DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES
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MONTANA
DPHHS
Healthy People. Healthy Communities.
Department of Public Health & Human Services

PL 9000 – MPATH Operations

This present law adjustment requests $5,263,783 in total funds over the biennium to maintain existing services in Montana's Program for Automating and Transforming Healthcare (MPATH) in the Technology Services Division. The increase is necessary to fund projected MPATH Customer Care Operations and Financial Services shortfalls. The biennial request includes $1,430,852 in general fund and $3,832,931 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2024	$495,802	$0	$1,304,030	$1,799,832
FY 2025	$935,050	$0	$2,528,901	$3,463,951
Biennium Total	$1,430,852	$0	$3,832,931	$5,263,783

Background:

On December 4, 2015, CMS published 42 CFR 433—Mechanized Claims Processing and Information Retrieval Systems—Modularity, also referred to as the Modularity Final Rule, which took effect on January 1, 2016. The Modularity Final Rule changed how states procure and implement MMIS solutions, including CMS certification of systems to qualify for federal financial participation (FFP). Following this, CMS published a series of State Medicaid Director (SMD or SMDL) Letters, providing additional modularity guidance to states.

Modularity is not a single project or initiative. Compliance with modularity principles is required for states to receive enhanced funding to replace, maintain, enhance, and operate their Medicaid systems. States must use a modular approach to Medicaid system replacement to qualify for enhanced FFP (90% federal contribution for qualifying system implementations and replacements and 75% federal contribution for system maintenance and operations). States must also demonstrate alignment with CMS-established conditions for enhanced funding.

DPHHS is engaged in a modular replacement of the State's Medicaid Management Information System (MMIS). The MPATH team is responsible for modernizing the state's legacy healthcare systems and has effectively transitioned from a monolithic replacement approach (often termed "big bang") to a modular and best-of-breed deployment strategy. Montana's MMIS replacement project is comprised of nine commercial off-the-shelf (COTS) software solutions. To date, the team has successfully operationalized the following modules per state and federal guidelines

1. Pharmacy Claims Processing

2. Provider Services

3. Enterprise Data Warehouse

4. Population Health & Data Analytics

5. Premium Billing & Collections

6. System Integration Services

Funding for System Maintenance & Operations

As the Department continues implementing new modules or additional module components, release implementations result in increased operational expenditures. The transition from a single-vendor model to a CMS-mandated modular approach that involves multiple vendors, each offering the best value solution and services, has resulted in more vendors and increased operations costs. Additional maintenance and operations funding is required. Further detail is provided below.

Customer Care

The base budget for the Customer Care Module was previously approved in Program 12 at $3M annually, there is a $1.8M short fall in projected, operations funding for 2025 and ongoing funding of $4.8M for operations and maintenance is needed.

Benefits	Impacts of Funding Not Approved
Modularity has allowed the Department to procure and begin operating best value solutions which has already resulted in: • Increased provider usability and process efficiencies • Improved member customer service • Better quality of care	Providers and members will lose access to: • Existing legacy call center support • Centralized support services and personnel Decentralized customer care results in: • Increased vendor service costs in each module • Decreased efficiency • Reduced customer satisfaction

Financial Support Services

The base budget was previously approved in Program 12 at $3.4M annually; there is a $1.7M short-fall in projected operations and maintenance funding for 2025 and additional incremental ongoing funding needs of $5.1M.

Benefits	Impacts of Funding Not Approved
The FSS module will increase: • Automation and efficiency of recoveries • Improve visibility and auditability of recoveries • Improve accuracy and transparency of recoveries, strengthening the Department's ability to detect and prevent Medicaid Fraud, Waste and Abuse	The Department is required to ensure that Medicaid is the payer of last resort and process estate recoveries. It also ensures that the department collects monies from providers, other payers, and member estates per Federal requirements. Failure to support a modernized system to track and process recoupments will result in a loss of overall recoveries and risk Federal non-compliance.