Montana's Medicaid Enterprise System (MES)

January 18, 2023

Montana
Department of
Public Health and
Human Services

Overview

- The distinction between MMIS, MES, and MPATH

- Provide additional context to the failed Xerox MMIS engagement

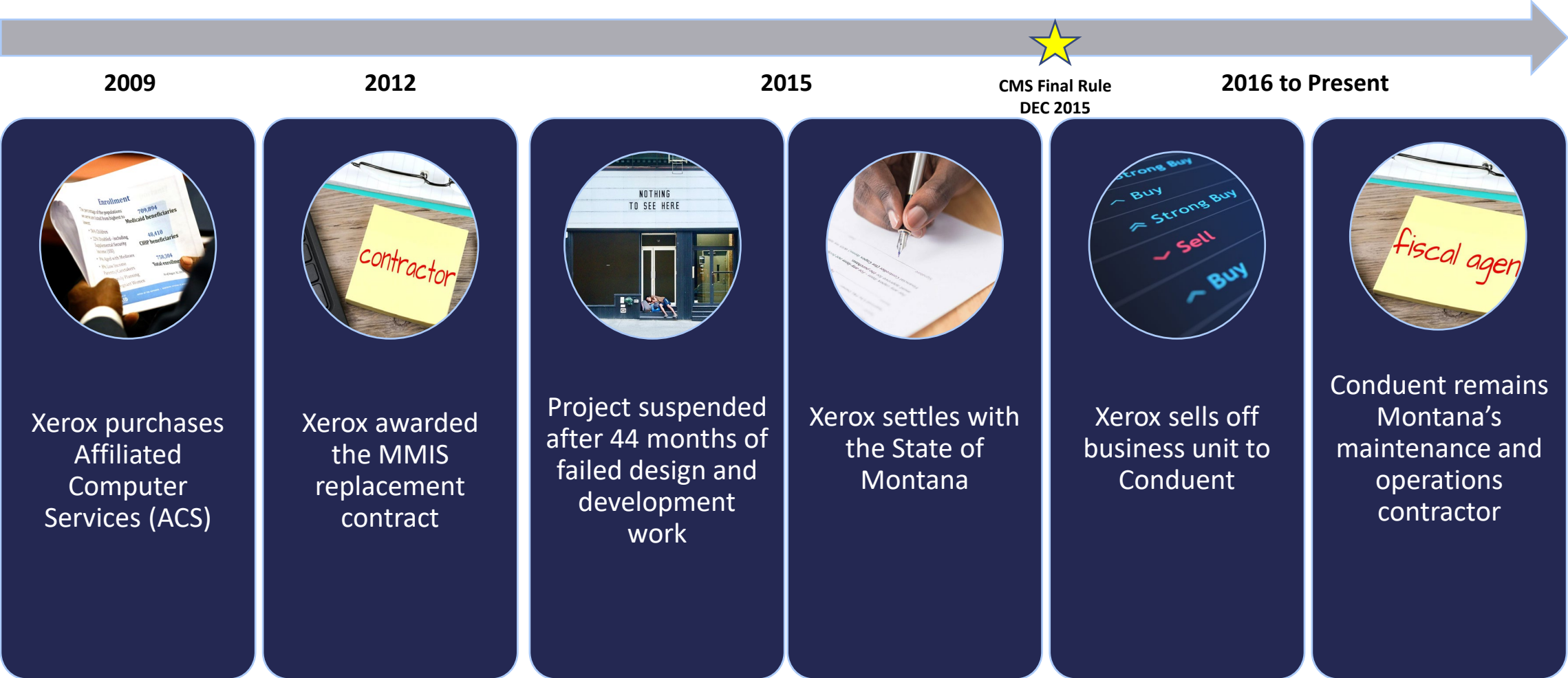- The Centers for Medicare and Medicaid Services (CMS) Guidance and Rules for Transformation and Modernization

The Distinction Between MMIS, MES, and MPATH

➢ The Department's **Medicaid Management Information System (MMIS)** is a 38-year-old legacy mainframe claims processing system. The system is still operational and leveraged to support the build-out of the new Medicaid Enterprise System (MES).

➢ DPHHS' **current Medicaid Enterprise System (MES) implementation** will replace MMIS by leveraging modern, modular, flexible, and adaptable commercial off-the-shelf (COTS) solutions that will provide best-in-class capabilities to the Department, providers, stakeholders and staff. **At the end of the MES project MMIS will be decommissioned** (est. 2026).

➢ **Montana's Program for Automating and Transforming Healthcare (MPATH)** is the team responsible for MMIS operations and the delivery and support of HHS' new Medicaid Enterprise System (MES).

