

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

[]

The Committee on Health and Human Services met at 9:00 a.m. on Monday, April 22, 2013, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a briefing on IT issues regarding Medicaid, ACCESSNebraska, and N-FOCUS. Senators present: Kathy Campbell, Chairperson; Bob Krist, Vice Chairperson; Sue Crawford; Sara Howard; and Dan Watermeier. Senators absent: Tanya Cook, Mike Gloor.

SENATOR CAMPBELL: We'll go ahead and start. I want to welcome you to this special briefing for the Health and Human Services Committee. We have a number of senators who are involved in the issue that will come before the Legislature this morning, the TEEOSA funding for schools, so I expect that senators will be coming and going. This is also televised inside the Capitol, so a number of staff and senators I'm sure watching from their offices. So we want to welcome all of you and thank you for coming. There will be no public testimony this morning. We have invited some guests to speak to us about some issues. But I think before we start, we'll do some introductions. I'm Kathy Campbell. I serve District 25, which is in east Lincoln. And, Senator Bolz, because you are on the end, you have to start.

SENATOR BOLZ: Oh. Well, good morning. I'm Senator Kate Bolz. I'm proud to represent District 29 in south-central Lincoln.

SENATOR WATERMEIER: Dan Watermeier from southeast Nebraska, District 1.

SENATOR HOWARD: Sara Howard, District 9, midtown Omaha.

MICHELLE CHAFFEE: I'm Michelle Chaffee. I serve as legal counsel to the committee.

SENATOR CRAWFORD: Good morning. I'm Senator Sue Crawford. I represent District

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

45, which is Bellevue, eastern portion of Sarpy County.

DIANE JOHNSON: And I am Diane Johnson, the committee clerk.

SENATOR CAMPBELL: And, Diane, would you introduce the page for us?

DIANE JOHNSON: This is Evan helping us this morning. I'm sorry, I don't know Evan's last name but he's helping us with (inaudible).

SENATOR CAMPBELL: And I'm sure he'll be glad to help you. And walking in the door is Senator Krist. This is meant to update the Health and Human Services Committee on what is happening in the IT world, and I mean we can go all kinds of directions but apparently CEO Winterer is going to start us off. So, Kerry, go right ahead.

KERRY WINTERER: Kerry Winterer, K-e-r-r-y, last name W-i-n-t-e-r-e-r. I'm the CEO of the Department of Health and Human Services. I just want to do just basic an introduction and then turn it over to Eric. I really am thankful to the committee to provide us this opportunity, because so much of what we're doing and so many of our projects revolve around IT, IT capabilities, how IT and different projects interrelate with others. And I think this is going to be helpful to the committee to get a view of where we are in different projects, how systems we have interrelate with each other. And I think it will help you in terms of an understanding of the issues and the challenges that we face as we move forward trying to implement a whole host of things, not only just where we are with ACCESSNebraska but also dealing with healthcare reform and such and how we...how that all interrelates. So I thank you for the opportunity. I'm going to introduce Eric Henrichsen, who is the department's chief information officer who will essentially go through presentation with you to kind of go through some of the basics. He's got a handout there that he can share with you. And then we will be happy to respond to questions. Brenda Decker, who is the state chief information officer, is also in the room, can respond to questions. And we have other folks here from other departments. So

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

that's...I've exhausted my knowledge of IT at this point, so I'll turn it over to Eric.

SENATOR CAMPBELL: Eric, we'll have you introduce yourself for the recording of this, and spell your name, please.

ERIC HENRICHSEN: (Exhibit 1) Okay. Good morning. My name is Eric Henrichsen, that's E-r-i-c H-e-n-r-i-c-h-s-e-n. As Kerry said, I'm the head of Information Systems and Technology, referred to as IS&T, at Health and Human Services. What I was planning on doing today is, before we got to questions, there's a handout with you, with just some slides, very high level. There's about ten slides. I'd like to go through them just to kind of talk about things at a high level. My part of the...today should take about 20 minutes. So on slide 2, one of the things I wanted to make sure that everyone was clear on is what Brenda Decker and the Office of the Chief Information Officer does in comparison to what Information Systems and Technology, IS&T, does; just like of listed, not an exhaustive list, but some of the functions provided by each. OCIO does provide some applications development for agencies that may not have a large IT staff or in some spots even for Health and Human Services where we have gaps in our skills that we need their help. So they provide some application support. They also then do a lot of the overall Enterprise-level technology--the e-mail that everyone uses, Internet. They provide the mainframe. Some of our systems will run on the mainframe but they are actually the ones that support the mainframe. They also support the state network for the entire state. They handle the vendor management services, so if we're looking for contractors, that's...we go through their process. And they handle voice and wireless communication services. Of note to this committee, the integrated voice response unit, the IVR, for the four customer service centers that Department of Health and Human Services has is supported and maintained, the IVR itself, by the Office of the CIO. So what does IS&T do? We manage the large applications that you hear about all the time. You'll hear about the Medicaid Management Information System, or MMIS. That's wholly managed and supported by IS&T. N-FOCUS, which this committee has heard a lot about, is managed by IS&T. And CHARTS, which is the child support enforcement

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

system, is handled by IS&T. Plus, we have about 100 other smaller applications: for public health, their state lab supporting that; licensing; births/death certificates; all kinds of the other functions; the systems for the 24-hour facilities like the veterans' homes. We support all of that. For the over 5,000 employees of Health and Human Services, their desktop, which shows up on their workstation, their laptop, we're responsible for managing what is put on there. For our local offices, the 24-hour facilities plus the approximate 100 offices across the state, the OCIO manages the network, the base network, but once you're getting to the office and in the office, our staff is generally supporting that. And finally, there's some unique security and privacy issues to HHS with regard to HIPAA, with regard to security that we are mostly responsible for, doing the audits and things on that part.

