

**Nebraska Information Technology Commission**

**Project Proposal Form**

**New or Additional State Funding Requests  
for Information Technology Projects**

**FY2005-07 Biennium**

<b>Project Title</b>	<b>MMIS (Medicaid Management Information System)</b>
<b>Agency/Entity</b>	<b>Nebraska Health &amp; Human Services System/Information Systems &amp; Technology</b>

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FY2005-07 Biennium**

**About this form...**

The Nebraska Information Technology Commission (“NITC”) is required by statute to “make recommendations on technology investments to the Governor and the Legislature, including a prioritized list of projects, reviewed by the technical panel, for which new or additional funding is requested.” In order to perform this review, the NITC and DAS-Budget Division require agencies/entities to complete this form when requesting new or additional funding for technology projects. For more information, see the document entitled “Guidance on Information Technology Related Budget Requests” available at <http://www.nitc.state.ne.us/forms/>.

Electronic versions of this form are available at <http://www.nitc.state.ne.us/forms/>.

For questions or comments about this form, contact the Office of the CIO/NITC at:

Mail: Office of the CIO/NITC  
521 S 14th Street, Suite 301  
Lincoln, NE 68508  
Phone: (402) 471-3560  
Fax: (402) 471-4608  
E-mail: [info@cio.state.ne.us](mailto:info@cio.state.ne.us)

**Submission of Form**

Completed forms must be submitted by the same date biennial budget requests are required to be submitted to the DAS Budget Division. Completed project proposal forms must be submitted via e-mail to [info@cio.state.ne.us](mailto:info@cio.state.ne.us). The project proposal form should be submitted as an attachment in one of these formats: Microsoft Word; WordPerfect; Adobe PDF; or Rich Text Format. Receipt of the form by the Office of the CIO will be confirmed by e-mail. If an agency is unable to submit the application as described, contact the Office of the CIO prior to the deadline, to make other arrangements for submitting a project proposal form.

**Section I: General Information**

Project Title	MMIS (Medicaid Management Information System)
Agency (or entity)	HHSS IS&T

Contact Information for this Project:

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**Project Proposal Form  
FY2005-07 Biennium**

**Section II: Executive Summary**

Note: Please see the Quarterly NITC Reports for full information on the planned release schedule and priorities established for the MMIS system. This report is an attempt to highlight some significant change requests.

- MMIS Procurement. Process all MMIS claims. The new system will provide enhanced claims processing functions, thereby increasing claims productivity and accuracy; greater client/user flexibility allowing program changes to be made more efficiently. Implement process allowing web healthcare transactions. It will also provide the tools to manage and distribute work, track and report all customer contacts, and provide a portal for providers and clients to obtain and share needed information with HHSS.
- Implement DSS/MRS/SURS. - Tracking and reporting process/storage to support health care data analysis services; provides software to develop a range of reporting and data analysis tools.
- Implement new HIPAA Regulations – NPI – National Provider Identification – federal regulation
- Managed Care ASO Vendor

**Section III: Goals, Objectives, and Projected Outcomes (15 Points)**

- Determine Procurement option . Beneficiaries of the project include the HHS staff working with Medicaid claims and the providers submitting claims.
    - Increased initial claims throughput resulting in a larger number of claims processed to payment without claims examiner intervention.
    - Sophisticated edits and audits that support medical policy, fraud detection and benefit administration.
    - Monitor workloads and employee production rates
    - Support a provider phone line for eligibility and claims status verification.
    - Monitor providers and inquiries to easily identify patterns and trends
    - Virtual Private Network (VPN) to direct all external access methods through one entry point to facilitate security and maintenance of audit records.
    - Support data exchange via web-based browsers.
    - System continuity/Disaster Recovery
  - Implement DSS/MRS/SURS – greater flexibility in analysis tools.
  - Implement new HIPAA regulations – The National Provider Identifier (NPI) was published in the Federal Register January 23, 2004. THE NPI establishes a numeric value to health care providers that will be required in future application with electronically submitted healthcare transactions.
  - Contract with Magellan expires July 2005. RFP required for new vendor..
2. Describe the measurement and assessment methods that will verify that the project outcomes have been achieved.
- Successfully process all MMIS claims
  - Successfully produce all MRS/SURS reports

**Project Proposal Form  
FY2005-07 Biennium**

- Process claims with NPI
  - Active Managed Care ASO Contractor
3. Describe the project's relationship to your agency comprehensive information technology plan.

