South Carolina Department of Health & Human Services

Request for Information (RFI)

July 2, 2013

Instructions for Responses

1. South Carolina Department of Health and Human Services (SCDHHS) would like to receive responses to this RFI by **August 5, 2013**. Please send your response via e-mail to fbo@scdhhs.gov .
2. SCDHHS may copy your response to other storage media to facilitate review by its staff.
3. Vendors may mark portions of their responses as confidential in accordance with South Carolina Code of Laws and Regulations. Guidance on the proper marking of your response can be found at:

   http://www.mmo.sc.gov/MMO/webfiles/MMO_Legal/Documents/FOIA_page.pdf .

   While the referenced document is intended for vendor bids, the general guidance and references to statutes and rules are relevant to an RFI response. If you submit a response containing confidential material, ***please submit a redacted version*** that the State can use to respond to Freedom of Information Act requests.
4. This RFI is issued solely for market research, planning, and informational purposes and is not to be construed as a commitment by the State to acquire any product or service or to enter into a contractual agreement.
5. Any costs incurred by a party in preparing or submitting information in response to the RFI are the sole responsibility of the submitting party.

1 Purpose

The State is seeking feedback on its draft Acquisition Strategy for the Replacement Medicaid Management Information System (MMIS) program. The State intends to accomplish the following goals via publishing this draft:

- Provide guidance to the vendor community on the program's planned direction to help vendors determine if they are likely to be able to contribute to the program.
- Seek feedback from vendors on the quality, feasibility, and risks associated with the strategy

The State encourages vendors and other interested parties to provide feedback in response to this RFI or any part thereof.

This document is not a Request for Proposals (RFP). The State is not seeking proposals at this time.

2 Background

On November 29, 2012, the State published RFI 5A and RFI 5B concerning the Replacement MMIS. The State received numerous excellent responses and thanks the vendor community for its feedback. In addition, the State conducted meetings and demonstrations with a subset of the respondents for the purposes of gaining additional feedback. These meetings were focused primarily on respondents presenting relatively complete solutions associated with the two RFIs. A number of other respondents submitted ideas for solutions that focused on a narrower range of needs (e.g., fraud detection). Due to limited time, the State was unable to conduct any further conversations with these respondents; however, the State may consider future discussions, meetings, or demonstrations with these or other vendors as it considers more detailed aspects of its strategy.

Subsequent to conducting vendor meetings, the State submitted an Implementation Advance Planning Document Update (IAPDU) to the Centers for Medicare and Medicaid Services (CMS) for the Replacement MMIS. CMS has approved that IAPDU.

Attached to this RFI is a draft of the State's Acquisition Strategy. This strategy document is aligned with the IAPDU (including substantial reuse of the text and diagrams from the IAPDU). The Acquisition Strategy builds on the IAPDU by addressing certain topics in more detail than is typical for an APD. In addition, the State is working on other aspects of the strategy that are not yet mature enough for this draft. In particular, the life-cycle support strategy and the technical strategy need further embellishment, and the management strategy may be best addressed via Requests for Proposals (RFPs).

3 Submission Request

The State requests that vendors respond to the items below in writing by **August 5, 2013**.

General Question:

1. What is your general feedback on the strategy presented in the draft Acquisition Strategy?

Program Goals:

2. Do you have any recommended changes to the program goals shown in Section 2?

Business and Technical Operations Strategy:

