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of **ALASKA**
GOVERNOR BILL WALKER

Department of
Health and Social Services

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June 15, 2018

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Senate President
Alaska State Senate
Room 111
Alaska State Capitol
Juneau, AK 99801

Bryce Edgmon
Speaker
Alaska House of Representatives
Room 208
Alaska State Capitol
Juneau, AK 99801

Senate Bill 74, signed into law in June 2016, outlines reports required to be submitted to the legislature under AS 47.07.76. The Department of Health & Social Services is required to submit a semi-annual status report on the Medicaid Management Information System (MMIS) by December 15 and June 15 of each year. The attached report is submitted in compliance with AS 47.07.076(c).

For questions regarding this report, please contact Tony Newman, DHSS Legislative Liaison, via email at anthony.newman@alaska.gov or 465-1611.

Sincerely,

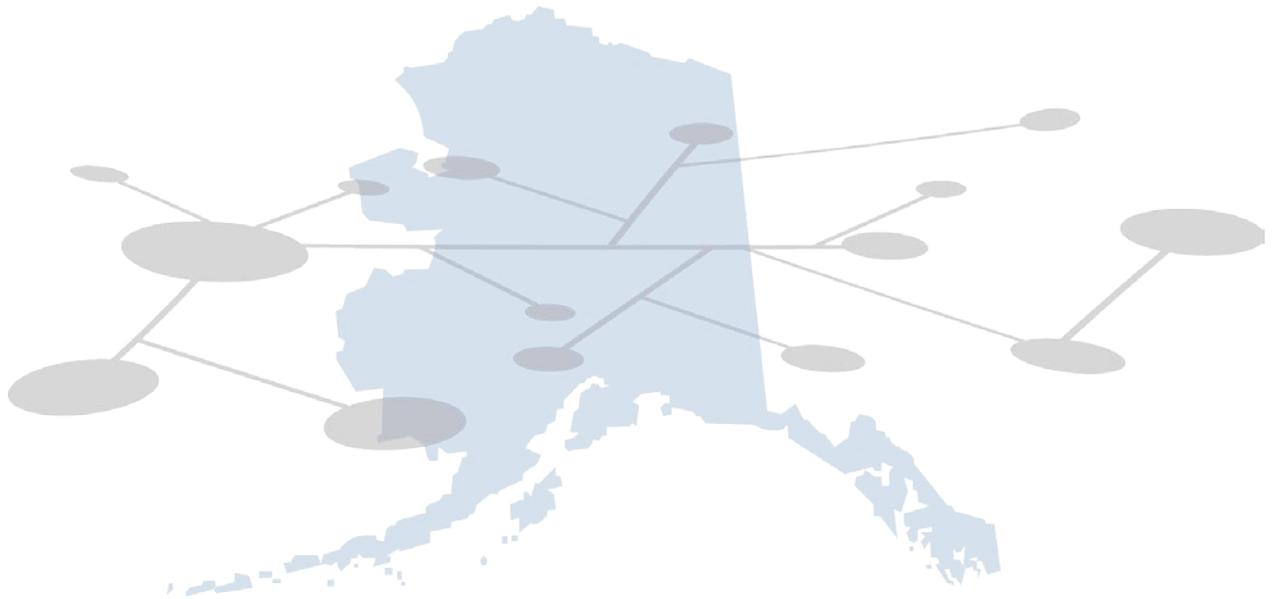
A handwritten signature in blue ink, appearing to read "Valerie".

Valerie Nurr'araaluk Davidson
Commissioner
Department of Health & Social Services

cc: Darwin Peterson, Legislative Director, Office of the Governor

Alaska Medicaid Management Information System (AK MMIS)

Update – June 2018



Valerie Nurr'araaluk Davidson
Commissioner
Department of Health and Social Services



Alaska Medicaid Management Information System (AK MMIS)

Update – June 15, 2018

Background

In October 2013 the State of Alaska (SOA), Department of Health and Social Services went live with a new Alaska Medicaid Management Information System (MMIS) solution, Alaska Medicaid Health Enterprise. The solution is implemented and maintained by the Alaska Medicaid fiscal agent, now Conduent. The Alaska MMIS includes new functionality and consolidation of multiple data interfaces from other systems, creating one framework for Medicaid-related services for providers, patients, Medicaid operations, and SOA personnel.

