



## Legislative Fiscal Bureau

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May, 2019

Joint Committee on Finance

Paper #385

### **Division of Medicaid Services Administration -- Contracts and Other Supplies and Services (Health Services -- Medicaid Services Administration)**

[LFB 2019-21 Budget Summary: Page 189, #1]

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#### **CURRENT LAW**

The Department of Health Services (DHS) has numerous administrative responsibilities relating to the medical assistance (MA) program and other public assistance programs. These duties include fiscal management, rate setting, eligibility determinations, fraud investigations, recovery of improper payments, claims processing, provider enrollment, rule development, the production of various reports, as well as policy development and implementation.

Some of these activities are conducted by state staff in the Division of Medicaid Services (DMS) and the Office of the Inspector General, while others are performed by private firms under contract. Some services are performed by other state agencies. For example, DHS purchases hardware hosting, network, and mainframe services for the Client Assistance for Reemployment and Economic Support (CARES) system from the Department of Administration's Division of Enterprise Technology. Most eligibility management functions for these programs are performed by county staff on a regional basis through income maintenance (IM) consortia and by tribes. In Milwaukee County, state employees in Milwaukee Enrollment Services (MilES) perform IM services.

#### **GOVERNOR**

Provide \$51,136,100 (\$11,270,100 GPR and \$39,866,000 FED) in 2019-20 and \$32,755,400 (\$8,542,900 GPR and \$24,212,500 FED) in 2020-21 to reflect the net effect of funding adjustments to appropriations that support contracted services and supplies and services for the general program operations for the Division of Medicaid Services. This item includes the following:

*Contracted Services.* Provide \$50,514,900 (\$10,948,700 GPR and \$39,566,200 FED) in 2019-20 and \$31,936,000 (\$8,118,300 GPR and \$23,817,700 FED) in 2020-21 to increase funding for contracted services for the Division of Medicaid Services.

*Supplies and Services Support for DMS Staff.* Provide \$621,200 (\$321,400 GPR and \$299,800 FED) in 2019-20 and \$819,400 (\$424,600 GPR and \$394,800 FED) in 2020-21 to fund projected increases in rent for Milwaukee Enrollment Services (MiES), information technology, and postage costs.

## **DISCUSSION POINTS**

### **Overview**

1. The funding increase in the bill equals the difference between the amounts the administration proposes to spend for certain contracted administrative services (excluding state staff costs and new initiatives, which are addressed in separate items) and operations costs for the Division of Medicaid Services, and base funding available to support these costs. This item is intended to fully fund costs of current contracts and previously-approved projects and commitments, excluding previously enacted public assistance program changes the Governor proposes to repeal in the bill.

2. Attachment 1 to this paper summarizes, by major expenditure category, the total funding that would be provided under this item, and compares it with the base funding provided in two appropriations (one GPR appropriation, one FED appropriation) that support contracted services. The difference is the change to base funding that would be provided in the bill.

3. In developing its 2019-21 budget request, DHS reviewed the costs of its current contracts with private firms, state agencies, and supplies and services that support the Division of Medicaid Services, and estimated these costs for the next biennium. With several exceptions, the funding amounts reflect either: (a) maintaining funding for contracts at the same level as budgeted in the 2018-19 base year; or (b) inflationary increases built into the contracts. By adopting the Governor's recommendation, DHS would have sufficient funding to continue current contracted services, and continue projects to implement several recent changes in federal and state law.

### **Fiscal Effect of Item Previously Removed by the Committee**

4. The funding increases in the bill are identical to the funding needs identified in the DHS September, 2018, budget request for the 2019-21 biennium, with the following exceptions: (a) deleting \$1,600,000 (-\$400,000 GPR and -\$1,200,000 FED) in 2019-20 and \$3,960,000 (-\$1,940,000 GPR and -\$2,020,000 FED) in 2020-21 that DHS requested to contract for the development and implementation of a health savings account program, as required by 2017 Act 271; and (b) deleting \$600,000 (-\$300,000 GPR and -\$300,000 FED) in 2019-20 and \$100,000 (-\$50,000 GPR and -\$50,000 FED) in 2020-21 that DHS requested to fund contracted services relating to the FSET pay-for-performance system, as required by 2017 Act 266.

5. On May 9, 2019, the Committee adopted a motion to remove one item described in Discussion Point 4 from the budget bill -- implementation of the health savings account program.

