Health and Human Services Enterprise Coalition

Legislative Proviso Report on IT Investment Coordination

Engrossed Substitute House Bill 1109; Section 210; Laws of 2019

October 31, 2019

Health and Human Services Enterprise Coalition

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Executive Summary

The Washington Health and Human Services Enterprise Coalition (HHS Coalition) is submitting this report to the Legislature as required by Engrossed Substitute House Bill 1109 (2019):

> "By October 31, 2019, the coalition must submit a report to the governor and the legislature that describes the coalition's plan for projects affecting the coalition organizations. The report must include any information technology projects impacting coalition organizations and, in collaboration with the office of the chief information officer, provide: (1) The status of any information technology projects currently being developed or implemented that affect the coalition; (2) funding needs of these current and future information technology projects; and (3) next steps for the coalition's information technology projects."

The following organizations comprise the HHS Coalition: Department of Children, Youth, and Families (DCYF), Department of Health (DOH), Department of Social & Health Services (DSHS), Health Benefit Exchange (HBE), and Health Care Authority (HCA). The Office of the Chief Information Officer (OCIO) and the Office of Financial Management (OFM) are ex-officio members that advise on issues around compliance with statewide IT policies and state financial budget and legislative processes.

The creation of the HHS Coalition was driven by three factors: HHS Coalition agency leadership input, federal funding agency expectations, and Washington Governor and Legislature expectations around coordination for IT investments. The HHS Coalition has established three governance committees that ensure strategic, operational, and tactical focus on initiating new projects, and their associated investment of public funds to meet HHS Coalition business needs.

The HHS Coalition has established criteria to define when an organization's IT project is a Coalition Project. The HHS Coalition has established further criteria to identify Coalition Projects that would benefit from enhanced collaboration across participating organizations due to their impact to the Coalition's vision and objectives, known as Enhanced Collaboration Projects. These projects are subject to performance oversight by the Executive Sponsor Committee, which consists of organization heads of HHS Coalition organizations.

HHS Coalition organizations screened their active and planned IT projects using the established criteria. The HHS Coalition identified 29 organizational IT projects as within the scope of the HHS Coalition. Seven IT projects are Enhanced Collaboration Projects and 22 are Coalition Projects. The HHS Coalition organizations plan to submit legislative decision packages for eight of these projects in the 2020 legislative session.

For future projects, the HHS Coalition has developed a framework to guide how projects are started. The framework ensures the HHS Coalition can validate the business need, analyze and select the right technology, and implement in a way that delivers customer value early and often. The HHS Coalition leadership has also defined guiding principles and enterprise standards for shared technology assets. Based on this, the HHS Coalition has started two initiatives that will fundamentally affect each HHS Coalition agency. The initiatives – Integrated Eligibility System Replacement and Master Person Index – have enterprise-wide workgroups that will be building proposals for initiating the associated projects.

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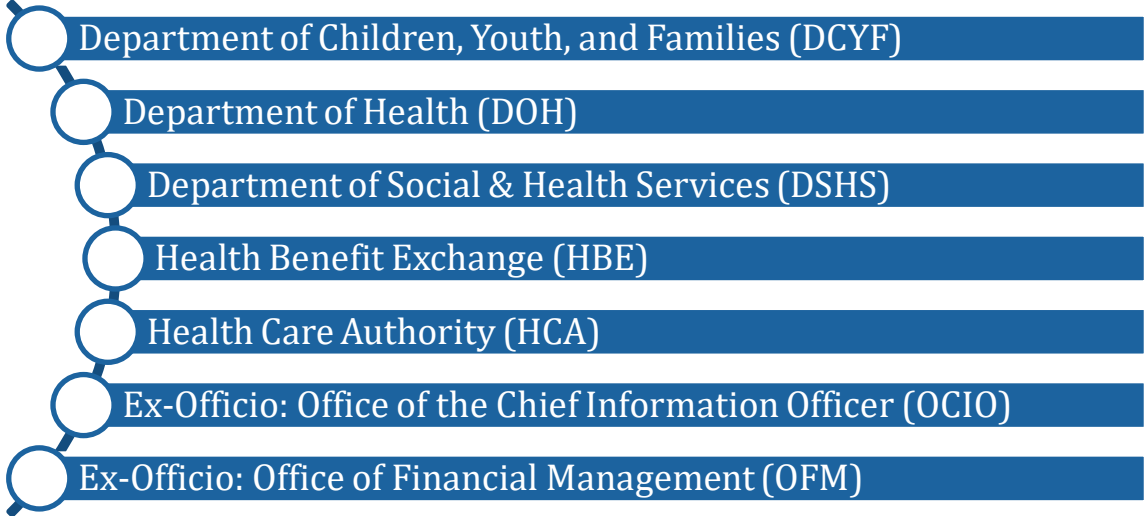October 31, 2019

Background

The State of Washington Health and Human Services Enterprise Coalition (HHS Coalition) is a collaborative that provides strategic direction, cross-organizational information technology (IT) project support and federal funding guidance across Washington's HHS organizations. IT project collaboration will result in better service coordination and public stewardship that improves the health and well-being of the people, families, and communities of Washington.

The HHS Coalition is comprised of seven organizations.

