

Testimony
House Bill 1072 – Department of Human Services
House Appropriations - Human Resources Division
Representative Pollert, Chairman
January 9, 2017

Chairman Pollert, and members of the House Appropriations – Human Resources Division, I am Jenny Witham, Information Technology Services Director for the Department of Human Services (Department). I am here today to provide you an overview of the Information Technology Services Division (ITS) budget.

Overview of the Division

The Department's ITS is responsible for information technology strategic planning; business analysis; system security; project management; procurement; oversight of software development and maintenance; technology standards and policy enforcement; decision support services; claims processing; electronic health record incentive payment administration; desktop support; electronic document management support; and data entry services.

ITS provides technology services to support the business needs of the central office divisions, the eight human service centers, the State Hospital, the Life Skills and Transition Center, and the county social service boards across North Dakota.

Major Program Changes

The Department implemented the Medicaid Management Information System on October 5, 2015. We have not missed a payment cycle since go-live and currently are processing over 300,000 claims per month

representing over \$80 million dollars in payments per month. As expected with an implementation of this magnitude, there were several system issues. The Medicaid providers have been very understanding and the Department has worked to correct all system issues as quickly as possible. All major defects have been resolved; however, a process to reconcile the claims affected by defects in recipient liability processing is under review and development.

The Department is in the process of replacing several major information systems in the Economic Assistance Programs and Field Services areas. The Economic Assistance project, the Self Service Portal and Consolidated Eligibility System (SPACES), will replace five legacy eligibility systems for Child Care Assistance, Low Income Home Energy Assistance, Medicaid, Children's Health Insurance, Supplemental Nutrition Assistance and Temporary Assistance for Needy Families programs with an integrated eligibility system. The project has two releases. The first release was implemented on February 8, 2016 and included the Patient Protection & Affordable Care Act (ACA) Medicaid provisions and the Children's Health Insurance Program. The outstanding four programs and remaining Medicaid functionality is scheduled to be implemented in the Fall of 2017.

The Field Services project will implement an Office of National Coordinator Meaningful Use certified behavioral health Electronic Health Record (EHR) system for use by the eight Regional Human Service Centers, the Life Skills and Transition Center, and the State Hospital. The EHR system is scheduled to be fully implemented in the Fall of 2018.

As a part of the 2017-2019 Executive Budget request, \$3 million is included to build a Child Care Licensing system. Many of the current

operations are manual and supported by disparate and disconnected data collection mechanisms. Reporting from these data sources is limited, affecting the Department's ability to generate reports that would benefit child care licensing oversight and meet federal mandates required by November, 2018. The new Child Care Licensing system will support certification and licensing functions and create a centralized repository of provider license, certification, inspection and sanction information. Additionally, child care monitoring inspections will be provided in a consumer-friendly and easily accessible format.

The Center for Medicare and Medicaid Services (CMS) is promoting increased access and enhancement of the [North Dakota Health Information Network \(NDHIN\)](#) through the availability of enhanced federal financial participation (FFP). The CMS FFP funding can be leveraged for Medicaid enrolled providers through the Medicaid Health Information Technology Incentive Payment program until 2021. The Department is requesting \$40,800,000 in federal authority to enhance the existing infrastructure of the NDHIN and to support the NDHIN's sustainability by increasing value to the provider community. The detail regarding the matching funds required for the FFP are included in the Information Technology Department (ITD) budget request.

Overview of Budget Changes

Description	2015-2017 Budget	2017-2019 Executive Budget	Increase/ (Decrease)
Salary and Wages	12,700,156	15,399,700	2,699,544
Operating	87,582,103	151,132,649	63,550,546
Capital Assets	26,000	0	(26,000)
Capital Construction Carryover	151,370,155	0	(151,370,155)
Grants	200,000	204,000	4,000
Total	251,878,414	166,736,349	(85,142,065)
General Fund	77,626,287	44,271,997	(33,354,290)
Federal Funds	173,057,432	118,602,359	(54,455,073)
Other Funds	1,194,695	3,861,993	2,667,298
Total	251,878,414	166,736,349	(85,142,065)
Full Time Equivalent (FTE)	72.50	82.50	10.00

