

North Dakota Department of Human Services

Independent Assessment of Potential MMIS Replacement Options

Report of Findings

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II. Introduction

II. Introduction

Background

- NDDHS requested that the Budget Section provide additional funding for the project.
- The Budget Section expressed support for the project by allowing NDDHS to proceed with preliminary work with Affiliated Computer Services, Inc. (ACS).
- The final decision on continuation of the project is to be made by the 60th Legislative Assembly.
- NDDHS signed a contract with ACS to replace the existing Medicaid Management Information System (MMIS).
- The Budget Section requested that NDDHS contract for an independent assessment of potential MMIS replacement options and suggested five alternatives for consideration.
- NDDHS selected MTG Management Consultants, LLC, to perform the independent assessment.

II. Introduction *Background*

- Based on direction from the Budget Section, MTG evaluated the following primary alternatives:
 - » *Alternative #1* – Acceptance of the current ACS bid.
 - » *Alternative #2* – Rebidding of the MMIS project.
 - » *Alternative #3* – Joint development with another state.
 - » *Alternative #4* – Use of a fiscal agent.
- As the fifth alternative, the Budget Section proposed outsourcing billing and payment components. This option is addressed separately within the assessment.



III. Assessment Approach

III. Assessment Approach

Why MTG?

- Extensive experience providing independent assessments.
- Extensive experience performing procurement planning.
- Recent experience supporting Medicaid programs.
- Knowledge of the MMIS marketplace.
- Focus on maintaining independence from systems integrators and other implementation vendors.
- National reputation for quality, thoroughness, objectivity, and integrity.

III. Assessment Approach

Approach

- Clearly define MMIS replacement options (alternatives).
- Develop an evaluation model to assess the alternatives.
 - » Establish evaluation criteria.
 - » Rank and weight the evaluation criteria.
 - » Define ratings for use in performing the evaluation.
- Collect MMIS market data for recent procurements.
- Perform a qualitative assessment of the alternatives.
 - » Identify pros and cons of each alternative.
- Perform a quantitative assessment of the alternatives.
 - » Assess the alternatives using the evaluation model.
- Provide recommendations.



IV. MMIS Market Assessment

IV. MMIS Market Assessment

The Current MMIS Approach Provides Strong Cost Performance Against Other Market Approaches

State	DDI Cost	Yearly Operating Cost	Operating Years	Operating Cost (6-Year Period)	Total Cost
WA (Turnkey/Facility Management)	\$71,653,142	\$17,363,933	6	\$104,183,598	\$175,836,740
WI (Fiscal Agent)	\$21,500,000	\$30,460,000	6	\$182,760,000	\$204,260,000
OR (Turnkey/Facility Management)	\$53,306,217	\$4,400,000	6	\$26,400,000	\$79,706,217
NH (Fiscal Agent)	\$22,100,000	\$8,000,000	6	\$48,000,000	\$70,100,000
ND (Turnkey/In-House)	\$56,849,371 ¹	\$5,691,402 ²	6	\$34,148,412	\$90,997,783
Average	\$45,081,746	\$13,183,067	6	\$ 79,098,402	\$124,180,148

¹ The \$56,849,371 DDI cost for NDDHS includes all of the NDDHS project costs, while the DDI costs for the other states primarily cover contracted costs and most likely do not include other internal costs.