Figure 1: HHS Coalition Organizations

- Department of Children, Youth, and Families (DCYF)
- Department of Health (DOH)
- Department of Social & Health Services (DSHS)
- Health Benefit Exchange (HBE)
- Health Care Authority (HCA)
- Ex-Officio: Office of the Chief Information Officer (OCIO)
- Ex-Officio: Office of Financial Management (OFM)

There is also a Health Sub-Cabinet that was created by a Governor Inslee Executive Order 17-11. While the HHS Coalition focuses on coordination of IT investments, the Health Sub-Cabinet focuses on coordination of policy and service delivery across health and human service agency boundaries.

Coalition Governance Overview

Three factors lead to the creation of the HHS Coalition.

Figure 2: HHS Coalition Creation Factors

HHS Coalition Agency Leadership Input + Federal (CMS) Expectations + Washington Governor & Legislature Expectations

HHS Coalition Agency Leadership Input – The five leaders of the HHS Coalition organizations decided jointly that working together on IT issues across organization boundaries is necessary to advance the collective work.

Federal Expectations – The Centers for Medicare & Medicaid Services (CMS) required that Washington establish and use a governance process to oversee its Medicaid-funded technology projects across all HHS Coalition organizations to receive continued federal funding. Additionally, CMS issued State Medicaid Director Letter (SMDL) 16-010 to define the requirements that states must comply with around modularity of systems[1] to be eligible for enhanced federal funding in support of technology projects. More detail about SMDL 16-010 can be found in the Appendix B of this report.

Washington Governor and Legislature Expectations – Governor Inslee and the Washington Legislature have been consistent in their expectations that HHS agencies and organizations work together to provide service to Washingtonians in need. The Washington Legislature also formalized the HHS Coalition in the 2019 legislative session.

These three factors drove the formation and continued work of the HHS Coalition. The HHS Coalition has defined five primary purposes for shared governance and management of IT projects.

Figure 3: HHS Coalition IT Project Governance Purposes

Defining IT vision and strategic objectives for the Enterprise, as well as ensuring IT projects align with them

Defining and implementing a decision-making framework for IT projects

Providing a forum for identifying opportunities and addressing issues among stakeholders

Monitoring IT project performance and addressing issues that impede progress

Promoting communication about program and operation goals and IT projects

Governance Committees

The HHS Coalition established three governance committees to carry out the work of the HHS Coalition, with the ability to create short and long-term workgroups on specific topics or focus areas. The governance committees are hierarchical and have shared responsibilities for HHS Coalition activities. These committees have representation from each of the HHS Coalition agencies, and the chairperson rotates on a pre-defined schedule across agencies. The exception to the rotation schedule is for the Executive Sponsor Committee, chaired by the Director of the Health Care Authority.

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[1] CMS defines a system module as "a packaged, functional business process or set of processes implemented through software, data, and interoperable interfaces that are enabled through design principles in which functions of a complex system are partitioned into discrete, scalable, reusable components." CMS requires a modular approach as an efficient and cost-effective solution for meeting business needs.

Figure 4: HHS Coalition Governance Committees

G1 — **Executive Sponsor Committee (Strategic Focus)** provides the mechanism by which HHS Coalition technology investments are vetted, approved, prioritized and monitored by providing strategic insight, cross-organizational project support, and federal funding guidance.

G2 — **Enterprise Steering Committee (Operational Focus)** ensures business alignment and provides operational direction for HHS Coalition technology projects and governance processes in support of the Executive Sponsor Committee.

G3 — **Integrated Enterprise Project Group (Tactical Focus)** has a primary purpose to support cross-agency coordination on IT projects and the completion of analysis or work products required to support upstream decision-making.
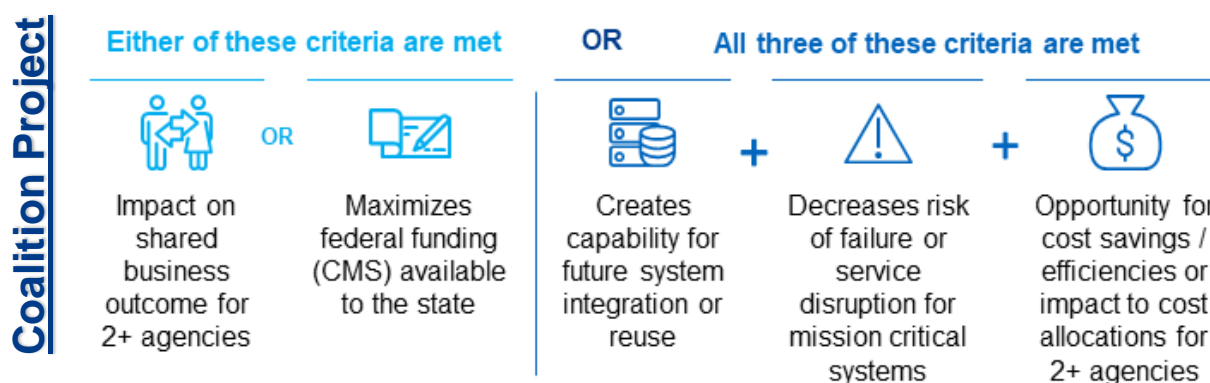
HHS Coalition IT Projects Overview

Inventory Methodology

Each HHS Coalition organization submitted a list of IT projects that were screened against the criteria to see if they met the definition of a "Coalition Project." For DSHS, that review was only focused on the traditionally CMS-funded administrations: Aging & Long-Term Support Administration, Developmental Disabilities Administration, and Economic Services Administration.