SENATOR CAMPBELL: Eric,...

ERIC HENRICHSEN: Uh-huh.

SENATOR CAMPBELL: Before you go on, would you tell us what IVR is once again?

ERIC HENRICHSEN: It's an integrated voice response unit, so that's when you call in and you get that little voice and it's giving you the options.

SENATOR CAMPBELL: Oh.

ERIC HENRICHSEN: HHS will be working for how we want the options to work, but the actual coding of the IVR and the support of the system itself is performed by the Office of the Chief Information Officer.

SENATOR CAMPBELL: Okay. Thank you.

ERIC HENRICHSEN: Okay. Moving on to slide 3, sometimes there's confusion,

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

especially when we start talking about Medicaid eligibility with the Affordable Care Act with respect to N-FOCUS and MMIS. Those are two distinct systems. N-FOCUS provides the eligibility information for determining eligibility for not only Medicaid but for SNAP, TANF, and approximately 30 other systems. The system doesn't make the determination. It gathers all the information. So in general, a caseworker is the one looking at the information. There might be a recommendation from the system, but it eventually is the caseworker. The system at this point is not automatically determining all of that. As I said, N-FOCUS is integrated. There's about 30 programs in there and it's got a lot of functions beyond eligibility. It will do case management, it does provider management, it's doing some of the payments, sending them to EnterpriseOne. So it's a broad system with lots of functions for many programs. So once a person is determined eligible for Medicaid, the N-FOCUS system passes that off to the Medicaid Management Information System, and then Medicaid is handling the claims there and the updates from that point. So...and there's also additional information can be entered into Medicaid, but the eligibility at this point is done within N-FOCUS. So when we talk about Medicaid eligibility changes for the Affordable Care Act, I think a lot of people think it's Medicaid, so the MMIS system is changing. Actually, it's the N-FOCUS system that would be changing. Going to slide 4, one of my responsibilities is watching all these things occurring and determining what to do with the systems. There's two major drivers impacting the future of N-FOCUS at this time. One is the Affordable Care Act and Medicaid eligibility. There's changes required to do the eligibility determination within the system. Also within CMS, when they're funding the enhanced funding, the 90/10, for things like the changes there, there's what they call seven conditions and standards that we have to meet technology-wise. So we have drivers there that says: Does N-FOCUS meet those or do we need to make changes to meet CMS requirements for our enhanced funding? (Phone rings.)

SENATOR KRIST: Sorry.

SENATOR CAMPBELL: Oh, it's going to cost you a lot of money. (Laughter)

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

SENATOR KRIST: Yeah, I bet it will.

ERIC HENRICHSEN: From the other direction, the committee is well aware of LB268 and that that came from the UmmelGroup study and that that's another driver here. What LB1160, passed last session, was looking originally primarily at the child welfare portion, which is a part of N-FOCUS. Medicaid eligibility is looking at another part, but N-FOCUS itself is broader than both. So we've got two different drivers, and I'm just trying to make sure they stay synced up and we work out what's best in the interest of the citizens.

SENATOR KRIST: Question.

SENATOR CAMPBELL: Oh, sorry. Senator Krist.

ERIC HENRICHSEN: Uh-huh.

SENATOR KRIST: For the record, I just want to establish the additional ACA Medicaid eligibility functions,...

ERIC HENRICHSEN: Uh-huh.

SENATOR KRIST: ...for example, in behavioral and mental health, that are presented as a savings now to our General Funds. So we're taking those dollars that are coming in, because the ACA is the law of the land,...

ERIC HENRICHSEN: Uh-huh.

SENATOR KRIST: ...and we're funding behavioral and mental health, that \$27 million, projected dollars that we're going to spend...or save in that area. If the Affordable...or if

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

the Medicaid expansion bill would pass in any form, that also would be handled in the same way. That 100 percent funding then would be Medicaid eligibility for the expanded base that would go through the N-FOCUS system to establish eligibility, and those would also be savings dollars to the General Funds.

ERIC HENRICHSEN: Let me see if I'm understanding your question. I can say that if Medicaid expansion was passed and there were changes for the system, that would be under the Affordable Care Act enhanced funding, so it would be 90/10 funding on that...

SENATOR KRIST: No, actually...

ERIC HENRICHSEN: ...from the system's perspective.

SENATOR KRIST: Okay. Well, then you'll have to make an adjustment to the systems, because if those would pass on the additional criteria, those would be a hundred pennies on the dollar as opposed to 90/10. But that's okay. It...

SENATOR CAMPBELL: That's the aid dollars, not the IT dollars. The IT dollars are 90/10.

ERIC HENRICHSEN: Yes, I'm just referring to the IT budget, which is separate than the aid.

SENATOR KRIST: I'm trying to establish that we're already seeing a savings through Medicaid expansion in the system, and that it's being handled by N-FOCUS, by expanding behavioral and mental health as a parity with all other functions.

ERIC HENRICHSEN: Okay. I believe that would get into the program...the operational programs side of things. I'm talking more about the systems program of things.