SOA and Conduent continue to work together to improve effectiveness and efficiency of the Health Enterprise system. This joint effort is committed to ensuring the more than 204,000 Alaskan Medicaid recipients continue receiving healthcare services without interruption.

Health Enterprise features include, but are not limited to:

- Web-based user interface
- Single sign-on access to a suite of applications
- Secure and controlled access
- High availability, except for planned maintenance outages
- Relational database
- Real-time adjudication
- Configurability for future growth and functionality
- Nightly data replication
- Concurrent execution of major processes
- Direct access to images and attachments
- Support of multiple financial cycles
- Fee-for-service processing
- Provider web portal
- Electronic Funds Transfer (EFT) option for provider payments

A three-month system change cycle is used to address Alaska MMIS system defects and vetted enhancement requests. The cycle is overseen by a Change Control Board (CCB) which is a joint SOA and Conduent planning, approval, and prioritization management team. The three-month cycle allows for a quality review and is an effective way to make sensible business and technical decisions to ensure maximum benefit with minimum effort. While the CCB applies a defined process and timelines, there is still flexibility which allows for “hot fixes” when a priority issue requires immediate attention. This is a collaborative and thoughtful process that continues to produce good results.

Alaska Medicaid Management Information System (AK MMIS)

Update – June 15, 2018

Since its implementation, the Alaska MMIS has evolved to accommodate federal and state initiatives and regulatory changes through planned enhancements and system deployments. Examples of those enhancements include:

Enhancement Project	Implementation Date
Waiver 1915(c) regulation changes: Phase 1	May 2014
New CMS-1500 professional services billing form	May 2014
ESRD pricing regulations changes	Oct 2014
Waiver 1915(c) regulation changes: Phase 2	Dec 2014
Enhanced National Provider ID (NPI) crosswalk capabilities	Dec 2014
New ADA paper dental services billing form	Apr 2015
IRIS: New State accounting system	Jul 2015
Medicaid Expansion	Sep 2015
International Code of Disease 10 (ICD-10)	Oct 2015
1095(b) Verification of Insurance – New IRS Form	Jan 2016
Two-Factor Log in Security Upgrade	April 2017
Transformed Medicaid Statistical Information System (TMSIS)	January 2018
Social Security Number Removal Initiative (SSNRI)	March 2018
HIPAA Operating Rules (HOpR)	April 2018
Social Security Number Removal Initiative (SSNRI)	
Community Health Aide / Behavioral Health Aide Encounter Rates	April 2018
McKesson (aka Change Healthcare) ClaimsXten 6.0 Upgrade	In Progress
Electronic Explanation of Benefits (EOBs) for Recipients	In Progress
HIPAA EDI 278 Transactions with new trading partners	In Progress

A two-year contract extension between the SOA and Conduent began October 1, 2017. The extension allows for future functional modifications and enhancements to the Alaska MMIS system and continued services for Alaska Medicaid providers and recipients.

AK MMIS Current Status

So far in 2018, the main objectives for the Alaska MMIS have been on enhancing the system to meet changing State and Federal requirements as well as implementing changes requested by the Centers for Medicare and Medicaid Services (CMS) to support the certification of the system.

The Transformed Medicaid Statistical Information System (T-MSIS) project is a CMS initiative to improve Medicaid utilization and claims data collection used to govern the Medicaid and CHIP programs. The enhanced data set contains key information regarding beneficiary eligibility and

enrollment, provider enrollment, service utilization, claims data, and expenditure data. The final modifications to support this initiative were implemented in August 2017. The final requirement to back-fill historical data in the new data sets was completed in January 2018.

