

IT Project Proposal Report - Detail
Agency: 025 - DEPT OF HEALTH & HUMAN SERVICES
Budget Cycle: 2013-2015 Biennium **Version: AF - AGENCY FINAL REQUEST**

IT Project : MMIS Replacement Study

General Section

Contact Name : Vivianne Chaumont	E-mail : vivianne.chaumont@nebraska.gov	Agency Priority :
Address : 301 Centennial Mall South	Telephone : 402-471-2135	NITC Priority :
City : Lincoln		NITC Score :
State : Nebraska	Zip : 68509	

Expenditures

IT Project Costs	Total	Prior Exp	FY12 Appr/Reappr	FY14 Request	FY15 Request	Future Add
Contractual Services						
Design	0	0	0	0	0	0
Programming	0	0	0	0	0	0
Project Management	0	0	0	0	0	0
Data Conversion	0	0	0	0	0	0
Other	3,864,120	1,761,470	1,300,000	802,650	0	0
Subtotal Contractual Services	3,864,120	1,761,470	1,300,000	802,650	0	0
Telecommunications						
Data	0	0	0	0	0	0
Video	0	0	0	0	0	0
Voice	0	0	0	0	0	0
Wireless	0	0	0	0	0	0
Subtotal Telecommunications	0	0	0	0	0	0
Training						
Technical Staff	0	0	0	0	0	0
End-user Staff	0	0	0	0	0	0
Subtotal Training	0	0	0	0	0	0

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Expenditures

IT Project Costs	Total	Prior Exp	FY12 Appr/Reappr	FY14 Request	FY15 Request	Future Add
Other Operating Costs						
Personnel Cost	0	0	0	0	0	0
Supplies & Materials	0	0	0	0	0	0
Travel	0	0	0	0	0	0
Other	0	0	0	0	0	0
Subtotal Other Operating Costs	0	0	0	0	0	0
Capital Expenditures						
Hardware	0	0	0	0	0	0
Software	0	0	0	0	0	0
Network	0	0	0	0	0	0
Other	0	0	0	0	0	0
Subtotal Capital Expenditures	0	0	0	0	0	0
TOTAL PROJECT COST	3,864,120	1,761,470	1,300,000	802,650	0	0

Funding

Fund Type	Total	Prior Exp	FY12 Appr/Reappr	FY14 Request	FY15 Request	Future Add
General Fund	386,412	176,147	130,000	80,265	0	0
Cash Fund	0	0	0	0	0	0
Federal Fund	3,477,708	1,585,323	1,170,000	722,385	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
TOTAL FUNDING	3,864,120	1,761,470	1,300,000	802,650	0	0
VARIANCE	0	0	0	0	0	0

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IT Project: MMIS Replacement Study

EXECUTIVE SUMMARY:

The Nebraska legacy Medicaid Management Information System (MMIS) was certified by The Centers for Medicare and Medicaid Services (CMS) in 1978 and has been in operation for over 30 years. The legacy MMIS was designed primarily to process Medicaid claims, which it does with reasonable efficiency for the fee-for-service (FFS) sector of Medicaid operations. However, over the past 33 years, the business of Medicaid has changed significantly. Many new Medicaid business functions have been added, expanding services beyond the typical FFS to include waiver services, capitated managed care, accountable case services, and varying benefit categories.

The legacy MMIS does not have the flexibility to take advantage of current technology to reduce manual processing, improve data integrity, support data analysis, and increase quality. The MMIS file structure is too limited to allow CMS mandates to be fully implemented without extensive, costly modifications. Lack of compliance with these mandated initiatives places Nebraska at risk of a reduced Federal Financial Participation (FFP).