Consequently, if DHS is to implement the health savings account program, as required under current law, funding in the bill could be increased to support the estimated costs of implementing this project (Alternative 2a). If no funding is provided for this purpose, DHS would be required to reallocate funding for other contracted services to implement these current law provisions.

### **Electronic Visit and Verification**

6. DHS staff recently reviewed the cost estimates that were prepared for the Governor's budget to identify items where costs should be reestimated. DHS identified one project -- implementing electronic visit and verification (EVV) for personal care services -- that is expected to cost more than the amount that would be provided in the bill. DHS determined that no contracts were expected to cost less than the amounts that would be provided in the bill.

7. The federal 21 Century Cures Act (P.L. 114-255), as amended by P.L. 115-222, requires states to implement EVV for MA-covered personal care services by January, 2020, and for home health services by January, 2023. The January 1, 2020, deadline will apply to personal care services provided through Medicaid and BadgerCare Plus fee-for-service programs, BadgerCare Plus and supplemental security income (SSI) health maintenance organizations, the Family Care and Family Care Partnership programs, and IRIS (Include, Respect, I Self-Direct). States that fail to comply with the EVV requirement receive a reduction in the federal medical assistance percentage (FMAP) for their MA personal care and home health claims, beginning with 0.25 of a percentage point in calendar years (CYs) 2020 and 2021, 0.5 of a percentage point in CY 2022, 0.75 of a percentage point in CY 2023 and 1.0 percentage point for CY 2024 and subsequent years.

8. Under the EVV requirement, personal care workers will be required to record certain information on the personal care services they provide, including the date, time, type of service, the name of the individual receiving the service, and the individual who provides the service. Once the personal care worker arrives at the place of service, he or she will "clock in," using one of the following technologies: (a) an EVV vendor mobile application; (b) telephonic visit verification; or (c) a fixed visit verification (a fixed device assigned to the person receiving services). After providing the service, the personal care service will be required to use the same technology to "clock out." The new EVV procedures are intended to increase accountability and reduce fraudulent claims for these services.

9. A single EVV vendor will provide one EVV system for use within all programs for all affected providers. The state's MA fiscal agent, DXC Technology, has selected Sandata Technologies as the EVV vendor. Sandata will provide all of the technology personal care agencies will need to implement EVV; personal care and home health agencies will incur some staff time costs to learn how to use the EVV system, and a small amount of time to enter the information during each service visit.

10. Table 1 compares the amount of funding that would be budgeted to fund the EVV contract in the Governor's bill, and the current estimate of the contract costs.

**TABLE 1**

**Electronic Verification Contract  
Comparison of Funding in the Bill with Revised Estimate**

	2019-20			2020-21		
	<u>GPR</u>	<u>FED</u>	<u>Total</u>	<u>GPR</u>	<u>FED</u>	<u>Total</u>
Governor	\$790,600	\$4,825,900	\$5,616,500	\$763,300	\$2,289,800	\$3,053,100
Revised Estimate	<u>816,000</u>	<u>8,078,600</u>	<u>8,894,600</u>	<u>3,764,200</u>	<u>10,993,100</u>	<u>14,757,300</u>
Difference	\$25,400	\$3,252,700	\$3,278,100	\$3,000,900	\$8,703,300	\$11,704,200

The table shows that if the Committee wishes to fund the current estimates of the EVV contract costs, it could increase funding in the bill by \$3,252,700 (\$25,400 GPR and \$3,252,700 FED) in 2019-20 and \$11,704,200 (\$3,000,900 GPR and \$8,703,300 FED) in 2020-21 (Alternative 2b). The administration indicates that, if funding in the bill is not increased to reflect this reestimate, it will need to revise its spending plans for other contracted services, since the state is required to implement the EVV system and has already approved DXC Technology's agreement with Sandata.

**Funding Increase -- Summary of Major Planned Projects**

11. The funding in the bill reflects the net change in the estimated costs of dozens of administrative contracts. However, there are two categories of costs under this item that account for most of the funding increase: (a) services provided by the state's fiscal agent (DXC Technology), including the core contract and process improvements; and (b) costs relating to the Medicaid management information system (MMIS) procurement, including enhancements to the current MMIS.