All electronic data interchange (EDI) transactions that interface with Alaska MMIS are governed by HIPAA regulations. The HIPAA Operating Rules (HOPR) project began in 2017 to accommodate Phase I, II and III Operating Rules. System modifications for this project were released in stages with the last release in April 2018.

Pursuant to the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA), through its Social Security Number Removal Initiative (SSNRI), CMS is mandating that the social security number (SSN) no longer be displayed, coded, or embedded on Medicare beneficiary cards. CMS will be removing the SSN from all beneficiary cards and issuing a new identifier called the Medicare Beneficiary Identifier (MBI). As a result, the Alaska MMIS required a modification to accommodate the new MBI and comply with the initiative. This project began in September 2017 and was successfully concluded in March 2018.

A total of 83 defects have been resolved and 41 individual enhancements, in addition to the larger enhancement projects listed above, have been implemented since January 2018. Currently, there are a total of 156 reported defects being reviewed by subject matter experts for validity and resolution.

Notable 2018 system enhancements include:

- Implementation of new encounter claims processing for Behavioral Health Aides and Community Health Aides.
- Enhancements to support the Individual Supports Waiver program
- Claims processing modifications in support of the Community First Choice program.
- Enhanced the automated interface from the Alaska MMIS to support changes in the Integrated Resource Information System (IRIS)
- Resolution of all outstanding issues with reporting and claims processing in support of the federal National Correct Coding Initiative.
- Became fully compliant with the federal Transformed Medicaid Statistical Information System (T-MSIS).

Claims Processing

Through June 2018, Alaska Medicaid has received over 2,700,000 medical claims for the year, of which 90% were processed electronically in Health Enterprise. In 2018, Alaska Medicaid claims production cycles processed an average of 105,000 medical claims, in addition to an average of 46,000 pharmacy claims from the pharmacy point-of-sale system, totaling approximately \$41 million dollars per week.

SOA and Conduent are committed to ensuring claims are correctly processed within Centers for

Alaska Medicaid Management Information System (AK MMIS)

Update – June 15, 2018

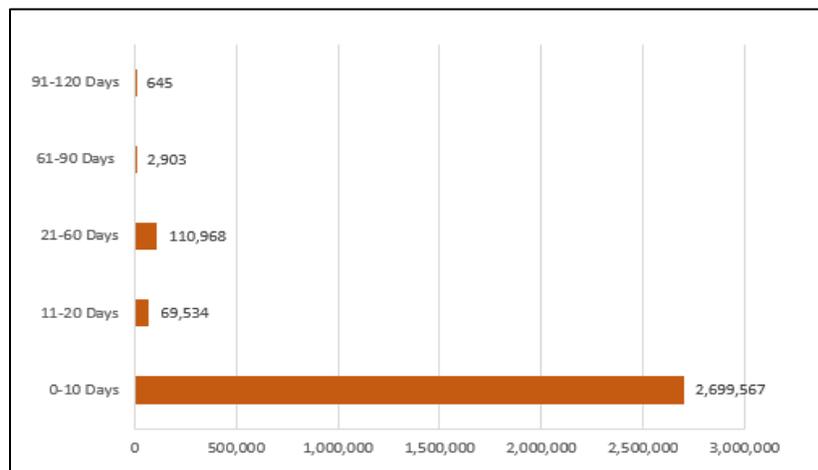
Medicaid and Medicare Services (CMS) mandated timeframes. Alaska Medicaid is currently exceeding CMS timely processing requirements of 90% or more of all clean claims within 30 calendar days, 99% or more of all clean claims within 90 calendar days, and 100% of all clean claims within one year.

Beyond federal processing timelines, many provider organizations rely heavily on timely and prompt Medicaid payments for their revenue cycles. Payment delays caused by claims held in suspense can create financial difficulties for providers. A primary goal of Alaska Medicaid is to give Alaskan providers confidence in planning their revenue cycles knowing that Alaska Medicaid is one of the quickest and most accurate payers in the state.

