

Medicaid Management Information System Replacement Project

By: Jessica Hitzman

Agency: Human Services Department

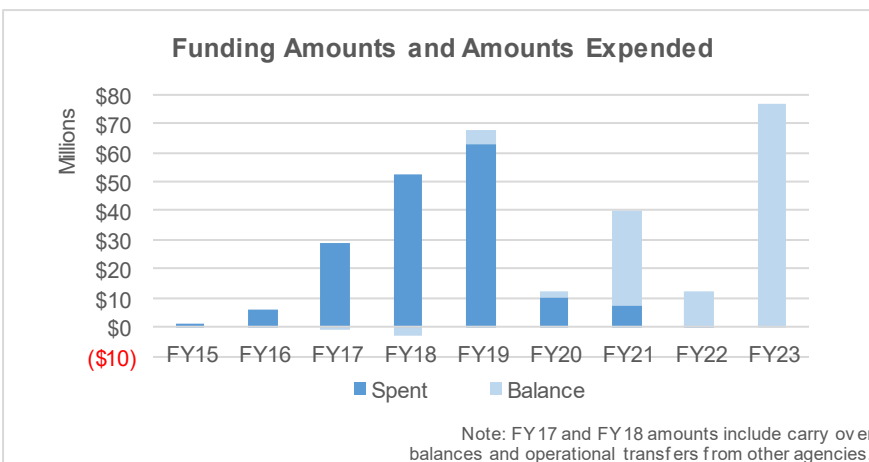
Total Cost: \$346,319,800

The Medicaid program, managed by the Human Services Department (HSD), serves over 40 percent of New Mexicans at a cost of nearly \$7 billion annually. As the Medicaid agency, HSD operates the Medicaid management information system, the principal IT system for claims processing, fraud detection, and other Medicaid functions. The federal Center for Medicare and Medicaid Services (CMS) requires states to deploy modular solutions for their Medicaid enterprise, providing the flexibility to upgrade or replace individual modules without impacting the entire system when federal or state regulations change. In 2013, HSD initiated a project to replace the Medicaid management information system with a new modular, CMS certified system, supported by operational dollars until funded in 2016.

The project has been delayed by unexpected vendor changes and an expanded scope—which grew by roughly 93 percent—and has experienced substantial cost increases—nearly 79 percent since 2018—to accommodate new project partnerships and added system modules. Initially expected to serve only Medicaid recipients, or roughly 891 thousand individuals, the scope expanded 93 percent as part of the state’s Health and Human Services 2020 (HHS2020) initiative to include thirteen assistance programs serving 1.7 million individuals. In January 2022, after 20 months of pending federal approvals for non-Medicaid portions of the system New Mexico was the first in the nation to receive approval from four federal agencies for an inter-agency project of its’ kind.

HHS2020 aims to establish an integrated, customer-centric health and human services structure to deliver and manage services more effectively, implementing a “one stop shop” and a “no-wrong door” approach. The effort includes the MMISR project, HSD’s child support enforcement system replacement, the Children, Youth and Families Department’s child welfare information system replacement, and other systems within the Department of Health, the Early Childhood Education and Care Department, and the Aging and Long-Term Services Department. The MMISR project will lay the foundations for HHS2020, helping the state receive CMS certification and secure an enhanced federal funding match for Medicaid system operations. Due to the magnitude and significance to state service delivery, the project needs continued oversight to ensure adequate progress and integration with partner agencies.

Project Type	Fully Funded?	Currently Provides Public Benefit?
Replacement	No	Yes



Project Start Date	12/18/2013
Estimated End Date	8/31/2026
Amount Funded	\$294,547,229
Amount Spent	\$152,742,961
Percent of Total Cost Funded	85.1%
Percent of Funding Spent to Date	51.9%

Project Certification Timeline

Initiation	Dec 2013	Planning	May 2014	Implementation	Aug 2018	Closeout	Aug 2026
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LFC Report Card Rating

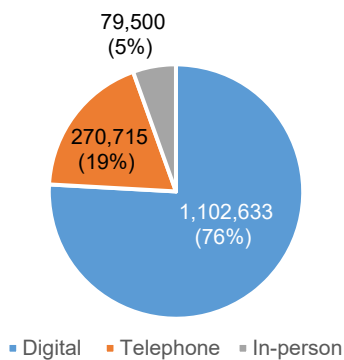
Measure	FY22 Q4 Rating
Budget	Y
Schedule	R
Risk	Y
Overall Rating	Y

Most recent LFC project report cards reflect an improving, but still moderate risk status for the MMISR project. Since obtaining federal approvals, **budget** and **overall risk** have decreased. Maintaining the project **schedule** remains the highest risk because delays to one portion of the project could cascade to other project aspects.

What's the Need?

According to HSD's recent performance scorecard, clients contact HSD overwhelmingly via digital means, like chat, text, or email. For instance, in June 2022 HSD saw 1.1 million digital contacts, 270.7 thousand telephone contacts, and only 79.5 thousand in-person contacts. Consistently high volumes of digital communication at HSD demonstrate the continued demand for online web and digital servicing, which should be met by the use of the new MMIS unified web portal and customer services center modules.

HSD Communications by Channel, June 2022



Project History

The Center for Medicaid and Medicare Services (CMS) did not specify which modules are required, so New Mexico's approach includes a multi-module, multi-vendor system as one large IT project to replace the state's Medicaid IT system. After receiving federal approvals in 2022 for all project planning aspects, including the proposed cost allocations and the new procurement strategy for the Children, Youth and Families Department's child welfare information system project, the replacement effort is supported by a roughly 90 percent federal funding match. Roughly \$30.3 million in state general fund revenues have been appropriated for the MMISR project to date.

