NC MEDICAID MANAGEMENT INFORMATION SYSTEM+ (NCMMIS+) PROGRAM

Quarterly Report
to the
North Carolina General Assembly
May – July 2013

APPENDIX C – BACKGROUND

State of North Carolina
Department of Health and Human Services

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Medicaid is a health insurance program for certain low income and needy people. It serves over one million people in the State, including children, the aged, blind and/or disabled, and people who are eligible to receive federally assisted income maintenance payments. For approximately 31 years, North Carolina has had the same vendor supporting the Medicaid claims processing system and associated outsourced business functions. In 1999, the same vendor was contracted to develop the Division of Mental Health, Developmental Disabilities and Substance Abuse Services' (DMH) Integrated Payment and Reporting System (IPRS) using the Medicaid claims payment system as a prototype. In addition, the Department operates another claims processing solution to facilitate claims payment for the Division of Public Health (DPH).

DHHS recognized the need to improve business processes and services provided by merging several of its claims payment systems into a *multi-payer* solution. This DHHS plan was modeled from CMS' Medicaid Information Technology Architecture (MITA) and Statewide Enterprise Architecture concepts. The processing of Medicaid and other healthcare claims directly supports DHHS' mission to serve the people of North Carolina by enabling individuals, families, and communities to be healthy and secure and to achieve social and economic well being.

The NCMMIS+ Program was initiated in September 2006 to manage the activities related to the re-procurement and implementation of systems and services for a Replacement Medicaid Management Information System (MMIS), as well as systems and services for Reporting and Analytics (R&A) and an information technology (IT) system for the Division of Health Service Regulation (DHSR). The Replacement MMIS will expand claims payment functionality beyond Medicaid to include the DPH, the Migrant Health Program in the Office of Rural Health and Community Care (ORHCC), the Division of Medical Assistance (DMA), and DMH.

In July 2007, DHHS posted a Request for Proposal (RFP) to fulfill the CMS' mandate that the State conduct an open procurement for a replacement of the MMIS and Fiscal Agent operations contract. Then, in June 2008, pursuant to the requirements of Section 10.40D.(a)(2) of Session Law 2008-107, DHHS amended the RFP to include the following payers: NC Health Choice, NC Kid's Care, Ticket to Work, Families Pay Part of the Cost of Services under the CAP-MR/DD, CAP Children's Program, and all relevant Medicaid waivers and Medicare 646 waiver - a five-year demonstration project that places the state's high-risk Medicare patients and dual eligibles (i.e., patients qualifying for both Medicaid and Medicare) into the primary care program known as Community Care of North Carolina (CCNC).

The NCMMIS+ Program consists of three major functional groups that are to be procured and contracted separately, which will provide the State with flexibility in contracting. Furthermore, this procurement process will provide access to the knowledge and skills of multiple vendors, and will broaden the industry experience base in NC DHHS systems by providing opportunities for specialization that might attract new vendors or partnerships not seen in a monolithic acquisition. The three major functional groups are: 1) Core MMIS Replacement, 2) Reporting & Analytics, and 3) DHSR.

There are two other major procurements in addition to the three mentioned above: 1) Test Management Services and 2) Independent Verification and Validation (IV&V). Test

management of all three NCMMIS+ Program functional groups is outsourced to a single vendor that specializes in testing. The Test Management Vendor is responsible for managing the testing activities, while DHHS staff members primarily perform the tests. Because of the close relationship among the Program's three functional groups, having one testing vendor is more efficient than procuring three different vendors. The Test Management Services contract was awarded to *SysTest Labs* on July 29, 2009.

CMS mandated that the State acquire IV&V services for the Replacement MMIS. The lead IV&V staff members are responsible for overseeing the Project and report directly to the Project Sponsor and to CMS. The IV&V vendor provides the Lead with supporting staff as needed for specific activities. For example, a Data Base Administrator may be called in to review data base layouts, etc. DHHS will also use the IV&V services for the R&A and DHSR projects. The IV&V contract was awarded to MAXIMUS, Consulting Services, Inc. on September 17, 2009.

End of Appendix C