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DEPARTMENT OF HEALTH & SOCIAL SERVICES

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State selects new company to replace Medicaid claims system
New technology will revamp outdated system of paying claims to providers

(Juneau, Alaska) — The Alaska Department of Health and Social Services announced today that a Notice of Intent has been issued to award a contract to Affiliated Computer Services, Inc. to replace the state's outdated Medicaid claims system.

"The state selected Affiliated Computer Services as its next Medicaid Management Information System contractor after a competitive process in which Affiliated Computer Services submitted the lowest cost proposal and scored the highest on the technical component," said Tony Lombardo, deputy commissioner. This Texas-based company provides business process and information technology solutions to commercial and government clients. The system that Affiliated Computer Services will develop for Alaska also is being used in New Hampshire and North Dakota.

Affiliated Computer Services will replace a computer system here that's had to process an escalating number of Medicaid claims on technology that's become obsolete. The system — commonly called the Medicaid Management Information System or MMIS — began operating in 1987. Since then, the number of Alaskans enrolled in Medicaid has more than tripled, increasing from almost 41,600 in 1987 to about 132,000 in 2006. Much of the claims processing technology, however, remains the same as it was 20 years ago.

The cost to develop a new Medicaid Management Information System for Alaska is expected to be \$32.8 million. The federal Centers for Medicare and Medicaid Services generally pays 90 percent of the development costs. The state must cover the remaining 10 percent.

The new MMIS will simplify electronic billing and payment for doctors. Every year, the system pays more than \$1 billion to providers who bill medical assistance programs such as Medicaid, the government assistance program for families with low incomes and people with disabilities.

First Health Services Corporation, based in Virginia, has been running Alaska's MMIS since 1987. In 2003, First Health signed a contract with the state to update the Medicaid claims system. However, that contract was terminated by mutual agreement and in fall 2006 the competitive bidding process was initiated to replace the state's system. Affiliated Computer Services won this bid. First Health will continue to run Alaska's current MMIS while Affiliated Computer Services is developing the new system. Affiliated Computer Services will operate the new system in Alaska following its completion, which is projected for summer 2009.