TESTIMONY BEFORE
INFORMATION TECHNOLOGY COMMITTEE
MINIMUM DATA SET FOR NURSING HOMES (STARTUP)
MARCH 24, 2010

Chairman Robinson, members of the Information Technology Committee, I am Jennifer Witham, Director of Information Technology Services for the Department of Human Services (DHS). I appear before you to provide a startup report for the Minimum Data Set (MDS) project.

The MDS was initially implemented by the Centers for Medicare and Medicaid Services (CMS) in 1996 to gather information on Nursing Home Facility residents. In January 2000, DHS began using this data for payment purposes. The MDS currently contains approximately 1200 data elements which determine the resident's care classification and in turn is used by the Medicaid program to calculate payments. This ensures that the nursing home facilities are paid based on the needs of the recipients.

CMS has announced that a new MDS 3.0 assessment will be implemented on October 1, 2010. CMS' goals for MDS 3.0 are to:

- Increase the resident's voice through resident interviews
- Improve the accuracy and validity of the tool
- Introduce advances in assessment measures
- Increase the clinical relevance of items

This project represents the changes that are needed to our MDS legacy system in order to incorporate the changes created by the new 3.0 requirements.

The full startup is attached to my testimony. If you have any questions, I would be happy to address them at this time.

Project Name: Minimum Data Set 3.0

Agency: North Dakota Department of Human Services

Business Unit/Program Area: Medical Services

Project Sponsor: Barb Fischer

Project Manager: Mark Kennedy

Project Description

PROJECT DESCRIPTION

Project History

The Minimum Data Set (MDS) was implemented by the Health Care Financing Administration (HCFA) in 1996, and is used to gather clinical information on Nursing Home Facility residents. The MDS forms currently contain approximately 1200 data fields which are completed by qualified personnel at nursing home facilities, and are used to determine the level of care a resident requires. Specific data elements from the form are used in an algorithm to determine which of 1-34 classifications a resident falls in. This ensures that the nursing facilities are paid based on the needs of the recipients as the classifications are used as part of the Nursing Facility payment system.

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CMS also calls for implementation of a new case-mix classification model, known as Resource Utilization Group, Version Four (RUG-IV), for FY 2011(starts 10/01/2010). Some of the changes incorporated into RUG-IV significantly deviate from the currently used model, RUG-III, and will require system modifications to accommodate utilization of the new grouper.

On October 1, 2010 MDS 3.0 CMs expects implementation of MDS 3.0 to be complete thus initiating:

- National data collection using MDS 3.0;
- SNF PPS based on MDS 3.0 data; and
- National data collection of QMs/QIs using MDS 3.0 data items.

Consistency/Fit with Organization's Mission

The mission of the North Dakota Department of Human Services is to provide quality, efficient and effective human services, which improve the lives of people. This is a federal mandate that providers are required to be in compliance with.

Business Need or Problem

Business Need

CMS has announced that a new MDS 3.0 assessment will be implemented on October 1, 2010. It was determined that the effort to modify the existing system from MDS 2.0 to MDS 3.0 would be significant enough that it would be a better solution to rewrite the system using current technologies.

Solution Statement

To achieve the validation of the MDS 3.0 forms, our proposed solution is to use Java processes. The scope of such a project would include the creation of a web service interface for the intake of MDS 3.0 documents, a modular Java component to perform the required field level validations and the creation of a standardized response message returned by the web service containing the statuses of the edits performed, including both the warnings and errors found by the validation processes.