**Section IV: Project Justification / Business Case (25 Points)**

3. Provide the project justification in terms of tangible benefits (i.e. economic return on investment) and/or intangible benefits (e.g. additional services for customers).
- More efficient healthcare transactions processing
  - Quality healthcare data analysis
  - HIPAA compliant
  - Continue to authorize/process mental health healthcare transactions
4. Describe other solutions that were evaluated, including their strengths and weaknesses, and why they were rejected. Explain the implications of doing nothing and why this option is not acceptable.
- Contractor evaluated potential options. Solution agreed upon by Policy Cabinet. MMIS system is over 30 years old and has been patched many times to continue processing claims.
  - RFP was issued and contract awarded. Current system very limited and would require extensive enhancement.
  - Federal Regulation
  - Current contract expires.
6. If the project is the result of a state or federal mandate, please specify the mandate being addressed.

NPI is Federal Mandate – application of this Final Rule is specific to the HIPAA definition of a 'covered entity' pursuant to 160.103

**Section V: Technical Impact (20 Points)**

7. Describe how the project enhances, changes or replaces present technology systems, or implements a new technology system. Describe the technical elements of the project, including hardware, software, and communications requirements. Describe the strengths and weaknesses of the proposed solution.
- Establish a VPN single point of entry to facilitate security and maintenance of all records
  - Data Access and Exchange – enhanced data accessibility functions that will support open technology and standards and will enable the system to readily exchange data with external systems.
  - Move toward certificate based Internet security, develop a web enable MMIS solution.
  - Develop physical security policies and introduce intrusion detection software.
  - Develop multiple data entry points –
    - Internal front end processing where speed of data entry is critical
    - World wide web where ease of use and ease of accessibility is critical
    - And electronic entry, such that a claim can be electronically transferred between a provider of services and the MMIS system without user intervention.

**Project Proposal Form  
FY2005-07 Biennium**

8. Address the following issues with respect to the proposed technology:
- Describe the reliability, security and scalability (future needs for growth or adaptation) of the technology.
  - Address conformity with applicable NITC technical standards and guidelines (available at <http://www.nitc.state.ne.us/standards/>) and generally accepted industry standards.
  - Address the compatibility with existing institutional and/or statewide infrastructure.

**Section VI: Preliminary Plan for Implementation (10 Points)**

9. Describe the preliminary plans for implementing the project. Identify project sponsor(s) and examine stakeholder acceptance. Describe the project team, including their roles, responsibilities, and experience.

Early in process as yet, we are just in the analysis and cost benefit stage.

During the months of August and Sept 2004, HHSS hired an external contract firm (First Data Government Solutions - FDGS) to evaluate the current 26-year-old MMIS system and make recommendations. Nebraska's MMIS was federally certified in 1978.

10. List the major milestones and/or deliverables and provide a timeline for completing each.

The implementation plan for the Replacement of MMIS will include 1) the development of a Request for Proposal (and probably an RFI – Request for Inquiry), 2) solicitation of bids from vendors, 3) selection of a vendor to develop a replacement MMIS, and 4) installation of the replacement MMIS. This will take an anticipated 3 to 4 years. The projected development cost is between 30 and 50 Million depending on the options selected for vendor support. The project is federally matched (FFP at 90/10).

11. Describe the training and staff development requirements.

Not yet analyzed

12. Describe the ongoing support requirements.

Ongoing maintenance for the replacement MMIS is anticipated to be approximately 10% of the development costs and would be matched FFP at 60/40.

**Section VII: Risk Assessment (10 Points)**

13. Describe possible barriers and risks related to the project and the relative importance of each.

14. Identify strategies which have been developed to minimize risks.

**Project Proposal Form  
FY2005-07 Biennium**

**Section VIII: Financial Analysis and Budget (20 Points)**

15. Financial Information

Financial and budget information can be provided in either of the following ways:

- (1) If the information is available in some other format, either cut and paste the information into this document or transmit the information with this form; or
- (2) Provide the information by completing the spreadsheet provided below.

**Instructions:** Double click on the Microsoft Excel icon below. An imbedded Excel spreadsheet will be launched. Input the appropriate financial information. Close the spreadsheet. The information you entered will automatically be saved with this document. If you want to review or revise the financial information, repeat the process just described.



Excel Spreadsheet  
(Double-click)

**Financial information appears at the end of the document.**

16. Provide a detailed description of the budget items listed above. Include:

- An itemized list of hardware and software.
- If new FTE positions are included in the request, please provide a breakdown by position, including separate totals for salary and fringe benefits.
- Provide any on-going operation and replacement costs not included above, including funding source if known.
- Provide a breakdown of all non-state funding sources and funds provided per source.

17. Please indicate where the funding requested for this project can be found in the agency budget request, including program numbers.