3. Do you concur with the State's analysis of the market described in Section 3.1.2? If not, how would you correct the State's assessment?
4. What is your feedback on the "managed fee-for-service" concept described in Section 3.1.2?
5. Is the concept diagram presented in Figures 3-5A through 3-5E clear? What questions do you have for the State concerning this diagram or the concepts represented in it?
6. The State understands the challenges of being its own integrator. Is there any advice you wish to provide the State that might help it succeed in this task?
7. How would you recommend allocating the major integration duties discussed in Section 3.2.3 between the State and one or more vendors?
8. Do you concur with the concept of breaking out Provider Management into a separate function with a separate business operations vendor and separate system?
9. How would you recommend contractually combining/breaking out the Analytics business and technical services discussed in Section 3.2.5? Should these be combined into a single contract or multiple contracts?
10. The State spoke to a number of vendors concerning the concept of an analytics framework. While the vendors had impressive tools to demonstrate, the State was not comfortable that the concept of a "supported framework" existed in the market at this time. The solutions seemed to consist either of general purpose tools or complete/relatively complete analytics systems. What is your opinion on the availability of analytics frameworks suitable for Medicaid?
11. The State has pared down the scope of Administrative Services substantially compared to that discussed in RFI 5B in order to commoditize the services to a greater extent. What is your feedback on the scope and approach to Administrative Services?
12. In Section 3.2.7, the State describes its intent to have the ASO system manage details of FFS claims processing, including fund assignment and calculating the Federal Medical Assistance Percentage (FMAP) rates, and then the South Carolina Enterprise Information System (SCEIS) is used to process the fund requests. What risks do you see with this model? Are there other models the State should consider?
13. What are your recommendations for the scope and services to be performed for care management in the Administrative Services contract?

Procurement and Contracting Strategy:

14. What is your feedback on the procurement and contracting strategy?

Schedule Strategy:

15. Is the planned schedule realistic? Do you have any recommended changes?

Technical Goals and Strategy:

16. What is your feedback on the Integration technical strategy?
17. What is your feedback on the Provider Management technical strategy?
18. What is your feedback on the Analytics technical strategy?
19. What is your feedback on the Administrative Services technical strategy?

Training Strategy:

20. What is your feedback on the training strategy?

Intellectual Property Objectives:

21. What is your feedback on the intellectual property objectives?

Key Risks:

22. What is your feedback on the risks listed in the Section 10?
23. Do you have any additional risks you recommend adding to the list?

Insource/Outsource Matrix:

24. What is your feedback on the three sections of the insource/outsource matrix?

Other:

25. Do you have any other feedback to provide to the State?

Thank you for your interest in the State of South Carolina

Attachment 1. Draft Replacement MMIS Program Acquisition Strategy

Replacement Medicaid Management Information System (MMIS)

Draft Program Acquisition Strategy

Prepared by

South Carolina Department of Health and Human Services

Disclaimer: This Acquisition Strategy is being used for planning and informational purposes and is not to be construed as a commitment by the State to acquire any product or service or to enter into any contractual agreement.

1 Background

The purpose of this document is to express the planned strategy at the top-level program (all contained projects) for the Replacement Medicaid Management Information System (MMIS) program for the South Carolina Department of Health and Human Services (SCDHHS). As a strategy document, it does not contain all of the relevant details for the program and its projects. It is intended to convey the Department's plans for its Replacement MMIS, the rationale for those plans, and to provide potential contractor's information about the program and what SCDHHS expects from potential contractors. The program team intends to generally keep the document current and accurate as long as remains a useful purpose as a planning document with the understanding that potential changes may occur that will not warrant an update to this document.

The State understands that at the time of development of this document, there are still significant unknowns in the program; however, delaying publication of this strategy document to achieve a greater level of perfection does not seem prudent.

1.1 Enterprise Transformation

This Acquisition Strategy (the "Strategy") for the replacement of the State's MMIS has been developed in response to the demands of the State's changing needs as it transforms its Medicaid program from mostly fee-for-service (FFS) to mostly managed care. This key approach to shift the State's payment methodologies along with its focus on health outcomes and commitment to substantive payment reform drives the State's needs and ultimately require an MMIS that is materially different than the State's current systems. Additionally, the State recognizes that replacing the MMIS involves substantially more than only a technology project, but requires a comparable operational and cultural transformation. Key elements of this broad transformation are shown in Figure 1-1 using the Federal Enterprise Architecture (FEA) Performance Reference Model (PRM). SCDHHS is restructuring its organization and business operations to improve process maturity and become a more outcomes-driven enterprise. A sample of some of the recent and current transformation efforts include:

