

Medicaid Enterprise Systems (MES) Transition

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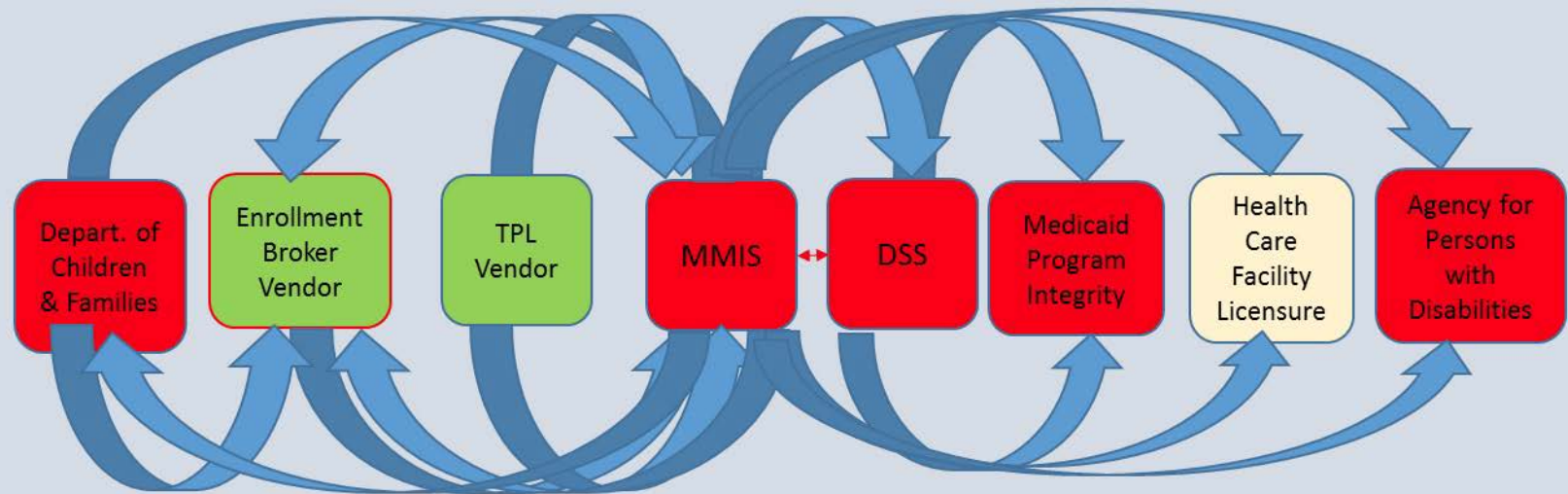
Florida Medicaid – Annual Systems Transactions

<i>Eligibles</i>	<ul style="list-style-type: none">• 11.6 million recipient eligibility transactions• 2.3 million enrollments in health plans
<i>Providers</i>	<ul style="list-style-type: none">• 65,000 provider enrollment applications• 450,000 provider calls
<i>Payments</i>	<ul style="list-style-type: none">• 730,000 payments<ul style="list-style-type: none">• includes more than 60,000,000 individual recipient per member per month capitation payments
<i>Other Activities</i>	<ul style="list-style-type: none">• 60 million fee-for-service and 120 million encounter claims• Hundreds of public reports• 1,000 unique data queries



Current Medicaid Systems

Medicaid Enterprise As-Is: Interface through Data Exchange



- Arrows in this graphic indicate current data exchange (SFTP)
- Boxes in this graphic indicate separate systems

- System funded with enhanced FFP
- System funded without enhanced FFP
- System state funded

The Medicaid Program: System Requirements

- State Medicaid programs must maintain systems to:
 - Serve as the official file of Medicaid eligible recipients and Medicaid providers.
 - Perform Medicaid provider enrollment and managed care provider registration.
 - Process and pay claims for services provided.
 - Process encounter data for Medicaid recipients enrolled in health plans.
 - Interface with other systems (eligibility, enrollment broker, prior authorization vendors)
- Medicaid programs must have these systems certified by federal CMS and must have advance approval when procuring or building these systems in order to secure federal funding.