The Department contracted with Public Consulting Group (PCG) through request for proposal 3226Z1 to conduct an MMIS Replacement Study. The contract deliverables include a Nebraska Medicaid Systems Replacement Plan and Nebraska Medicaid Systems Procurement Package. In completing the Replacement Plan, PCG will conduct an Alternative Analysis to compare the legacy MMIS capabilities, as well as maintenance and operations costs to the Medicaid Enterprise System marketplace. The analysis will consider various options and cost benefits to assist DHHS in selecting the best strategy regarding the legacy MMIS. The options considered range from continuing to operate the legacy MMIS with no enhancement to a full replacement of the MMIS using a vendor solution. This analysis is due to be completed in October 2012.

The Procurement Package deliverable will be based on the option selected from the Alternatives Analysis. If the decision is made to replace the legacy MMIS, PCG is tasked with drafting business requirements and developing a request for proposal (RFP). The RFP details the scope of work and contractual requirements for the vendor bidding process.

Attachments:

MMIS Replacement Study-Main.docx

GOALS, OBJECTIVES, AND OUTCOMES (15 PTS):

Please see below for this section:

1. Describe the project, including:

- **Specific goals and objectives;**
- **Expected beneficiaries of the project; and**
- **Expected outcomes.**

The Replacement Plan and Procurement Package is intended to provide DHHS with the expertise to plan their MMIS replacement strategy and develop a scope of work that meets the needs of DHHS while attracting the best-qualified vendors. The Alternatives Analysis will outline the various MMIS replacement and vendor contracting options.

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DHHS determined a need to bring in outside resources with experience in current technology and MMIS procurements to round out the department's Nebraska-specific knowledge. By becoming better informed of the available options, DHHS will be able to release an RFP that:

- Attracts multiple bidders allowing DHHS to choose the best qualified vendor versus settling for a single bidder
- Encourages competition from bidders eager to offer a good solution at a competitive price
- Protects DHHS interests through well-defined requirements that clearly state expectations of state and vendor responsibilities

2. Describe the measurement and assessment methods that will verify that the project outcomes have been achieved.

The Replacement Plan is expected to provide DHHS with sufficient information to make an informed decision on the MMIS replacement approach. The Procurement Package success will be measured by the response from the vendor community and the ability to achieve consensus during requirement validation activities conducted once the MMIS replacement contract is awarded. This is dependent on the approach selected.

3. Describe the project's relationship to your agency comprehensive information technology plan.

Replacement of the MMIS supports Nebraska's fiscal management of the Medicaid program and places the Department in a stronger position to address impending budget challenges. The replacement would be accomplished by supporting less costly implementation of Medicaid program alternatives, providing increased financial reporting functionality and reducing overall MMIS maintenance costs. The replacement study will provide DHHS with tools to make an informed decision.

PROJECT JUSTIFICATION / BUSINESS CASE (25 PTS):

4. 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).

The legacy MMIS is based on outdated technology that is challenging to maintain and restricts the progress of the Nebraska Medicaid program. Benefits to be realized by procuring a new MMIS include:

- More flexible system structure to support the implementation of federal standards, which will allow Nebraska to continue to receive 75/25 federal match for operations
- Ability to receive 90/10 federal match for enhancements
- Ability to incorporate new payment and delivery models to achieve cost savings
- Increased reporting and analytical capabilities to adequately manage program
- Improved ability to identify fraud, waste, and abuse of services, as well as potential cost saving opportunities and quantify results
- Increased user configuration and control along with reduced system modification turnaround time

The MMIS Replacement Study looks at the alternatives and educates DHHS on available technology, best practices, and risk reduction.

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5. 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.

DHHS contracted for a previous Alternative Analysis, which was completed in 2004. The recommendation at that time was to replace the legacy MMIS. The RFP that was created resulted in a single bidder whose attempt to implement a new MMIS failed.

The legacy MMIS can continue to process Medicaid claims. However, the technical staff struggled to implement new initiatives in the restrictive structure and record layout limitations. The inability to fully implement CMS initiatives puts Nebraska at risk of FFP reduction.

