

**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**

**General Section**

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

**Expenditures**

IT Project Costs	Total	Prior Exp	FY12 Appr/Reappr	FY14 Request	FY15 Request	Future Add
<b>Contractual Services</b>						
Design	39,142,288	0	0	9,785,572	9,785,572	19,571,144
Programming	39,142,288	0	0	9,785,572	9,785,572	19,571,144
Project Management	10,735,560	0	0	2,683,890	2,683,890	5,367,780
Data Conversion	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Subtotal Contractual Services</b>	<b>89,020,136</b>	<b>0</b>	<b>0</b>	<b>22,255,034</b>	<b>22,255,034</b>	<b>44,510,068</b>
<b>Telecommunications</b>						
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
<b>Subtotal Telecommunications</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Training</b>						
Technical Staff	3,924,988	0	0	981,247	981,247	1,962,494
End-user Staff	0	0	0	0	0	0
<b>Subtotal Training</b>	<b>3,924,988</b>	<b>0</b>	<b>0</b>	<b>981,247</b>	<b>981,247</b>	<b>1,962,494</b>

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**Expenditures**

<b>IT Project Costs</b>	<b>Total</b>	<b>Prior Exp</b>	<b>FY12 Appr/Reappr</b>	<b>FY14 Request</b>	<b>FY15 Request</b>	<b>Future Add</b>
<b>Other Operating Costs</b>						
Personnel Cost	0	0	0	0	0	0
Supplies & Materials	0	0	0	0	0	0
Travel	11,045,580	0	0	2,761,395	2,761,395	5,522,790
Other	0	0	0	0	0	0
<b>Subtotal Other Operating Costs</b>	<b>11,045,580</b>	<b>0</b>	<b>0</b>	<b>2,761,395</b>	<b>2,761,395</b>	<b>5,522,790</b>
<b>Capital Expenditures</b>						
Hardware	978,464	0	0	244,616	244,616	489,232
Software	6,098,392	0	0	1,504,958	1,504,958	3,088,476
Network	1,500,000	0	0	375,000	375,000	750,000
Other	1,111,000	0	0	277,750	277,750	555,500
<b>Subtotal Capital Expenditures</b>	<b>9,687,856</b>	<b>0</b>	<b>0</b>	<b>2,402,324</b>	<b>2,402,324</b>	<b>4,883,208</b>
<b>TOTAL PROJECT COST</b>	<b>113,678,560</b>	<b>0</b>	<b>0</b>	<b>28,400,000</b>	<b>28,400,000</b>	<b>56,878,560</b>

**Funding**

<b>Fund Type</b>	<b>Total</b>	<b>Prior Exp</b>	<b>FY12 Appr/Reappr</b>	<b>FY14 Request</b>	<b>FY15 Request</b>	<b>Future Add</b>
General Fund	4,360,000	0	0	0	0	4,360,000
Cash Fund	7,000,000	0	0	2,840,000	2,840,000	1,320,000
Federal Fund	102,318,560	0	0	25,560,000	25,560,000	51,198,560
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>TOTAL FUNDING</b>	<b>113,678,560</b>	<b>0</b>	<b>0</b>	<b>28,400,000</b>	<b>28,400,000</b>	<b>56,878,560</b>
<b>VARIANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**IT Project: MMIS Replacement**

**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. Transactions are being processed using several disparate software applications because the MMIS cannot support the electronic data exchange of the various records. The manipulation and transformation of incoming data from a standardized format to a legacy MMIS-acceptable format results in the loss of data for processing and reporting.

CMS has mandated the implementation of several initiatives such as ICD-10, HIPAA, NPI, 5010 and most recently the CMS 7 Standards and Conditions. These implementations have been challenging in a system with restrictive record layouts and hard-coded logic. The legacy MMIS technical staff often has had to design stop-gap type logic to be able to accept new standardized transactions. The MMIS file structure is too limited to allow for these mandates to be fully implemented without extensive, costly modifications. Lack of compliance with these mandated initiatives place Nebraska at risk of a reduced Federal Financial Participation (FFP).

**Attachments:**

MMIS Replacement-MainDoc.docx

**GOALS, OBJECTIVES, AND OUTCOMES (15 PTS):**

**Project Description:**

In replacing the legacy MMIS with a new MMIS offering more features and a more flexible structure DHHS will be able to:

- Reduce manual operations through increase automation opportunities
- Expand electronic processing by fully supporting standardized transactions
- Support new health care delivery models and service plan options
- Improve program management through the use of improved data analytics and information retrieval
- Increase stakeholder efficiency and satisfaction by providing Web portal access to the provider and member community for submitting information such a claims, applications, and demographic updates
- Increase responsiveness to state and federal mandates and initiatives

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**The benefits of a new MMIS are widespread:**

- The provider community will see improved claims processing through the ability to submit claims via a Web portal and receive immediate feedback on the adjudication status of their claims. Providers will also be able to view financial information, download remittances advices and other communication. Applications and updates can be submitted online.
- Members will benefit from provider access to improved eligibility and third party liability information. Member service history will be available to improve patient care.
- DHHS staff will be able to eliminate many labor intensive processes and focus their efforts on true exception processing.
- Improved information will assist the division in program management activities.

**Measurement/Assessment:**

Once the new MMIS is implemented, CMS performs an MMIS Certification to determine the MMIS meets specific operational standards and functionality. CMS has designed an approach that begins with the state's decision to procure an MMIS and culminates with the final certification review. Once certification is awarded, the state can then begin receiving increased federal matching funds.