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

SENATOR KRIST: Okay. Probably a better question for a different person. Thank you.

ERIC HENRICHSEN: Okay. Okay, continuing on to slide 5, I'm not going to go into this in any depth. I just like showing complex slides to the group to help you understand that N-FOCUS is a complicated system. This is just trying to show some of the interfaces that would be involved with Medicaid eligibility. So I'm not going to go into any depth on this at all; just showing you that it's a complex system, as we discussed before. For example, it interfaces with the IRS. That itself has certain pieces of information that comes from the IRS that we can only use in certain ways, so we have to be cognizant of that. IRS data also has different security requirements on a lot of other data. So when we are making our systems changes in our systems environment, we have to be respectful of the added requirements of IRS data. So...

SENATOR CAMPBELL: Does...

ERIC HENRICHSEN: Yes.

SENATOR CAMPBELL: I'm sorry, Eric.

ERIC HENRICHSEN: Uh-huh.

SENATOR CAMPBELL: I didn't mean to interrupt.

ERIC HENRICHSEN: Uh-huh.

SENATOR CAMPBELL: Does any of this interface at this point with JUSTICE?

ERIC HENRICHSEN: Right now we do have an interface to NCJIS, I'm trying to decide where it is over the...the criminal justice. We do have an interface but it's a nonreal-time. It's just providing information there.



HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

SENATOR CAMPBELL: And most likely we're going to come back and talk about that, just because of the transition of the OJS kids, and I'm assuming there has to be some exchange of information there. That's why I ask about JUSTICE.

ERIC HENRICHSEN: Uh-huh. Yeah. Okay.

SENATOR CAMPBELL: Okay. We can come back to that.

ERIC HENRICHSEN: Okay. Slide 6 is just bringing up again the UmmelGroup study through LB1160. I noted before it started off in a child welfare focus in the bill, but once UmmelGroup got in here and realized N-FOCUS was a very complicated, integrated environment, they started looking at the technology a little bit more. And as they had presented, I think, to the committee before, there's good aspects of N-FOCUS and things that could be worked on. It's got a good database structure. It's got a very mature set of interfaces and is an integrated environment. So you have all the programs, all the information is all together, which is a good thing. But we'll also talk later about how it's a challenging thing. On the weaknesses, the underlying technology is utilizing basically a technology you would find in the '90s, which was very good and cutting-edge technology at that point. Workstations were very common in the '90s and the idea in technology is you start having some of the work performed on a worker's workstation and some is maybe still on the mainframe. So you had what's called a client and you had the server, and you kind of distributed the work back and forth--good technology for the '90s. That's not necessarily how things are designed anymore. We're much more into a modular system where you have pieces. You've got lots of parts of a system, kind of like Tinkertoys that are put together, as opposed to this where it did distribute some of the workload but it's a very tightly integrated system. So if you change one thing, you kind of have to change and test everything in the system. So the UmmelGroup had done a recommendation to replatform, to move the N-FOCUS system to a new platform. When IS&T looked at the study, we felt Ummel did a good group (sic) of analyzing the

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

situations. We felt that some of their recommendations they might have overestimated the costs on some of the ones, as far as new systems, versus maybe even underestimating a little bit in there. So we still feel that moving N-FOCUS forward in the future is the right thing to do and to move away from this existing platform is the right way to do it, but whether exactly how you would do it we might have some subtle differences with them, which I'll talk about a little bit in the next few slides. Okay, slide 7, when I thought about presenting to the committee, I could have talked a lot about service-oriented architecture, technology stack, service layers. We could have gone into orchestration, messaging and adapters. I could have used lots of acronyms like SOAP and XML and WSDLs, and it would have been really exciting for me. But I thought for the group you were wanting to understand at a more conceptual level what are you trying to do with the system, so I'm doing more of a conceptual discussion rather than a deep architecture dive, if that's okay with the committee.

SENATOR WATERMEIER: Please.

SENATOR CAMPBELL: Gladly.

ERIC HENRICHSEN: (Laugh) I thought that might be a preference. So what you're seeing on slide 7 is N-FOCUS represented somewhat oversimplified, but you have functionality like eligibility. You have the multiple programs that are handled in there for Medicaid, SNAP, TANF, child welfare, and others. You might have some processes in there for workflow, which is how does work go from a queue to a queue to queue from workers. You'd have something called like rules engines that's the code in there determining if this happens what should I do, and some underlying kind of platform. The N-FOCUS system is basically tightly integrated, so that's all together. So if I touch something in Medicaid, I'm kind of touching other things as well. It's not separated. So what that results in is that while it is nice that it's all integrated, it does slow things down quite a bit. I can't just make a quick change into SNAP without having to test everything. So what happens with our program areas is lots of times we have challenges on