At this time, DHHS is waiting on the completion of the Alternatives Analysis to outline the various options and cost benefits. This analysis is due to be completed in October 2012.

6. If the project is the result of a state or federal mandate, please specify the mandate being addressed.

There is no single mandate driving the need to replace the legacy MMIS. Each initiative or mandate has presented an increasing challenge to modify the system to simulate the needed processing.

TECHNICAL IMPACT (20 PTS):

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.

While the Replacement Plan and the Procurement Package do not have a technical impact per se, the actions based on those deliverables may. As indicated in the response to item #5, the Alternatives Analysis has not been completed. There are many variables to be considered. If the decision is made to have a vendor implement and maintain an MMIS, the result could be a system fully supported by a vendor using their hardware and data center. This approach will offer the most competitive vendor response to a request for proposal.

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://nitc.ne.gov/standards/>) and generally accepted industry standards.
- Address the compatibility with existing institutional and/or statewide infrastructure.

As indicated in response to item #7, the Replacement Plan and the Procurement Package alone do not have a technical impact.

PRELIMINARY PLAN FOR IMPLEMENTATION (10 PTS):

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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.

The MMIS Replacement will be sponsored by Vivianne Chaumont, the State Medicaid Director. A project team will be formed under the Governance of the Department of Health and Human Services Medicaid Non Operations Project Portfolio (MNOPP) Steering Committee.

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

These will be developed as part of the project.

11. Describe the training and staff development requirements.

These will be developed as part of the project.

12. Describe the ongoing support requirements.

These will be developed as part of the project.

RISK ASSESSMENT (10 PTS):

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

The MMIS Replacement Plan is underway and progressing according to schedule. Risk is minimal.

The MMIS Replacement Procurement Package is dependent on the approach chosen from the information in the Replacement Plan. Risk will be determined by the approach selected and any delay in making that decision.

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

Outside resources with experience in MMIS procurement, implementation, and operations, as well as large-scale project management have been acquired to assist DHHS in the MMIS Replacement Study. These resources will also provide guidance and education to the DHHS staff during this project.

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FINANCIAL ANALYSIS AND BUDGET (20 PTS):

The "Financial" information tab in the Nebraska Budget Request and Reporting System (NBRRS) is used to enter the financial information for this project.

Nebraska Information Technology Commission

Project Proposal Form

Funding Requests for Information Technology Projects

FY2013-2015 Biennial Budget

IMPORTANT NOTE: Project proposals should only be submitted by entering the information into the Nebraska Budget Request and Reporting System (NBRRS). The information requested in this Microsoft Word version of the form should be entered in the NBRRS in the "IT Project Proposal" section. The tabs in the "IT Project Proposal" section coincide with sections contained in this Microsoft Word version of the form. Information may be cut-and-pasted from this form or directly entered into the NBRRS. **ALSO NOTE** that for each IT Project Proposal created in the NBRRS, the submitting agency must prepare an "IT Issue" in the NBRRS to request funding for the project.

Project Title	MMIS Replacement Study
Agency/Entity	Department of Health and Human Services

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Notes about this form:

1. **USE.** 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...” Neb. Rev. Stat. §86-516(8). “Governmental entities, state agencies, and noneducation political subdivisions shall submit all projects which use any combination of general funds, federal funds, or cash funds for information technology purposes to the process established by sections 86-512 to 86-524. The commission may adopt policies that establish the format and minimum requirements for project submissions.” Neb. Rev. Stat. §86-516(5). In order to perform this review, the NITC and DAS Budget Division require agencies/entities to complete this form when requesting funding for technology projects.
2. **WHICH TECHNOLOGY BUDGET REQUESTS REQUIRE A PROJECT PROPOSAL FORM?** See the document entitled [NITC 1-202](http://nitc.ne.gov/standards/) “Project Review Process” available at <http://nitc.ne.gov/standards/>. Attachment A to that document establishes the minimum requirements for project submission.
3. **COMPLETING THE FORM IN THE NEBRASKA BUDGET REQUEST AND REPORTING SYSTEM (NBRRS).** Project proposals should only be submitted by entering the information into the NBRRS. The information requested in this Microsoft Word version of the form should be entered in the NBRRS in the “IT Project Proposal” section. The tabs in the “IT Project Proposal” section coincide with sections contained in this Microsoft Word version of the form. Information may be cut-and-pasted from this form or directly entered into the NBRRS. **ALSO NOTE** that for each “IT Project Proposal” created in the NBRRS, the submitting agency must prepare an “IT Issue” in the NBRRS to request funding for the project.
4. **QUESTIONS.** Contact the Office of the CIO/NITC at (402) 471-7984 or ocio.nitc@nebraska.gov