The MMIS Xerox Contract and Engagement
Failed Efforts and Suspension of Services

2009

2012

2015

CMS Final Rule
DEC 2015

2016 to Present

Xerox purchases Affiliated Computer Services (ACS)

Xerox awarded the MMIS replacement contract

Project suspended after 44 months of failed design and development work

Xerox settles with the State of Montana

Xerox sells off business unit to Conduent

Conduent remains Montana's maintenance and operations contractor

The Centers for Medicare & Medicaid Services (CMS) 2015 Final Modularity Rule
Phased. Flexible. Integrated.

> "CMS is forcing modular, phased development with system integration, reliance upon standards, SaaS and COTS and curtailing over-customization"
>
> – Jessica Kahn, CMS Director, Data and Systems Group, Medicaid IT Enterprise Innovation & Opportunity at the HIMSS Government Roundtable.

- **Montana is required to follow modularity principles** in their development of new or replacement Medicaid Management Information Systems (MMIS).

- The requirement for modular approaches **applies to all systems eligible for enhanced match** within the Medicaid IT enterprise.

- The MPATH team creates standards for **open-architecture systems that leverage commercial off-the-shelf (COTS) technologies** and provide the flexible building blocks to meet a wide range of program needs while also adhering to federal guidelines.

Modernizing the MMIS
Connecting Systems, People, and Information Across Medicaid

Medicaid Management Information System (MMIS)
2009 - 2015

Medicaid Enterprise Systems (MES)
2016 - 2026

2009 HB10 Appropriation awarded for MMIS replacement

The **2009 HB10 Appropriation** was utilized to support phased, modular, and integrated MMIS systems replacement based on the CMS mandate

1 system and 1 vendor

Multiple systems and multiple vendors

Highly customized, inflexible, slow to change, and unable to keep pace with rapid developments in Medicaid services

Leverages commercial off-the-shelf (COTS) and Cloud solutions to capitalize on best-in-class, and proven capabilities, to accelerate the implementation of specific capabilities

