

Maintenance Level

M2-AQ ProviderOne CORE Operating Rules

Agency Recommendation Summary Text

The Health Care Authority (HCA) requests \$1,000,000 (\$175,000 GF-State) in the 2017-2019 biennium to implement ProviderOne (P1) system enhancements that comply with Phase IV of federal Operating Rules established by the Committee on Operating Rules for Information Exchange (CORE).

Fiscal Summary

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-1 GF-State	\$175,000	\$0	\$0	\$0
Fund 001-C GF-Medicaid	\$825,000	\$0	\$0	\$0
Total Cost	\$1,000,000	\$0	\$0	\$0
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0.0	0.0	0.0	0.0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-C GF-Medicaid	\$825,000	\$0	\$0	\$0
Total Revenue	\$825,000	\$0	\$0	\$0
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E – Goods & Services	\$1,000,000	\$0	\$0	\$0

Package Description

P1 is the state's Medicaid Management Information System (MMIS). It is a mission critical state system, paying healthcare providers and managed care organizations over \$9 billion annually. The HCA requests funding to implement the federally required CORE Operating Rules Phase IV. CORE has established Operating Rules that facilitate administrative interoperability between providers and payers. Implementation of CORE Operating Rules Phases I, II and III is mandated for all entities covered by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). P1 is currently compliant with CORE Operating Rules Phase I, II and III. CORE Operating Rules Phase IV includes enhancements to the HIPAA 837 Claims, 834 Benefit Enrollment, 820 Premium Payment, and 278 Authorization transaction sets. The CORE Operating Rules Phase IV build on existing HIPAA standards with the goal of further streamlining and increased efficiencies in the exchange of healthcare data.

Dollars for this enhancement were approved in the 2015-2017 biennium budget and were available in the Information Technology Investment Pool. The HCA did not move forward with CORE Phase IV implementation due to the absence of final CORE Phase IV rules and a federally required implementation date. The final rule was approved in September 2015. However, a required implementation date has not been established. Since the implementation date did not fall within 2015-2017 biennium, this is a request to reallocate the funds to the 2017-2019 biennium. This request for \$1,000,000 total funds includes \$500,000 for which enhanced 90 percent Federal Funding Participation (FFP) is available and \$500,000 related to software licenses that may only qualify for 75 percent FFP.

Cathie Ott, ProviderOne Operations and Services: 360.725.2116 or cathie.ott@hca.wa.gov

Decision Package Justification and Impacts

Performance Measure Detail:

Activity Inventory

H003 HCA Information Technology

What specific performance outcomes does the agency expect?

This investment will allow P1 to continue to accomplish several business objectives that also align with statewide goals of fostering an effective, efficient and accountable government and also provides some additional benefits. 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 doesn't already exist;
- Compliance with federal requirements including date of service details, using national standardized codes, and reporting task level details. Additionally, remaining HIPAA compliant would save us from incurring severe financial penalties;
- 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;
- Creates enhanced functionality by offering additional interfaces to submit and retrieve HIPAA transactions; and
- Offers an additional HIPAA transaction that informs providers of claims receipt, allowing providers to stay well-informed.

Additionally, this investment is essential to achieving the HCA's mission of providing high quality health care through innovative health policies and purchasing strategies. It supports national health care reform goals of controlling expenditures, creating more transparency in the health care delivery system. P1 currently uses industry standard tools and architecture such as business rules engine, and commercial off-the-shelf products

while complying with federal MMIS regulations. The design, development and implementation of CORE Operating Rules Phase IV ensures alignment with industry standards including HIPAA transaction standards.

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

The HCA has only looked at implementing the CORE Operating Rules. Other alternatives to the CORE Operating Rules would not be considered HIPAA compliant and could result in severe financial penalties.

What are the consequences of not funding this request?

Funding is necessary to assist the HCA to implement the CORE Operating Rules. Implementation of CORE Operating Rules streamlines standard data sharing and promotes efficiencies in the exchange of data between health care entities. Doing so allows the HCA to comply with federal requirements related to the standardized exchange of healthcare data and would allow us to remain HIPAA compliant and would save us from incurring severe financial penalties. The penalty for HIPAA non-compliance is \$1.5 million per year per entity. In addition, there is a fee of \$1 per day (not to exceed \$7,040 per year) associated for not completing the Council for Affordable Healthcare (CAQH) CORE certification.

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

No, the agency cannot address this need in our 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 Client Network Services Incorporated (CNSI) contract is a performance based contract that includes a fixed price for operations and maintenance. This enhancement is a new activity that is not currently included in the carry forward level allotment.

Expenditure, FTE and Revenue Assumptions, Calculations and Details:

- Revenue assumes that this enhancement will qualify for 90 percent FFP for Design, Development and Implementation (DDI);
 - The HCA plans to only use existing staff resources to implement this project;
 - The cost estimate is based on the cost of prior enhancements for CORE Operating Rules Phases I, II, and III.
-

Impacts to Communities and Other Agencies

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

There will be significant stakeholder impact with the implementation of the CORE Operating Rules Phase IV. The impacts on health care clearinghouses, providers, including doctors, hospitals, tribal clinics, and long-term care facilities, can be positive and provide administrative efficiencies if the activities are adequately funded and well managed.

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 checked="" type="checkbox"/>	No <input 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.

An amendment to the contract with Client Network Services Incorporated (CNSI) will be executed to implement this enhancement within P1.

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.)

2017-2019 Biennium Information Technology Addendum

Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs”).

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

Information Technology Items in this DP <i>(insert rows as required)</i>	FY 2018	FY 2019	FY 2020	FY 2021
Vendor Costs	\$1,000,000	\$0	\$0	\$0
Total Cost	\$1,000,000	\$0	\$0	\$0

Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service?	Yes <input checked="" type="checkbox"/>	No <input 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.