Federally Required System Architecture

- Federal CMS has always dictated the architecture of state Medicaid program's systems through federal rule as conditions and standards for federal approval of enhanced funding.
 - 90% federal funding
- CMS required architecture has changed over time to include different requirements and components:
 - Began with Medicaid Management Information Systems (MMIS)
 - Then added Fiscal Agent (FA)
 - Then added Decision Support Services (DSS)
 - And now, **the Medicaid Enterprise**



History of the Florida Medicaid System

- In the past, the system was generally re-procured as one monolithic system either as a takeover of the old system or as a contract to build a new system to replace the old system.
- The State would get a “package deal” with all components from the winning vendor.
 - Vs. selecting the “best for Florida” for each individual component
- Florida has had six Medicaid systems vendors in 40 years:
 - Original system & two new systems
 - Two takeovers



History of Florida Medicaid System

Medicaid Information System/ Fiscal Agent (FA)	First Health: New System	1978-1983
Medicaid Information System/ Fiscal Agent (FA)	EDS: Takeover	1984-1990
Medicaid Management Information System (MMIS) / Fiscal Agent (FA)	Consultec: New System	1991-1996
Decision Support System (DSS)	Consultec: New System	1991-1996
MMIS/ DSS/ FA	Unisys: Takeover	1997-2002
MMIS/ DSS/ FA	ACS: Takeover	2003-2008
MMIS/ DSS/ FA	EDS now DXC: New System	2008-2018
NEW CMS STRATEGY: Medicaid Enterprise System	MES Modular Approach	2017-2022



Re-procurement Timelines and Costs

- For each new vendor there was a period of Design, Development, and Implementation
- Funding was provided for both the retiring and new vendor during that period and through contract implementation.
- For example: The current vendor began operations July 2008
 - Request for Proposals released in 2005
 - Contract Executed May 2006
 - Vendor went live July 2008
 - Retiring vendor and new vendor were both under contract and received payment from 2006 through June 2008



Current Required Architecture: Medicaid Enterprise System (MES)

- As Florida Medicaid began the process to re-procure the current system, federal CMS updated their conditions and standards and notified the Agency of changes needed to the procurement strategy:
 - Move to Medicaid Enterprise System
 - Focus on modularity and interoperability, and
 - Mandate that states perform or contract for planning and oversight functions related to their systems



Medicaid Enterprise Systems: Required Conditions & Standards

Current CMS conditions require:

- **Modularity Standard** - Use a modular, flexible approach to systems development; the separation of business rules from core programming; and the availability of business rules in both human and machine-readable formats.
- **Leverage Condition** - Promote sharing, leverage, and reuse of Medicaid technologies and systems within and among states, lowering overall costs.
- **Interoperability Condition** - Ensure seamless coordination and integration with public health agencies and human services programs.



Medicaid System Replacement under the MES Architecture – Benefits

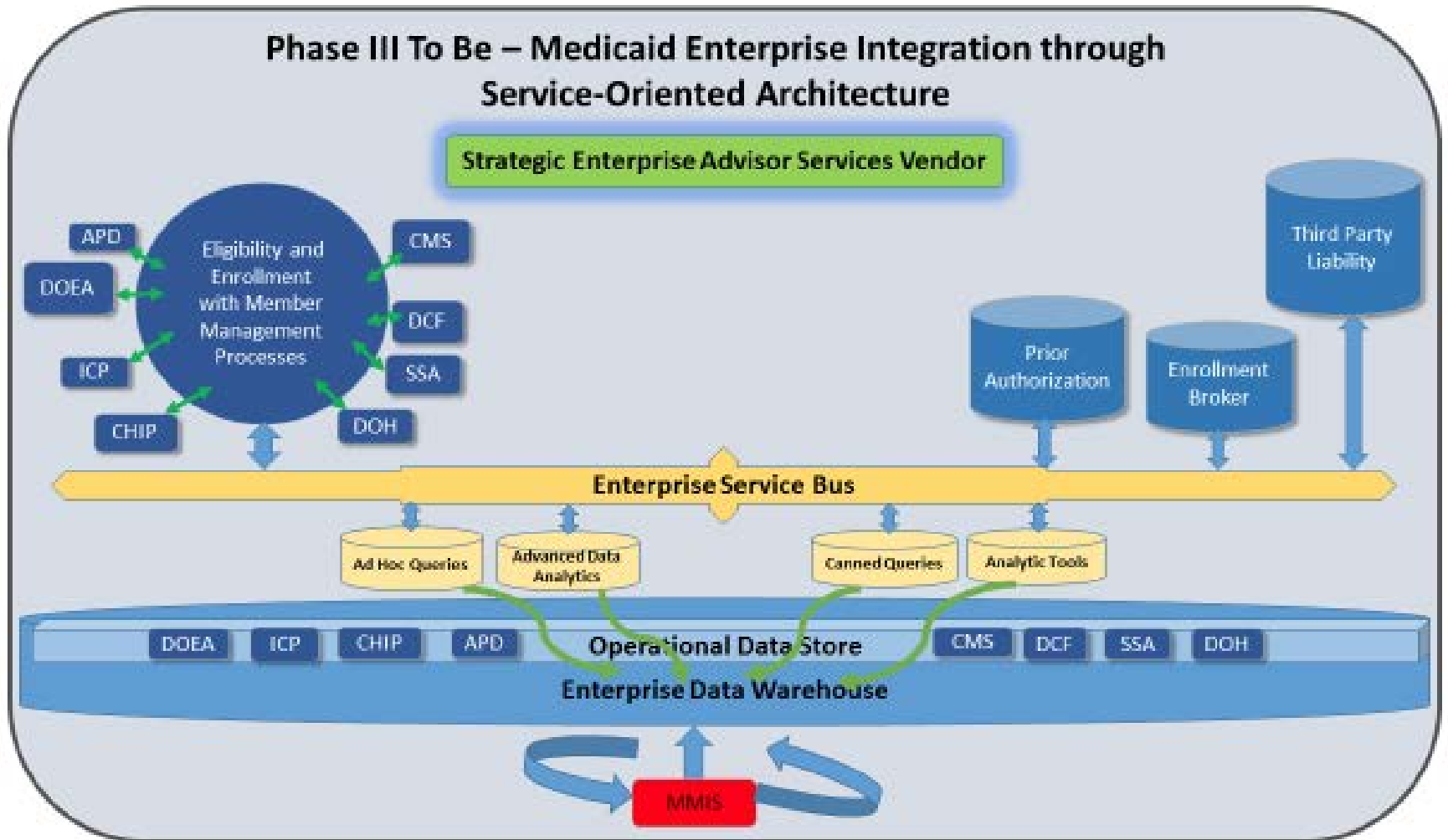
- Incorporate the “best for Florida” for each modular system component
- Improve programmatic decision making by utilizing advanced statistical analytics
- Enhance data analytics to prevent and detect fraud
- Identify ways to reduce cost through project management
- Leverage proven systems with other state agencies