- Restructuring the organization to better match the State's Medicaid program. Until recently, the number of personnel working FFS operations far exceeded those working managed care operations even though the majority of members were enrolled in managed care plans.
- Improving process maturity by using techniques such as balanced scorecard and training the staff in Lean Six Sigma approaches.
- Moving as many members as practical into managed care programs and ultimately structuring the managed care contracts to incent health outcomes.
- Moving Medicare/Medicaid dual eligibles into Coordinated and Integrated Care Organizations (CICOs) to help ensure that the two health benefit programs work in concert to improve member health outcomes at reduced costs.

- Coordinating more heavily with the Department of Social Services on efforts such as Express Lane Eligibility to improve applicant's experience and identify potential members that might otherwise not enroll in the program.
- Applying evidence-based medicine to improve health outcomes and avoid paying for inappropriate practices, such as elective early deliveries.
- Enhancing the staff by hiring personnel with healthcare statistical backgrounds, deep technology experience, and other skills needed for current and future operations.
- Improving transparency by publishing key financial data of hospitals providing services to Medicaid members.
- Early modernization of provider enrollment and claims submission processes through Web applications.

SCDHHS has already made numerous improvements in its enterprise systems (e.g., an online provider enrollment application) and is planning further improvements (e.g., ICD-10 compliance, and Affordable Care Act requirements). In addition, SCDHHS is replacing its eligibility system via its Member Management project using a modern technology framework. Despite these improvements, large sections of the Department's enterprise technologies are based on outdated legacy technologies and are poorly integrated. In order to move forward in its mission to provide the most health for the least taxpayer dollar, SCDHHS must modernize its information technology (IT) assets as well as transform its business operations.

Each of these and other similar efforts contributes to improving the results and the process maturity of SCDHHS. South Carolina must use the Replacement MMIS program to improve its MITA maturity as the Department is currently at a Level 1 maturity for the majority of areas. While SCDHHS intends to target Level 3 or greater as much as is practical, Level 2 in the MITA maturity model is where the transformation in business (as opposed to technology) occurs. MITA defines Level 2 process maturity as (emphasis added):

> Improved ***health care outcomes*** are a by-product of new, creative programs primarily focused on ***managing costs***, e.g., managed care and waiver programs.[1]

As the mission of SCDHHS is "to purchase the most health for our citizens in need at the least possible cost to the taxpayer," the Department looks toward MITA Level 2 and Level 3 maturity in order to drive organizational transformation. While many aspects of this Acquisition Strategy address Level 3 and higher processes, the Strategy remains focused on meeting the health outcomes and cost management that are at the heart of where the business goals.

Historical Approach	Target Approach
• Rising costs without improving outcomes • Lack of provider accountability for healthcare outcomes • Some processes (e.g., cost settlements) weeks, months, years in the arrears • Member and provider enrollment processes are slow, difficult, and cumbersome	• Costs and outcomes are measured and incented • Processes are automated, measured, and integrated • Member and provider enrollment processes are automated, available online, and quick
• Few standardized processes or operational measurements in place • Inconsistent security practices • Processes too slow	• Most major processes have been standardized and are continuously measured • Security standards are consistent, enforced, and updated to address threats

[1] Centers for Medicare and Medicaid Services, *Medicaid Information Technology Architecture*, 2012, Part I, Ch. 5, p. 5

Historical Approach	Target Approach
• Quality issues driven by silos and inconsistent application of rules • Too many low-value tasks	• Process timeliness is matched to stakeholder needs and expectations • Low-value tasks eliminated or outsourced
• Outdated, less effective technology • No enterprise view of information • Missing information • Insufficient investment in personnel training • Skills mismatch between personnel and necessary duties	• Modern technology used and kept current • Full enterprise view of information • Broader array of information captured • Formal personnel training programs in place • Restructure staffing model to meet future needs rather than historical FFS needs

