

**TESTIMONY BEFORE BUDGET SECTION
MEDICAID SYSTEMS PROJECT UPDATE
JUNE 18, 2008**

Chairman Holmberg, members of the Budget Section, I am Jennifer Witham, Director of Information Technology Services for the Department of Human Services (DHS). I appear before you to provide information on the status of the Medicaid Systems Project.

As presented to the Budget Section on March 19, 2008, ACS State Healthcare, LLC. (ACS), has been developing the "Enterprise" Medicaid Management Information System (MMIS) for the state of New Hampshire. As North Dakota would be using that same Enterprise model, the North Dakota MMIS had been dependent on ACS's progress in New Hampshire. In my March testimony I stated that DHS had entered into discussions with ACS to ensure that North Dakota was not negatively impacted by a delay in the New Hampshire development.

In response to our concerns, ACS management met with DHS on April 28, 2008 to discuss a proposal on how to best "delink" from New Hampshire. At this meeting it became apparent that ACS is behind schedule in the development of the base Enterprise system.

DHS has expressed their concerns regarding the delays in their product development to ACS in writing and we are in the process of determining the impact on North Dakota's implementation.

DHS has made it clear to ACS that the Department is unwilling to honor schedule alone at the risk of compromising the quality of the solution or the budget for this project.

The project is continuing to move forward on the detailed system design which is intended to be completed this fall. This process is fundamental to the timely completion of the product's customization for North Dakota requirements.

The table below outlines the expenditures through the month of April 2008.

Overview of Budget

Description	Budget	Expended	Remaining
Total Project	\$62,529,371	\$11,899,704	\$50,629,667
General Funds	\$3,643,133	\$360,302	\$3,282,831
Federal Funds	\$55,218,418	\$10,531,805	\$44,686,613
Other Funds	\$3,667,820	\$1,007,597	\$2,660,223

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