Testimony
Department of Human Services
Budget Section
Representative Chet Pollert, Chairman
September 24, 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 Systems Project. While not on the agenda, I am
including an important update on the status of the Eligibility Systems
Modernization Project.

Medicaid Systems Project

Multiple testing activities are underway and planned for the remainder of
the pre-implementation period. Parallel testing, where we test the new
system claims payment results to the legacy system claims payment
results, is nearly complete, and we are in the process of finalizing reports
and executing close out functions. We have completed operational
readiness testing, and are scheduled to complete User Acceptance Testing
on October 3, 2014. We will begin system end-to-end testing on
October 13, 2014. We are continuing to work on finalizing data
conversion testing, interface testing, and trading partner/Electronic Data
Exchange testing.

In addition to the testing efforts, the project team is finalizing the impact
analysis of incorporating the Affordable Care Act requirements into the
new system. DHS has finalized the requirements, and we are awaiting
Xerox's response.

DHS and the MMIS State Executive Steering Committee continue to work with Xerox executives to ensure we clearly communicate performance and operational expectations. All parties agree that we are close to implementation; however, there are system defects that must be remediated before we would be comfortable in making the "final" implementation decision. Xerox officials will be here on September 30, 2014 to continue contract negotiations and to determine a revised go-live date.

We are committed to implementing with minimal impacts to clients, Medicaid providers, and others who use the system.

The following table outlines the project expenditures through July 2014.

	Budget	Expenditures through 7/31/2014	Amount Remaining
Total	$88,545,007	$59,066,432	$29,478,575
General Fund	$7,533,297	$5,024,951	$2,508,346
Federal Funds	$78,043,573	$51,847,955	$26,195,618
Other Funds	$2,968,137	$2,193,526	$774,611

Eligibility Systems 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. The enhanced FFP is available through December 31, 2015.

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 an Request For Proposal (RFP) process in order to accelerate the replacement project schedule and maximize the Medicaid enhanced FFP. Once the proposals are evaluated, a decision will be made about next steps, which may include resuming ITD development on the system, or may result in a contract for a system transfer for all or portions of the integrated eligibility system.

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