12. The MA fiscal agent is responsible for administering several business functions of the state's MA program and SeniorCare program, including processing claims for reimbursement from MA providers, certifying health care providers for participation in the program, reviewing prior authorization requests, providing customer services for recipients and health care providers, and maintaining the MMIS. DXC Technology, successfully bid to begin provide fiscal agent services, with a contract that began in November, 2018. Under the maintenance and operations (M/O) component of the contract, DHS will pay DXC approximately \$70.2 million in 2019-20 and \$70.6 million in 2020-21.

13. Federal Medicaid law requires each state to operate a mechanized claims processing and information retrieval system for its Medicaid program. All states are required to operate an MMIS to support Medicaid business functions and maintain information on provider enrollment, recipient eligibility (including third-party liability), benefits, managed care enrollment, claims processing, and prior authorization. A fiscal agent that is a private contractor to the state, normally selected through a competitive procurement process, may operate the state's MMIS. In Wisconsin, the MMIS is operated

and maintained by the state's fiscal agent.

14. Costs of designing, developing, and installing MMIS-related systems are funded on a 90% FED/10% state basis, while the costs of maintaining and operating MMIS-related systems are funded on a 75% FED/25% state basis. The federal funding is available to support these costs only if CMS approves an advanced planning document (APD) prior to the state's expenditures for these purposes. By rule, CMS may approve the state's APD if it meets certain conditions and standards, including that CMS determines the system is likely to provide more efficient, economical, and effective administration of the state plan. CMS has approved Wisconsin's APD, enabling the state to go forward with procuring services related to the MMIS.

15. The bill would provide \$42.4 million (\$4.5 million GPR and \$37.9 million FED) in 2019-20 and \$34.0 million (\$4.1 million GPR and \$29.9 million FED) in 2020-21 to fund projects relating to the MMIS, including: (a) enhancements to the MMIS that will be completed over the next three years; (b) the development and implantation of modules for the MMIS; and (c) several other contracts that would provide project management, independent oversight and systems integration for the MMIS project. The 2017-19 budget act provided initial funding for DHS to procure a module-based MMIS.

16. Attachment 2 provides brief descriptions of the projects DHS proposes to complete in the 2019-21 biennium to enhance the current MMIS. DHS estimates that it will expend \$16.7 million (\$1.7 million GPR and \$15.0 million FED) in the current year (2018-19) to fund these projects. The Governor's bill would provide \$22.4 million (\$2.2 million GPR and \$20.2 million FED) in 2019-20 and \$21.0 million (\$2.1 million GPR and \$18.9 million FED) in 2020-21 to complete these projects.

17. The bill would also provide \$11.9 million in 2019-20 and \$4.5 million in 2020-21 for DHS to develop and implement the first three of eight modules that will, in time, comprise the new MMIS. In October, 2018, DHS issued a request for proposals (RFP) describing the three modules, which include:

- Enterprise Data Warehouse -- An enterprise data warehouse that includes the hardware and software that provides the functionality and infrastructure needed to support the data analytics, program integrity, and information needs.
- Data Analytics Reporting -- A module that includes the business services and program integration necessary to support the user access to DHS required data analytics, which will be used for predictive modeling, business intelligence, dashboards, and reporting.
- Program Integrity -- A module that will be the primary collection point of information relating to cases involving fraud, waste, and abuse, which will be used for sharing program integrity and data utilization review functions

18. In addition to funding the first three modules, the budget would provide \$6.3 million in 2019-20 and \$8.2 million in 2020-21 to fund several ancillary contracts relating to the MMIS to provide enterprise project management, independent oversight, and systems integration to the MMIS project. One contract would be awarded to a firm that provides independent verification and validation

services to review, analyze, evaluate, inspect, and test the project's products and processes. A second contract would support a vendor that will serve as the enterprise project management office, to support DHS staff during the DDI phase of the project (November, 2019, through June, 2024). A third contract would support technical advisory services to provide DHS staff with expertise in enterprise architecture, data and systems governance, and systems integration. A fourth contract, which DHS expects to award in the 2021-23 biennium, would fund systems integration services, where the vendor would ensure comprehensive results from the MMIS modularization.

19. In general, the cost estimates relating to each of these projects is based on DHS and contractors' staff knowledge of the costs of projects that have been funded in the past that appear to be similar in scope to the projects described above. Some costs are known, based on contracts DHS has signed with vendors. However, the actual costs of each project may differ from current cost estimates.

### **Options to Reduce GPR Costs of Administrative Contracts**

20. DHS staff assess the costs and merits of contracted services described in this paper, and consult with outside experts to ensure that the projects meet federal standards and the needs of the Department's business partners, such as income maintenance staff, managed care organizations, the state's fiscal agent and other vendors, and health care providers.