Medicaid Enterprise System: Made up of Individual Modules (Examples only)



Medicaid Enterprise System



Mandated Planning and Oversight

- CMS also mandates states perform or contract for certain functions related to their systems, including:
 - Strategic planning and technical advice
 - Ensuring systems integration and interoperability
 - Independent project review
- The Agency's procurement strategy includes three contracts to fulfill these mandated requirements:
 - Strategic Enterprise Advisory Services
 - Systems Integrator
 - Independent Validation and Verification
 - Also mandated by the Agency for State Technology



Historical vs. MES Procurement Process

- The traditional MMIS re-procurement process was generally one monolithic procurement to secure a vendor to either take over the old system or as a contract to build an new system to replace the old system.
- Under the MES model, the process is iterative and takes place in multiple phases, requiring multiple incremental funding requests.



How do we get there: Phase 1

MES: Phase 1

Activity	Status	Cost (17/18 thru 23/24)
<p>✓ Procure a Strategic Enterprise Advisory Services (SEAS) vendor to provide ongoing strategic, technical advisory, and programmatic services. SEAS vendor is prohibited from bidding on other modules.</p>	<p>Procurement Complete, contract executed and implementation began October 2017</p>	<p>\$ 40,100,000</p>
<p>✓ Procure Independent Verification and Validation (IV&V) services to provide independent and unbiased perspective on the progress of the MES development. IV & V vendor is prohibited from bidding on other modules.</p>	<p>Procurement Complete, contract purchase order process is being established</p>	<p>\$ 12,929,492</p>

How do we get there: Phase 2

MES: Phase 2

Activity	Status	Cost (17/18 thru 23/24)
Extend the existing fiscal agent contract for two years beyond the current expiration date of June 30, 2018, to ensure continued operation during the transition period	Pending	Pending negotiation
Procure a Systems Integrator vendor to ensure interoperability between Medicaid systems and operate for 5 years	Pending	Estimate \$29,000,000
Procure an Enterprise Service Bus platform to modernize communications between systems and operate for 5 years	Pending	Estimate \$28,500,000
Procure Enterprise Data Warehouse and advanced analytic services and operate for 5 years	Pending	Estimate \$57,500,000



