

Department of Social Services
SDMEDX Update
September 22, 2015

- As we shared with you in May, DSS has been actively working to develop a more refined go forward plan to complete the MMIS system. In late April, CMS published proposed rules that if adopted, will provide states flexibility not available currently regarding various implementation options.
- South Dakota has long argued that the financing mechanisms available to states limit states to traditional large scale system development and limit state options to a handful of vendors. Under the current rules, states can receive 90% enhanced match for design, development, and implementation, but only receive 50% match for use of a third party administrator or a third party software tool.
 - South Dakota currently utilizes Delta Dental to administer the Medicaid dental benefit and process dental claims. The services are funded currently at 50% match.
 - If adopted, these rules would allow us to claim some portion of this at 75%
- The proposed rules would enable states to claim 75% FFP for this type of service and some enhanced funding at 90% to design and implement. This pending rule provided us with options not previously financially viable in the prior funding framework, such as use of private sector options or use of a third party or other state solution.
 - For example, we could enter into an agreement with another state to use their data warehouse and claim 90% match on portions such as the development of interfaces to our system and 75% to use their product.
 - Another example would be to lease or use a private sector product such as an analytics tool used by a health plan and claim 90% for portions and 75% compared to 50% match previously available.
- While this impacted our timeline to complete the assessment and alternatives analysis, if adopted the rules will provide South Dakota more flexibility in considering implementation options for the various aspects of a modular approach to our MMIS system replacement.
- Our work efforts have also included identifying opportunities to re-use various aspects of the MMIS system, identifying MMIS modules, prioritizing work effort in the short and long-term, and evaluating market options/changes since the original MMIS project.
- We submitted an outline of our go forward plan to CMS and we are waiting for feedback from CMS. DSS does not anticipate requesting additional funding from CMS for the initial phases of the go-forward plan.
 - Original approved budget: \$76 million
 - Amount remaining: \$11.1 million

- The MMIS system replacement effort includes the following modules:

Provider Enrollment and Credentialing

Pharmacy Point of Sale

Core Claims Processing

Data Warehouse/Data Analytics

Web Portal/Website

Phase 1 and 2 (October 2015 – September 2016)

- Provider Enrollment and Credentialing – This module is live and is used today by providers to enroll.
 - Work effort in this area includes incorporating substantive federal regulatory changes regarding provider screening and validation. This is another example of why these systems continue to evolve and are never really “complete”. The complexity and scope of these new federal requirements also inform decisions regarding implementation approaches.
 - DSS will be issuing an RFP requesting alternative implementation approaches including third party software/administration.
 - RFP results will inform final implementation approach, timeline, and cost.
- Pharmacy Point of Sale – This module of the system was over 85% complete but had not been implemented.
 - Work effort in this area includes completing interfaces originally contemplated from POS to the MMIS and to conduct internal and external testing.
 - DSS is actively working with the pharmacy vendor to discuss implementation options including timelines and cost. Optum Solutions, recently acquired Catamaran, the vendor previously working on the system. That acquisition was completed in September and until now, has limited our ability to enter into specific contract discussions. We are working with Optum Solutions to assess the overall implementation timeline.
 - Anticipate finalizing implementation approach, timeline, and cost in late September.
- Data Analytics – This module would be a precursor to a full data warehouse.

Phase 3 and 4 (October 2016 - TBD)

- Core Claims Processing – this portion of the system was partially designed and developed.
- Data Warehouse – The data warehouse that supports more substantive federal and other reporting and supports more substantive analytics. The proposed rule changes, coupled with the market changes in this area have resulted in fairly low cost options to partially implement this portion of the system.

- Work effort in this area includes further evaluating the new alternatives available in light of the proposed federal rule changes including state to state partnerships and private sector options.
- The approach selected will inform the final implementation timeline and cost.
- Web Portal/Website – This module is live relative to basic features and is the front end portion to access the Provider Enrollment System.
 - Remaining work in this area includes development of a recipient and provider portal to verify recipient eligibility