21. Some of the Department's contract costs are unavoidable, because they reflect contracts the previous administration negotiated and signed with vendors, or because they are needed for DHS to comply with federal and state requirements. Other costs can be managed through negotiations with vendors regarding the scope and timing of projects. DHS indicates that the Department's recent contracts with vendors make the funding commitments to the contractors conditional on state funding.

22. Under the bill, GPR support for administrative contracts would increase by 15.9% in 2019-20 and 11.8 % in 2020-21, compared to the base, as shown in Table 2. As previously indicated, most of the funding increase is attributable to the new fiscal agent contract and the MMIS procurement. However, the higher costs of these and other contracts commit the state to providing additional funding in the 2019-21 biennium, beyond the agent's base budget for contracted services. Further, for many of the contracts, DHS is unable to indicate actual 2017-18 contract costs, due to recent staff vacancies. Consequently it is not possible to compare the Department's proposed 2019-21 spending plan with actual contracted expenditures in the last completed fiscal year.

**TABLE 2**

**Contract Cost Funding -- Percentage Increases Compared to Base\***

	2019-20			2020-21		
	<u>GPR</u>	<u>FED</u>	<u>GPR and FED</u>	<u>GPR</u>	<u>FED</u>	<u>GPR and FED</u>
Base	\$68,828,300	\$160,116,100	\$228,944,400	\$68,828,300	\$160,116,100	\$228,944,400
Bill	<u>79,777,000</u>	<u>199,682,300</u>	<u>279,459,300</u>	<u>76,946,600</u>	<u>183,933,800</u>	<u>260,880,400</u>
Change to Base						
Amount	\$10,948,700	\$39,566,200	\$50,514,900	\$8,118,300	\$23,817,700	\$31,936,000
Percent	15.9%	24.7%	22.1%	11.8%	14.9%	13.9%

\*Includes appropriations affected by this item.

23. In light of the substantial GPR increase in contract costs proposed by the administration, the Committee could consider options that would require DHS to revise its 2019-20 and 2020-21 spending plans. By electing any of these options, DHS would be required to revise its current spending plan for contracts to reduce the scope and timeliness of projects where these options exist.

24. First, the Committee could delete funding that would be provided in the bill for a contractor to implement changes to the medical assistance purchase plan (MAPP) approved in 2017 Wisconsin Act 59 (-\$315,000 GPR and -\$945,000 FED annually). Act 59 made extensive changes to MAPP, and deleted 3.0 positions the Governor had recommended be provided to implement the changes, together with funding for these positions (\$173,600 in 2017-18 and \$278,800 in 2018-19). In deleting the positions, the Committee directed DHS to reallocate staff within the Division of Medicaid Services to complete this work. Citing a lack of additional staff positions provided by the Legislature to perform this work, DHS did not complete the work in the 2017-19 biennium, but expects to implement the changes by the summer of 2020. By deleting funding that would be provided for these contracted services, DHS would either need to reallocate DMS positions to complete this work, as directed in Act 59, or reduce funding for other contracted services (Alternative 2c).

25. Second, in lieu of the Governor's funding increase, the Committee could provide a 10% increase in GPR base funding for the contracts, which would require DHS to revise its spending plans for 2019-20 and 2020-21 to conform to the amount that would be budgeted for these contracts. Under this alternative, base funding would be increased by \$6,882,800 GPR and \$16,011,600 FED in each year. Since the amount of FED the Department would claim to fund projects in the 2019-21 biennium would depend on which contracts and projects DMS would choose to fund (due to the various FED matching rates that apply to each contract or phase of a project), the actual FED change is assumed to be proportional to the current split of base funding from the GPR and FED appropriations. Under this option, funding in the bill would be reduced by \$4,065,900 GPR and \$23,554,600 FED in 2019-20 and by \$1,235,500 GPR and \$7,806,100 FED in 2020-21 (Alternative 2d).

26. Regardless of the decisions the Committee makes regarding funding for administrative contracts, the Committee should reduce the program revenue (PR) appropriation that

supports costs relating to the administration of the SeniorCare program to more accurately reflect available revenues from the \$30 annual SeniorCare enrollment fee. 2018-19 base funding for the PR appropriation to which revenue from the Senior Care enrollment fee is credited and expended is \$4,166,000 and would increase to \$4,170,500 in 2019-20 and 2020-21 due to standard budget adjustments (\$4,500 per year). This amount should be reduced to more closely reflect current annual revenue estimates (approximately \$3,100,000 per year). For this reason, the PR expenditure authority in the bill should be reduced by \$1,070,500 annually (Alternative 2e).

