

Multimillion dollar MMIS mishaps

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As Deltek reported last week in its blog, "[The ongoing MMIS saga](#)," the cumbersome and costly process to replace existing Medicaid management information systems (MMIS) continues to astonish, and North Carolina's MMIS replacement project is no exception. The new system, by the amended operational start date of July 1, 2013, will be 22 months late and cost more than \$320 million. While many may be quick to blame the vendor (CSC in this case) for delays and cost increases, such is not entirely the case in North Carolina or other states experiencing similar setbacks.

Contributions to the long delay include "over 1,200 changes in the system requirements due to changes in federal and/or state law, and other policy changes at the state and federal levels," according to North Carolina's Department of Health and Human Services' (DHHS) [response to questions](#) from the Joint Legislative Committee on Health and Human Services on September 11, 2012. These changes had to be made to both the replacement and legacy systems.

While this was a factor, a January 2012 [audit report](#) uncovered other reasons for the delay, including vast problems with transferred code from the New York system, higher-than-expected staff turnover, and lengthy review and approval timelines for project designs and deliverables. According to the audit report, "In a March 10, 2011, interview, the current State CIO said he would never have allowed the proposal to be accepted based on the estimated percentage of usable code. The State CIO said that he had experience with other information technology vendors making similar estimates and not being able to deliver."

Due to delays, the state approved a 22-month, \$229 million contract extension to CSC in July 2011, and subsequently, a \$122 million contract extension to the incumbent, HP, to continue operating the existing MMIS.

The replacement system is now undergoing user acceptance testing (UAT), expected to continue through mid-January 2013. While problems are often uncovered during the UAT process, North Carolina altered its approach to UAT by having users test parts of the system as they were built, in hopes of avoiding a backlog of problems prior to implementation. Necessary system changes implemented after UAT may delay the operational start date.

Analyst's Take

Embracing the standards and conditions of the new [Medicaid Information Technology Architecture Version 3.0 \(MITA 3.0\)](#), including modularity, flexibility, reuse of components, and interoperability, will essentially be a requirement for winning new business in the MMIS field in 2013 and beyond. States that have not yet completed a MITA 3.0 State Self-Assessment (SS-A) may look to vendors to assist in doing so as well as defining these requirements in a procurement document for MMIS. That said, many vendors are embracing the plug-and-play approach to MMIS implementation and are reducing these cumbersome systems into more digestible parts that can be more easily reused in other iterations of the MMIS. This piece-by-piece approach will hopefully be one of many steps in the much-needed move toward Medicaid procurement reform.

For more information on vendors in the MMIS space, check out Deltek's report, "[New Players and Future Prospects in MMIS](#)," released in August 2012.