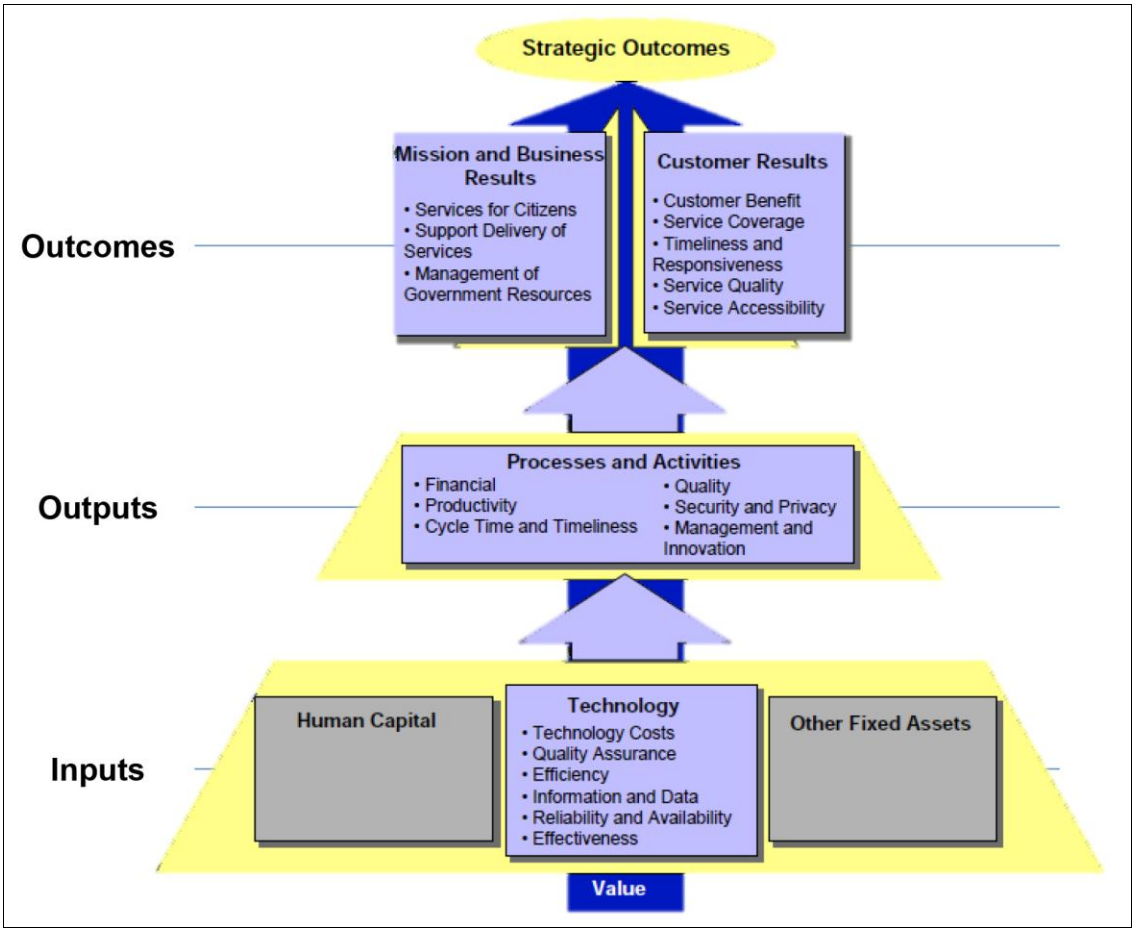

Figure 1-1. Transformation Approach Mapped to Performance Reference Model[2]

[2] Diagram from Executive Office of the President of the United States, *FEA Consolidated Reference Model Document Version 2.3*, 2007, p. 10

2 Program Goals

The following list identifies the key program goals that are driving the Replacement MMIS.

Value-driven administrative operations

- Use information technology (IT) to improve the efficiency and effectiveness of South Carolina Department of Health and Human Services (SCDHHS) operations at all organizational levels.
- Use IT to enable opportunities to reduce the growth in the cost of care provided to Medicaid beneficiaries.
- Use IT to quickly adapt to program changes and new delivery methodologies.
- Use IT, specifically data analytics, to demonstrate positive impact on improved health.

