

Maintenance Level

M2-EF ProviderOne Operations and Maintenance

Agency Recommendation Summary Text

The Health Care Authority (HCA) requests an increase of \$6,344,000 (\$1,507,000 GF-State) in the 2018 Supplemental to address increased costs to continue to operate and maintain the current ProviderOne Medicaid Management Information System (MMIS).

Fiscal Summary

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-1 GF-State	\$589,000	\$918,000	\$1,165,000	\$1,364,000
Fund 001-C GF-Medicaid	\$1,955,000	\$2,882,000	\$3,578,000	\$4,138,000
Total Cost	\$2,544,000	\$3,800,000	\$4,743,000	\$5,502,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs				
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-C GF-Medicaid	\$1,955,000	\$2,882,000	\$3,578,000	\$4,138,000
Total Revenue	\$1,955,000	\$2,882,000	\$3,578,000	\$4,138,000
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E – Goods & Services	\$2,544,000	\$3,800,000	\$4,743,000	\$5,502,000

Package Description

ProviderOne (P1) – the state’s Medicaid payment system – was implemented in May 2010. A January 2013 contract amendment was negotiated with Client Services Network, Inc. (CNSI) which extended the contract with options through June 2021. The contract extension included annual increases for Fixed Price Operations and Maintenance (O&M), O&M contingency, and the Electronic Health Record (EHR) Medicaid Incentive Payment Program (eMIPP) fixed price. Since the 2013 contract amendment, system enhancements including P1 Phase 2 have resulted in additional O&M costs to the Fixed Price in the contract.

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Decision Package Justification and Impacts

Performance Measure Detail:

Activity Inventory

H003 HCA Information Technology

What specific performance outcomes does the agency expect?

P1 accomplishes several business objectives that also align with statewide goals of fostering an effective, efficient and accountable government and is essential to carrying out HCA's commitment to increasing access to high-quality, affordable health care for all Washington's residents.

P1 fosters both resource stewardship and transparency and accountability through:

- Greater payment integrity and validation prior to making a payment by ensuring clients are eligible, providers are credentialed and a duplicate payment does not already exist;
- Compliance with federal requirements including date of service details, using national standardized codes, and reporting task level details;
- Increased electronic billing and electronic fund transfer (EFT), resulting in more efficient payment processing and reduced administrative costs;
- Coordination of client care across multiple programs resulting in more comprehensive care and less duplication of services.

Additionally, customer satisfaction and confidence will be increased through the many self-service features of P1 where providers can use the web-based tools to submit claims, check client eligibility, verify authorizations, check payment status, and make adjustments.

A robust data warehouse provides detailed data for measuring these outcomes by comparing before and after rates of payment, expenditures by reporting period, and percent of providers utilizing electronic billing and EFT.

What alternatives were explored by the agency and why was this option chosen?

Alternatives related to procurement of the state's MMIS were considered prior to the state's investment in P1. There are currently no alternatives to the increased cost related to ongoing maintenance of the existing system.

It is important to note that the P1 system was designed as a modular system. Continued investment in upgrade/replacement of individual modules will be required in coming years to maintain compliance with federal Medicaid Information Technology Architecture (MITA) requirements and continued approval of federal financial participation (FFP) for P1 operations.

What are the consequences of not funding this request?

HCA will not have sufficient funding to provide access to vital medical services to Washington's most vulnerable residents. For many clients, this is their lifeline to services that otherwise would not be available.

How has or can the agency address the issue or need in its current appropriation level?

No, the agency cannot address this need within the current appropriation level.

Provide references to any supporting literature or materials:

None

Base Budget

If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

The HCA budget currently contains an allotment of \$65.8 million (\$17.5 million GF-State). The funding requested in this decision package is for the increased costs to operate and maintain the P1 system that are above the current carry forward level.

Expenditure, FTE and Revenue Assumptions, Calculations and Details:

Revenue assumes the majority of costs for this request will qualify for enhanced federal funding at 74 percent FFP, with a small component receiving approximately 50 percent FFP.

Expenditure Calculations and Assumptions:

The contract with the P1 vendor, CNSI, stipulates annual pricing for operations and maintenance for the current system functionality and includes the additional functionality for the Individual P1 track of Phase 2 and Medicaid Plan Selection that was implemented this last year. This request is for the contracted CNSI O&M costs that exceed the carry forward annual allotment of \$32,922,000 (\$8,759,000 GF-State) for P1 vendor O&M.

Impacts to Communities and Other Agencies

Fully describe and quantify expected impacts on state residents and specific populations served.

This proposal funds the ongoing cost to operate and maintain the current P1 Medicaid payment system that provides the foundation for payment of health care for Apple Health clients statewide. The system also supports Medicaid programs administered by the Department of Social and Health Services and medical payments by the Department of Corrections. Daily operations of the P1 system impacts over 1.8 million Apple Health clients and over 94,000 providers statewide.

What are other important connections or impacts related to this proposal?

Does this request have:

Regional/county impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Other local government impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Tribal government impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Other state agency impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Does this request:

Have any connection to Puget Sound recovery?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Respond to specific task force, report, mandate or executive order?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Contain a compensation change?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Require a change to a collective bargaining agreement?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Create facility/workplace needs or impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Contain capital budget impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Require changes to existing statutes, rules or contracts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Have any relationship to or result from litigation?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

If “Yes” to any of the above, please provide a detailed discussion of connections/impacts.

Not applicable

Information Technology (IT)

Does this request include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No



Yes

Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2018 Supplemental Information Technology Addendum

Part 1: Itemized IT Costs

All costs are for contracted services provided by the P1 vendor CNSI.

Information Technology Items in this DP <i>(insert rows as required)</i>	FY 2018	FY 2019	FY 2020	FY 2021
Vendor Costs - CNSI	\$2,544,000	\$3,800,000	\$4,743,000	\$5,502,000
Total Cost	\$2,544,000	\$3,800,000	\$4,743,000	\$5,502,000

Part 2: Identifying IT Projects

Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121 .)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

If “Yes” to any of these questions, complete a concept review with the OCIO before submitting this budget request. Refer to chapter 12.2 of the operating budget instructions for more information.