

# Medicaid eligibility and enrollment systems: Which states still need to modernize?

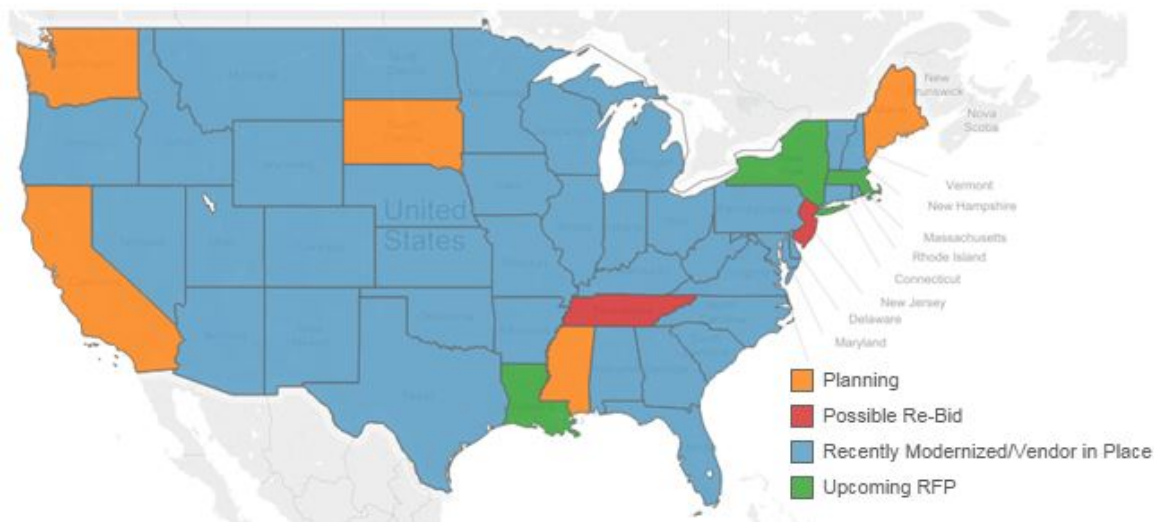
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Modernized and fully integrated Medicaid eligibility systems have proven to be a catalyst for successful enrollment in state and federally facilitated health insurance exchanges. Kentucky, New York, and Washington state have stood out for their top-performing exchanges and high enrollment numbers. All three states rely on integrated Medicaid eligibility systems that facilitate the consumer application process, eligibility determination, and enrollment in Medicaid/CHIP or private health insurance plans.

On the other hand, states with outdated and isolated technologies struggled to enroll new customers, which led to significant Medicaid backlogs, most notably in California, New Jersey, and Tennessee. Now that the feds have finalized 90/10 funding and extended the OMB A-87 cost allocation exception, more states will invest in upgrading their Medicaid eligibility systems and building integrated eligibility systems that incorporate human services programs, including Supplemental Nutrition Assistance Programs (SNAP) and Temporary Assistance for Needy Families (TANF). This analyst perspective will help vendors identify which states have already completed upgrades, which states are currently modernizing, what contracts may be rebid, and where to find potential business opportunities.

## Current Landscape



While states have been working to integrate and modernize eligibility systems for more than a decade now, the vast majority of states took steps in recent years to upgrade their Medicaid eligibility systems in preparation for ACA enrollment. In fact, 19 states have issued contracts for upgrades to Medicaid eligibility and enrollment systems since 2012. Some states combined contracts for health insurance exchanges with eligibility upgrades (HIX/IES), including Connecticut, Maryland, Oregon, Rhode Island and Washington, D.C. Other states are still in the early planning stages for eligibility system modernization efforts, and a few states have indicated their intent to release a solicitation in the coming year. Below is a preview of a few of these upcoming opportunities.

## Upcoming Solicitations

**Louisiana** – The Louisiana Department of Health and Hospitals anticipates releasing a Medicaid Eligibility Determination System (MEDDS) request for proposals (RFP) this month. The department is designing new enterprise architecture to modernize the state’s Medicaid technologies. The previous contract with Deloitte was worth approximately \$29 million (Opportunity ID [99187](#)).