The HHS Coalition defines an IT project as a Coalition Project based on specific criteria as defined in Figure 5 below.

Figure 5: HHS Coalition Project Criteria

Coalition Project

Either of these criteria are met

Impact on shared business outcome for 2+ agencies

OR

Maximizes federal funding (CMS) available to the state

OR

All three of these criteria are met

Creates capability for future system integration or reuse

+

Decreases risk of failure or service disruption for mission critical systems

+

Opportunity for cost savings / efficiencies or impact to cost allocations for 2+ agencies

If a project met the definition of a Coalition Project, then the HHS Coalition organization conducted a secondary screening to determine if the IT project would require enhanced collaboration across HHS Coalition agencies. A project in this category is known as an "Enhanced Collaboration Project." The criteria for Enhanced Collaboration Projects consider a variety of factors, such as HHS Coalition organization involvement, complexity, alignment to HHS Coalition strategies, and other success and

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risk factors. These criteria are based on the OCIO criteria for prioritizing IT decision packages (DPs) in the budget process. The full list of Enhanced Collaboration Project criteria are located in Appendix C.

Current and Planned Coalition Projects

The figure below describes the results of the inventory of organizational projects.

Figure 6: Organizational Project Inventory Results

137 Organizational Projects Reviewed

22 Coalition Projects Identified

7 Enhanced Collaboration Projects Identified[2]
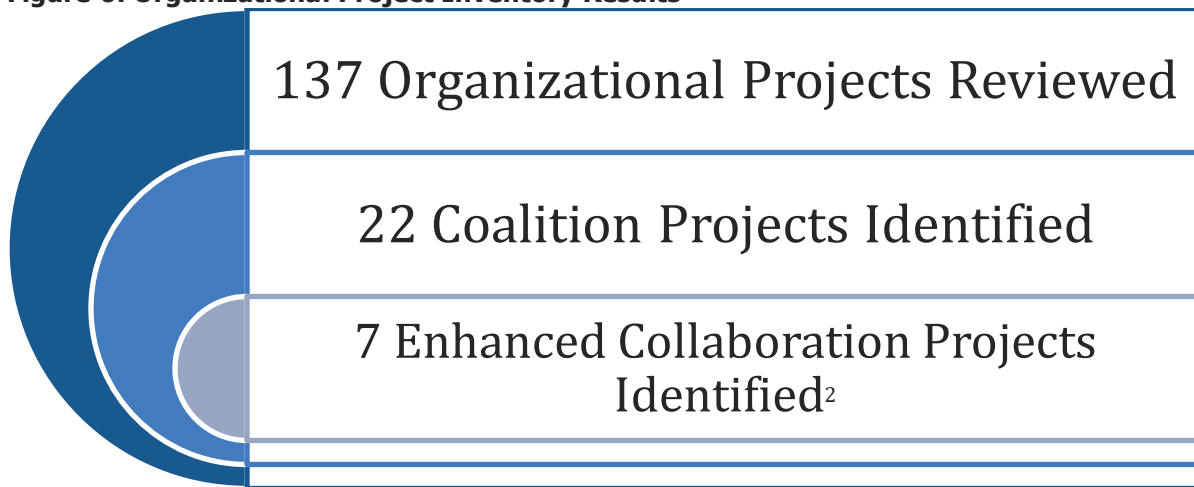
As described in the Inventory Methodology section, the HHS Coalition organizations reviewed their active and upcoming IT projects against the Coalition Project criteria. There are 108 organizational IT projects that fall outside of the scope of the HHS Coalition Projects. These projects are important and relevant to the mission, programs, and operations of their sponsoring organizations, but don't impact the HHS Coalition.

The HHS Coalition identified 29 organizational IT projects as within the scope of the HHS Coalition. Seven IT projects met the definition for Enhanced Collaboration Projects and 22 are Coalition Projects. Throughout the remainder of the report, the Enhanced Collaboration Projects will be described first, due to their visibility to HHS Coalition executives and their importance to HHS objectives.

Enhanced Collaboration Projects

The table below provides a description of the seven Enhanced Collaboration Projects identified within the Coalition Projects. The table is sorted by lead organization, project status, and project name. Financial information for these projects is available in Appendix A.

Table 1: Enhanced Collaboration Project Status

Lead Org	Project Name	Purpose	Status
DCYF	Comprehensive Child Welfare Information System (CCWIS)	Implement a system that manages child welfare program data, including Title IV-E eligibility.	Project Initiation

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[2] Enhanced Collaboration Projects are a subset of Coalition Projects. Coalition Projects and Enhanced Collaboration Projects are both supported by the Coalition and receive oversight from the Coalition. Enhanced Collaboration Projects have increased visibility and support from Coalition executives.

Lead Org	Project Name	Purpose	Status
DOH	Universal Development Screening (UDS)	Implement a system to ensure that all children in Washington are screened for developmental delays.	Project Initiation
DSHS	Asset Verification	Implement a system to verify financial assets for Medicaid programs that require asset verification as part of program eligibility.	Project Planning
DSHS	Integrated Eligibility System Replacement Project	Implement a system to evaluate client eligibility for Washington HHS programs in replacement of the existing system.	Project Initiation
HCA	Master Person Index	Implement a solution to uniquely identify Washingtonians who interact with HHS Coalition systems to support information sharing and re-use.	Project Initiation
HCA	Consent Management	Implement a system to request patient consent to share health care information in support of treatment for substance and opioid use disorders.	Project Planning
HCA	Clinical Data Repository	Implement and enhance the system that consolidates clinical data from a variety of sources and improves Medicaid participant health care quality by providing coordinated care information.	Project Execution

Coalition Projects

The table below provides a description of the 22 Coalition Projects. The table is sorted by lead organization, project status, and project name. Financial information for these projects is available in Appendix A.