## ALTERNATIVES

1. Adopt the Governor's recommendations.

ALT 1	Change to	
	Base	Bill
GPR	\$19,813,000	\$0
FED	<u>64,078,500</u>	<u>0</u>
Total	\$83,891,500	\$0

2. Modify the bill by selecting one or more of the following options. [If more than one option is selected, the change to bill is cumulative, while the change to base is not.]

- a. *Provide Funding to Retain Current Law Relating to Health Savings Accounts.* Increase funding in the bill by \$1,600,000 (\$400,000 GPR and \$1,200,000 FED) in 2019-20 and \$3,960,000 (\$1,940,000 GPR and \$2,020,000 FED) in 2020-21 to contract for the development and implementation of a health savings account program.

ALT 2a	Change to	
	Base	Bill
GPR	\$22,153,000	\$2,340,000
FED	<u>67,298,500</u>	<u>3,220,000</u>
Total	\$89,451,500	\$5,560,000

- b. *Increase Funding to Reflect Current Estimates of the Electronic Visit and Verification (EVV) Project.* Increase funding in the bill by \$3,278,100 (\$25,400 GPR and \$3,252,700 FED) in 2019-20 and \$11,704,200 (\$3,000,900 GPR and \$8,703,300 FED) in 2020-21 to fund current estimates of the cost of implementing EVV in the 2019-21 biennium.

ALT 2b	Change to	
	Base	Bill
GPR	\$22,839,300	\$3,026,300
FED	<u>76,034,500</u>	<u>11,956,000</u>
Total	\$98,873,800	\$14,982,300



c. *Delete Contracted Costs for MAPP Changes.* Delete funding in the bill that would be provided to support contracted costs to implement Act 59 MAPP changes (-\$315,000 GPR and -\$1,260,000 FED annually).

ALT 2c	Change to	
	Base	Bill
GPR	\$19,183,000	- \$630,000
FED	<u>61,558,500</u>	<u>- 2,520,000</u>
Total	\$80,741,500	- \$3,150,000

d. *Provide a 10% Increase to Base Funding.* Modify the Governor's recommendations by reducing funding in the bill by \$27,620,500 (-\$4,065,900 GPR and -\$23,554,600 FED) in 2019-20 and \$9,041,600 (-\$1,235,500 GPR and -\$7,806,100 FED) in 2020-21, so that base funding for contracted services would be increased by 10%, beginning in 2019-20 (an increase of \$6,882,800 GPR and \$16,011,600 FED in each year).

ALT 2d	Change to	
	Base	Bill
GPR	\$14,511,600	- \$5,301,400
FED	<u>32,717,800</u>	<u>- 31,360,700</u>
Total	\$47,229,400	- \$36,662,100

e. *Reestimate PR Revenues from SeniorCare Enrollment Fees.* Reduce PR expenditure authority for costs funded from SeniorCare enrollment fees by \$1,070,500 annually to more closely reflect anticipated fee revenue that will be collected from this source in the 2019-21 biennium.

ALT 2e	Change to	
	Base	Bill
GPR	\$19,813,000	\$0
FED	64,078,500	0
PR	<u>- 2,141,000</u>	<u>- 2,141,000</u>
Total	\$81,750,500	- \$2,141,000

