

**Department of Human Services
Budget Section
Representative Chet Pollert, Chairman
December 3, 2014**

Chairman Pollert, members of the Budget Section, I am Jenny Witham, Director of Information Technology Services for the Department of Human Services (DHS). I appear before you to provide an update on the status of the Medicaid System Project and the Eligibility System Modernization Project. At the conclusion of my testimony, Maggie Anderson will provide an update on the eight-bed transitional living facility in the Southeast region.

Medicaid System Project

Officials from the primary system vendor, Xerox Corporation, were here on November 20, 2014, to continue contract negotiations and to determine a revised go-live date. The revised go-live recommendation is scheduled to be delivered to the Executive Steering Committee on December 9, 2014. There are several variables that are being taken into consideration, but primarily we are finalizing the impact of incorporating the Affordable Care Act requirements and functionality that must be in place prior to go-live. DHS staff is in the process of executing end-to-end testing and engaging in numerous system transition and readiness activities, i.e. training, call center start-up, desktop procedure documentation, legacy shutdown and cut-over analysis. At this time, we are targeting next summer for the system implementation date.

The following table outlines the project expenditures through September 2014.

	Budget	Expenditures through 9/30/2014	Amount Remaining
Total	\$88,545,007	\$ 60,766,722	\$ 27,778,285
General Fund	\$7,533,297	\$ 5,225,768	\$ 2,307,529
Federal Funds	\$78,043,573	\$ 53,347,428	\$ 24,696,145
Other Funds	\$2,968,137	\$ 2,193,526	\$ 774,611

Eligibility System Modernization Project

DHS received funding during the 2011 Legislative Assembly Special Session to replace the current legacy eligibility determination systems with a fully integrated system that includes the Medicaid Affordable Care Act (ACA) requirements.

The system replacement includes Medicaid, Children’s Health Insurance Program (CHIP), Temporary Assistance to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Child Care Assistance Program (CCAP), and Low Income Home Energy Assistance Program (LIHEAP). The Centers for Medicare and Medicaid Services (CMS) provides enhanced Federal Financial Participation (FFP) of 90 percent for the Medicaid requirements of the system replacement. Medicaid enhanced FFP is extendable to core system functions of an integrated eligibility determination system. DHS has determined that these core system functions represent 80 percent of system replacement costs and the ability to use the enhanced FFP for the core system functions is available through December 31, 2018.

The Medicaid ACA requirements had to be in place by October 1, 2013. The ACA requirements have proven to be very complex. DHS is working with the Information Technology Department (ITD) to build this component of the system replacement. We are currently executing the required Medicaid ACA functionality in a scaled down contingency system. Due to the demands of managing this labor intensive contingency process on state resources, the State Executive Steering Committee voted to temporarily suspend work on the system replacement project.

DHS is exploring system replacement options through a Request For Proposal (RFP) process in order to accelerate the replacement project schedule and maximize the Medicaid enhanced FFP. Vendor proposals have been evaluated, and the project’s Executive Steering Committee is in the process of finalizing the next steps, which may result in pursuing a system transfer for all or portions of the integrated eligibility system.

The following table outlines the project expenditures through September 2014.

	Budget	Expenditures through 9/30/2014	Amount Remaining
Total	\$42,867,925	\$12,553,592	\$30,314,333
General Fund	\$8,761,675	\$2,690,525	\$6,071,150
Federal Funds	\$34,106,250	\$9,863,067	\$24,243,183

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

Status of eight-bed transitional living facility in the Southeast region

The Southeast Human Service Center (SEHSC) is one of eight regional human service centers within the North Dakota Department of Human Services and is responsible to provide a wide range of services to the residents of Cass, Ransom, Richland, Sargent, Steele, and Trail counties of southeastern North Dakota.

House Bill 1012 of the 2013 legislative session provided funding to contract for an eight-bed community-based transitional living facility for adults (age 18+) who, due to their mental health and substance abuse issues, need more support and structure than is currently available in their lives. The services provided in the transitional living facility places a strong emphasis on the training of daily living skills, learning how to incorporate medication compliance strategies into their lives, and learning how to better cope with naturally occurring life stressors.

SEHSC contracted with the Dacotah Foundation to provide the transitional living home services. The Hope Haven Transitional Living Facility was opened in Fargo on May 22, 2014, when the first resident moved into the facility. SEHSC and Dacotah Foundation started a process on June 1, 2014, of adding approximately one client per week to allow for some staff hiring and training time and client transition time.

Since its opening at the end of May, 12 individuals have been served at Hope Haven with over five of the eight beds being continuously filled. The length of stay has ranged from one month to four months.

I would be happy to answer any questions you may have.