Table 2: Coalition Project Status

Lead Org	Project Name	Purpose	Status
DCYF	DCYF Data Warehouse	Implement a data warehouse for DCYF program data analysis and reporting.	Project Initiation
DCYF	Foster Care Licensing	Implement a system to support foster care parent licensing.	Project Execution
DOH	Birth Defects Surveillance System (BDSS)	Implement a public health surveillance system for birth defects.	Project Initiation
DOH	Electronic Reporting of Childhood Lead Exposure	Enhance the WDRS to support public health surveillance of lead exposure test results.	Project Initiation
DOH	Foundational Public Health Services	Implement a hybrid cloud data preparation environment to increase analytical capabilities for public health surveillance data.	Project Initiation
DOH	Health Information Exchange (HIE) Newborn Screening	Implement electronic reporting of public health newborn screening lab results.	Project Initiation
DOH	Immunization Cloud Migration (ICM)	Migrate the Washington Immunization Information System (IIS) to a vendor-hosted cloud service to achieve operational efficiencies.	Project Initiation
DOH	Laboratory Instrument Management System (LIMS) Replacement	Implement a system to manage public health laboratory samples, instruments, and associated data.	Project Initiation

Lead Org	Project Name	Purpose	Status
DOH	Prescription Monitoring Program (PMP) System Reprocurement[3]	Modernize the system used to improve patient care through collection and sharing of dispensing records for Schedule II, III, IV, and V drugs.	Project Initiation
DOH	Child Health Intake Form (CHIF) Reporting Automated System	Implement a modern system to support data collection for client intake for the Children and Youth with Special Health Care Needs (CYSHCN) program.	Project Execution
DOH	Disease Reporting Interoperability and Verification Engine (DRIVE)	Implement standard representations of electronic laboratory reporting data elements.	Project Execution
DOH	Washington Disease Reporting System (WDRS)	Implement a disease surveillance system that receives electronic lab results and integrates this information into public health processes.	Project Execution
DOH	Washington Electronic Lab Reporting System (WELRS)	Implement a system for electronic reporting of private health and hospital laboratory test results to DOH.	Project Execution
DSHS	Eligibility Service Automated Client Eligibility System (ACES) Complex Remediation (ESAR) Mainframe Rehosting Track	Migrate the complex of mainframe systems used for social and health services eligibility from a mainframe system to an open distributed system environment to improve operational efficiencies.	Project Execution
HBE	Cascade Care System Improvements	Enhance the Washington Healthplanfinder website to support the Washington Cascade Care public option health insurance plans.	Project Execution
HBE	Cloud Platform Costs	Upgrade underlying software that supports Washington Healthplanfinder to current versions in support of a recent migration to a cloud environment.	Project Execution
HBE	Compact of Free Association (COFA) Islander Dental	Enhance the Washington Healthplanfinder website to support the COFA Islander dental program.	Project Execution
HBE	System Integrator Reprocurement	Procure a new system integrator contract to support ongoing maintenance and enhancements for the Washington Healthplanfinder website.	Project Execution
HCA	Pharmacy Point of Sale Replacement	Implement a modular system replacement to process Medicaid pharmacy claims and managed care encounters.	Project Initiation
HCA	Fraud Abuse Detection System (FADS) Reprocurement	Implement a system that detects Medicaid fraud and abuse through data analysis.	Project Planning
HCA	HCA Enterprise Data Warehouse	Implement a data warehouse for Medicaid and other HCA program data for analysis and reporting.	Project Execution
HCA	Promoting Interoperability Program	Implement and enhance the system that provides financial incentives to eligible healthcare providers for their use of electronic health record technology.	Project Execution

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[3] Reprocurement is used to describe the procurement of services to replace those provided by a current vendor under a contract that is expiring.
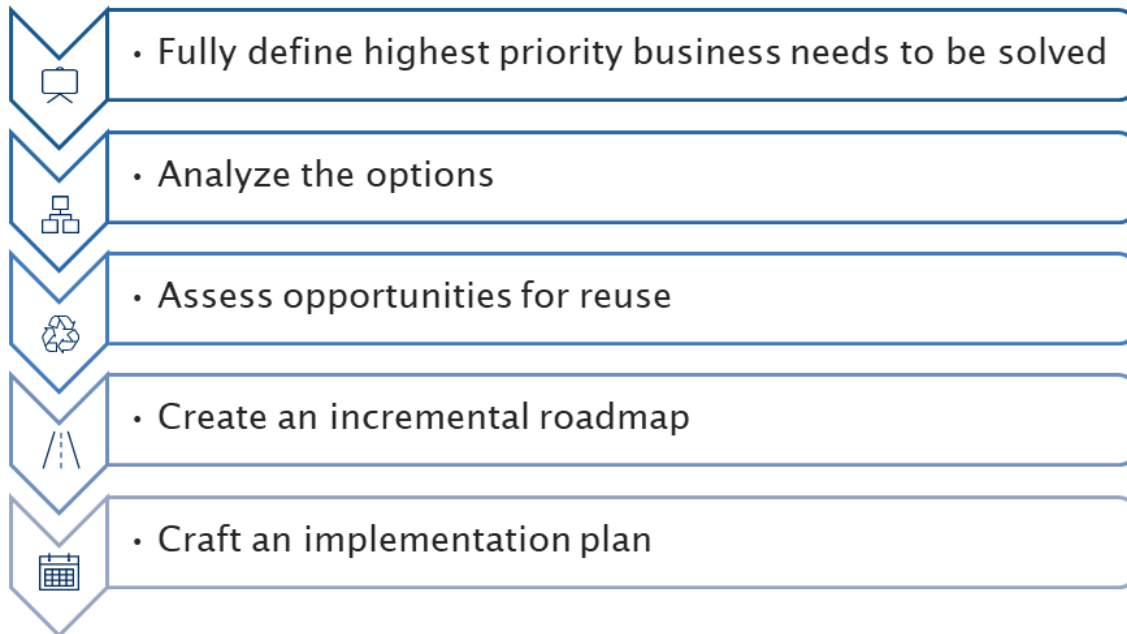
Future Coalition Projects

