic Data Interchange (EDI) sample test by fully adjudicating 1,000 claims through EDI front end to the final adjudicated state. Most recently they have completed the User

Acceptance Test data conversion validation. This step provides proof of the database stability. At this time, they are working with ACS to finalize the entrance criteria to begin the User Acceptance Testing phase.

The table below outlines the expenditures through the month of February 2012.

Description	Budget	Total Expended	Remaining
Total Medicaid System Project	\$71,021,937	\$42,765,298	\$28,256,639
General Fund	\$6,098,318	\$2,915,777	\$3,182,541
Federal Funds	\$62,730,093	\$37,655,995	\$25,074,098
Other Funds	\$2,193,526	\$2,193,526	\$0

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