Prepared by: Charles Morgan  
Attachments

## ATTACHMENT 1

### Summary of Total Funding for Division of Medicaid Services Contracts Governor's Bill

	2019-20				2020-21			
	GPR	FED	PR	Total	GPR	FED	PR	Total
Fiscal Agent Contract (DXC)								
Base Contract	\$20,658,300	\$46,746,200	\$2,837,000 <sup>1</sup>	\$70,241,500	\$20,772,700	\$46,978,700	\$2,837,000	\$70,588,400
Ongoing Costs Excluded from Base Contract	<u>3,182,300</u>	<u>6,460,900</u>	<u>0</u>	<u>9,643,200</u>	<u>3,182,300</u>	<u>6,460,900</u>	<u>0</u>	<u>9,643,200</u>
Subtotal	\$23,840,600	\$53,207,100	\$2,837,000	\$79,884,700	\$23,954,900	\$53,439,600	\$2,837,000	\$80,231,600
Medicaid Management Information								
System -- Procurement	\$4,489,500	\$37,901,600	\$0	\$42,391,100	\$4,089,300	\$29,893,800	\$0	\$33,983,100
Client Assistance for Reemployment and Economic Support (CARES) System	26,694,200	61,449,300	668,300 <sup>2</sup>	88,811,800	27,113,600	61,598,200	675,700	89,387,500
Medicaid Enrollment Broker	830,900	830,900	0	1,661,800	831,400	831,400	0	1,662,800
FoodShare EBT Contract	854,300	854,300	0	1,708,600	854,300	854,300	0	1,708,600
Major External Contracts	20,104,900	42,088,900	2,425,000 <sup>3</sup>	64,618,800	17,150,900	33,976,700	2,425,000	53,552,600
Inter-Agency and Intra- Agency Agreements	2,470,600	3,107,000	1,124,400 <sup>4</sup>	6,702,000	2,460,200	3,096,600	1,124,400	6,681,200
General Payments	<u>492,000</u>	<u>243,200</u>	<u>543,100<sup>5</sup></u>	<u>1,278,300</u>	<u>492,000</u>	<u>243,200</u>	<u>543,100</u>	<u>1,278,300</u>
<b>Total</b>	<b>\$79,777,000</b>	<b>\$199,682,300</b>	<b>\$7,597,800</b>	<b>\$287,057,100</b>	<b>\$76,946,600</b>	<b>\$183,933,800</b>	<b>\$7,605,200</b>	<b>\$268,485,700</b>
Base Funding	\$68,828,300	\$160,116,100			\$68,828,300	\$160,116,100		
<b>Difference -- Funding Increase for Contracts</b>	<b>\$10,948,700</b>	<b>\$39,566,200</b>		<b>\$50,514,900</b>	<b>\$8,118,300</b>	<b>\$23,817,700</b>		<b>\$31,936,000</b>

<sup>1</sup> \$2,366,000 in Senior Care enrollment fee revenue and \$471,000 in revenues transferred from the Department of Children and Families.

<sup>2</sup> Child care funds transferred from the Department of Children and Families.

<sup>3</sup> Includes \$2,200,000 PR in Medicaid collections generated through performance contracts and \$225,000 PR in revenues transferred from DCF. Excludes funding from federal grants (\$476,200 FED) and federal project aids (\$1,106,100 FED).

<sup>4</sup> Funds transferred from DCF. Excludes \$3,700 GPR budgeted in the DMS general program operations appropriation.

<sup>5</sup> Medicaid collections generated through performance contracts.

## ATTACHMENT 2

### DHS Descriptions of MMIS Enhancements

*Long-Term Care Program Integration:* Continuing efforts to integrate Medicaid programs and streamline program functions are driving the demand for a fully integrated and modernized MMIS which is capable of processing claims for all Medicaid programs. This enhancement is intended to develop master profiles for members, providers, and other identified stakeholders in order to give authorized users a complete view of all individual interactions across the Medicaid Enterprise. After this enhancement has been fully implemented, it is anticipated that the MMIS will take over fiscal agent functions for the IRIS (Include, Respect, I Self-Direct) program and Children's Long-Term Support waiver program; however, this enhancement is not expected to be ready until SFY22 at the earliest. The Department estimates that this enhancement will cost \$6,632,300.

*Enhanced Claims & Encounters Processing:* This enhancement is intended to implement a single point of entry to process and route all claims and non-claims submissions. This upgrade is also intended to improve automation and reduce the use of paper submissions by allowing for net adjustment processing and correcting claims prior to denials. The Department estimates that this enhancement will cost \$9,429,000.

*Eligibility & Enrollment:* This enhancement is intended to reduce manual errors and increase stakeholder satisfaction by utilizing user-configurable, human-readable business rules to manage enrollment, re-enrollment, and disenrollment in DHS programs. It is hoped that this will reduce enrollment errors and generate timely notification to all stakeholders. This enrollment model would also provide the Department with greater flexibility in managing future changes to program eligibility and allow members to enroll in multiple concurrent programs. This enhancement will require strong data management solutions to eliminate duplicate and error records. This enhancement will not replace the Client Assistance for Reemployment and Economic Support (CARES) system. Rather, it will bring the MMIS up to the MITA standard required by CMS for enhanced funding. The Department estimates that this enhancement will cost \$3,468,700.