Budget Changes from Current Budget to the Executive Budget:

The Salary and Wages line item increased by \$2,699,544 and can be attributed to the following:

- \$312,448 in total funds, of which \$175,685 is general fund, needed to fund the Governor's compensation package for state employees.
- \$219,189 in total funds, of which \$133,895 is general fund, needed to sustain the employee increases approved by the last Legislative Assembly.
- Increase of \$1,031,467 for the cost of 10 FTEs that were repurposed or transferred for the state operation of Medicaid Expansion. Maggie Anderson will cover the details of the offsetting increases and decreases during her testimony on the Medical Services budget.
- Increase of \$891,084 in Temporary Salaries of which \$794,664 is due to the addition of 10 Medical Claims Service Specialists to provide call center services for Medicaid providers. The Department

had contracted with Xerox for call center services, but elected to bring the service in-house after the Xerox call center failed to meet our quality of service standards. The remainder is a combination of increases and decreases in temporary staff to support the work of the Division.

- \$140,742 for single health insurance for temporary staff who work on average more than 30 hours per week during a year.
- The remaining increase of \$104,615 is a combination of increases and decreases needed to sustain the salary of the 72.5 FTEs in this area of the budget.

The Operating line item increased by \$63,550,546 and is mainly attributed to the following:

- IT Contractual Services increase of \$16,942,944; the change is mainly attributable to the following:
 - \$14,400,260 increase in maintenance and operations for SPACES.
 - \$3,970,650 increase in maintenance and operations for the new EHR system.
 - \$3,000,000 to develop a Child Care Licensing System to comply with new federal mandates.
 - \$4,186,417 decrease in maintenance and operations for the Medicaid Management Information System (MMIS).
- IT – Data Processing increased \$46,567,011; the change in services provided by the ITD is mainly attributable to the following:
 - \$40,800,000 increase for North Dakota Health Information Network/Care Coordination.
 - \$3,956,810 increase due to additional software development staff to support MMIS and SPACES.

- \$3,058,243 increase due to additional system administration staff to support MMIS and SPACES.
- \$1,946,484 increase in dedicated server application hosting usage for MMIS and SPACES.
- \$2,333,916 decrease in mainframe processing charges due to the transitioning of the legacy eligibility systems to SPACES.
- \$672,316 decrease in AS/400 processing charges due to the transitioning of the legacy State Hospital and the Life Skills Transition Center systems to the EHR system.
- Supplies-IT Software increased \$287,458; the change is mainly attributable to the following:
 - \$650,380 increase for the upgrade of Microsoft Office 2010 to the most recent software version.
 - \$343,000 decrease for the one-time licensing cost for Quality Management Software that will be purchased in the 2015-2017 biennium.
- Professional Development decreased \$95,850, of which \$87,750 is due to the Department-wide process used to develop the Department's savings plan.
- Travel decreased \$106,518, of which \$70,938 is due to the Department-wide process used to develop the Department's savings plan.

Capital Construction Carryover had a decrease of \$151,370,155 in total funds, of which \$37,514,440 is general fund, for MMIS, SPACES, and the EHR projects. However, Sections 8, 9 and 10 of 2017 HB 1072 provides that any unexpended funds be made available for the completion of the MMIS, SPACES and EHR projects.

The general fund request decreased \$33,354,290, which consists of a \$37,514,440 decrease due to the Capital Construction Carryover related to MMIS, SPACES and EHR projects. This is offset by an increase of \$3,719,769 related to other salary and operating changes for the ITS Division.

The other funds increased \$2,667,298 of which \$3,000,000 is for the development of a Child Care Licensing System. The remaining decrease in other funds, and the decrease in federal funds, is mainly attributable to the removal of capital construction carryover and the county no longer paying for a share of technology costs based upon 2015 SB 2206.

This concludes my testimony on the 2017–2019 budget request for the ITS Division of the Department. I would be happy to answer any questions.