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

basically keeping up with all the changes that they have, because the system, by its nature, is not make a quick little change and go. It's anytime you're touching it, you're touching a large environment. So on slide 8, it's trying to show a subtle difference in modern systems where you start getting into modular systems, systems that are sometimes referred to as loosely coupled. I tried to use the analogy of, like I said, Tinkertoys where you have a Tinkertoy and you could take one piece off and snap another one in there, but you're not affecting the rest of whatever you built. That's a little bit what these new systems are built in and sometimes is referred to as a services-oriented architecture. So you've got separate components. You might have a component for eligibility, a different something sometimes called a composite app for maybe Medicaid, you could have a separate one for TANF. So you could start bringing these in and build on top of a common platform and on top of a common rules engine that we purchase, and on top of a common workflow engine. Right now in N-FOCUS all the rules, all the workflow is in the code with N-FOCUS. So if I change something there, I have to basically change everything. Moving to this environment lets you grab a piece and just start interchanging. Also, our hope is that as we see the drivers, like ACA Medicaid eligibility coming from one angle, LB268 coming from another angle, if we have criminal justice or anything coming at us, if we could use the ACA Medicaid eligibility funds to bring in a new platform, a workflow engine, and rules engine, and then be able to build in top of that, piece at a time, that's pretty much what we're planning on going forward with. Within the...let me move on to the next slide. We did not necessarily find as we looked out in the vendor community that anyone had this system in its entirety at this point. When we looked at the different vendors, and that's I think a little bit what UmmelGroup said, if you're looking for someone that has Medicaid, SNAP, TANF, child welfare, WIC, LIHEAP, all the other programs in there, you're probably not going to find it but you will find various flavors of ones that have parts of this and are moving towards that environment. So we have seen in the vendor community that those do exist and that could be procured going forward.

SENATOR CAMPBELL: Eric,...

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

ERIC HENRICHSEN: Uh-huh.

SENATOR CAMPBELL: ...I'm going to stop you. Is that like what Michigan has gone to in their system where, you know, everything is tied together but it's more in real-time in getting it out, being able to get the information out?

ERIC HENRICHSEN: This would be similar, but the technology helps facilitate real-time a little bit better because it's not as much based on batch. Various states have done things in different models. This is generally the direction people are going. And when CMS talks about their seven conditions and standards, they're starting to pretty much require us to be able to go to these type of systems to maintain the enhanced funding.

SENATOR CAMPBELL: And the seven standards were...are within the preparation for the ACA?

ERIC HENRICHSEN: No, those are actually separate within Medicaid. They've got a Medicaid Information Technology Architecture, and through Medicaid they'll be saying, here's how we want systems built. So they'll talk about things like a system needs to be modular. It needs to follow these Medicaid Information Technology Architecture principles. It needs to follow industry standards. You need to try and leverage work from other states. It has to have the (inaudible) where you're talking about kind of the real-time reporting capability and the interoperability between programs. N-FOCUS has some of those but not necessarily all of those. So as we're working with CMS, and that's where we'll start talking about the time frame, we want to get there but there's some challenges on getting there as quick as we'd like.

SENATOR CAMPBELL: Thank you.

ERIC HENRICHSEN: So for the ACA Medicaid eligibility project, we've broken it into

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

two pieces. One is focusing between now and October 1 working with the N-FOCUS system and making changes there, somewhat temporary changes to get things up and running for October. This is going to be a challenge for Nebraska, for every state, and for the federal government. Everyone is on the same time line and everyone is operating in the same environment, where there's not a lot of requirements defined. There's a lot of unknowns. There's a lot of moving parts. This is April. Normally, if you were implementing something this large in October, you'd be deep into testing. We've still got challenges with the federal government not having provided requirements. So we have been working with the federal government on what are the minimum requirements to get this operating in October, helping them understand here's things that we'll be doing somewhat in a temporary manner to get things up and going until we can get a longer term solution for Medicaid eligibility in place. We just did not feel that it was worth the risk of trying to do a procurement at this time, get the procurement all in there, implement brand new technology to us, and have things going in October. So our plan is to, from now through October, work with N-FOCUS and then be having a procurement running somewhat parallel that would release an RFP in the August time frame to be bringing in a longer term solution, looking more like what you saw on the prior page. Once we have that in, which we'd hope by the end of calendar year 2013, we would then be building on that environment for the Medicaid eligibility. The enhanced funding right now through CMS lasts through December 31 of 2015, so we figure we'll have two solid years to be building this environment. Also of note, the Affordable Care Act, Medicaid eligibility funding only applies to the Medicaid eligibility functionality. We can bring in the platform, we can bring in tools around it, but we can't use that enhanced funding to move SNAP in, TANF, child welfare. They say you can use that underlying structure, that's great. But once we move the functionality for those programs, they're saying that's not within the Medicaid 90/10 funding.

SENATOR WATERMEIER: Eric,...

ERIC HENRICHSEN: Uh-huh.

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

SENATOR WATERMEIER: ...the question you're talking about right there with this 90/10 funding, that's the part of the implementation process that you don't really have any model to go by, any other states, as far as how to make...? I mean what we're doing here, like in this...

ERIC HENRICHSEN: Uh-huh.

SENATOR WATERMEIER: ...other slide, you talk about...

ERIC HENRICHSEN: Right. Uh-huh.

SENATOR WATERMEIER: ...you're kind of staging it in.

ERIC HENRICHSEN: Right.

SENATOR WATERMEIER: That's going to be the norm as far as probably a lot of the...

ERIC HENRICHSEN: A lot of it depends on what the states are doing. Our phasing in is we have a system that was somewhat integrated and we're trying to move one piece at a time to another, you know, integrated environment. Some other states have their systems already in bits and pieces, and they're trying to use this opportunity to bring them together.

SENATOR WATERMEIER: Right. But this 90/10 funding, the way I see it, is that's just for implementation and...or explain that a little bit for my...

ERIC HENRICHSEN: Yeah, it's the building of whatever you're going to do in your environment to support the Medicaid eligibility requirements through the Affordable Care Act to build that environment, and then there's...I think it's enhanced funding even after

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

that, like 75/25, as you're changing that environment.

