

## **Medicaid fiscal intermediary contract**

### ***What is a Medicaid fiscal intermediary?***

The Medicaid fiscal intermediary is responsible for the operation of Louisiana's Medicaid Management Information System (MMIS). The MMIS is the automated system that processes claims from Medicaid providers and issues payments to those providers. On average, 1.1 million claims are processed and nearly \$106 million in provider payments are made weekly through this system. The fiscal intermediary enrolls and the MMIS maintains data on approximately 32,450 qualified Medicaid providers. The MMIS maintains recipient eligibility and claims data for over one million individuals. The MMIS also generates necessary information to identify fraud and abuse cases.

### ***Who is the current Medicaid fiscal intermediary?***

The current Medicaid fiscal intermediary is Unisys Corporation. The Department of Health and Hospitals' (department) contract with Unisys to operate the MMIS is a five-year contract, which began on January 1, 2005 and ends December 31, 2009. The contract includes an option to renew on a year by year basis, for up to five additional years. The department plans to exercise its option to enter into its first one-year renewal of the Unisys contract, which would begin January 1, 2010 and end December 31, 2010.

### ***Is legislative oversight required for the Department of Health and Hospitals to contract with a fiscal intermediary?***

The department must comply with R.S. 39:198(D), which requires a public hearing before the Joint Health and Welfare committee prior to exercising the option to renew the Unisys contract. The statute further requires that justification for any new fiscal intermediary services contract be presented to the committee.

### ***Why is the department proceeding with securing a new fiscal intermediary services contract?***

The department is in the process of securing a new contract for fiscal intermediary services in order to

comply with federal requirements. The department is currently working on a Solicitation for Proposals (SFP) to secure a fiscal intermediary that can provide an updated, web-based MMIS that complies with the Centers for Medicare and Medicaid Services' (CMS) mandated framework for Medicaid Information Technology Architecture (MITA). CMS will pay 90 percent of the design, development and implementation costs of the new system. If the department does not move toward compliance with the new technology framework required by CMS, federal matching dollars could be jeopardized.

The department plans to renew its current contract with Unisys while it is in the process of securing a new fiscal intermediary contract and implementing the new MMIS system. CMS recommends that states operate a back-up system while implementing a new system, as successful operation of a new system could take three to four years. As the department implements the new system, providers can expect continued operation of the existing payment system, which ensures recipients continue receiving services.

### ***What improved features will be a part of the new system?***

CMS launched the MITA initiative to help states move to improved business practices and better health management tools via technology upgrades and expanded system capacities. The MITA framework promotes technologies and processes that support flexibility, are adaptable, and can rapidly respond to changes in the Medicaid program.

The new system will incorporate the latest advancements in security, interoperability, data sharing, data mining, ease of use, expandability, flexibility, reliability, and automation, while also being fully compatible with the expectations of transparency, accountability, quality of care, disease management, and other health care initiatives. The new system will also allow the department to make changes within days

instead of months based on table driven technologies. Finally, the new system will allow recipients access to their Medicaid claims information, ensuring that recipients are receiving the services for which the state has been billed.

**How much will the new system cost?**

The chart below details estimated costs for the new MMIS system. Approximately four years following implementation of the new system, the department estimates it could save about \$8 million annually.

| Contracts   | Annual Cost  | State Share           | Federal Share         |
|---|--------------|-----------------------|-----------------------|
| Current MMIS contracts  | \$50 million | 25% \$7.4 million     | 75% \$22.2 million    |
| <i>*Different functions of the system claim different state/federal match rates</i> |              | 50% \$10.2 million    | 50% \$10.2 million    |
| New MMIS contract for design phase  | \$14 million | \$1.4 million<br>10%  | \$12.6 million<br>90% |
| New MMIS estimate for operations  | \$42 million | \$10.5 million<br>25% | \$31.5 million<br>75% |

**What types of functions will the new system perform?**

The new system is expected to perform the following functions:

- ▶ Claims processing of Medicaid services
- ▶ Payments to providers
- ▶ Electronic claims submission and responses
- ▶ Claims status information
- ▶ Federal reporting
- ▶ Financial reports for federal matching funds
- ▶ Data warehouse (reporting for administrative/ monitoring purposes)

- ▶ Hospital pre-certification
- ▶ Pharmacy point of sale (POS)
- ▶ Lawsuit settlement activities
- ▶ Pharmacy rebate system
- ▶ Waiver registry
- ▶ Third party liability
- ▶ Recipient linkage to primary care physician (CommunityCARE)
- ▶ Nurse call system (24 hour medical assistance)
- ▶ Certification of CommunityCARE/KidMed providers
- ▶ Payment of services/premiums in the LACHip expansions
- ▶ Collection of premiums
- ▶ Cost reporting
- ▶ Provider enrollment and credentialing
- ▶ Eligibility verifications
- ▶ Website – with manuals and information
- ▶ Program integrity
- ▶ Provider locator information
- ▶ Recipients access to their services information
- ▶ Prior authorization of:
  - Home and Community Based Services
  - LTC – Personal Care Services
  - Waiver
  - Case management
  - Early Steps (Infant and Toddlers for Medicaid)
  - Hospice
  - Home health
  - EPSDT – Personal Care Services
  - DME (Durable Medical Equipment)
  - Dental Prior Authorization
  - Pharmacy