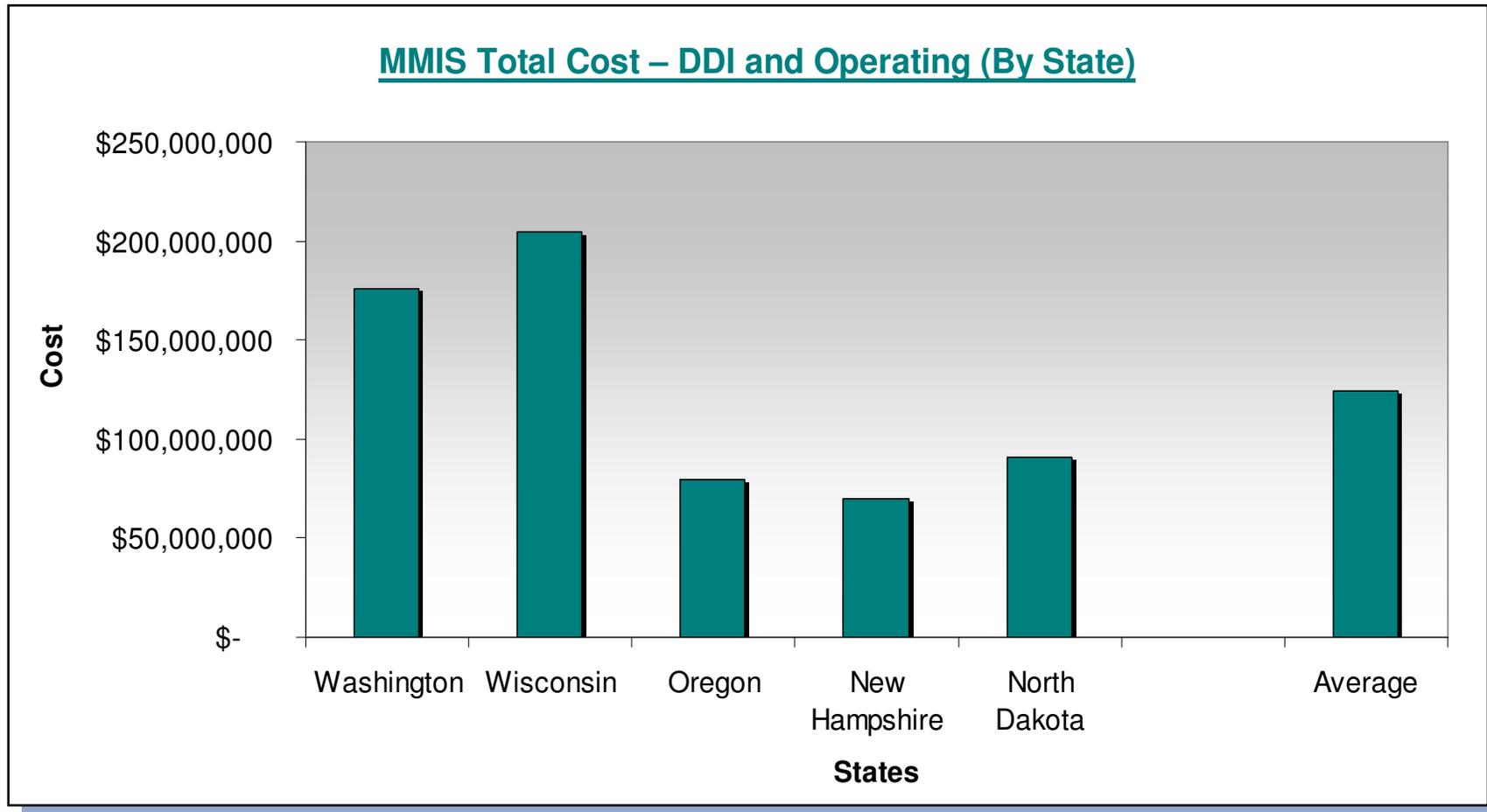
² The \$5,691,402 yearly operating cost for NDDHS includes all predicted operating expenses. We believe that the other states have provided primarily contracted costs without including their associated internal costs.

NOTES:

- Washington and Oregon are facility management states. Yearly operating costs are comparable to NDDHS's projected cost of \$3.48 million.
- Wisconsin and New Hampshire are fiscal agent states. Yearly operating costs are comparable to NDDHS's projected cost of \$5.29 million.