HHS Coalition leadership established a process for how to plan and begin work on IT projects. This process provides consistency across organizations and supports effective shared decision-making. HHS Coalition organizations will use this process to screen all future IT projects to determine if they fall within the scope of the HHS Coalition oversight process.

This process ensures the HHS Coalition can validate the business need for the IT project, analyze and select the right technology, and to implement in a way that delivers customer value early and often.

Figure 7: HHS Coalition Project Initiation Framework

- Fully define highest priority business needs to be solved
- Analyze the options
- Assess opportunities for reuse
- Create an incremental roadmap
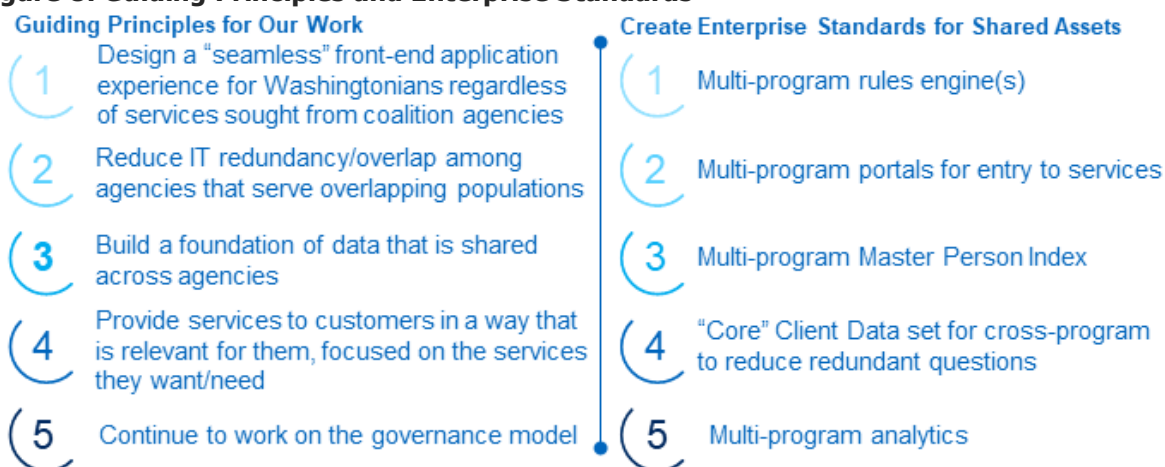- Craft an implementation plan

Specific procedures are under development to support implementing this new process for future HHS Coalition IT projects. The HHS Coalition anticipates developing and using these procedures for the 2021 legislative session decision packages.

Next Steps for Coalition Projects

The Executive Sponsor Committee developed IT vision and goals for the HHS Coalition in the first half of 2019. They defined the below guiding principles and enterprise standards for shared technology assets:

Figure 8: Guiding Principles and Enterprise Standards

Guiding Principles for Our Work

1. Design a "seamless" front-end application experience for Washingtonians regardless of services sought from coalition agencies
2. Reduce IT redundancy/overlap among agencies that serve overlapping populations
3. Build a foundation of data that is shared across agencies
4. Provide services to customers in a way that is relevant for them, focused on the services they want/need
5. Continue to work on the governance model

Create Enterprise Standards for Shared Assets

1. Multi-program rules engine(s)
2. Multi-program portals for entry to services
3. Multi-program Master Person Index
4. "Core" Client Data set for cross-program to reduce redundant questions
5. Multi-program analytics

HHS Coalition leaders identified two initiatives that will fundamentally affect each HHS Coalition agency, either by direct involvement, or by creating an asset used by HHS Coalition IT projects in the future. They established enterprise-wide workgroups that will have representation from all five coalition organizations to support building proposals for initiating the following projects.

1) **Integrated Eligibility System Replacement** – Develop a strategy for a phased implementation of client eligibility and enrollment for multiple HHS programs in order to modernize current eligibility systems over time. Programs to be supported include, but aren't limited to:

   - Washington Apple Health (Medicaid)
   - Supplemental Nutrition Assistance Program (referred to as Basic Food)
   - Temporary Assistance for Needy Families
   - Child Care Subsidy Programs (Working Connections Child Care and Seasonal Child Care)
   - Child Welfare Child Care
   - Long-Term Services and Supports

   The HHS Coalition organizations have agreed to begin planning efforts to develop an integrated eligibility strategy and roadmap together within existing resources. The result of this initial planning work will result in a future DP.