**Massachusetts** – The Massachusetts Executive Office of Health and Human Services plans to move forward with Phase II of the state health insurance exchange and integrated eligibility system (HIX/IES). The state expects to complete planning by the end of June 2015, and an RFP could be released sometime this fall, at the earliest. A \$66 million contract with CGI was terminated in March 2014, and Optum and hCentive have

worked to rebuild the system (Opportunity ID [89076](#)).

**New York** – The New York Office of General Services is seeking a systems integrator for its integrated eligibility system to replace the statewide welfare management system (WMS) – a legacy system first implemented in 1977. An RFP was issued in May 2014 for a business advisory services contractor that will work during the first phase of the IES project; the systems integrator will conduct phase two. Deltek anticipates this legacy system modernization could approach \$100 million (Opportunity ID [49905](#)).

### Possible Rebids

**Tennessee** – The Tennessee Department of Finance and Administration may have a requirement for the development and/or maintenance of the TennCare Eligibility Determination System (TEDS). The current contract with Northrop Grumman is behind schedule and the system remains unfinished, which has created months-long delays for Tennesseans who want to apply for Medicaid. Subsequently, three advocacy groups have filed a lawsuit against TennCare. The incumbent contract is valued at \$35.7 million (Opportunity ID [117922](#)).

**New Jersey** – The \$83.5 million contract with Hewlett-Packard for maintenance of the Consolidated Assistance Support System (CASS) has been terminated, and a spokeswoman for the New Jersey Department of Human Services said the state and the vendor are still in talks regarding the contract termination (Opportunity ID [105816](#)).

### Early Planning Stages

**California** – The 2014-2015 Governor's Budget Highlights for the Department of Health Care Services requested expenditure authority for a multi-year IT project to modernize the Medi-Cal Eligibility Data System (MEDS). In 2012, a contract was awarded to PCG for IT project planning consulting services, including a feasibility study and advanced planning document (APD) for the MEDS Modernization Project. An RFP for the Medi-Cal Program integrity data analytics is currently in development (Opportunity ID [69871](#)).

**South Dakota** – The state issued an invitation to discuss and demonstrate (IDD) to review and research existing Medical assistance eligibility systems that comply with the Affordable Care Act (ACA) and preferably have existing or planned capability to support other programs such as SNAP, TANF, Child Care, Low Income Energy Assistance (LIEAP), and Child Support. The Department of Social Services is now planning an RFP for an integrated eligibility system (Opportunity ID [83922](#)).

**Washington** – In 2013, the Washington State Legislature passed Senate Bill 5034, directing a study of the state's medical and public assistance eligibility systems and infrastructure with the goal of simplifying procedures and reducing state expenditures. PCG was awarded the contract to conduct the Medical and Public Assistance Eligibility Study, which was published in September 2014. The state may continue to make efforts to modernize the medical and public assistance eligibility systems (Opp ID [104365](#)).

### Analyst's Take

Now that 90/10 funding has been made permanent and the A-87 waiver is extended until December 2018, states will continue to make upgrades to eligibility systems, which could yield significant business opportunities for vendors. Deloitte is the dominant vendor in this space, currently holding contracts in more than 15 states. Other vendors holding contracts in multiple states include Accenture, IBM, Northrop Grumman, KPMG, HP, and Maximus. Contract values for eligibility modernization projects vary significantly based on the size of the state and scope of the project. Contracts for Medicaid eligibility modernization average between \$20-50 million, while IES projects that include major system overhauls can exceed \$100 million.

Many states that have recently integrated health insurance program eligibility systems may now look to incorporate human services programs, starting the next wave of procurement activity. As Deltek continues to track upcoming eligibility projects, we encourage vendors to keep an eye on the above mentioned projects and expect to see more eligibility-related opportunities thanks to this funding extension.