SENATOR WATERMEIER: Oh, there is? Okay.

ERIC HENRICHSEN: But it's for the Medicaid eligibility. So we have to be a little careful. It's not that we can't do it at the same time, but when we're requesting our federal funds we need to be careful. If we've put SNAP or child welfare or anything else in here, we really can't claim that other than for the base platform. I know it gets a little complicated. That's why we try and say you have the base pieces here and then we can do the Medicaid eligibility and get paid for it, not necessarily the other pieces.

SENATOR WATERMEIER: Okay. I think I follow how this works.

ERIC HENRICHSEN: It does get very complicated with the funding.

SENATOR WATERMEIER: Yeah.

SENATOR CAMPBELL: Senator Krist, you had a question.

SENATOR KRIST: So you do have oversight operationally of the additional funding that's available under the ACA.

ERIC HENRICHSEN: Could you ask that again? I'm sorry, I missed the first part.

SENATOR KRIST: You do have operational oversight, knowledge of what extra money is available from the federal government to implement this at your level.

ERIC HENRICHSEN: Yes.

SENATOR KRIST: And what is that dollar amount that's available to us right now?

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

ERIC HENRICHSEN: The dollar amount, how it's been submitted through the budget for the upcoming budget, is we had...I'm going to go through a few numbers here. For fiscal year 2013 it was going to be about \$2.75 million getting things set up. For the next fiscal year, fiscal year '14 and '15, it was an additional \$62.25 million. We had an appropriation for part of that. Within HHS's base IS&T IT projects funding, we were going to be use \$10 million a year or \$20 million of the remaining \$67 million. But what we put in our budget request is \$23.125 million for fiscal year '14 and '15. So overall, it's \$69 million.

SENATOR KRIST: \$69 million over a four-year period?

ERIC HENRICHSEN: I'd say probably a three-year period.

SENATOR KRIST: Three.

ERIC HENRICHSEN: Fiscal year '13, '14, and '15. Then you've got maintenance beyond that in the out years.

SENATOR KRIST: And that's all federal money.

ERIC HENRICHSEN: That would be 90 percent federal, 10 percent state through the end of the calendar year 2015. Then enhancements in that environment are at 75 percent federal, 25 percent state.

SENATOR KRIST: And that's because it's mandated through the ACA.

ERIC HENRICHSEN: Yes.

SENATOR KRIST: So we don't have a choice of spending the 10 percent to do what



Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

they want us to do.

ERIC HENRICHSEN: For supporting Medicaid eligibility?

SENATOR KRIST: Right.

ERIC HENRICHSEN: We...I'm trying to make sure I understand the question. We could...yeah, we have a requirement to handle Medicaid eligibility in this way. If we don't, I think then that risks the overall funding for the Medicaid Program.

SENATOR KRIST: Because it's the law, we need to do that, that way.

ERIC HENRICHSEN: Right.

SENATOR KRIST: Okay. Thank you.

ERIC HENRICHSEN: Even though, if I...just referring back here, even without all of these laws, LB268 and the Affordable Care Act, moving the technology in this direction is something we want to do in any case. N-FOCUS was built in the '90s, cutting edge in the '90s. We're now in the 2010s. Uh-huh.

SENATOR KRIST: Well, now that you've opened up that can of worms,...

ERIC HENRICHSEN: Uh-huh.

SENATOR KRIST: ...I guess where I'm getting to is, if they're going to give us \$67 million and we're going to put in our 10 percent, if that's the right number...I don't want to quibble about the numbers.

ERIC HENRICHSEN: Okay.

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

SENATOR KRIST: But if they're going to give us \$60-some million over a three-year period, we're already going to put in 10 percent and we're not going to get to where we need to get to with N-FOCUS or other systems, why aren't we putting more money into the system to make the transition at this point? Or do you know? Is that your decision to make or...?

ERIC HENRICHSEN: No, that's not my decision to make.

SENATOR KRIST: Okay.

ERIC HENRICHSEN: I'm normally based on the funding I'm receiving.

SENATOR CAMPBELL: I'm assuming that's where Brenda comes forward and we talk about that part.

BRENDA DECKER: (Inaudible).

SENATOR CAMPBELL: Okay.

ERIC HENRICHSEN: Yeah, basically, I'm trying to create an environment that if I can't create the entire environment, what can I do so that I'm not building a program platform over here and then here's another one and you end up with a duplicate of technology all over the place.

SENATOR CAMPBELL: Right, because at this point,...

ERIC HENRICHSEN: Uh-huh.

SENATOR CAMPBELL: ...if I heard Ms. Decker right when she visited with me in my

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

office, she is working on this platform part. Is that correct? Well, are you going to present, Brenda?

BRENDA DECKER: No, I'm not.

SENATOR CAMPBELL: Oh.

BRENDA DECKER: So that would be good thing to do.

SENATOR CAMPBELL: We'll get a bunch of people to help you here. I think this goes to your question. That's why I'm having...

BRENDA DECKER: I hope. I hope I am. First let me introduce myself.

SENATOR CAMPBELL: Yes, that would be great.