MES: How do we get there: Phase 3 & 4

MES: Phase 3

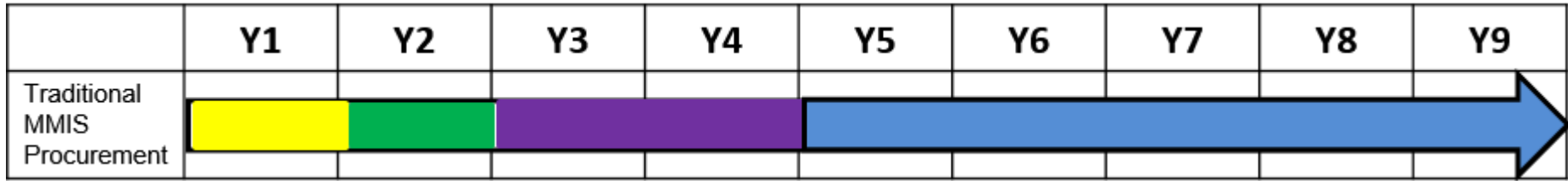
<i>Activity</i>	<i>Status</i>	<i>Cost (estimate 19/20)</i>
Integrate current FMMIS/DSS interfaces with the MES through the new Enterprise Service Bus, based on a strategic plan developed by the Agency.	Pending	Estimate: based on similar activities in current system: \$3,000,000

MES: Phase 4

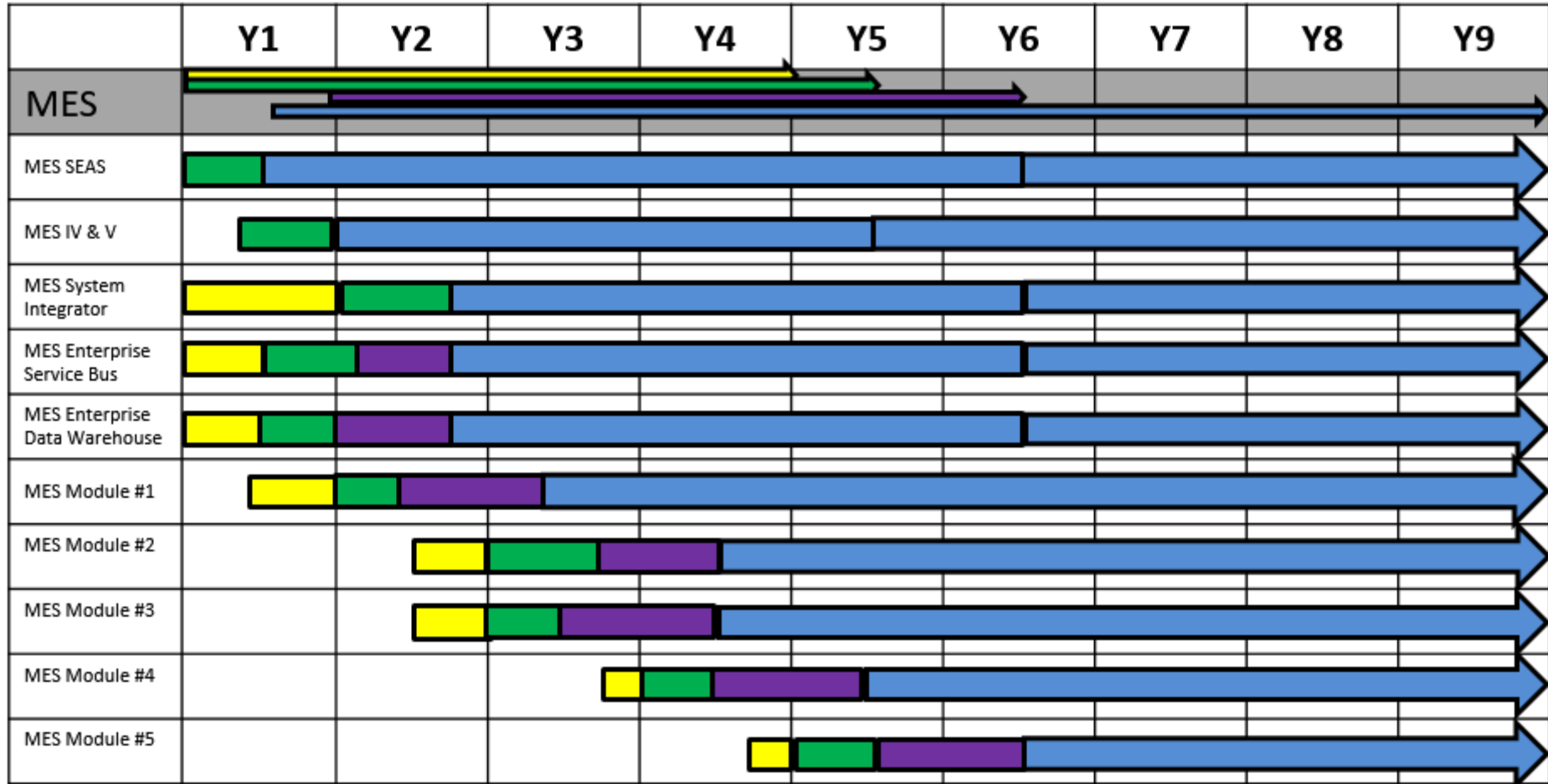
<i>Activity</i>	<i>Status</i>	<i>Cost (19/20 thru 23/24)</i>
Over time, replace functions currently provided by the FMMIS and other systems using modules, based on a strategic plan developed the Agency.	Pending	Estimate: based on other states' costs and on similar activities in current system: \$54,000,000