2) **Master Person Index (MPI)** – MPI is separate from the Integrated Eligibility System Replacement Project. An MPI allows an individual to be identified across multiple systems and supports information exchange across separate systems. The MPI supports individuals who receive services from multiple programs and organizations. This is an essential asset for advancing the vision of the HHS Coalition.

The HHS Coalition anticipates submitting supplemental budget DPs for several projects in the 2020 legislative session. Below is the anticipated list of DPs, grouped by project type.[4]

- Enhanced Collaboration Projects
  - DSHS Asset Verification

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[4] This list reflects anticipated decision packages at the time of report submission. The decision packages submitted may change through agency legislative processes and other actions.

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- o   HCA Consent Management
- o   HCA Master Person Index
- Coalition Projects
  - o   DCYF Data Warehouse
  - o   DOH Foundational Public Health Services
  - o   DOH LIMS Replacement
  - o   DSHS ESAR Mainframe Rehosting Track
  - o   HCA Pharmacy Point of Sale Replacement

In order to ensure strategic alignment and consistency, these DPs will be reviewed by the HHS Coalition governance committees prior to submission to OFM. Each project will complete a project initiation form (based on an OCIO initiation form) and reviewed by the HHS Coalition governance before detailed planning work may occur.

Conclusion

Over the past year, the HHS Coalition developed a strong foundation for providing ongoing strategic direction for managing cross-organizational IT projects and their associated federal funding requests. The HHS Coalition will continue to develop and implement processes that support shared decision-making and public stewardship for IT projects.

In the coming year, the HHS Coalition will monitor the progress of the projects defined within this report. Each of these projects will contribute to meeting the vision of the HHS Coalition to improve the health and well-being of the people, families, and communities of Washington.

Appendix A: Budget for Coalition Projects

Enhanced Collaboration Project Budgets

The following table identifies budgets for Enhanced Collaboration Projects. The budgets reflect current project understanding as of the submission of the report and may evolve as project activities progress. The budgets are identified as follows:

- State Fiscal Year 2020 (SFY2020) funds separated by federal and state funds.
- State Fiscal Year 2021 (SFY2021) funds separated by federal and state funds.[5]
- Total state and federal funds, which include funds spent prior to SFY2020 and funds expected to be spent during and after SFY2020.[6]
- Total budget for state and federal funds spent prior to SFY2020 and funds that are expected to be spent during and after SFY2020.

Table 5: Enhanced Collaboration Project Budgets

Lead Org	Project Name	SFY2020 State Funds	SFY2020 Federal Funds	SFY2021 State Funds	SFY2021 Federal Funds	Total State Funds	Total Federal Funds	Total Budget
DCYF	Comprehensive Child Welfare Information System (CCWIS)	This project is in initiation phase; budget estimates are under development.						
DOH	Universal Development Screening (UDS)	$126,000	$1,260,000	$21,400	$192,600	$160,000	$1,440,000	$1,600,000
DSHS	Asset Verification	$1,283,876	$1,503,876	$3,484,316	$4,953,916	$7,994,008	$10,845,208	$18,839,216
DSHS	Integrated Eligibility System Replacement Project	This project is in initiation phase; budget estimates are under development.						
HCA	Master Person Index	This project is in initiation phase; budget estimates are under development and will be included in legislative DP request.						

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[5] Some projects are funded on an annual basis or end during SFY2020 and only identify SFY2020 budgets.
[6] Depending on the duration of the project, the total funds may be larger than the SFY2020 and SFY2021 budgets.

Lead Org	Project Name	SFY2020 State Funds	SFY2020 Federal Funds	SFY2021 State Funds	SFY2021 Federal Funds	Total State Funds	Total Federal Funds	Total Budget
HCA	Consent Management	$0	$1,410,000	$210,692	$2,125,435	$290,956	$3,776,227	$4,067,183
HCA	Clinical Data Repository	$109,500	$818,500	$124,500	$723,500	$699,300	$3,119,000	$3,818,300

Coalition Project Budgets

The following table identifies budgets for Coalition Projects. The budgets reflect current project understanding as of the submission of the report and may evolve as project activities progress. The budgets are identified as follows:

- SFY2020 funds separated by federal and state funds.
- State Fiscal Year 2021 (SFY2021) funds separated by federal and state funds.[7]
- Total state and federal funds, inclusive of funds spent prior to SFY2020 and that are expected to be spent during and after SFY2020.[8]
- Total budget for state and federal funds spent prior to SFY2020 and expected to be spent during and after SFY2020.

Table 6: Coalition Project Budgets

Lead Org	Project Name	SFY2020 State Funds	SFY2020 Federal Funds	SFY2021 State Funds	SFY2021 Federal Funds	Total State Funds	Total Federal Funds	Total Budget
DCYF	DCYF Data Warehouse	This project is in initiation phase; budget estimates are under development and will be included in legislative DP request.						
DCYF	Foster Care Licensing	$1,178,832	$0	$1,150,032	$0	$2,328,864	$0	$2,328,864
DOH	Birth Defects Surveillance System (BDSS)	$22,000	$198,000	N/A	N/A	$22,000	$198,000	$220,000
DOH	Electronic Reporting of Childhood Lead Exposure	$10,000	$90,000	$20,000	$180,000	$30,000	$270,000	$300,000

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[7] Some projects are funded on an annual basis or end during SFY2020 and only identify SFY2020 budgets.
[8] Depending on the duration of the project, the total funds may be larger than the SFY2020 and SFY2021 budgets.

