The reinvention of MMIS procurements

Posted At : July 22, 2011 11:19 AM | Posted By : Kate Tussey
Related Categories: Contract Awards, Technology Trends, Social Services, Health Care, Grants, State & Local, Contract Opportunities, Procurement

In any realm of government contracting, some states come out on top of others. South Dakota recently found itself on the losing side after pumping an estimated $49.7 million since 2008 into a Medicaid management information system (**MMIS**) that still remains inoperable. After two years of disputes with CNSI, the Department of Social Services canceled the contract last October and is now facing a new system that could cost in excess of $80 million to complete. South Dakota should probably take a cue from states across the country that are no longer procuring MMISs in the traditional sense – one contract hinging on one vendor worth tens to hundreds of millions of dollars. GovWin recognized this growing trend last August and released a **report** detailing the new wave of Medicaid systems. Due to policy implications of the Affordable Care Act (ACA), Medicaid can no longer stand alone as a system. States are planning for integrated eligibility systems, health information exchanges, health insurance exchanges, ICD-10 upgrades, etc., all in an extremely short period of time. States need their new MMISs to be modular, interoperable, and easily adaptable to any future health care reform requirements thrown their way.

Illinois is one of those states looking to scrap its 30-year-old legacy system for a new **MMIS** implemented under a modular approach. The first phase is to automate federal Medicaid reporting for reimbursement of federal funds, with the second phase leading to the implementation of a pharmacy benefit management (**PBM**) system. Last will be the core MMIS that will provide infrastructure to all modules and process all other claims. The Illinois Department of Healthcare and Family Services anticipates receiving a 90 percent federal match **rate**, so its $19.6 million state dollars will equate to $196.5 million through FY 2018. Illinois will need its new MMIS to link to its health insurance **exchange**, integrated eligibility **system** (linking Medicaid, the health insurance exchange, Supplemental Nutrition Assistance Program, and Temporary Assistance for Needy Families), and health information **exchange**. The total value of each system needing to be implemented between now and 2014 totals an estimated $360 million, leaving little room for vendor failure.

Indiana seems to be following Illinois' lead. The Indiana Family and Social Services Administration (FSSA) reevaluated its plan for a total MMIS replacement and opted to address two key initial elements of its support structure: the data warehouse **system** and the PBM **system**. Originally, Arkansas was looking to break up its MMIS **replacement** into 23 requests for proposals (RFPs), but ended up with three: Arkansas Medicaid Enterprise (AME) core **system**, AME enterprise **products**, and AME professional **services**, each with separate areas vendors can bid on.

This reinvention needed to occur since stand-alone, legacy Medicaid systems cannot adapt to fulfill all of the regulations and integration needed to be compliant with the ACA. This shift in MMIS procurement ultimately opens up vendor competition from the four major players in the space, whether through priming or subcontracting. Vendors need to be able to deliver innovative solutions in short time frames with interoperable platforms and components, and be ready to handle any new policy changes down the road. I'll be attending the MMIS conference in two weeks in Austin and hope to hear more information on these changing systems.

Make sure to follow GovWin's Health Care and Social Services Team on Twitter **@GovWin_HHS** or connect with us through **LinkedIn**.