Traditional MMIS vs. MES Procurement Process



= Planning
 = Solicitation
 = DDI
 = Operations



Current vs. Future Costs

Cost associated with current fiscal agent/ MMIS contract

<i>Component</i>	<i>Cost</i>	<i>Recurrence</i>
Design, Develop, Implement (DDI)	\$52 million	Costs occurred between May 2006 and June 2008
Base Operating Cost/ 5- year contract	\$308 million	Cost spread over 5 years of initial contract
<u>Total Base</u>	<u>\$360 million</u>	Total Costs 2006 through 2012/2013 (initial 5 year period). \$82.2 million in state share

Estimated costs associated with new Medicaid Enterprise System

<i>Component</i>	<i>Cost</i>	<i>Recurrence</i>
DDI (includes projected 5 modules)	\$62 million	Costs spread over 7 years, as modules are implemented, then end.
Base Operating Cost/ 5 year contract (includes System Integrator)	\$112 million	Costs spread over 5 year contract; with contract renewal or re procurement, costs would continue for second 5 year period
SEAS/IV & V/ Legal	\$55 million	Costs spread over 7 year contract; with contract renewal or re procurement, costs would continue for second 5 year period
<u>Total Base</u>	<u>\$229 million</u>	Total costs through 2023/2024 (initial 5 year operational period). \$43 million in state share.

Future Cost by State Fiscal Year

SFY	Total	FFP	State	Notes
17/18	\$ 7,496,308	\$ 6,646,677	\$ 849,631	Planning Phase
18/19	\$ 25,231,488	\$ 22,078,339	\$ 3,153,149	Solicitation and DDI for SI/ESB/EDW
19/20	\$ 38,301,488	\$ 32,871,339	\$ 5,430,149	EDW Operational - cost reduction for DXC
20/21	\$ 38,788,616	\$ 32,934,754	\$ 5,853,862	Module #1 Operational
21/22	\$ 41,288,616	\$ 34,509,754	\$ 6,778,862	Module #2 Operational
22/23	\$ 40,801,488	\$ 33,771,339	\$ 7,030,149	Modules #3 and #4 Operational
23/24	\$ 37,301,488	\$ 30,321,339	\$ 6,980,149	Module #5 Operational
Total	\$ 229,209,492	\$ 193,133,543	\$ 36,075,949	



Future Cost by State Fiscal Year: Items Included in 2018-2019 LBR

<i>MES Contracted Services for Budget Requests</i>	<i>% FFP</i>	<i>18/19</i>	<i>FFP</i>	<i>State</i>
Strategic Advisor Vendor	90%	\$ 6,500,000	\$ 5,850,000	\$ 650,000
Infrastructure Phase				
System Integrator*	90%	\$ 4,000,000	\$ 3,600,000	\$ 400,000
Enterprise Service Bus - DDI *	90%	\$ 3,000,000	\$ 2,700,000	\$ 300,000
Enterprise Services Bus - Operations*	75%	\$ 2,000,000	\$ 1,500,000	\$ 500,000
Enterprise Data Warehouse - DDI **	90%	\$ 5,000,000	\$ 4,500,000	\$ 500,000
Enterprise Data Warehouse - Operations**	75%	\$ -		
IV&V Vendor	90%	\$ 2,051,488	\$ 1,846,339	\$ 205,149
Legal Counsel	50%	\$ 750,000	\$ 375,000	\$ 375,000
FMMIS Support - Key Bus. Area Decoupling-DDI	90%	\$ 1,500,000	\$ 1,350,000	\$ 150,000
FMMIS Support-Key Bus. Area Decoupling-Hardware	75%	\$ 200,000	\$ 150,000	\$ 50,000
FMMIS Support-DCF Replacement System Interfaces	90%	\$ 230,000	\$ 207,000	\$ 23,000
Totals		\$ 25,231,488	\$ 22,078,339	\$ 3,153,149
*scaled up from Wyoming estimates				
** used CSG estimates				