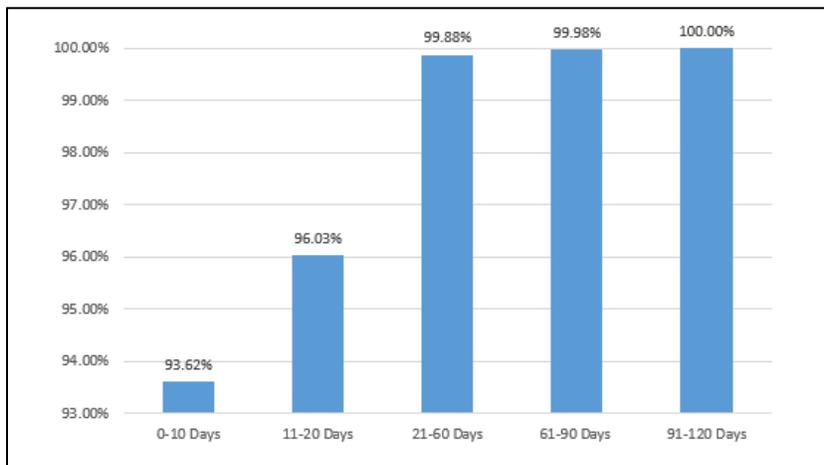
Significant efforts have been made to reduce claims processing times through system enhancements and claims adjudication process improvement activities. Claims processing times and the suspended claims inventory are the lowest they have been since the Alaska MMIS implementation in October 2013.

As of June 2018, the suspended claims inventory is below 22,000 claims on average, down from 27,000 suspended claims in November 2017. In addition to the reduced inventory, over 93.62% of all medical claims received since December 2017 were processed within 10 days of receipt. Approximately 99.88% of all medical claims were processed within 60 days of receipt since December 2017 and overall processing timeframes are decreasing each month.

Refer to the figures below and on the next page for a claims processing breakdown for December 2017 – May 2018 by claims volume and percent processed within specified timeframes.



Volume of Claims by Number of Days to Process: Dec 2017 - May 2018



Percent of All Claims by Number of Days to Process (Cumulative): Dec 2017 - May 2018

On the Horizon

There are many concurrent projects in motion to meet new state and federal MMIS requirements and continued enhancement of the Alaska MMIS in 2018.

The SOA and Conduent are enhancing the service authorization functionality by developing and implementing a HIPAA-compliant electronic 278 transaction within the Alaska MMIS. This functionality will enable State-approved trading partners to submit an electronic transaction to request, update, and cancel authorizations for services.

Medicaid Information Technology Architecture (MITA) 3.0 Assessment

The Department of Health & Social Services will be issuing an RFP in 2018 for a MITA 3.0 assessment that will determine the maturity levels of the different components of the system. Each system component will be rated and assigned one of five level designations as follows:

Level 1: The module complies with the mandatory changes but lack technical flexibility. Program changes are costly and time consuming to implement.

Level 2: The module introduces elements of flexibility in program design and selection of technology driven by requirements to manage costs and implement new programs.

Level 3: The module focuses on adopting national standards, collaborating with other agencies in developing reusable business processes, and promoting one-stop-shop solutions for providers and consumers. Agencies encourage intrastate data exchange.

Level 4: The module would benefit from widespread and secure access to clinical data and focuses on improvement of healthcare outcomes, empowering beneficiaries and provider stakeholders, measuring objectives quantitatively, and ensuring overall program improvement.

Level 5: The module focuses on fine tuning and optimizing program management, planning and evaluation since it has benefited from national interoperability and previously noted improvements that maximize automation of routine operations.

This maturity level will be determined for each of the system modules, depicted in the graphic below, to assist the state in determining the overall health of our Medicaid Management Information System and to easily define the areas that need work or even to be replaced with other products in the future.