BRENDA DECKER: I am Brenda Decker, B-r-e-n-d-a D-e-c-k-e-r. I'm the state's chief information officer. I believe, Senator, where you're going is what we'd like to see, as we start to spend the money and deal with the ACA, the Affordable Care Act, is how do we get the rest of the state systems to make sure they all still interface and we eventually migrate ourselves away from the 1990s N-FOCUS system and get to where we need to be. Most of the decisions related to the Health and Human Services programs will be made by CEO Winterer, his team, and Eric runs a lot of those operational things. The platform you and I talked about, Senator Campbell, is a platform that we'd like to use statewide. Because as you saw in the one slide that Eric had there, we do need to interface CJIS, we do need to interface all of these other systems that the other departments have. So as we build this platform, our two agencies will be working in concert so that we can make sure that the platform that we are building can be applied to all the programs throughout the state. Where they will get to when they deal with N-FOCUS will be a DHHS decision, but the intent that we have all been talking about

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

over the past three, five years is that as we start moving forward with this new technology, we are dealing with it across all state agencies and not just dealing with one. Does that answer your question, sir?

SENATOR CAMPBELL: Does that help?

SENATOR KRIST: Partially.

BRENDA DECKER: Okay.

SENATOR KRIST: My concern is that, and within this committee and within the Department of Health and Human Services, we've had a terrible time tracking kids, for example.

BRENDA DECKER: Yes, sir.

SENATOR KRIST: If they're in OJS, if they're in the juvenile justice system, if they're in the foster care system, if they just entered for whatever reason, we can't get any real-time data. So I know that the Child's Commission and the IT subcommittee has been working on either an EDI or some kind of function to interface with the existing data system. So my point being, if we have \$67 million over the next three years, are we looking at an interface that's going to give us real-time data in that area without functionality coming into it? Because my trust factor that DHHS is going to look at all of those other things that are required in terms of interface is not 100 percent. I want to make sure that if we have \$67 million to spend over the next three years and if that amount of money is the correct amount, if we have tens of millions of dollars, put it that way,...

BRENDA DECKER: Right.

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

SENATOR KRIST: ...to spend over the next few years and we can incorporate that into a statewide program that's going to take us into the next millennium, then we need to make sure that the folks who are at the table talking about our needs for the next millennium are representing all the needs. I'd like to get to a point where I don't have to go to the Foster Care Review Committee or Office who are tracking the kids who are in foster care and look at that database and then go over and look at a kid that's in OJS, because the records basically are the same. And I understand there's protocol issues. You can't talk to this guy because he's the IRS rule here and you can't do this because it's some kind of FERPA or "SHERPA" or whatever, but it still should be a goal to have real-time data and to look at a kid or a function or a speciality or even a service in terms of what's being spent and who's eligible, etcetera. So I spouted off. Go ahead, Brenda. You...

BRENDA DECKER: I think, Senator, you're exactly where the rest of us are, and that's one of the reasons that I've stayed very closely connected to DHHS and their plans. We have to be cautious because, as Eric said, as we put in for our federal funding, the federal grant or the federal requirements are to make sure that if they are funding...and it's a federal rule, if they are funding for Medicaid, we've got to make sure that we're using it for Medicaid. But the good news, if there's good news in all of this, the good news is we have fought those battles years ago that a lot of states are fighting today. For example, you can still talk to some states and they're still having trouble getting their people in their health and human services systems to be able to connect to IRS data. We've already fought that battle. We've got that accomplished. N-FOCUS, we did that years ago, N-FOCUS does that, not very elegantly any longer but it does it. So we've at least got those battles won. That's the good news. The bad news is, as we start to modernize those systems, we'll be talking about other systems, such as the tax systems and anything else that we interface with across the system. But you're absolutely right. It's the intent I believe of all of us in this environment to make sure that anyone that needs the real-time data has the ability through the system, without having to go to each agency and then try to tie the data back together themselves. That's the intent.

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

SENATOR KRIST: Would it be ultimately the intent to say that using the existing NCJIS system that the judiciary branch can access information, that is N-FOCUS, given their protocol?

BRENDA DECKER: Within the rules of...

SENATOR KRIST: Given their protocol.

BRENDA DECKER: Yeah, exactly.

SENATOR KRIST: Right.

BRENDA DECKER: Yes, but I believe that that's where we're all headed, but that is our intent.

SENATOR KRIST: So that becomes an active query system as opposed to waiting weeks for data to come back.

BRENDA DECKER: As we put these modular pieces, as Eric described, the modular pieces together, it is my belief that as we finish through the system or as we move through the system there will be queries that will allow you to query against those all. Yes.

SENATOR KRIST: Thank you, Brenda.

BRENDA DECKER: Okay.

SENATOR CAMPBELL: I want to get at two questions, because I'm watching the clock here...

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

BRENDA DECKER: Okay.

SENATOR CAMPBELL: ...before the senators have to go upstairs. The two questions, one is going to be Senator Bolz's question in terms of whether you're going to have to apply twice in terms of getting information, if you're applying and so you're eligible for Medicaid but then for SNAP or, you know, all the others. That's one question. The second question, we have a number of people in the audience today who are from the technology committee of the Children's Commission and they are looking at a pilot which they would bring in, I believe called FamCare, to real-time test this. And so I think they're here today to find out is that the move to go or will you get to the point where they can get all this information from all of the offices and be able to draw it down. So if the two of you could kind of address those two questions, it would be helpful.

ERIC HENRICHSEN: Okay.

BRENDA DECKER: (Inaudible) eligibility.

ERIC HENRICHSEN: As far as interfacing with FamCare and whatever, the ACA Medicaid eligibility is not necessarily going to...that activity is not going to be changing how that process works initially. It's trying to create a newer environment in there. But I would say that would be a ways down the road. We're going to be focusing on Medicaid eligibility initially.