IV. MMIS Market Assessment

The Current MMIS Approach Provides Strong Cost Performance Against Other Market Approaches



IV. MMIS Market Assessment

The Current MMIS Approach Provides the Lowest Cost When Compared to Other Facility Management Approaches

State	Type	Vendor	DDI Cost	Yearly Operating Cost	Operating Years	Operating Cost (6-Year Period)	Total Cost
WA	Turnkey/ Facility Management	CNSI	\$71.65 million	\$17.36 million	6	\$104.18 million	\$175.84 million
OR	Turnkey/ Facility Management	EDS	\$53.31 million	\$4.40 million	6	\$26.40 million	\$79.71 million
ND	Turnkey/ In-House	ACS	\$56.85 million ¹	\$3.48 million ²	6	\$20.90 million	\$77.75 million
Average			\$60.60 million	\$8.41 million	6	\$50.49 million	\$111.10 million

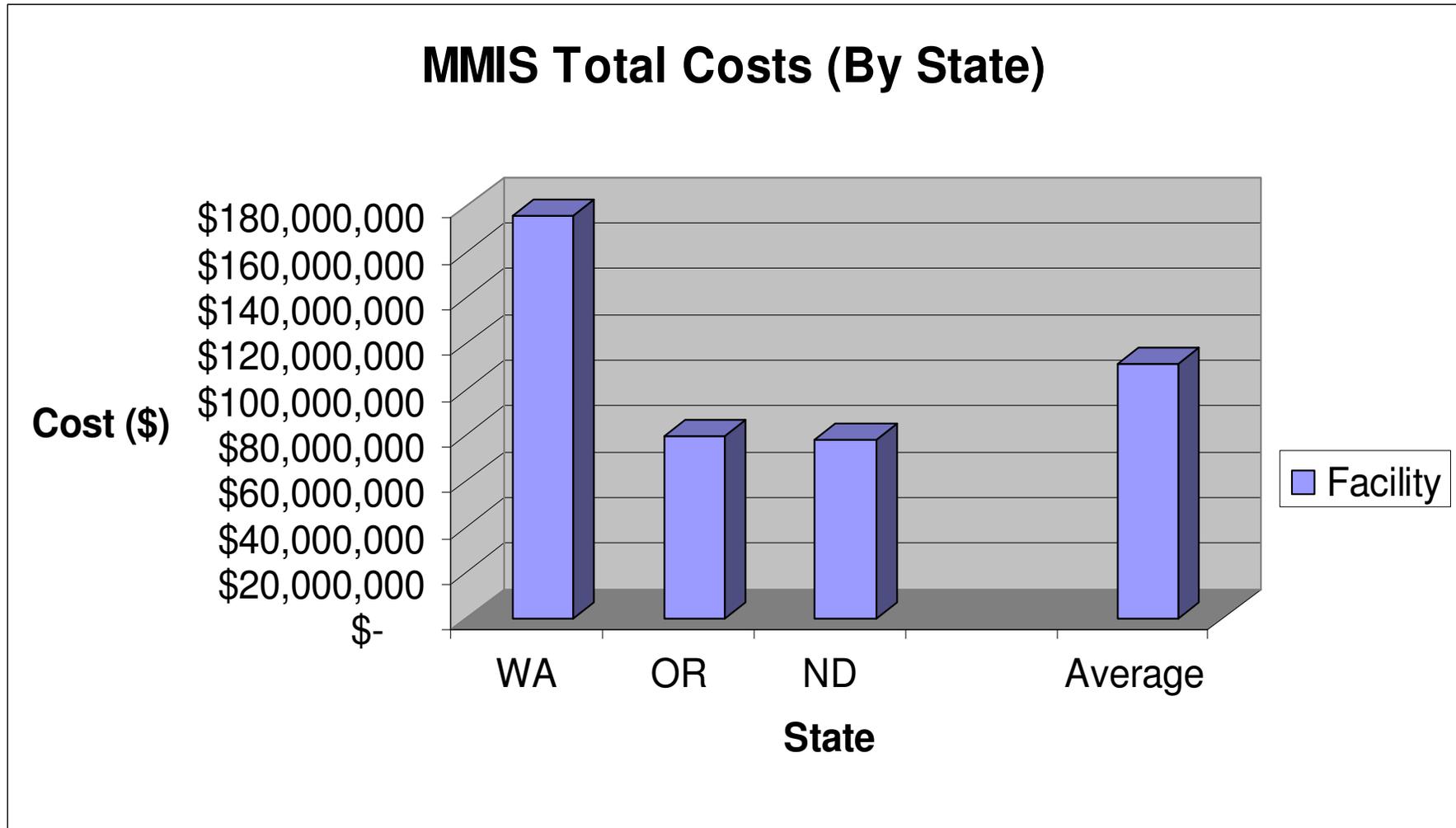
¹ The \$56.85 million DDI cost for NDDHS includes all of the NDDHS project costs, while the DDI costs for the other states primarily cover contracted costs and most likely do not include other internal costs.