Budget and Scope. Although the project has a history of cost increases—from \$194 million in 2018 to roughly \$346 million in 2022—HSD noted increases were from a scope expansion in 2019 to accommodate integrations with the related sister agency systems as part of HHS2020. As HSD added additional modules to the planned replacement effort, costs also increased. Inflation and recent supply chain disruptions may also have contributed to project cost increases because nationwide costs have increased for both IT professional services (2 percent) and equipment and hosting costs (21 percent) since 2021.

Schedule. Also a result of the expanded scope, as well as unexpected vendor changes, the project schedule has expanded by several years. Initially expected to be completed by 2019, the timeline was extended to 2021 after expanding the project scope to include partner agencies. In March 2019, HSD began seeking a replacement for a low-performing system integration vendor, resulting in further delays. The project is now expected to complete in 2026 for proper integration of sister agency systems.

Expected Benefits

According to HSD, the MMISR will support over 76 thousand providers, process over 40 million transactions, and ensure care for over one million New Mexicans. With the new system, HSD should have the needed data and tools to more effectively analyze program performance and impact. The system will support 13 public assistance programs across New Mexico agencies, not just Medicaid. In addition, HSD reports the new system will result in:

- Reduced maintenance and operation costs,
- Improved ability to achieve service and technology improvements,
- Increased ability to respond to changing program or population needs;
- Reduced duplication through technology, data, and process sharing,
- Support of an outcomes-based approach to service delivery while focusing on the end impact and value to citizens, and
- Realization of a stakeholder-centric service approach, making it easier for citizens to obtain services and for providers to interact with the State.

To align with the customer-centric vision of HHS2020, the MMISR project will develop a "one-stop shop" for customers and providers to access various forms of assistance. According to HSD, the project's public facing web portal and the consolidated customer services center will provide real-time information to clients and providers, allow easier benefit management capabilities, streamline self-service, and facilitate faster access to programs.

- 1) The unified web portal provides a single point of entry for all stakeholders to access services and information about multiple state programs, including self-service offerings to apply for and renew assistance.
- 2) The consolidated customer services center, the first module in production and fully approved by CMS, gives clients a single point of contact for questions about all HSD programs. The center is also currently in use by the Early Childhood Education and Care Department for child care eligibility services.

The consolidated customer services center is the first CMS certified module of the MMISR, allowing HSD to receive a 75 percent enhanced federal match for maintenance and operations.

MMIS Module Overview

Module	Functions	Status	Outcomes Tracked
System Integrator	Core infrastructure required to integrate the discrete modules and enable them to function as a single cohesive system.	Contract executed	The effectiveness of streamlined logon process, the interoperability across/between modules, and data integration.
Financial Services	The fiscal agent to adjudicate and process claims, perform accounting services and SHARE interface, and provide billing assistance	Federal approval received for contract	24/7 Pharmacy Benefit Management reliability, effective business rules and workflow for financial transactions, and more MCO transparency.
Data Services	Enterprise data warehouse, analytics capability, and business intelligence tool, and reporting	Contract executed	The effectiveness of the business processes' reporting, dashboards, and analytical requirements
Quality Assurance	Processes and tools for program integrity support including third-party liability, audit coordination, fraud and abuse detection, and quality data	In production*	The integrity of the Third-Party Liability assignment, the effectiveness of Fraud and Abuse Detection, and enhanced member experience.
Benefit/Provider Management Services	Streamlined solution for enrolling and managing providers	In federal review	The effectiveness and accuracy of the provider enrollment processes.
Unified Public Interface—Unified Portal	Supports citizen interaction with a new web portal, mobile technology access, and self-service tools	Contract executed	An increase in self-service capabilities and effectiveness of the single point of entry for customers, providers, and State workers. Additional customer satisfaction ratings, call abandonment, wait times, and other call center metrics will be tracked.
Unified Public Interface—Consolidated Customer Service Center	Supports citizen interaction through an enhanced, cross-agency single point of entry for customers and providers	In production; CMS Certified	

*HSD reports additional fraud tools and quality reporting will be implemented at a later date

Source: HSD Project Plans

Partnerships and Collaborations

The MMISR will integrate with the Children, Youth and Families Department's comprehensive child welfare information system (CCWIS) replacement, anticipated in 2025, as part of the children's behavioral health module. In September 2021, the Early Childhood Education and Care Department initiated an integration effort between MMISR and the enterprise provider information and constituent services (EPICS) project, initially a CYFD project, with full integration planned for 2023-2024. Department of Health integrations include several systems, such as the case management and client data management systems, planned for integration with MMISR around 2024-2025. In the future, system capabilities specialized for the Aging and Long-Term Services Department will also be developed for supporting healthcare services for Medicaid beneficiaries.

Project Risks

For June 2022, the project's independent verification and validation (IV&V) risk ranking has decreased to 4.61 out of 9-point scale, the lowest level since 2017. Outstanding risks include:

- No formal data quality plan,
- Delayed unified portal procurement,
- Staff turnover and resource availability,
- Unclear scope and deliverable schedules for some vendors.

Potential Questions for the Human Services Department (HSD)

- What is the agency's plan for securing the remaining 15 percent of project costs (roughly \$51.7M)?
- When is it expected that each module will be available for enterprise use?
- Are there benefits that can be realized incrementally as modules are completed? If so, what benefits will be available as different parts of the system are completed?
- What is the anticipated return on investment for the project?
- Will the agency have the ability to baseline target outcomes in order to see the benefits?