Lead Org	Project Name	SFY2020 State Funds	SFY2020 Federal Funds	SFY2021 State Funds	SFY2021 Federal Funds	Total State Funds	Total Federal Funds	Total Budget
DOH	Foundational Public Health Services	This project is in initiation phase; budget estimates are under development and will be included in legislative DP request.						
DOH	Health Information Exchange (HIE) Newborn Screening	$12,700	$114,300	$16,300	$146,700	$29,000	$261,000	$290,000
DOH	Immunization Cloud Migration (ICM)	$10,000	$90,000	N/A	N/A	$10,000	$90,000	$100,000
DOH	Laboratory Instrument Management System (LIMS) Replacement	This project is in initiation phase; budget estimates are under development and will be included in legislative DP request.						
DOH	Prescription Monitoring Program (PMP) System Procurement	$100,000	$4,853,604	$0	$1,534,000	$100,000	$6,387,604	$6,487,604
DOH	Child Health Intake Form (CHIF) Reporting Automated System	$4,370	$43,700	N/A	N/A	$19,300	$173,700	$193,000
DOH	Disease Reporting Interoperability and Verification Engine (DRIVE)	$12,300	$110,700	N/A	N/A	$65,057	$585,511	$650,568
DOH	Washington Disease Reporting System (WDRS)	$13,500	$121,500	N/A	N/A	$4,449,308	$1,063,271	$5,512,579
DOH	Washington Electronic Lab Reporting System (WELRS)	$10,500	$40,500	N/A	N/A	$158,437	$925,310	$1,083,747
DSHS	Eligibility Service Automated Client Eligibility System (ACES) Complex Remediation (ESAR) Mainframe Rehosting Track	$3,432,000	$7,734,636	$1,514,694	$3,550,350	$4,946,694	$11,284,986	$16,231,680

Lead Org	Project Name	SFY2020 State Funds	SFY2020 Federal Funds	SFY2021 State Funds	SFY2021 Federal Funds	Total State Funds	Total Federal Funds	Total Budget
HBE	Cascade Care System Improvements	$421,000	$0	N/A	N/A	$421,000	$0	$421,000
HBE	Cloud Platform Costs	$213,000	$437,000	$213,000	$437,000	$426,000	$874,000	$1,300,000
HBE	Compact of Free Association (COFA) Islander Dental	$1,173,000	$0	N/A	N/A	$1,173,000	$0	$1,173,000
HBE	System Integrator Reprocurement	$554,000	$1,132,000	$414,000	$846,000	$968,000	$1,978,000	$2,946,000
HCA	Pharmacy Point of Sale Replacement	This project is in initiation phase; budget estimates are under development and will be included in legislative DP request.						
HCA	Fraud Abuse Detection System (FADS) Reprocurement	$1,000,0000	$4,000,000	N/A	N/A	$1,000,0000	$4,000,000	$5,000,000
HCA	HCA Enterprise Data Warehouse	$314,000	$2,788,000	N/A	N/A	$754,000	$6,591,000	$7,345,000
HCA	Promoting Interoperability Program	$432,148	$3,889,332	$399,082	$3,591,740	$3,397,908	$30,581,170	$33,979,078

Appendix B: CMS Expectations for Medicaid-Funded Technology Projects

CMS issued SMDL 16-010 on August 16, 2016 to define the requirements that states must comply with around modularity of systems, and their associated reuse, in order to be eligible for enhanced federal financial participation in support of technology projects. The information in SMDL 16-010 creates an important foundation for the HHS Coalition approach to IT projects. This section quotes from SMDL 16-010[9] and provides additional background to inform about the expectations associated with CMS federal funding.

Definition of the Medicaid Enterprise

The Medicaid enterprise includes: (1) An Eligibility & Enrollment (E&E) system used to process Medicaid enrollment applications, as well as change in circumstance updates and renewals. The E&E system might be implemented as the core of an integrated eligibility system that also supports eligibility for other human services programs; and **(2) An Medicaid Management Information System (MMIS)[10] used to process claims for Medicaid payment from providers of medical care and services furnished to beneficiaries under the medical assistance program,** including review of managed care encounter data, and to perform other functions necessary for economic and efficient operations, management, monitoring, and administration of the Medicaid program.

Definition of a Module per SMDL 16-010

A module is a packaged, functional business process or set of processes implemented through software, data, and interoperable interfaces that are enabled through design principles in which functions of a complex system are partitioned into discrete, scalable, reusable components. An MMIS module is a discrete piece (component) of software that can be used to implement an MMIS business area as defined in the Medicaid Enterprise Certification Toolkit (MECT). The updated MECT can be found at https://www.medicaid.gov/medicaid-chip-programinformation/by-topics/data-and-systems/mect.html. Modules can be added to a system or replaced, as needed, to implement a required functionality.

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[9] Selected sections have been bolded for emphasis and did not appear in this manner in the original version of the SMDL. Extracts are grouped together for ease of reader and may not be presented in the original order of the SMDL content.