2015 Federal Centers for Medicare and Medicaid Services (CMS) issues the "Modularity Final Rule"

Pharmacy Claims Processing functionality

Reuse operational technologies to support new programs and policies

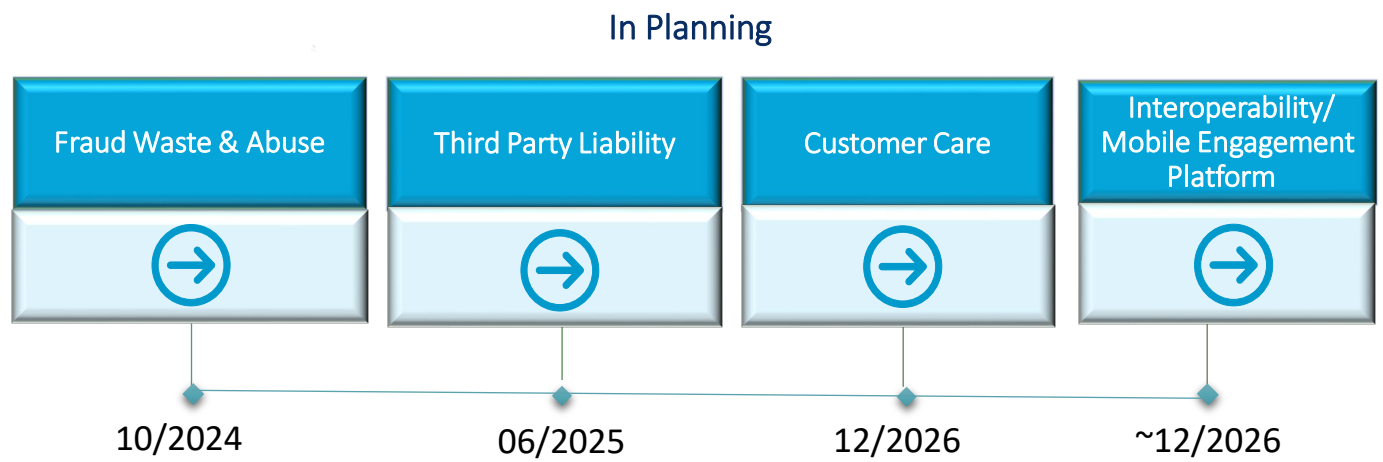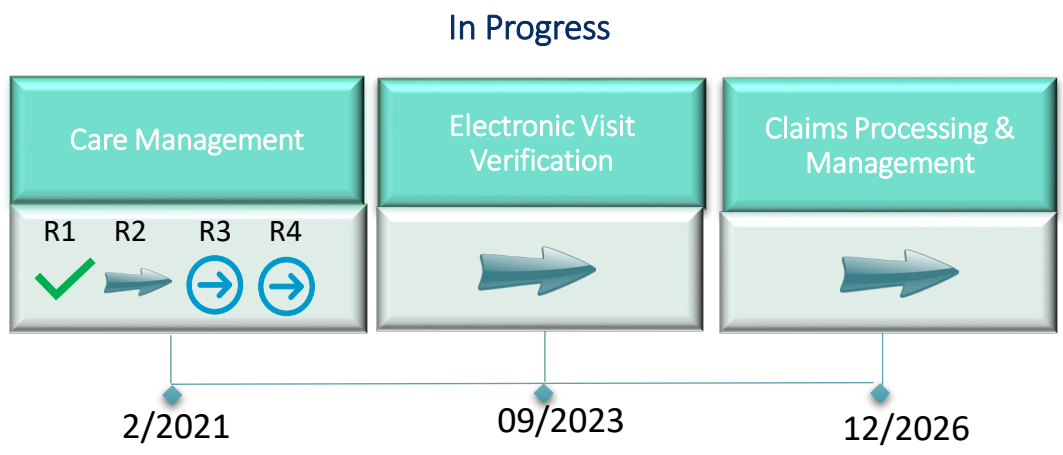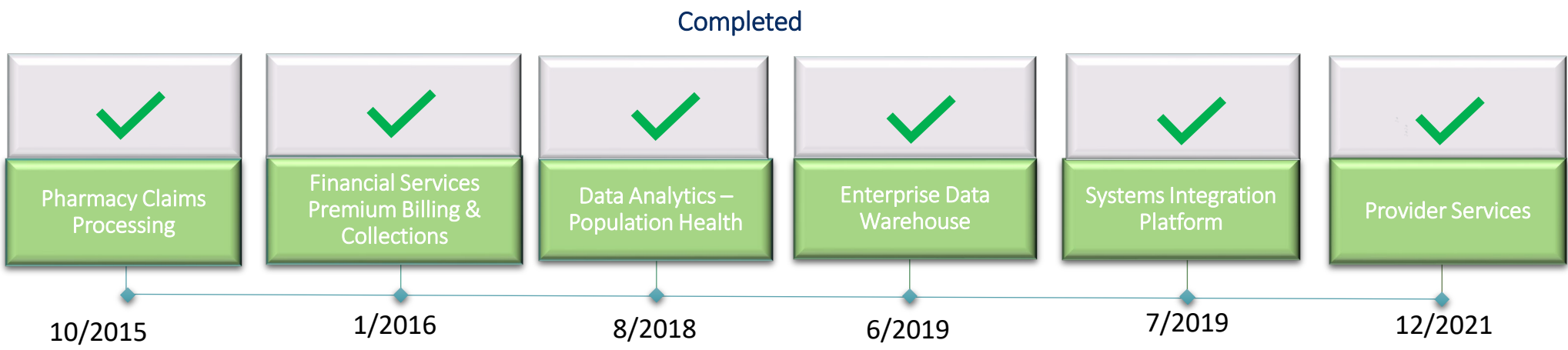# Status of Phased (Modular) Deployments

- When will the MMIS be fully replaced?

- What is the status of the Pharmacy Claims Processing System?

When will the MMIS be fully replaced?
Current Status of Deployments | Planned for completion in 2026

✔ Completed

➡ In Progress

⊙ In Planning

Completed

Pharmacy Claims Processing	Financial Services Premium Billing & Collections	Data Analytics – Population Health	Enterprise Data Warehouse	Systems Integration Platform	Provider Services
✔	✔	✔	✔	✔	✔
10/2015	1/2016	8/2018	6/2019	7/2019	12/2021

In Progress

Care Management	Electronic Visit Verification	Claims Processing & Management
R1 ✔ R2 ➡ R3 ⊙ R4 ⊙	➡	➡
2/2021	09/2023	12/2026

In Planning

Fraud Waste & Abuse	Third Party Liability	Customer Care	Interoperability/ Mobile Engagement Platform
⊙	⊙	⊙	⊙
10/2024	06/2025	12/2026	~12/2026

