

NEWS from the North Dakota Department of Human Services

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Contacts: Heather Steffl, DHS Public Information Officer, 701-328-4933

Human Services Gives Budget Section Update: Medicaid system will be delayed

BISMARCK, N.D. – North Dakota Department of Human Services officials and executives from Affiliated Computer Services (ACS) of Dallas told the Legislature's Budget Section today that the state's new Medicaid Management Information System (MMIS) will be delayed until April 2011.

ACS executive Mark Boxer told legislators that an outside vendor did not fulfill their commitment to deliver system code and has been replaced. He reiterated ACS' commitment to delivering a quality system and said that ACS will complete this project in a way that positions the state as a leader in the administration of Medicaid programs with the most advanced and effective tools available to benefit its citizens.

The Department contracted with ACS and other vendors to develop the system for \$62.5 million with an original completion date of July 2009.

The human services department has been working to implement a new Medicaid system since 2003, when legislators appropriated funding for planning purposes. In 2004, a contractor, Fox Systems Inc., estimated the system would cost \$29 million, and the 2005 legislative assembly appropriated the funds.

North Dakota issued a request for proposals in June 2005. Once the proposals were received and the actual costs were known, the department informed the interim Budget Section, and received approval from the 2007 Legislature for the adjusted appropriation of \$62.5 million. The budgeted amount has not changed.

The primary reason for the cost increases is because the federal Centers for Medicare and Medicaid Services issued new system guidelines, which required vendors to develop a new generation of MMIS.

The Medicaid program pays for health-related services for qualifying low-income and disabled North Dakotans. In June 2009, about 57,000 people were eligible.

The state's current MMIS was developed in the late 1970s, and a new system will dramatically improve the state's ability to pay claims more quickly and accurately and to manage the program more effectively.

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