

April 21, 2015

Patrick O' Donnell, Clerk of the Legislature
State Capitol, Room 2018
P.O. Box 94604
Lincoln, NE 68509

Dear Mr. O'Donnell:

In accordance with the Legislative Bill 905 (2014), please find the attached quarterly status report of the Medicaid Medical Information System (MMIS) Replacement Planning Project for the time period October to December 2014.

Specifically, this report includes the current project status, strategic analysis, alternatives analysis, procurement analysis, market analysis, requirements development process, accomplishments and upcoming activities.

If you have any questions, please contact me. Thank you.

Sincerely,



Calder A. Lynch, Director
Division of Medicaid and Long-Term Care
Department of Health and Human Services



*MMIS Replacement Planning Project
Legislative Quarterly Status Report
January – March 2015*

Submitted: April 21, 2015

Current Project Status

The MMIS replacement planning project has continued to progress steadily by completing the analysis of replacement options and continuing to develop an actionable plan to effectively replace the MMIS in the most viable manner. The project team is re-considering several innovative solutions and revisiting the initial proposed schedule to account for possible changes in the approach. Rather than one large Request for Proposal (RFP), it is likely the solution will be comprised of multiple RFPs. The Centers for Medicare and Medicaid Services (CMS) encourage states to pursue a modular approach to MMIS projects. Seeking best-of-breed vendors through the release of multiple RFPs is a means by which to meet the CMS goals of modularity while also reducing the risk associated with one large procurement.

Unlike previous quarterly reports, this quarter does not include a high-level schedule of activities and milestones. A revised schedule and description of a preferred approach will be included in the next quarterly report.

Expenditures for the planning phase are within budget according to the amounts appropriated by Legislature and approved by CMS at enhanced federal participation percentages. The quality of the planning project deliverables is meeting or exceeding standards.

Strategic Analysis

Components of the Alternatives Analysis and Procurement Analysis described in the last quarterly report are in the process of revision and being updated to align with the re-assessment of innovative options currently under way. Once a preferred alternative for the MMIS solution is identified, the approach to procurement and developing specifics about how to address Medicaid program areas will be determined.

Results of the market analysis have been compiled. The outcome of the survey of other State Medicaid Agencies have been summarized with a number of interesting results. On page 3 is a map indicating the status of other state's Medicaid Agencies MMIS projects.

Nineteen states are currently in the planning stages for an MMIS replacement, twelve states are currently in the implementation phase and nineteen states are not currently planning or implementing a new MMIS. The significance of the number of states in the planning stages is that Nebraska will be competing for a finite number of resources with other states seeking to also replace their systems. Timing the release of RFPs will be critical to ensure Nebraska is not competing for proposals from vendors who may be more interested in another state's project.

Also to be considered are the number of states currently in the process of implementation. There are a limited number of vendors who operate in the MMIS marketplace and they too have resource limitations.

Cost Benefit Analysis

A cost benefit analysis (CBA) is being conducted that will analyze the costs associated with the top MMIS alternatives and compare them to current and estimated future expenditures for the existing system. The process includes gathering data specific to Nebraska, data from other state's MMIS procurements, and data from CMS in order to estimate a range of costs to be expected from vendors who bid on the Nebraska MMIS RFPs. Additional financial estimates will be calculated, including return on investment, any long term cost savings and expected downside risk.

The CBA effort will provide information necessary to receive enhanced federal funding and provide more insight for project budgeting processes.

Accomplishments

- Developed and released Program Integrity and Reporting/Analytics surveys, receiving 22 responses.
- Developed process and draft agenda for vendor demonstrations via webinar for Program Integrity and Reporting/Analytics.
- Released Medicaid provider survey to provider associations for release to their membership, receiving 110 responses to date.
- Received approval from CMS for the Planning-Advance Planning Document (P-APD) to secure enhanced funding for the planning phase through September 2015.
- Received and compiled responses from MMIS vendors to a survey sent to them. Results will be included in Market Analysis.
- Continued requirements development, focusing on identifying requirements necessary to support business needs.
- Kicked off Cost Benefit Analysis effort.

Upcoming Activities

- Complete re-assessment of business areas, adjusting schedule and work plan accordingly.
- Revise Alternatives Analysis and Procurement Analysis according to outcomes of re-assessment.
- Complete Program Integrity and Reporting/Analytics webinars.
- Begin drafting RFP(s) related to the highest priority areas.
- Compile responses to Medicaid provider survey.
- Continue requirements development.
- Draft strategic analysis document.
- Begin drafting Implementation Advance Planning Document necessary to continue enhanced federal funding starting October 1, 2015.

MMIS Planning and Implementation Status by State

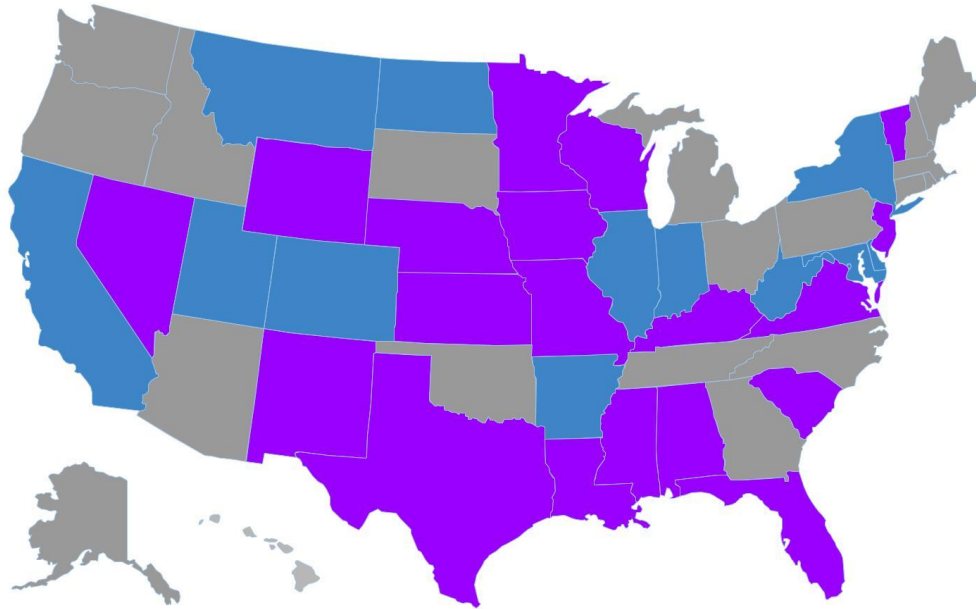


Figure 1 – MMIS Planning and Implementation Status by State

Color	Represents	Number of States
Purple	The states currently within the planning stage for an MMIS replacement.	19
Blue	The states currently contracted with a vendor for an MMIS implementation.	12
Gray	The states not currently in the planning stage or implementation stage for an MMIS.	19