

## Policy Level

# PL-BB Automated Provider Credentialing Services

## Agency Recommendation Summary Text

The Health Care Authority (HCA) requests 1.0 FTEs and \$4,164,000 (\$814,000 GF-State) in the 2017-2019 biennium for the implementation and for the operations and maintenance of an enhanced ProviderOne (P1) Provider Credentialing module. This module provides an automated solution for the screening and continuous monitoring of providers participating in the Washington Apple Health program.

## Fiscal Summary

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-1 GF-State	\$499,000	\$315,000	\$315,000	\$315,000
Fund 001-C GF-Medicaid	\$2,465,000	\$885,000	\$885,000	\$885,000
<b>Total Cost</b>	<b>\$2,964,000</b>	<b>\$1,200,000</b>	<b>\$1,200,000</b>	<b>\$1,200,000</b>

Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	2.0	0.0	0.0	0.0

Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-C GF-Medicaid	\$2,465,000	\$885,000	\$885,000	\$885,000
<b>Total Revenue</b>	<b>\$2,465,000</b>	<b>\$885,000</b>	<b>\$885,000</b>	<b>\$885,000</b>

Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A – Salaries	\$158,000	\$0	\$0	\$0
Obj. B – Benefits	\$52,000	\$0	\$0	\$0
Obj. E – Goods & Services	\$2,753,000	\$1,200,000	\$1,200,000	\$1,200,000
Obj. G – Travel	\$1,000	\$0	\$0	\$0

## Package Description

Washington's operating budget (see ESSB 6052 Subsection 213(1)(cc)) required the HCA to conduct a pilot with a data analytics firm, LexisNexis, to understand the nature and extent of potential fraud, waste and abuse in the Medicaid program and examine potential operational efficiencies within the provider system. This LexisNexis pilot was completed in April 2016 and identified efficiencies that could be realized with implementation of an automated provider credentialing solution. The LexisNexis product consolidates massive volumes of national public records data sources as well as provider specific data.

Medicaid Provider Enrollment (PE) processes provide a critical first-line defense against fraud, waste and abuse and prevent improper payments for services rendered by providers that do not meet state and/or federal requirements for participation in the Medicaid program. The HCA PE staff currently access a variety of federal websites and/or systems for verification of information on each provider application. The P1 automated Provider Credentialing Service integrates the LexisNexis provider identity management and credentialing solution into the P1 Provider Enrollment module. It would leverage existing P1 technology and would integrate multiple provider screenings and validations into one automated tool for efficiency and accuracy. In addition, this module will enhance the HCA's ability to comply with relevant federal rules and regulations, and expands its capability to be better able to perform both initial and ongoing screening requirements within existing resources.

This request is for \$2,964,000 for design, development and implementation of the Provider Credentialing Service module. Enhanced 90 percent federal funding participation (FFP) is available for \$1,614,000 and the remaining \$1,350,000 related to software licenses qualifies for 75 percent FFP. Operations costs for fiscal year 2019 are calculated at 74 percent FFP.

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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?

Implementation of an automated Provider Credentialing Service enhances the agency's ability to screen providers in an efficient and timely manner. Timely provider enrollment enhances the HCA's ability to respond to provider access issues. In addition, efficient and accurate provider enrollment functions protects clients from receiving care from those providers that do not meet state and/or federal requirements for participation in the Apple Health program. It also enhances the Authority's ability to comply with relevant federal rules and regulations, and expands its capability to perform both initial and ongoing screening requirements within existing resources.

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

An alternative to providing an automated Provider Credentialing Service would be to use HCA's current practice, which includes time intensive manual database checks of multiple federal websites to fulfill federal and state provider screening requirements, as well as manual documentation of the completion of these requirements. Provider screenings are required under federal regulations for the initial enrollment of providers, and for provider revalidations. The state enrolls about 650 providers monthly and is required to revalidate the 86,000 enrolled providers every five years. With the workload associated with new federal requirements for provider networks under contracted Medicaid managed care organizations to be enrolled with the state Medicaid agency, the HCA is not be able to sufficiently keep up with new enrollments and revalidations using the current process without additional FTEs.

With an automated solution, the agency will eliminate the need for routine manual database checks, enabling agency staff to focus on the other aspects of the enrollment and revalidation processes within the current staffing level.

### **What are the consequences of not funding this request?**

In the 2013-2015 biennium, the HCA was appropriated 5.5 FTEs to support the new federal revalidation requirements based on an estimate of 56,000 enrolled providers. Currently, there are approximately 86,000 providers enrolled and the volume is expected to increase due to new federal requirements for provider networks under contracted Medicaid managed care organizations to be enrolled with the state Medicaid agency. Using the current time-intensive manual database checks of multiple websites by state staff to fulfill federal provider screening requirements and documenting the completion of the requirements will cause a large backlog of provider enrollments and revalidations if the HCA is not able to automate this process.

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

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

### **Provide references to any supporting literature or materials:**

None

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### **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 has a carry forward level annual budget of \$514,000 for 5.5 FTEs to support the increased provider enrollments and ongoing provider revalidations every five years for an estimated 56,000 providers.

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### **Expenditure, FTE and Revenue Assumptions, Calculations and Details:**

It is assumed that the costs represented in this request will qualify for enhanced federal funding at 90 percent FFP except for the following which would receive enhanced federal funding at approximately 75 percent FFP:

- Software licenses;
- Operations costs for fiscal year 2019

The HCA plans to hire two additional project staff resources for fiscal year 2018 to implement this project to support design, development, testing and implementation for this enhancement.

The P1 vendor, Client Network Services Incorporated (CNSI), has provided a high level estimate for the system costs for this enhancement.

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## Impacts to Communities and Other Agencies

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

Currently, the HCA takes between 30 to 90 days to process a provider application. The automated LexisNexis solution frees agency staff resources to focus on other aspects of the enrollment processes, and would be expected to cut the processing time by 50 percent or more. This would allow newly enrolling providers to see Medicaid clients earlier than is currently feasible, thus increasing access to care.

Applying the automated solution within P1 to the enrollment and revalidation process will reduce the staff time needed to enroll/revalidate a provider, increase the ability for staff to perform monthly provider revalidation reviews, improve the integrity of the Medicaid program, and strengthen the agency's ability to combat and reduce fraud, waste and abuse.

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

This request is associated to the legislative requirement set forth in ESSB 6052 Subsection 213(1)(cc) that mandated the LexisNexis project.

An amendment to the contract with CNSI will be executed to implement this enhancement within P1.

Although this does not impact other state agencies, these provider credentialing services exclude the Department of Social and Health Services social service providers.

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## 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”).

Information Technology Items in this DP	FY 2018	FY 2019	FY 2020	FY 2021
State Staff	\$264,000	\$0	\$0	\$0
Vendor Design, Development, Implementation	\$1,350,000	\$0	\$0	\$0
Vendor Software license	\$1,350,000	\$0	\$0	\$0
Vendor Operations and Maintenance	\$0	\$1,200,000	\$1,200,000	\$1,200,000
<b>Total Cost</b>	<b>\$2,964,000</b>	<b>\$1,200,000</b>	<b>\$1,200,000</b>	<b>\$1,200,000</b>

## 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.