

Change Item Title: Modernization of DHS Technology Systems

Fiscal Impact (\$000s)	FY 2014	FY 2015	FY 2016	FY 2017
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Transfers Out	11,227	17,902	9,140	4,854
Special Revenue Fund				
Expenditures	24,076	38,745	23,257	12,097
Revenues	12,849	20,843	14,117	7,243
Transfers In	11,227	17,902	9,140	4,854
Net Fiscal Impact = (Expenditures – Revenues)	11,227	17,902	9,140	4,854

Recommendation:

The Governor recommends funding to implement the agency's system modernization plan. This funding will leverage the enhanced federal financial participation (FFP) currently available through 2015 to states as a result of the Affordable Care Act. This proposal funds implementation of critical elements of the moderation plan including infrastructure, software, and hardware required for systems integration and modernization of the agency's eligibility and child support systems. The state share of the system modernization is an investment of \$24,899 million in FY2014-15 and \$7,713 million in FY2016-17. A portion of the FY2014-15 system modernization funding (\$18,814 million) is contingent upon federal approval of Reform 2020. Included in this funding recommendation is \$4.23 million in FY 2014-15 and \$ 6.281 in FY 2016-17 for the Health Insurance Exchange activities for Medicaid eligibility and enrollment.

Rationale/Background:

Some of the agency's technology is more than 20 years old. The systems are becoming increasingly difficult and expensive to maintain, and they do not meet today's demands for an integrated human services delivery system. In addition to enhanced match for the Medical Assistance parts of the project, the federal government has made an exception from normal cost allocation requirements that allows the Department of Human Services (DHS) to leverage enhanced FFP to support other related human services programs, saving the state significant money. This effort is essential in that it not only replaces antiquated systems, but also improves the ability to measure outcomes across programs, identify fraud, waste, and abuse, and generates data that supports program evaluation. With systems modernization, clients and service delivery partners will enjoy a 21st Century user experience and DHS will be better poised to respond to changes.

This proposal also funds a portion of the Minnesota Health Insurance Exchange. Under federal law, Exchanges must be operational by January 1 2014, with enhanced federal match available for system development. The Exchange is closely related to systems modernization work as it will include functionality related to Medicaid eligibility and enrollment.

Proposal:

DHS is engaged in planning to modernize most of the major information technology (IT) systems that support the administration and delivery of DHS services. Such statewide systems are critical to DHS, counties and tribes in their administration of human service programs. In developing a modernization plan, MN.IT, working through DHS, has contracted with a vendor to develop a modernization roadmap. This proposal may change as the roadmap is finalized in February/March 2013. This proposal funds implementation of critical elements of the modernization plan including: 1.) infrastructure, software, hardware required for integration of DHS systems; 2.) implementation of an integrated eligibility system (currently in MAXIS with components in the Medicaid Management Information System (MMIS), and; 3.) implementation of a modernized child support system. Although not included in this proposal, the roadmap also includes modernization of the state's child welfare system and other smaller DHS programs.

This project entails five phases including: 1.) infrastructure, hardware, software procurement; 2.) eligibility (MAXIS/MMIS) integration/modernization; 3.) child support modernization (PRISM); 4.) child welfare modernization (SSIS), and; 5.) modernization of smaller DHS systems. This funding request covers phase 1, 2 & 3 of the anticipated project cost. Project status and funding for phase 4 & 5 (not included below) will be reviewed and forwarded as necessary in the FY16/FY17 biennium.

2014-15 Biennial Budget

Human Services

This project supports the MN.IT vision to provide affordable, quality services and high-value partnerships.

In addition to systems modernization, this proposal also funds a portion of the development and operational costs of the Minnesota Health Insurance Exchange. The state-based Exchange will allow for a new marketplace for individuals and small businesses to compare, choose, and obtain more affordable health insurance. Along with private health insurance, the Exchange will offer streamlined eligibility determinations and enrollment for Medicaid.

Systems Modernization & Health Insurance Exchange (HIX) - State & Federal Funding Totals

in thousands

	<u>FY14</u>	<u>FY15</u>	<u>Total</u>	<u>FY16</u>	<u>FY17</u>	<u>Total</u>
Total - State Share	\$11,227	\$17,902	\$29,129	\$9,140	\$4,854	\$13,994
<i>HIX - State Medicaid (GF/Systems)</i>	\$1,883	\$2,347	\$4,230	\$3,219	\$3,062	\$6,281
<i>Systems Modernization (GF/Systems)</i>	\$9,344	\$15,555	\$24,899	\$5,921	\$1,792	\$7,713
Total - Federal Share	\$12,849	\$20,843	\$33,692	\$14,117	\$7,243	\$21,360
<i>HIX - Federal MA- 75% Match</i>	\$5,650	\$4,385	\$10,035	\$0	\$0	\$0
<i>HIX - Federal Medicaid - 65% Match</i>	\$0	\$1,644	\$1,644	\$5,979	\$5,687	\$11,666
<i>Systems Modernization</i>	\$7,199	\$14,814	\$22,013	\$8,138	\$1,556	\$9,694
<i>Federal Match</i>	44%	49%		58%	46%	
Total Expenditures - State & Federal	\$24,076	\$38,745	\$62,821	\$23,257	\$12,097	\$35,354
<i>HIX</i>	\$7,533	\$8,376	\$15,909	\$9,198	\$8,749	\$17,947
<i>Systems Modernization</i>	\$16,543	\$30,369	\$46,912	\$14,059	\$3,348	\$17,407

Performance Measures:

A key measure will be how well the goal of integrated human service eligibility systems is achieved. An integrated system would eliminate the need and administrative complexity of supporting and using multiple systems and incompatible data systems. Implementation of the integrated system will also result in greater efficiency in the delivery of human services at the county level.

Statutory Change: Rider

2014-15 Biennial Budget

Human Services

Net Impact by Fund (000's)								
General Fund			11,227	17,902	29,129	9,140	4,854	13,994
Other Funds			0	0	0	0	0	0
Total All Funds			11,227	17,902	29,129	9,140	4,854	13,994
GF	11	Operations-HIX	1,883	2,347	4,230	3,219	3,062	6,281
GF	11	Operations-Systems	6,085	0	6,085	5,921	1,792	7,713
GF	11	Operations-Sys-contingent	3,259	15,555	18,814	0	0	0
GF								