SENATOR CAMPBELL: Okay. So you're going to focus on that.

ERIC HENRICHSEN: Right.

SENATOR CAMPBELL: So the idea to be able to get a system off the shelf and buy it and put in place as a temporary fix for a pilot might work, Eric?

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

ERIC HENRICHSEN: I think we'd have to see within FamCare, and I have looked at that a little bit in the past, is understanding, okay, what would be the interfaces between there and is it going to be able to get real-time information from N-FOCUS or not. It's just a discussion that would need to be occurring. Also, we have to keep in mind that by doing that we might be violating SACWIS requirements, therefore, we could not be able to be a statewide Automated Child Welfare Information System certified state.

SENATOR CAMPBELL: But we're not compliant today, are we?

ERIC HENRICHSEN: Not today.

SENATOR CAMPBELL: It might be helpful to...

SENATOR KRIST: Is it...

SENATOR CAMPBELL: Oh, I'm sorry.

SENATOR KRIST: Is it our intent to do SACWIS at the end of this or are we still not (inaudible)?

ERIC HENRICHSEN: That's where we've been going back and forth with the program, determining what the driver is there, is there enough benefits to the program...

SENATOR KRIST: Exactly.

ERIC HENRICHSEN: ...to apply the technology changes, yeah.

SENATOR CAMPBELL: Got it.



HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

SENATOR KRIST: All right.

SENATOR CAMPBELL: It might be helpful then for the people who are looking at that pilot from the Children's Commission to sit down and visit with you and maybe with...

ERIC HENRICHSEN: I think that would be very beneficial for us to all sit down and talk together.

SENATOR CAMPBELL: Yeah, before...

ERIC HENRICHSEN: Yeah.

SENATOR CAMPBELL: ...because I mean I think they're looking at a pilot to see whether this will work, but on the other hand we want to know that where we're going is going to reach the point for the total system, I guess. Let's go to the second question, which would be more Senator Bolz's. Did I articulate your question correctly?

SENATOR BOLZ: Sure.

SENATOR CAMPBELL: And her question is, will you have to fill out two applications as we go forward for somebody to be eligible for a number of programs?

ERIC HENRICHSEN: And that point, as we've been talking about, we've been working through all the various requirements and the activities within there, I think there's some various vision in there. But in my mind, until things are required, until we've got all the requirements together, we've had I think the program areas talk about what their vision there is, I'm pretty much just implementing the technology behind it. So I don't know if there's someone elsewhere that wants to talk about that or it's a discussion that's already been coming up, because we will have different applications. The ACA Medicaid eligibility has a specific requirement of here's a application for your health

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

insurance requirements that we have to be using, so we'd be using that, especially in the short term for N-FOCUS. But then for the other programs, we'd probably be having more like we have today.

SENATOR CAMPBELL: Senator Bolz, you want to follow up?

SENATOR BOLZ: Yeah. I understand that perhaps that question is a policy question that's not...you're not in a position to answer. But my understanding of looking at some of the ACA is that there are...that the ACA does contemplate interoperability and this data sharing and information sharing. So I guess my question for you from an IT standpoint is from our IT infrastructure is there anything that prohibits us from implementing the ACA in a way that allows for data sharing and shared eligibility determination?

ERIC HENRICHSEN: No, that's actually what we're trying to work on behind the scenes, that it's still, especially with an October...it's still the same data. Even though we might have a Medicaid application and a different application, it's still the same data behind it. We're just trying to work with the policy areas on how do they want the processes to work, but that underneath we still have the same data that could be shared, not shared, whatever,...

SENATOR BOLZ: Okay.

ERIC HENRICHSEN: ...within I think the protocols that Senator Krist said as far as what we can share back and forth.

SENATOR BOLZ: So there's nothing from an IT or an IT legal standpoint that would hold us back from doing that work.

ERIC HENRICHSEN: Not...IT legal, not at this time. I think again we're in '90s

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

technology so it's not...doesn't have everything pulled out in separated rules, but there's nothing technology-wise saying that these have to be separated, not separated, whatever. We're just basically saying what's the program need. We'll try and support that.

SENATOR BOLZ: Very good. Thank you.

ERIC HENRICHSEN: Uh-huh.

SENATOR CAMPBELL: Okay. In the time that's remaining, you want to finish out, Eric?

ERIC HENRICHSEN: Basically, it was just trying to make sure the committee's understanding of all the other activity that's going on. One of the challenges we have with the N-FOCUS system and the MMIS system is that they're homegrown. So when you're making changes, you need someone who understands that system, frequently referred to as a subject matter expert, or a SME. So when you have this amount of activity going on all at once, you cannot necessarily go outside and hire a SME. I can find someone who understands the technology, but do they understand our programs, how we've got N-FOCUS system set up? So that becomes a challenge. You start running into some bandwidth issues that you can't just hire your way out of. With Affordable Care Act, I just want to make sure that the committee is...I'm sure you're aware of it but that there's more in there than the Medicaid eligibility. It was a nice 2,000-page act. There's Medicaid eligibility. We've talked about the health insurance exchange in prior discussions. But there's about 20 other projects going on under ACA. (Inaudible) I showed a couple of them: administrative simplification, which is trying to get some of the real-time transactions going forward; a recovery audit contractor, which is for overpayments and underpayments (inaudible) Medicare in the past; and you can kind of read some of the other ones. So we've got all that activity going on. In this environment, a lot of that is happening in the MMIS system. On page 11, I like to remind people there's also other projects outside of ACA. ICD-10, which is the International