² The \$3.48 million yearly operating cost for NDDHS represents what NDDHS pays to ITD for support and services that are comparable to the facility management services provided by vendors in the other states.

NOTE: Washington and Oregon are facility management states. Yearly operating costs are comparable to NDDHS's projected cost of \$3.48 million.

IV. MMIS Market Assessment

The Current MMIS Approach Provides the Lowest Cost When Compared to Other Facility Management Approaches



IV. MMIS Market Assessment

The Current MMIS Approach Provides the Second-Lowest Cost When Compared Against Other Fiscal Agent Approaches

State	Type	Vendor	DDI Cost	Yearly Operating Cost	Operating Years	Operating Cost (6-Year Period)	Total Cost
WI	Fiscal Agent	EDS	\$21.50 million	\$30.46 million	6	\$182.76 million	\$204.26 million
NH	Fiscal Agent	ACS	\$22.10 million	\$8.00 million	6	\$48.00 million	\$70.10 million
ND	Turnkey/ In-House	ACS	\$56.85 million ¹	\$5.29 million ²	6	\$31.76 million	\$88.61 million
Average			\$33.48 million	\$14.58 million	6	\$87.50 million	\$120.98 million

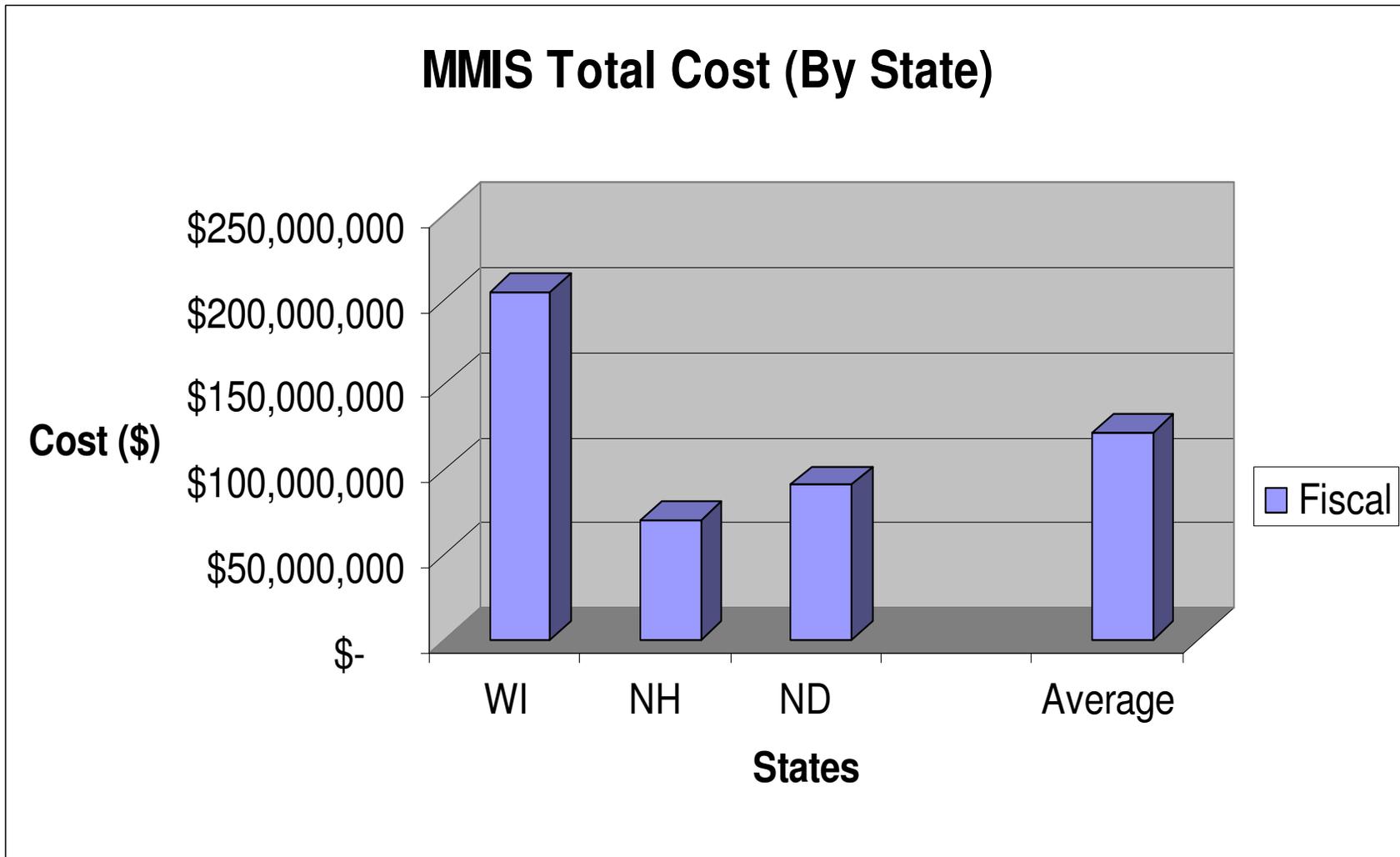
¹ The \$56.85 million DDI cost for NDDHS includes all of the NDDHS project costs, while the DDI costs for the other states primarily cover contracted costs and most likely do not include other internal costs.

² The \$5.29 million yearly operating cost for NDDHS represents what NDDHS would pay to a fiscal agent to obtain the support and services that are comparable to those currently provided by ITD and NDDHS staff.

NOTE: Wisconsin and New Hampshire are fiscal agent states. Yearly operating costs are comparable to NDDHS's projected cost of \$5.29 million.

IV. MMIS Market Assessment

The Current MMIS Approach Provides the Second-Lowest Cost When Compared Against Other Fiscal Agent Approaches





