



*MMIS Replacement Planning Project
Legislative Quarterly Status Report
April – June 2015*

Submitted: August 31, 2015

Current Project Status

The MMIS replacement planning project completed the draft of the Strategic Analysis, which is comprised of an Alternative Analysis, Procurement Analysis and the Market Analysis. Seven alternatives were initially analyzed, with a mixture of traditional and innovative solutions. Over the course of the quarter, three additional alternatives were analyzed: Claims Broker Services within a Managed Care Organization; Administrative Services Organization; and Sunset the Legacy MMIS through Attrition. These alternatives are discussed in more detail below.

A top priority for DHHS is managing the vast amounts of data received by the agency. Managing the data, producing accurate and timely reports, and utilizing the data to make informed business decisions has become more critical with the growth of the Medicaid program. The scope of the MMIS replacement project includes a data warehouse, decision support system, and business analytics, including program integrity. Obtaining the tools necessary to manage and analyze data is a focus of the MMIS project. In an effort to identify current technology available, seven vendors that provide both data management capabilities and program integrity tools provided web-based demonstrations to DHHS over the last few months.

Expenditures for the planning phase are within budget according to the amounts appropriated by the Legislature and approved by CMS at enhanced federal participation percentages.

Innovative Solutions

The Market Analysis indicates the vast majority of State Medicaid Agencies have traditionally utilized one of two solutions to operate their MMIS – either as a self-administered system with in-house operations (as is currently done in Nebraska) or by contracting with an entity to provide and maintain a system and conduct operations, often referred to as a fiscal-agent arrangement.

An innovative alternative being considered by some states is contracting for claim processing as a service rather than implementing a new system. The Alternatives Analysis identified two primary methods by which to purchase claims processing as a service – partner with a managed care entity currently engaged in the state, or contract with a non-managed care vendor.

The Claims Broker Service (CBS) model seeks to partner with one or more of the Managed Care Organizations (MCO) in Nebraska who participate in risk-based Medicaid to also process fee-for-service claims for clients not in managed care. DHHS would not own the processing system or be responsible for its maintenance, but would set the reimbursement rates and pass through the actual cost of the services. Operational functions would also be performed by the CBS.

The Administrative Services Organization (ASO) solution involves contracting with a single entity that would process the fee-for-service claims through a system developed by the ASO. While very similar in concept to the CBS, this vendor would not be a managed care entity. System ownership, maintenance responsibility and financial considerations are very similar to the CBS solution.

The third alternative analyzed was to Sunset the Legacy MMIS through Attrition. This solution would involve removing functionality from the current MMIS as other systems or vendors take

over functionality. However, it is likely the base MMIS would have to remain in some capacity to process any fee-for-service claims.

There are pros and cons to each solution, and because each state is different in the formation and demographics of their programs, one solution does not fit all Medicaid programs.

Best Solution for Nebraska

There are a number of key considerations in determining the best MMIS solution for Nebraska. Any solution must fit the program's long-term goals. The current MMIS has served the state well for over 35 years, but has become complex as the program has evolved. The amount of effort and resources necessary to transition to a new solution is significant. Long-term planning is critical to ensure the new solution will support the state for many years.

After considerable analysis of solutions, it has been determined the approach that best fits the projected evolution of the Nebraska Medicaid program is to establish Claims Broker Services with an MCO for the processing of fee-for-service claims. This solution capitalizes on capacity and technological infrastructure already developed by the MCOs and in place to pay claims through their at-risk business. As more individuals with Medicaid have their healthcare covered through a risk-based MCO, there is less of a need for an MMIS to process fee-for-service claims. The focus of Medicaid systems then turns to processing encounter claims received from the MCOs and data management tools used to analyze data. The fixed costs associated with building a new system, and the ongoing operational expenses for DHHS to operate it, does not make financial sense considering there will be a low-volume of fee-for-service claims to be processed.

Through the Procurement Analysis process it has been determined there will be three Requests for Proposals (RFP) associated with the MMIS replacement effort:

1. Data Management and Analytics tool acquisition;
2. Claims Broker Services; and
3. Independent Verification and Validation (IV&V)

Project Milestones

The project team is currently working on detailed schedules. Schedules being drafted include the timing for the release of RFPs, proposal evaluation periods, and design, development and implementation of the solution. Much of the schedule involving the Claims Broker Services is yet to be determined because it is contingent on transitioning Medicaid clients currently considered fee-for-service into risk-based managed care. However, proposed milestones relating to the Data Management and Analytics efforts are indicated in the following table.

Milestone	Date
Complete Draft of Data Management and Analytics RFP	9/30/2015
Release Draft Data Management and Analytics RFP for Comments	10/21/2015
CMS approves RFP	2/10/2016
Release Final RFP	2/15/2016
Vendor's Responses Due	5/18/2016
Proposal Evaluations Completed	8/17/2016
Vendor Contract Award and Process Completed	10/24/2016
CMS approves Contract	12/24/2016
Implementation Begins	2/1/2017
Go-live	9/30/2018

Table 1: Milestones of Data Management and Analytics RFP

Accomplishments

- Conducted seven web-based demonstrations by vendors of data management and program integrity tools.
- Conducted analysis of three additional MMIS system solutions.
- Working drafts of the Alternative Analysis, Procurement Analysis, and Market Analysis completed after necessary revisions made as a result of adding analysis of three additional solutions.
- Draft RFP templates underway for use in multiple RFPs.
- Started process of identifying business reporting needs and developing library of required reports.
- Business focused requirements development continues.

Upcoming Activities

- Begin drafting RFP language specific to Data Management and Analytics vendor procurement and Independent Verification and Validation vendor procurement.
- Complete detailed schedule for Data Management and Analytics procurement and design, development and implementation.
- Draft and submit to CMS the Advance Planning Document Update necessary to continue enhanced federal funding starting October 1, 2015.