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Section 1: General Information

Project Title	MMIS Replacement Study
Agency (or entity)	Department of Health and Human Services

Contact Information for this Project:

Name	Vivianne Chaumont
Address	301 Centennial Mall South
City, State, Zip	Lincoln, NE 68509
Telephone	402-471-2135
E-mail Address	Vivianne.Chaumont@nebraska.gov

Section 2: Executive Summary

Provide a one or two paragraph summary of the proposed project. This summary will be used in other externally distributed documents and should therefore clearly and succinctly describe the project and the information technology required.

The Nebraska legacy Medicaid Management Information System (MMIS) was certified by The Centers for Medicare and Medicaid Services (CMS) in 1978 and has been in operation for over 30 years. The legacy MMIS was designed primarily to process Medicaid claims, which it does with reasonable efficiency for the fee-for-service (FFS) sector of Medicaid operations. However, over the past 33 years, the business of Medicaid has changed significantly. Many new Medicaid business functions have been added, expanding services beyond the typical FFS to include waiver services, capitated managed care, accountable case services, and varying benefit categories. The legacy MMIS does not have the flexibility to take advantage of current technology to reduce manual processing, improve data integrity, support data analysis, and increase quality. The MMIS file structure is too limited to allow CMS mandates to be fully implemented without extensive, costly modifications. Lack of compliance with these mandated initiatives places Nebraska at risk of a reduced Federal Financial Participation (FFP).

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business requirements and developing a request for proposal (RFP). The RFP details the scope of work and contractual requirements for the vendor bidding process.

Section 3: Goals, Objectives, and Projected Outcomes (15 Points)

1. Describe the project, including:
 - Specific goals and objectives;
 - Expected beneficiaries of the project; and
 - Expected outcomes.

The Replacement Plan and Procurement Package is intended to provide DHHS with the expertise to plan their MMIS replacement strategy and develop a scope of work that meets the needs of DHHS while attracting the best-qualified vendors. The Alternatives Analysis will outline the various MMIS replacement and vendor contracting options.

DHHS determined a need to bring in outside resources with experience in current technology and MMIS procurements to round out the department's Nebraska-specific knowledge. By becoming better informed of the available options, DHHS will be able to release an RFP that:

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2. Describe the measurement and assessment methods that will verify that the project outcomes have been achieved.

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3. Describe the project's relationship to your agency comprehensive information technology plan.

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Section 4: Project Justification / Business Case (25 Points)

4. 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).

The legacy MMIS is based on outdated technology that is challenging to maintain and restricts the progress of the Nebraska Medicaid program. Benefits to be realized by procuring a new MMIS include:

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- Increased user configuration and control along with reduced system modification turnaround time

The MMIS Replacement Study looks at the alternatives and educates DHHS on available technology, best practices, and risk reduction.

5. 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.

DHHS contracted for a previous Alternative Analysis, which was completed in 2004. The recommendation at that time was to replace the legacy MMIS. The RFP that was created resulted in a single bidder whose attempt to implement a new MMIS failed.

The legacy MMIS can continue to process Medicaid claims. However, the technical staff struggled to implement new initiatives in the restrictive structure and record layout limitations. The inability to fully implement CMS initiatives puts Nebraska at risk of FFP reduction.

