

Testimony
Department of Human Services
Budget Section
Senator Tony Grindberg, Chairman
December 13, 2011

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

I am here to provide information regarding the questions that were posed at the September 15, 2011 Budget Section. Specifically, 1) a breakdown of the project by component detailing the purpose of each component and corresponding cost to date; 2) an analysis of projected annual operation costs and a comparison of those costs to other state's MMIS operational costs; and 3) the benefits that the state anticipates once the system is complete.

The components of the Medicaid Systems Project include:

- The Medicaid Management Information System:
 - Provider Management
 - Member Management
 - Claims Processing and Payment
 - Prior Authorization
 - Utilization Review
 - Third Party Liability
 - Recoupment
 - Estate Recovery
 - Drug Rebate

- Program Management
 - Benefit Administration / Care Management
 - Program Integrity
 - Financial and Program Analysis/Reporting
- Cost to date: \$24,045,111
- The Data Warehouse System:
 - Longitudinal Financial Analysis Reporting
 - Clinical Outcome / Disease Management Analysis
 - Ad Hoc Reporting
 - Cost to date: \$2,725,000
- Independent Verification and Validation services:
 - Overall Quality Assurance Monitoring
 - System Requirements and Analysis
 - Code Development
 - Data Conversion
 - System Testing
 - Verifying the use of appropriate development methodologies and processes
 - Validating the completeness and accuracy in all project reporting and deliverables
 - Cost to date: \$3,959,345
- Information Technology Department services:
 - Project Management Services
 - Software Development
 - Systems Administration
 - Cost to date: \$9,391,391
- Other:
 - Subject Matter Experts
 - Facilities

- o Cost to date: \$1,532,426

Attached is a graph ([Attachment A](#)) depicting the projected annual operation costs of the North Dakota system in comparison with other states.

Also attached is a document ([Attachment B](#)) outlining the anticipated benefits of the new system.

This following table outlines the expenditures through the month of October 2011.

Description	Budget	Total Expended	Remaining
Total Medicaid System Project	\$62,529,371	\$41,653,273	\$20,876,098
General Fund	\$5,117,427	\$2,792,337	\$2,325,090
Federal Funds	\$55,218,418	\$36,667,410	\$18,551,008
Other Funds	\$2,193,526	\$2,193,526	\$0
Total	\$62,529,371	\$41,653,273	\$20,876,098

Medicaid Claims

As of December 6, 2011, there were 29,131 Medicaid claims in suspense.

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