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

Statistical Classification of Diseases, which is what ICD stands for, the tenth revision, we need to change our codes. And in our new codes, when you're going to a doctor and they're saying, here's your diagnosis code, a number of those are increasing and it's not a simple just moving from one to the other. Sometimes one code goes to many; sometimes many codes go to one; sometimes it's one to one; sometimes one doesn't exist anymore. It is very complex and it takes a lot of the business side to say what do you want the system to do. This project is forecast, at least for the implementation, around \$18 million, so it is another large project. It's 90/10 funded. We have some confidence that we should be able to complete this. It will be generally the same group that worked on the HIPAA 5010 project, which is doing another conversion of data. And that was forecasted at \$13 million; was implemented successfully for \$11 million, again, at 90/10. ICD-10 is...the implementation date is October of 2014. We've got other activity in here with electronic health records. The federal government is incenting people to...the providers to set those up. Medicaid has to do the payments. We were handling that basically manually initially, but as the providers go into meaningful use, phase II, that gets a lot more complicated, transactions or the translations and the calculations get more complicated, more than a person is going to be able to do manual. So we're going to try and help out the Medicaid staff by finding a system to help do that. Medicaid managed care, Medicaid has moved to managed care, a lot of the coding is done but there's still more activity as they keep on moving functionality that way. I talked about MITA, that's the Medicaid Information Technology Architecture. It's a set of data processes and technology that you need to do a lot of documentation. It's being updated for the ACA requirements, cloud technology, and the seven conditions and standards. So we need to be doing some work in that environment. And then there's just the normal operational day to day, and also as the Legislature passes bills we make changes to the systems.

SENATOR CAMPBELL: Ah, we're always in the background, huh? Eric,...

ERIC HENRICHSEN: Uh-huh.

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

SENATOR CAMPBELL: ...just so that you know, and the committee, and I'll repeat one more time for the record, in the bill that I submitted with...as a result of the study this summer, as I indicated to the Appropriations Committee, I wanted them to just hold that bill.

ERIC HENRICHSEN: Right.

SENATOR CAMPBELL: I understand by the time next year rolls around, it may be obsolete. But it would give us a framework if we needed to make change and move forward legislatively. So they're holding that...

ERIC HENRICHSEN: Uh-huh. Right.

SENATOR CAMPBELL: ...as a way that if we work out something or Brenda needs something, we have a bill that we could use to do that. But I totally understand all of this has to come together and that that bill can't really be considered separate given all that you're telling me. And really, it was so helpful to meet with Brenda and the folks from the department, and I hope it's been helpful for the committee to begin to see all the pieces that are here. I want to mention one other thing real quickly, and that is I'm probably going to have a follow-up meeting on ACCESSNebraska because Senator Dubas, who is the head of the Telecommunications and Transportation--all the transportation issues get the, you know, get the big bucks here, but that committee does deal with telecommunications--and she had sat down and talked with the Public Service director, Steve Meradith, in terms of whether there was some way that the PSC could be helpful in clarifying some of the problems with ACCESSNebraska. So I just want my colleagues to know that another senator has come in from a somewhat slightly different angle and they would be glad to set up a meeting. So, Kerry, you might want to make note of that. Because the PSC is not necessarily finding problems with Windstream and so, therefore, would like to sit down and talk with the department about what they're seeing

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

from that side of it, which might be very helpful. And I've got a copy and I'll make sure that Kerry gets one, but we'll distribute that to the senators so that you kind of know what the issue is that Senator Dubas has uncovered. Any other questions that the committee has with regard...? This has been very helpful, Eric. Going to have you come...

ERIC HENRICHSEN: Okay. I appreciate sharing information and let you know.

SENATOR CAMPBELL: We'll just have you come all the time. You know, you don't really have anything going. So when do you expect, Brenda, that the platform will be in place? I know you're going to kind of temporarily be ready for October 1, but when is the date when you really think that platform will be done?

BRENDA DECKER: It's going to depend on the RFP that goes out, so what we're going to look at is that RFP that the department is looking at releasing is going to be in the August time frame, so probably before the end of the year we'll actually have complete architecture direction, architectural direction. And then we're most likely going to use this project to build that platform to start with, so it will be in the time frame that Eric was describing, in the 2014-2015 time frame.

SENATOR CAMPBELL: You know, we've discussed in the Legislature of using the Legislative Council to come together--and I'm sorry Senator Krist had to step out because he certainly felt very strongly about this--when we meet to talk about big concepts that reach across the entire Legislature and the issues that each committee deals with. It would seem to me, Brenda, it might be very helpful--and we're planning some kind of a retreat this fall--that we have you as a part of that. And I will talk to Senator Wightman, and Senator Krist is coming in the door, because I think all the senators need to understand that their little piece of all of this is in a part of that whole, and it might help us understand a little bit better how it's come together.

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

HEALTH AND HUMAN SERVICES COMMITTEE  
April 22, 2013

---

BRENDA DECKER: Sure. Be happy to.

SENATOR CAMPBELL: Okay. So with that, we'll assume, Kerry is here, Karen Authier, who is the chair of the Children's Commission, is here and several members of the technology, so hopefully you two can get together so that we do have a good recommendation coming forward for what's maybe needed temporarily. Thank you all very much, and that concludes our hearing for today.