Key Metrics

Project Start Date	Estimated Length of Project	Estimated Cost
01/22/2010	8.3 Months	**$836,626**

Benefits to Be Achieved	
Project Objectives	Measurement Description
Receive & validate MDS 3.0 forms from nursing homes beginning October 1, 2010. Anticipated Benefit(s): The new forms will contain data that aligns with the CMS goals regarding resident interviews, advances in assessment. Clinical relevance and any RUG-IV data. The validation process will align with the CMS goal of "*Improve the accuracy and validity of the tool*". This will allow us to maintain compliance with Federal Requirements for MDS 3.0 and allow for assignment of a classification for payment of Nursing Facilities services.	Measurement: MDS forms are received from nursing home facilities in a daily batch through the Web File Transfer system where they are posted to an Oracle database. Measurement: The daily MDS batch processes will pick up the records in Oracle and validate the fields against MDS 3.0 requirements. Measurement: Forms that pass are stored in the DHS system in the proper format. Measurement: Forms that are returned have noted which data did not pass validation and notice is given to the submitter's message queue within 24 hrs of submission
Process the MDS records post validation in order to update the resident's classification. Anticipated Benefit(s): Assignment of a RUG III classification that can be used for payment and a RUG IV classification that will be used in analysis to convert the payment system to use the RUG IV classification starting January 1, 2012.	Measurement: Classifications are updated for RUG III & RUG IV correctly. This will be monitored by the DHS staff on a monthly basis for the first 6 months. Measurement: Summary records are being added to and notices are being sent to the facility correctly. This will be monitored by the DHS staff on a monthly basis for the first 6 months. Measurement: This process is working beginning Oct 1, 2010.
Online system allows DHS staff to modify any information in an assessment or classification summary. Anticipated Benefit(s): Allows DHS to manually edit data as needed in case of submission errors (valid but incorrect data) without requiring the submission of a new form, this allows for proper classification for payment.	Measurement: DHS staff with correct security access can access system and update any of the 1200+ data fields on an assessment & all data must pass validation. Measurement: When a DHS staff modifies any of the fields in an assessment record that the classification algorithm uses, the classification is re-calculated after all field modifications for that record are made.
The system transfers to the Nursing Home classification tables to the MMIS system and the MMIS system calculates correct payment. Anticipated Benefit(s): Compliance with Medicaid state plan for payment of Nursing Facilities services.	Measurement: Claims payments are being paid correctly based on correct rates being calculated from resident's classification. All claims will be submitted in the test environment and payment classification changes and amounts will be confirmed.
Current reports and submissions are duplicated in the new system. Anticipated Benefit(s): Most reports are used to manually validate compliance with Federal Regulations. Nursing Facilities receive accurate reports of submission within 24 hours of classification.	Measurement: All reports and submissions are available by go-live.

Cost/Benefit Analysis
If the State of North Dakota does not do this project we would be unable to pay providers correctly and be at

risk for losing hundreds of millions of dollars in CMS funding. This project would be funded at a 90/10 federal match.

Project Costs			
Hardware			
Software/Licenses	$753,750		$753,750
Consulting			
Training			
Project Management			
Staff			
Travel			
Miscellaneous	(LPO) $7,500		$7,500
e.g., Rental Space			
Risk Contingency	$75,376		$75,376
Management Reserve			
Sub-Total	**$836,626**		**$836,626**
Total Project Costs (Operations)			
Maintenance Fees	$23 p/m		
Software/Licenses	0		
Hosting Fees	$566 p/m		
Staff	$900 p/m		
Sub-Total	**$1489 p/m**		
Total			
Bars Request			
Total Cost of Project	**$836,626**		
2YR Cost of Ownership	**$35,736**		

Key Constraints or Risks

Risks of Performing the Project:

Risk: Lack of CMS approval for budgeted dollars.

Impact: Not enough funds to do the project.

Mitigation: Work with CMS on funds needed to accomplish their new requirement.

Risk: ITD does not complete milestones in order to go-live October 1, 2010.

Impact: Do not meet federal requirement to go-live October 1, 2010.

Mitigation: Work with ITD to see what can be done to makeup time in order to go live October 01, 2010.

Risk: DHS resources are not available to complete their tasks.

Impact: Schedule could be delayed if they are not available.

Mitigation: Additional staff may need to be transferred to project or other duties that key staff are working on.

Risks of not Performing the Project:

Implementing MDS 3.0 will keep the State in compliance with federal regulations and keep the State from being at risk for nonpayment of nursing facility services required by NDCC 50-24.4 using a case mix payment system.