STATE PROCUREMENT BUREAU
State Financial Services Division

Montana Code Annotated 2021
Title 18 | Chapter 4 | Part 3 | 18-4-3-13

Except as provided in subsection (2) or unless otherwise provided by law, a contract, lease, or rental agreement for supplies or services may not be made for a period of more than 7 years.
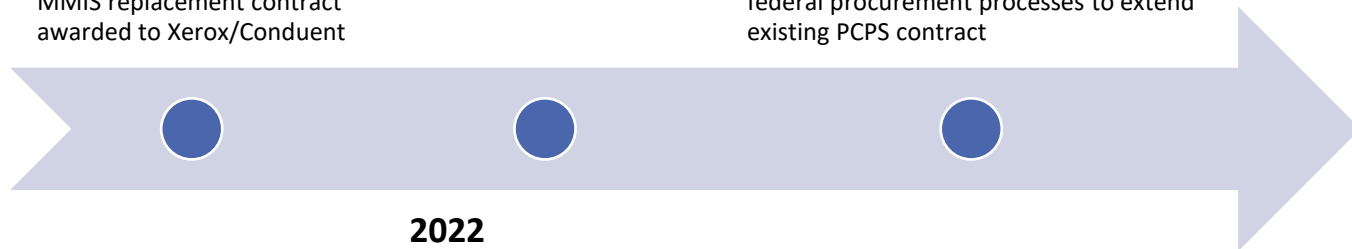
- The contract term limit specified in subsection (1) does not apply to:

- *a contract for hardware, software, or other information technology resources, which may be made for a period not to exceed 10 years*

2012

MMIS replacement contract awarded to Xerox/Conduent

2023

MPATH is working through state and federal procurement processes to extend existing PCPS contract

2022

Reached 10-year maximum contract term

- The Pharmacy Claims Processing System is reliant on the legacy MMIS and will be decommissioned at the end of the MES project

- A comprehensive Pharmacy Benefit Management System is included in our HB10 long-range IT requests and will leverage commercial off-the-shelf (COTS) and Cloud technologies to capitalize on best-in-class capabilities

Budget and Finance

- How much of the original $73.2M MMIS replacement project budget has been spent?
- Why is our spend to date 50% higher than the original budget ask?
- Provide transparency for system maintenance and operational costs year-over-year

How much of the original $73.2M MMIS replacement project budget has been spent?

Why is our spend to date 50% higher than the original budget ask?

$33.4M spent to date of $72.7M

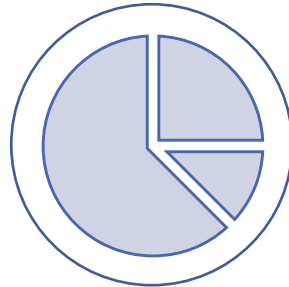*2009 "MMIS Replacement" HB10 Appropriation*
(2016-present)

2009 HB10: **$72.7M**
$65.43M Federal (90%) · **$7.27M State** (10%)
2009 HB10 spent to date: **$33.4M**
$30.1M Federal (90%) · **$3.34M State** (10%)

46% HB10 Budget Expended

HB10 Budget for "MMIS replacement" spent
(2016-present)

2016

2023

Provide transparency for system maintenance and operational costs year-over-year

- Capital requests for new systems and system replacements are included in the Agency's HB10 requests;

- DPHHS' attempts to estimate maintenance and operations (M&O) costs during this phase; however, costs cannot be finalized until a contract has been awarded;

- When a contract has been finalized for HB10 funded systems, implementation (DDI) and M&O contracted services costs are included in the contract schedule (up to 10-year term);

- Maintenance and operations funding is included in the corresponding HB2 biennial budget in which the system will be operational.

Appendix

Definitions, acronyms, and additional resources

Acronyms

CMS	Centers for Medicare and Medicaid Services
COTS	Commercial Off-the-shelf Software or Consumer Off-the-shelf Software
DDI	Design, Development, and Installation or Implementation
E&E	Eligibility and Enrollment
EDW	Enterprise Data Warehouse
EVV	Electronic Visit Verification
FFP	Federal Financial Participation
FFS	Fee-for-Service
FMAP	Federal Medical Assistance Percentage
IV&V	Independent Verification and Validation

Acronyms

M&O	Maintenance and Operations
MECT	Medicaid Enterprise Certification Toolkit
MES	Medicaid Enterprise System
MMIS	Medicaid Management Information Systems
MPATH	Montana's Program for Automating and Transforming Healthcare
NASPO	National Association of State Procurement Officials
PCP	Pharmacy Claims Processing
PCS	Personal Care Services
SaaS	Software-as-a-Service
SDLC	Software Development Lifecycle

Definitions

Cloud	Cloud computing is the on-demand availability of computer system resources, especially data storage and computing power, without direct active management by the user.
SaaS	Software as a service is a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted. SaaS is also known as "on-demand software" and Web-based/Web-hosted software.
COTS	Commercial off-the-shelf or commercially available off-the-shelf (COTS) products are packaged or canned (ready-made) hardware or software, which are adapted aftermarket to the needs of the purchasing organization, rather than the commissioning of custom-made, or bespoke, solutions.
Module	A module is a software component or part of a program that contains one or more routines. One or more independently developed modules make up a program. An enterprise-level software application may contain several different modules, and each module serves unique and separate business operations.