**Relationship to Agency IT 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. This would be accomplished by supporting less costly implementation of Medicaid program alternatives, providing increased financial reporting functionality and reducing overall MMIS maintenance costs through the use of user-configurable updates.

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**PROJECT JUSTIFICATION / BUSINESS CASE (25 PTS):**

**Benefits:**

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

**Other Solutions / Alternatives:**

At this time, DHHS has contracted with Public Consulting Group (PCG) to 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. This analysis is due to be completed in October 2012.

**State / Federal Mandates?:**

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):**

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**Technical Description & Enhancements:**

As indicated in the response to item #5, the Alternatives Analysis has not been completed. There are many variables to be considered.

**Reliability/Security/Scalability/Conformity/Compatibility:**

As indicated in response to item #7 the MMIS replacement strategy is still to be determined. This project may or may not enhance the present technology components. The impact of any technology enhancement cannot be comment upon until the approach has been decided.

**PRELIMINARY PLAN FOR IMPLEMENTATION (10 PTS):**

**Preliminary Implementation Plans:**

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 Steering Committee.

**Major Milestones / Deliverables:**

These will be developed as part of the project.

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**Training / Staff Development:**

These will be developed as part of the project.

**On-going Support:**

These will be developed as part of the project.

**RISK ASSESSMENT (10 PTS):**

**Possible Barriers / Risk:**

The MMIS Replacement project will require a number of resources to be dedicated to the project to provide subject matter expertise throughout the implementation. There will be a need to backfill some of the positions to continue to support the day-to-day operations.

Although DHHS has a number of very skilled resources supporting the daily Medicaid operations, their exposure to current MMIS technology has been limited. In addition to the current resources, DHHS will need to ensure there are available resources with the knowledge to take full advantage of the newly procured technology to support the Nebraska Medicaid program.

**Strategies to Minimize Risk:**

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 strategy to the MMIS replacement. These resources will also provide guidance and education to the DHHS staff during this project.

**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. The Excel template used to compile information in that tab has also been attached to this page.

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**Attachments:**

MMIS Replacement-Financial.xlsx



## 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.

<b>Project Title</b>	<b>MMIS Replacement</b>
<b>Agency/Entity</b>	<b>Department of Health and Human Services</b>

**Project Proposal Form**  
**FY2013-2015 Biennial Budget Requests**

**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](mailto:ocio.nitc@nebraska.gov)

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**Section 1: General Information**

Project Title	MMIS Replacement
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.

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CMS has mandated the implementation of several initiatives such as ICD-10, HIPAA, NPI, 5010 and most recently the CMS 7 Standards and Conditions. These implementations have been challenging in a system with restrictive record layouts and hard-coded logic. The legacy MMIS technical staff often has had to design stop-gap type logic to be able to accept new standardized transactions. The MMIS file structure is too limited to allow for these mandates to be fully implemented without extensive, costly modifications. Lack of compliance with these mandated initiatives place Nebraska at risk of a reduced Federal Financial Participation (FFP).

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**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.

In replacing the legacy MMIS with a new MMIS offering more features and a more flexible structure DHHS will be able to:

- Reduce manual operations through increase automation opportunities
- Expand electronic processing by fully supporting standardized transactions
- Support new health care delivery models and service plan options
- Improve program management through the use of improved data analytics and information retrieval
- Increase stakeholder efficiency and satisfaction by providing Web portal access to the provider and member community for submitting information such a claims, applications, and demographic updates
- Increase responsiveness to state and federal mandates and initiatives

The benefits of a new MMIS are widespread.

- The provider community will see improved claims processing through the ability to submit claims via a Web portal and receive immediate feedback on the adjudication status of their claims. Providers will also be able to view financial information, download remittances advices and other communication. Applications and updates can be submitted online.
- Members will benefit from provider access to improved eligibility and third party liability information. Member service history will be available to improve patient care.
- DHHS staff will be able to eliminate many labor intensive processes and focus their efforts on true exception processing.
- Improved information will assist the division in program management activities.

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

Once the new MMIS is implemented, CMS performs an MMIS Certification to determine the MMIS meets specific operational standards and functionality. CMS has designed an approach that begins with the state's decision to procure an MMIS and culminates with the final certification review. Once certification is awarded, the state can then begin receiving increased federal matching funds.

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

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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. This would be accomplished by supporting less costly implementation of Medicaid program alternatives, providing increased financial reporting functionality and reducing overall MMIS maintenance costs through the use of user-configurable updates.

**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:

- 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

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.

At this time, DHHS has contracted with Public Consulting Group (PCG) to 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. 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)**

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,

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software, and communications requirements. Describe the strengths and weaknesses of the proposed solution.

As indicated in the response to item #5, the Alternatives Analysis has not been completed. There are many variables to be considered.

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 MMIS replacement strategy is still to be determined. This project may or may not enhance the present technology components. The impact of any technology enhancement cannot be comment upon until the approach has been decided.

**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 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)**

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

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The MMIS Replacement project will require a number of resources to be dedicated to the project to provide subject matter expertise throughout the implementation. There will be a need to backfill some of the positions to continue to support the day-to-day operations.

Although DHHS has a number of very skilled resources supporting the daily Medicaid operations, their exposure to current MMIS technology has been limited. In addition to the current resources, DHHS will need to ensure there are available resources with the knowledge to take full advantage of the newly procured technology to support the Nebraska Medicaid program.

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 strategy to the MMIS replacement. 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.)



Worksheet in Project  
Proposal Form.xls