Estimated at $201 Million, Replacing the State's Medicaid Management Information System is a High Risk Project

The Human Services Department (HSD) provides Medicaid services to nearly 40 percent of New Mexicans, at a cost of nearly $6 billion annually, processing more than 10 million transactions annually. Federal requirements necessitate the replacement of HSD's current 15+ year-old Medicaid Management Information System (MMIS).

The Center for Medicare and Medicaid Services (CMS) requires states to establish modules for their Medicaid enterprise to include sets of functional business processes implemented through software, services, data, and interoperable interfaces. A modular system will provide the flexibility to update the components of the MMIS without affecting the entire system as federal and state regulations change. CMS provides 90 percent matching funds to states for development and implementation costs.

While CMS has mandated a modular approach for state's MMIS solutions, CMS does not specify which modules must be used, nor does it specify the number of modules required, leaving it to the states to define their approach. New Mexico's modular approach, approved by CMS, includes a multi-module, multi-vendor system as one large IT project, with a $201 million estimated budget and an anticipated completion date of December 31, 2021. In collaboration with other state health and human services agencies, HSD is creating a more responsive delivery and management system to improve the health and well-being of New Mexicans.

The Medicaid Management Information System Replacement (MMISR) project has not come without challenges, including changes in project management, vendor deliverables and staffing issues, and delays in the procurement process, all of which impact the project schedule and pose risk to the project. Despite federal approval and sufficient funding, risks associated with the overall success of the project remain.

While HSD is following project management best practices, some need improvement. HSD also has key elements for IT project governance including an Executive Steering Committee, and continues to improve with new leadership committed to active engagement in the project.

The evaluation recommends HSD provide the Legislative Finance Committee and other stakeholders a quarterly status report, including what has been accomplished to-date. To address project risks, the evaluation recommends HSD: updates all project plans and communicates to MMISR project team members and stakeholders; and updates the integrated master project schedule to include detail for all project tasks, dependencies and resources. In addition, HSD should ensure the System Integrator vendor hires key personnel appropriately with experience and skill set, and fills vacant positions included in its current resource plan.