

Testimony
Engrossed House Bill 1012 – Department of Human Services
Senate Appropriations
Senator Holmberg, Chairman
March 11, 2013

Chairman Holmberg, members of the Senate Appropriations, I am Jenny Witham, Chief Information Officer for the Department of Human Services (Department). I am here today to provide you an overview of the Department's Information Technology Services Division.

Programs

The Department's Information Technology Services Division (ITS) is responsible for information technology strategic planning and budgeting, business analysis, project management, procurement, software development and maintenance, technology standards and policy enforcement, decision support, claims processing, electronic health record incentive payment determination, desktop support, electronic document management support, and data entry services.

Customer Base

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

Major Program Changes

ITS is in the process of replacing several major information systems in the Medical Services and Economic Assistance program areas. The Medicaid Systems Project, which includes the Medicaid Management

Information System, the Pharmacy Point of Sale, and Decision Support systems, is scheduled to be completed in the upcoming 2013–2015 biennium. The Eligibility System Modernization Project is scheduled to be fully implemented in the 2015–2017 biennium; however, the first phase will be completed by October 1, 2013, in order to meet Affordable Care Act requirements.

Overview of Budget Changes

| Description | 2011-2013 Budget | Increase/ (Decrease) | 2013-2015 Budget | House Changes | To Senate |
|--------------------------------|------------------|----------------------|------------------|---------------|------------|
| Salary and Wages | 11,445,259 | 999,092 | 12,444,351 | - | 12,444,351 |
| Operating | 99,895,466 | (33,578,154) | 66,317,312 | (4,795,840) | 61,521,472 |
| IT Equipment over \$5,000 | 138,400 | 77,760 | 216,160 | (204,160) | 12,000 |
| Capital Construction Carryover | 21,291,536 | (21,291,536) | - | - | - |
| Total | 132,770,661 | (53,792,838) | 78,977,823 | (5,000,000) | 73,977,823 |
| | | | | | - |
| General Funds | 36,860,443 | (2,720,363) | 34,140,080 | (5,000,000) | 29,140,080 |
| Federal Funds | 93,913,538 | (51,690,739) | 42,222,799 | - | 42,222,799 |
| Other Funds | 1,996,680 | 618,264 | 2,614,944 | - | 2,614,944 |
| Total | 132,770,661 | (53,792,838) | 78,977,823 | (5,000,000) | 73,977,823 |
| | | | | | - |
| FTE | 81.50 | - | 81.50 | - | 81.50 |

Budget Changes from Current Budget to the Executive Budget:

The Salary and Wages line item increased by \$999,092 and can be attributed to the following:

- \$269,914 in total funds, of which \$144,091 is general fund needed to fund the Governor's benefit package for health insurance and retirement for state employees.
- \$282,704 increase in total funds, of which \$196,246 is general fund needed to fund the employee increases approved by the last Legislative Assembly.
- \$31,088 increase in total funds, of which \$8,009 is general fund for increased overtime to process medical claims.
- \$34,553 increase in total funds, all of which is general fund for the underfunding of the 2011-2013 budget.
- The remaining \$380,833 increase in total funds, of which \$36,278 is in general fund for increases needed to sustain the salaries of the 81.5 FTEs in this area of the budget.

The Operating line items decreased by \$33,578,154. Major changes include:

- IT-Data Processing decreased \$40,081,046; the change is mainly attributable to the following:
 - \$42,416,499 decrease, of which \$8,695,383 is general fund for removing one-time funding for the Eligibility System Modernization Project.
 - \$1,863,820 increase, of which \$477,401 is general fund for MMIS system software and hardware maintenance.
 - \$810,000 increase, of which \$148,907 is general fund to analyze the feasibility of migrating the remaining Department systems from the current mainframe environment.

- Supplies- IT Software increased by \$5,575,807; the change is attributable to the following:
 - \$5,000,000 increase, all of which is general fund for the Field Services Electronic Health Record Information System Replacement.
 - \$575,807 increase, all of which is federal and other funds, relates to the implementation of a department-wide time and attendance and scheduling solution.
- IT Contractual Services increased \$965,538, which is mainly attributable to the following:
 - \$3,193,103 increase, of which \$985,940 is general fund for system support and licensing fees for the Medicaid Management Information System.
 - \$2,500,000 decrease, all of which is federal funds related to removing the one-time funding for the Vocational Rehabilitation Information System Project.
 - \$288,772 increase, all of which is federal funds for the ongoing hardware and software maintenance costs for E-Prescribing and interoperability software at the regional human service centers. The e-Prescribing system module was implemented in the current biennium to support the telepharmacy project. This project allows the Department to leverage the expertise and services of pharmacists at the State Hospital and save pharmacy-related personnel costs at the eight human service centers.

The Capital Asset line of \$216,160 contains items totaling \$204,160 that should be included in operating. The \$204,160, all of which is federal funds, includes \$182,560 for the initial purchase and implementation of

health information technology software and \$21,600 in hardware maintenance fees for telepharmacy equipment. The remaining \$12,000, all of which is federal funds, is for new equipment needed to support the interoperability software.

The Field Services Electronic Health Record Information System Replacement project will implement an electronic health record information system that is focused on behavioral health to support the services offered by the Department's Field Services Division. The replacement software will support both outpatient and psychiatric inpatient business functions and service delivery needs. It will support the State Hospital's continued Joint Commission on Accreditation of Healthcare Organizations (JCAHO) accreditation by modernizing the IT system architecture and outdated technology, which limits the ability to incorporate changing federal requirements.

Capital Construction Carryover had a decrease of \$21,291,536 in total funds, of which \$2,377,532 is general fund for the Medicaid Systems Project. However, Section 5 of HB 1012 requests that any unexpended funds be made available for the completion of the Medicaid Systems Project during the 2013-2015 biennium.

House Changes:

- \$204,160 was moved from capital assets to operating as requested above, this is all general fund.
- \$5,000,000 was removed from operating for the field services electronic health records system replacement, this is all general fund.

This concludes my testimony on the 2013–2015 budget request for the Information Technology Services Division of the Department. I would be happy to answer any questions.