Certification of the MMIS System

CMS performed Alaska's MMIS certification survey in September 2016, and completed and provided the formal findings and final certification requirements on October 17, 2017. The system is currently under a corrective action plan (CAP), with certification pending completion of the following requirements:

1. Correct all MMIS report defects that impact the system's ability to assist management in fiscal planning and control without manual intervention by contractor and/or state staff, and specify the planned dates for completion of these report corrections.

Current Status: All reports have been reviewed and there are no outstanding issues. The artifacts containing the department's official response were sent to CMS in January 2018 and again in May 2018.

2. Specify the planned dates for completion of the CAP for the timely processing of claims, and follow that CAP so that 90% of all clean claims are processed within 30 days, 99% are processed within 90 days, and 100% of all clean claims are processed within one year.

Current Status: Reports have been gathered from October 2016 through April 2018 to show CMS that this has not been an issue since their visit. The artifacts were sent to CMS in January 2018 and again in May 2018.

3. Update Report MR-O-05B so that it summarizes information for the billed amount instead of the paid amount.

Current Status: The artifacts were submitted for CMS review in January 2018 and again in May 2018

4. Continue plans to automate the tracking of Buy-In amounts, and specify the planned dates for completion.

Current Status: Conduent provided the draft response to the state on November 27, 2017. The state approved the design and it was implemented with reports sent to CMS for approval in April 2018.

5. To demonstrate compliance with CMS's timely payment requirement, Alaska DHSS should prepare a report detailing whether the state follows CMS's timely payment requirement for all clean claims. Alaska DHSS should also prepare and implement a comprehensive plan to identify and reprocess all incorrectly paid claims.

Current Status: The State submitted the formal response to CMS In January 2018.

6. For suspended and mass adjustment claims, Alaska DHSS should prepare a report identifying all claims by defect(s). Alaska DHSS should also prepare and implement a plan to resolve all suspended and mass adjustment claims that are older than 60 days.

Current Status: A report showing all the claims was sent to CMS in January 2018 and again in May 2018.

7. Alaska DHSS should become fully compliant with the National Correct Coding Initiative (NCCI) and should submit the NCCI Cost Savings Report quarterly to the CMS Regional Office.

Current Status: NCCI editing was deployed in the MMIS system in May 2018 and all back reports are being submitted to CMS by the end of June 2018. CMS is in the process of setting up a Certification teleconference in June 2018.

Administrative and Legal Proceedings

Under the settlement agreement that was signed September 16, 2016 the state withheld payment to Conduent for development of the MMIS and the parties agreed to a payment schedule that specified amounts to be paid for completion of specific system corrections and enhancements. The settlement agreement is still in place and Conduent continues to work through the requirements. To date three requirements have been completed by Conduent and the state has paid a total of \$765,000 under the agreement.

Payment continues to be withheld and Conduent is continuing work on the following outstanding items under the settlement agreement (Note: The NCCI hierarchy and reports have been completed however, Conduent has not billed for these items.):

\$2,500,000:	Self-service travel authorization tool
\$300,000:	National Correct Coding Initiative (NCCI) savings report
\$300,000:	Revised NCCI edits hierarchy
\$50,000:	Remediation of defects related to online provider functionality for reenrollment and revalidation
\$300,000:	Disaster recovery plans
\$1,500,000:	Hardware system upgrades
\$2,021,667:	System certification by CMS

Summary

Overall, the Alaska MMIS has improved in 2018. Alaska MMIS claims processing is much more precise and efficient than at any time since implementation, and exceeds all CMS timely processing requirements. Additionally, system modifications have further improved system performance and reliability by increasing bandwidth and reducing response times for all system users. Conduent is working on giving the state direct access to the mainframe which will greatly increase the speed of inquiries and the manual processing of claims.

There are many initiatives and changes facing the Alaska MMIS in the coming year which will enhance system and information security and streamline current processes. The department and Conduent are committed to collaboratively advancing the Alaska MMIS into the future to meet federal, state, provider, and recipient needs.