At this time, DHHS is waiting on the completion of the Alternatives Analysis to outline the various options and cost benefits. This analysis is due to be completed in October 2012.

6. If the project is the result of a state or federal mandate, please specify the mandate being addressed.

There is no single mandate driving the need to replace the legacy MMIS. Each initiative or mandate has presented an increasing challenge to modify the system to simulate the needed processing.

Section 5: Technical Impact (20 Points)

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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.

While the Replacement Plan and the Procurement Package do not have a technical impact per se, the actions based on those deliverables may. As indicated in the response to item #5, the Alternatives Analysis has not been completed. There are many variables to be considered. If the decision is made to have a vendor implement and maintain an MMIS, the result could be a system fully supported by a vendor using their hardware and data center. This approach will offer the most competitive vendor response to a request for proposal.

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://nitc.ne.gov/standards/>) and generally accepted industry standards.
 - Address the compatibility with existing institutional and/or statewide infrastructure.

As indicated in response to item #7, the Replacement Plan and the Procurement Package alone do not have a technical impact.

Section 6: 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.

The MMIS Replacement will be sponsored by Vivianne Chaumont, the State Medicaid Director. A project team will be formed under the Governance of the Department of Health and Human Services Medicaid Non Operations Project Portfolio (MNOPP) Steering Committee.

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

These will be developed as part of the project.

11. Describe the training and staff development requirements.

These will be developed as part of the project.

12. Describe the ongoing support requirements.

These will be developed as part of the project.

Section 7: Risk Assessment (10 Points)

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

The MMIS Replacement Plan is underway and progressing according to schedule. Risk is minimal.

The MMIS Replacement Procurement Package is dependent on the approach chosen from the information in the Replacement Plan. Risk will be determined by the approach selected and any delay in making that decision.

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

Outside resources with experience in MMIS procurement, implementation, and operations, as well as large-scale project management have been acquired to assist DHHS in the MMIS Replacement Study. These resources will also provide guidance and education to the DHHS staff during this project.

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Section 8: Financial Analysis and Budget (20 Points)

15. Financial Information

The "Financial" information tab in the Nebraska Budget Request and Reporting System (NBRRS) is used to enter the financial information for this project (NOTE: For each IT Project Proposal created in the NBRRS, the submitting agency must prepare an "IT Issue" in the NBRRS to request funding for the project.)

(Revise dates as necessary for your request.)

	Estimated Prior Expended	Forecast FY2013	Request for FY2014 (Year 1)			Future	Total
1. Personnel Costs							\$ -
2. Contractual Services							
2.1 Design							\$ -
2.2 Programming							\$ -
2.3 Project Management							\$ -
2.4 Other	\$ 1,761,470.00	\$ 1,300,000.00	\$ 802,650.00	\$ -	\$ -		\$ 3,864,120.00
3. Supplies and Materials							\$ -
4. Telecommunications							\$ -
5. Training							\$ -
6. Travel							\$ -
7. Other Operating Costs							\$ -
8. Capital Expenditures							
8.1 Hardware							\$ -
8.2 Software							\$ -
8.3 Network							\$ -
8.4 Other							\$ -
TOTAL COSTS	\$ 1,761,470.00	\$ 1,300,000.00	\$ 802,650.00	\$ -	\$ -	\$ -	\$ 3,864,120.00
General Funds	\$ 176,147.00	\$ 130,000.00	\$ 80,265.00				\$ 386,412.00
Cash Funds							\$ -
Federal Funds	\$ 1,585,323.00	\$ 1,170,000.00	\$ 722,385.00				\$ 3,477,708.00
Revolving Funds							\$ -
Other Funds							\$ -
TOTAL FUNDS	\$ 1,761,470.00	\$ 1,300,000.00	\$ 802,650.00	\$ -	\$ -	\$ -	\$ 3,864,120.00