[10] Some IT systems funded by the Health Information Technology for Economic and Clinical Health Act (HITECH), such as the clinical data repository, are considered part of the MMIS.

Definition of Modular Acquisition

A modular approach to acquisition increases the opportunity to select progressive technology from different vendors, along with the flexibility to swap solutions in and out over time as needed. As the market for modular solutions evolves, states should take advantage of acquisition approaches that will avoid vendor lock-in and other risks of a single, massive solutions. States also should be able to replace individual modules to take advantage of specific innovations without significant integration cost and additional risks.

Rationale for Modular Acquisition

The modular approach supports states in achieving an optimal balance in the use of open source and proprietary COTS software solutions over the use of custom solutions, thereby reducing the need for custom development, promoting reuse, expanding the availability of open source solutions, and encouraging the use of shared services. Open source projects offer the potential to introduce additional efficiency and innovation. Multiple independent developers contribute best practices and new ideas, reacting to each other's work in a collaborative, open environment. Such projects have been highly successful in other subject domains, in terms of both richness of functionality and economy, and could have similar potential in the Medicaid domain as well. A modular approach to acquisition will lower the barriers to entry for smaller vendors, thereby increasing the availability of modules and shared services in the marketplace.

Requirement for Enhanced Federal Matching Funds for Medicaid Enterprise Systems

Under the revised rule, CMS requires states to follow a modular approach that supports timely, cost-effective projects. We believe that a modular approach to the Medicaid Information Technology (IT) enterprise provides the most efficient and cost-effective long-term solution for meeting states' business needs. States will be able to leverage the modular approach to optimize project design for agility, interoperability and other desirable attributes as well as associated acquisition approaches to avoid prolonged development efforts and vendor lock-in. The modular approach is capable of supporting all Medicaid service delivery models, including managed care, fee-for-service, and use of an administrative services organization.

CMS will support projects that address rational, discrete subsets of Medicaid enterprise functionality (modules) that are interoperable with other parts of the Medicaid enterprise and meet all other Standards and Conditions for Medicaid IT. States are required to follow the modularity principles in their

development of new or replacement MMIS and E&E modules. The requirement for modular approaches applies to all systems that are eligible for enhanced match within the Medicaid IT enterprise.

Modular projects may leverage the use of commercial off-the-shelf (COTS) products or Software-as-a-Service (SaaS) solutions, as well as other modular approaches. In the case of proprietary products and SaaS, the same effective module is potentially available to other states subject to a state's contractual arrangement with the vendor.

Conditions for modularity and interoperability require acquisition of loosely coupled modules with open, documented interfaces, including COTS solutions, in order to qualify for enhanced federal funding. A key component of this approach is a well-documented set of open interfaces that allow for vendor-independent integration of modules into an overall business solution. These interfaces may take a number of forms including, but not limited to, application programming interfaces (APIs), open services under a service-oriented architecture (SOA), and shared standards-based data stores.

States should carefully craft Requests for Proposals (RFPs) to specify these conditions and may find it efficient to include excerpts from the certification checklists, particularly the critical success factors. CMS expects that states' RFPs and contracts will contain language requiring publication of open APIs.
To receive enhanced federal matching funding for development, maintenance and operations, the Medicaid E&E systems and the MMIS must meet all applicable standards and conditions, including modularity, along with associated provisions such as the role of independent verification and validation.

Independent Verification and Validation (IV&V)

In many instances, CMS also requires IV&V of projects that receive CMS funding. The HHS Coalition has engaged an Enterprise IV&V Contractor that can provide oversight on multiple projects happening within the HHS Coalition. Representing the interest of CMS, the Enterprise IV&V Contractor provides an independent, unbiased assessment of Medicaid system development progress and system integrity and functionality. Washington assures the IV&V vendor's technical and managerial independence by means of the vendor reporting through the OCIO. Washington's governance model recognizes and incorporates the strategic value of IV&V by:

- Locating ultimate responsibility for oversight and contract management outside the HHS organizations by designating the OCIO as contract manager,
- Assigning responsibility for addressing IV&V findings to the appropriate entities, working with the governance committees and project governing bodies,
- Assuring transparency and accountability by ensuring direct delivery of IV&V reports to CMS, and

- Engaging IV&V in quality control reviews of key deliverables.

Appendix C: Enhanced Collaboration Project Criteria

All IT projects that are identified as Coalition Projects are reviewed against the Enhanced Collaboration Project criteria listed below. If seven or more of the questions below are answered in the affirmative, then the project is identified as an Enhanced Collaboration Project.

1. Does the project involve three or more HHS Coalition organizations OR significant impact to cost sharing amongst coalition organizations?

2. Was the project identified priority of HHS Coalition, Governor, or Legislature OR Enterprise Steering Committee believes project approach isn't currently strategically aligned to Washington priorities and should be revised for strategic alignment?

3. Does the project involve currently unmet, time sensitive legal or legislative mandate OR address audit findings requiring urgent action?

4. Does the project involve increasing scale of organization project to provide for (future) coalition benefit?

5. Does the project involve a high-risk portion of organization technology portfolio?

6. Does the project involve modular infrastructure that will be reused by multiple coalition projects?

7. Does the project involve significant interaction with Washingtonians?

8. Does the project involve significant resource limitations from agency involvement perspective (thus increasing risk)?

9. Will the project result in significant business process changes for agency?

10. Are there significant organizational change management impacts associated with project?