*Grievance & Appeals:* This enhancement is intended to implement a centralized grievance and appeal system within MMIS. It is hoped that this grievance and appeal system will provide intake, research, routing, management, and oversight of the grievance and appeal process across DHS, other departments, and external stakeholders. It is also intended to support a variety of grievance and appeal processes, including but not limited to provider enrollment appeals, prior authorization appeals, claim processing appeals, and fair hearing requests. The Department estimates that this enhancement will cost \$1,741,100.

*Integrated Workflow & Document Management:* This enhancement is intended to replace the current workflow system with a highly configurable, flexible system that is directly integrated into MMIS. The Department plans for this workflow system to be interfaced with the document management system and generate alerts and triggers for all processing functions. It is intended that

authorized users will have the ability to view the processing statistics and functions in a real-time manner. The Department estimates that this enhancement will cost \$10,186,100.

*Service Authorization Processing Improvements:* These enhancements to the Prior Authorization (PA) subsystem are intended to optimize the processing of PAs and implement a “smart PA” system to expand utilization management efforts while reducing manual submission of PAs. The Department estimates that this enhancement will cost \$5,290,800.

*Provider Management Improvements:* This enhancement to the Provider Management subsystem is intended to streamline the provider file to reduce duplicative provider information and allow provider records to be shared among programs. The intent is to create an integrated provider file that will serve as a single source of provider information across the enterprise. The integrated provider file will allow varying levels of provider linkage and ownership to be stored along with multiple addresses and demographic information necessary for program-specific utilization. This enhancement will require strong data management solutions to eliminate duplicate records. It is hoped that this upgrade will also allow all provider applications and provider data updates to be conducted electronically, regardless of program. The Department estimates that this enhancement will cost \$9,713,600.

*Integrated Portal:* This enhancement is intended to implement an integrated portal to serve as a single point of entry to all internal and external users across the Medicaid enterprise. The integrated portal will be designed to track all user access attempts, processing functions, inquiries, and searches. This upgrade would modify or replace current communication methods within the portal to allow improved ease of use for stakeholders and allow the portal to serve as a true two-way communication hub. The Department estimates that this enhancement will cost \$3,116,800.

*Benefit Plan Administration:* This enhancement is intended to implement a highly-configurable, user-friendly rules system to improve claims processing functionality. One important feature of this upgrade is to allow designated users access to model all rule changes prior to implementation. It is intended that this rules system will house a simplified benefit plan and pricing structure that will allow greater transparency into how claims and encounters are processed. The Department estimates that this enhancement will cost \$1,537,500.

*Enhanced Financial System:* This enhancement is intended to automate and improve the current financial system processes. This would include automated workflows for initiating, reviewing, and approving financial transactions; an electronic system correction of financial errors; improved financial reporting and balancing capabilities with the state’s fiscal system; improved financial oversight and controls; and updated methods of sending and receiving payments. The Department estimates that this enhancement will cost \$2,146,700.

*Enterprise Data Management/Maturity Governance & Integration:* This enhancement is intended to begin the Department’s implementation of the recommendations and principles in the Enterprise Data Architecture Management Strategy Assessment (EDAMSA) report to improve DHS’s data maturity. As the Department’s data becomes more mature, the Department will be more able to proactively identify and address problems in the Department’s programs. The Department estimates that this enhancement will cost \$4,785,900.

*Pharmacy Benefit Management Improvements:* This enhancement is intended to allow for greater configurability to rapidly respond to changes in pharmacy benefit packages and pricing structures. This will require the storage and maintenance of all data elements received through external sources and making this data accessible and viewable to authorized users. This upgrade will also move the Department towards automated, real-time, algorithm-based processing of pharmacy claims and allowing multiple overrides on a single submission (thereby eliminating the need for providers to submit multiple override requests). The Department estimates that this enhancement will cost \$1,634,200.

*Program Integrity Case Tracking:* This enhancement is intended to improve data security and reporting functionality. It will require the implementation of standardized interfaces to utilize data from across the enterprise. This enhancement will be needed to maintain the SURS Case Tracker system utilized by the Office of the Inspector General (OIG) to manage audits. Integrating SURS with MMIS will extend the lifespan of SURS and protect the Department's investment in the work completed to date. The Department estimates that this enhancement will cost \$4,613,400.