The funds are all under BUs that start with 26670xxx. The expansion funds are budgeted under object 521400.

Nebraska Information Technology Commission  
Project Proposal Form  
Section VIII: Financial Analysis and Budget

	FY'04	FY '05	FY '06	FY '07
MEDICAID	Actual	Budget	Budget	Budget
Processor	1,053,534	\$ 1,284,000	\$ 1,284,000	\$ 1,284,000
DB2	1,532	840	924	924
<b>Printing 1 part</b>	<b>67,541</b>			
Tape Mounts	151,065	165,000	169,125	173,353
Job Setup	155,939	165,000	165,000	165,000
Disk Storage	435,114	504,000	541,800	582,435
Job Output	23,731	34,800	34,800	34,800
<b>LAN/Device Fee</b>	<b>-</b>			
Fixed Function Term Conn.	5,148	4,896	-	-
Direct SNA Comp. Conn.	-	-	-	-
<b>Direct Access</b>	<b>-</b>			
Online Viewing	842	960	960	960
CICS	472,935	32,400	33,696	35,044
CICS Test	29,112	25,944	26,982	28,061
<b>Printing 2 part</b>	<b>214</b>			
<b>Overlays/Page Print</b>	<b>22,781</b>			
CMS-R22 Processor Prime	1	2	2	2
CMS-R22 Proc. Non-Prime	0	1	1	1
<b>CMS-Local Printing 1part</b>	<b>-</b>			
CMS-Tape Mounts	-	-	-	-
CMS-File Recovery	-	-	-	-
CMS-Disk Storage	12	24	24	24
<b>CMS-Job Print</b>	<b>-</b>			
Outbound E-Fax	-	-	-	-
Outbound Long Distance E-Fax	-	-	-	-
NT Application 2	-	-	-	-
Lotus Notes Apps Trans	1,627	2,400	2,400	2,400
Lotus Notes Storage	56	56	56	56
Accounting/Admin Support	-	-	-	-
Job Scheduler	441	1,800	1,800	1,800
Monthly Server Support	-	-	-	-
IT Support	-	-	-	-
Systems Prog/Senior	-	-	-	-
SWI Maintenance	-	-	-	-
AMC-Print Lines	-	-	-	-
IMS Training-Classes	-	-	-	-
IMS Training-Room Rental	-	-	-	-

Nebraska Information Technology Commission  
Project Proposal Form  
Section VIII: Financial Analysis and Budget

Computer Paper/Ribbons/Misc	5	5	5	5
Software License (SAS)	-	-	-	-
Tape Cartridge	23	23	23	23
Vendor Software	-	-	-	-
Secure ID Card	65	65	65	65
Contract/Programmer/PCLan	-	-	-	-
Westlaw Mo. Software	-	-	-	-
Direct Software Cost	-	-	-	-
Misc.	4,967	4,967	4,967	4,967

<b>Total</b>	<b>\$ 2,426,683</b>	<b>\$ 2,227,183</b>	<b>\$ 2,266,630</b>	<b>\$ 2,313,920</b>
<b>Staff Cost</b>				
<b>Contractors</b>	<b>\$ 1,864,431</b>	<b>\$ 2,824,088</b>	<b>\$ 2,836,796</b>	<b>\$ 2,836,796</b>
<b>FTE</b>	<b>\$ 713,517</b>	<b>\$ 2,148,893</b>	<b>\$ 2,158,993</b>	<b>\$ 2,158,993</b>
<b>Total Staff Cost</b>	<b>\$ 2,577,947</b>	<b>\$ 4,972,980</b>	<b>\$ 4,995,789</b>	<b>\$ 4,995,789</b>

<b>DCS</b>	<b>\$ 210,684</b>	<b>\$ 210,684</b>	<b>\$ 210,684</b>	<b>\$ 210,684</b>
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<b>Sub Total</b>	<b>\$ 5,215,314</b>	<b>\$ 7,410,847</b>	<b>\$ 7,473,103</b>	<b>\$ 7,520,393</b>
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<b>HHS Budget Cost (only)</b>	<b>\$ 116,303</b>	<b>\$ 275,000</b>	<b>\$ 275,000</b>	<b>\$ 275,000</b>
<b>IMService - IS &amp; T Grand Total</b>	<b>\$ 5,331,617</b>	<b>\$ 7,685,847</b>	<b>\$ 7,748,103</b>	<b>\$ 7,795,393</b>

Expansion budget			30,000,000	20,000,000
Final Budget	\$ 5,331,617	\$ 7,685,847	\$ 37,748,103	\$ 27,795,393