

Department of Public Health & Human Services
Medicaid Management Information System Replacement Project
LFC Report: June 15, 2009

Project Description

The Department of Public Health and Human Services (DPHHS) intends to replace its aging Medicaid Management Information System (MMIS). MMIS is directly responsible for allowing needy Montana citizens to seek healthcare and for healthcare providers to get paid for their services. The system processes over 6 million claims annually for 120,000 Montana citizens who receive healthcare services from 15,000 enrolled Medicaid providers. The current system is 35 years old and uses outdated technology that is difficult and costly to maintain.

The Department currently contracts with a fiscal agent, Affiliated Computer Systems (ACS), to provide system operations and claims processing services based in Helena for the Medicaid program. ACS will continue to operate the current systems until the new MMIS is implemented.

Project Goals and Objectives

The Department will take advantage of recent technological advancements when it replaces the current MMIS. The new MMIS will possess modern web-based technology that is aligned with the Department's enterprise architecture vision and national initiatives for health information technology. The system will provide the capability to process claims and data from multiple programs and multiple plans within programs. The system will also support the information requirements necessary for the evaluation, comparison, and management of alternate Health Care delivery systems. MMIS must be certifiable by the Centers for Medicare and Medicaid Service (CMS) in order for the State to receive enhanced federal funding.

Project Scope and Funding

DPHHS will contract for services to design, develop, and implement (DDI) a new MMIS, Pharmacy Benefit Manager with point-of-sale capability, drug utilization review and drug rebate functionality and a data warehouse with decision support functionality. In addition to design, development and implementation, the vendor will also provide full fiscal agent services and operations and system support. The DDI phase of the project is scheduled to begin on November 1, 2009 and have a 24-month duration, which will be followed by a federal certification period.

Through HB10, the department was appropriated \$65.5 million (\$3,500,000 long-range IT funds; \$62,000,000 federal funds) to replace MMIS. Federal financial participation is approximately 90%.

Project Governance

The MMIS project will be subject to governance and oversight, as are all large information technology projects in the State of Montana. The Montana Information Technology Act (MITA) contains the legislative mandate and rules for IT oversight. The implementation and enforcement of MITA is the responsibility of the State's Chief Information Officer (CIO), which

is in the Information Technology Division (ITSD) of the Department of Administration. MITA authorizes ITSD to monitor and oversee the performance of IT projects in the State and, along with the sponsoring agency, provide quarterly dashboard reports to the Governor’s Office of Budget and Program Planning (OBPP) and to the Legislative Finance Committee (LFC).

Project Management Approach

The MMIS project will be managed according to industry best practices outlined in the Project Management Body of Knowledge (PMBOK) and will be under the oversight of the State and Department Project Management Office, who are charged with monitoring progress and performance of the project and its contractors. A Project Management Plan outlining scope, schedule and cost will be created to guide the management of the project. In addition, a Communication Plan, Risk Management Plan, and Quality Assurance Plan will be used to ensure successful delivery of a quality system that can be federally certified. Risks are inherent in any large IT project of this size and complexity. Some of the risks and the planned mitigation strategies are listed in the table below.

Risk	Mitigation Strategy
Large scale IT project	Secure highly experienced project manager. Employ project management best practices. Oversight by CIO, PMO, OBPP, and LFC.
Complex IT project with new technologies and multiple interfaces	Select experienced vendor with prior experience; leverage pre-built and commercial-off-the-shelf components.
Several thousand discrete requirements, including federal certification	Contract with quality assurance vendor to develop and oversee requirements definition through acceptance testing and implementation.
Multiple federal, state and private stakeholders	Develop communications plan. Ensure involvement from requirements through testing and training.
Agency staff availability	Backfill and augment with modified positions. Contract for additional resources.
Contract and cost management	Execute firm fixed price, deliverable-based contract with selected vendor.

Major Project Milestones

Deliverable/Milestone	Planned Dates	Measures
MMIS RFP Proposals Received	May 2009	DOA procurement bureau verification of compliance with RFP process and information requirements.
Selection of MMIS Vendor / Contract Negotiation	Sep 2009	Consensus scored by evaluation committee; selection reviewed by DPHHS management and DOA. Contract compliance with state template and laws.
Project Initiation and Startup	Nov 2009	Project management and planning documents and schedules created and accepted. Project organization defined and staffed.

Deliverable/Milestone	Planned Dates	Measures
Requirements Analysis and Design	Dec 2009 - Apr 2010	All requirements defined and accepted by authorized stakeholders. Requirements traceability matrices created and cross-checked.
System Construction, Testing, and Data Conversion	May 2010 - Dec 2010	All components built and unit tested against stated requirements.
User Acceptance Testing	Jan 2011 - Jun 2011	System integration testing completed according to plan. User acceptance within defined tolerances. Major defects corrected with regression testing.
Operational Readiness Testing and Pilot	Jul 2011 - Oct 2011	Operations testing completed according to plan. Parallel testing using production class data completed through full business cycle.
Implementation	Nov 2011	Operational Readiness Checklist completed. Production environment ready. Final data conversion complete and validated. All users and providers trained.
Begin Fiscal Agent Operations	Nov 2011	Vendor facility ready and fully staffed. Operations contract signed.
MMIS Certification	Nov 2012	CMS review and approval of production system. All federally required functions operational and defect free.

Current Project Status

In January 2009, the Department issued a Request for Proposal (RFP) to obtain a new MMIS. Two proposals were received, which will be evaluated and scored by a cross-division team of Department stakeholders and subject matter experts over the course of the summer. Vendor award and contract negotiations are scheduled for September.

For more information on the MMIS project, please contact Duane Preshinger, Senior Medicaid Policy Manager at (406) 444-4145 or Ron Baldwin, Department CIO at (406) 444-1232.