V. Assessment of MMIS Replacement Alternatives

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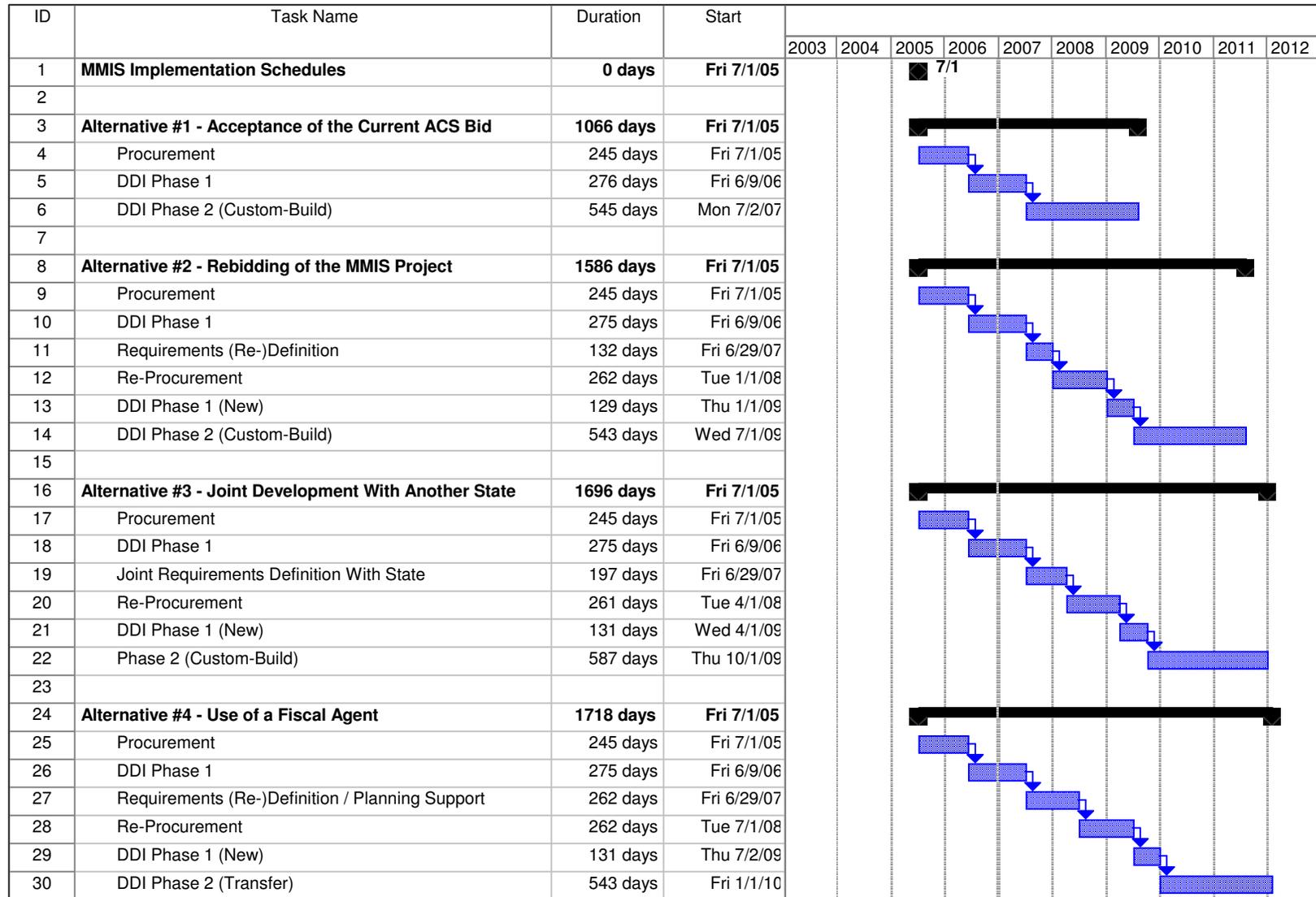
The Current MMIS Approach Was Rated the Highest of the Evaluated Alternatives

NDDHS MMIS Procurement Alternatives Evaluation Summary

Procurement Alternatives	Evaluation Criteria				Total Score	Percentage of Total
	Cost/Financial	Schedule	Management	Technology		
Weight	40.00%	20.00%	30.00%	10.00%	100.00%	
Points	400	200	300	100	1000	
Categories						
Alternative #1 – Acceptance of the Current ACS Bid	280	200	240	91	811	81%
Alternative #2 – Rebidding of the MMIS Project	216	120	201	80	617	62%
Alternative #3 – Joint Development With Another State	312	80	201	79	672	67%
Alternative #4 – Use of a Fiscal Agent	184	120	228	69	601	60%

V. Assessment of MMIS Replacement Alternatives

The Current MMIS Implementation Approach Concludes 24 to 30 Months Earlier Than Other Alternatives





VI. Recommendations

VI. Recommendations

- Continue with the current MMIS approach – acceptance of the current ACS bid (Alternative #1).
 - » Second-lowest total cost among evaluated alternatives.
 - » Implementation schedule 24 to 30 months faster than other alternatives.
 - » Highest compatibility with the Information Technology Division's (ITD's) technology approach.
 - » No re-procurement costs.
- Consider third-party support options following completion of the current MMIS DDI effort.
 - » Facility management.
 - » Outsourcing of billing and payment process (fifth alternative).