Cost of healthcare services

- Control costs of managed care contracts by incenting the Managed Care Organizations (MCOs) to focus on long-term member health, and by promoting competitive factors among the MCOs.
- Reduce the occurrence of fraud, waste, and abuse (FWA) in SCDHHS health benefit plans by increasing the application of controls prior to payment, using predictive analytics to more rapidly identify patterns of misuse, and creating a more sophisticated FWA approach for managed care. SCDHHS expects to achieve many of the goals outlined in CMS' *Expedited APD Checklist for Predictive Analytics* (August 2012).
- Apply IT tools more effectively in order to develop, implement, and operate payment reform strategies such as managed care incentives and withholds, value-based insurance design (VBID), or bundled/episodic payment methodologies as well as strategies to motivate provider and member behaviors towards favoring healthcare value over healthcare utilization.

Improving health outcomes

- Combine analytics with strengthened care management to manage health outcomes more aggressively (either directly or via managed care or fee-for-service contracts).
- Reduce the use of ineffective treatment methods by promoting or mandating the use of evidence-based healthcare services.
- Use SC-specific claim and encounter data to create comparative analyses that identify and communicate poor care strategies.
- Enhance oversight of managed care organizations to improve quality.
- Improve care coordination by encouraging the expanded use of EHR/EMRs and related Health Information Technology (HIT) and Health Information Exchange (HIE).

Administrative performance

- Use access to information and efficiencies driven by IT to allow SCDHHS to focus more resources on measuring and improving the quality of care for beneficiaries.
- Achieve the Medicaid Information Technology Architecture (MITA) goals by elevating the Department's MITA process maturity to at least Level 3, where practical.
- Streamline financial functions by refining supporting IT systems.

- Improve the consistency of applying program requirements and standards and reduce the amount of training needed for employees by automating procedures currently performed manually.

Management efficacy

- Enable management insight into business process performance by increasing the use of business measurement within SCDHHS consistent with MITA expectations.
- Improve the accuracy of decisions and process outputs by providing measurement and analysis tools and by standardizing business processes.
- Enhance management oversight of contracts, including MCOs, by establishing and measuring contractor performance against contract standards.

Flexibility and adaptability

- Reduce the time required to make program decisions by improving data reporting capabilities.
- Reduce the cost and time associated with change by centralizing and streamlining governance processes.
- Improve business agility by streamlining governance of business rules, processes, and information architecture.
- Reduce errors and business inconsistencies by maintaining a single source of truth for each data set in the enterprise.
- Increase IT flexibility by promoting service-based design and interfaces.

Privacy and Security

- Reduce the likelihood of compromises of security or privacy through improved training, more controlled processes, and better technologies.
- Enable prudent data sharing with authorized entities with a balanced and market-based approach to security processes and technologies.

Stakeholder satisfaction

- Increase member and provider satisfaction by automating complex and tedious procedures, and providing timely and relevant information.

Transparency and forecasting

- Improve budget and financial reporting capabilities by consolidating and improving financial tools and processes.
- Improve funds management by developing a transparent and sustainable budgeting and reporting methodology supported by modern tools.

Use of technology to improve business operations

- Reduce the total cost of ownership of IT solutions by leveraging technologies currently in the marketplace and increasing reuse of technologies.
- Shift the Department's approach to technology solutions from the historical "point-based" approach to a broader enterprise approach.

3 Business and Technical Operations Strategy

3.1 Solution Concept

Successfully pursuing a new MMIS model requires more than merely inserting new technologies, breaking up contracts along technological lines, and "sprinkling" MITA/SOA terminology throughout. While MMIS projects are historically seen as technology projects, they more accurately resemble enterprise transformation projects, and the SCDHHS Replacement MMIS program is no different. SCDHHS took a methodical approach to analyzing enterprise goals, solution concepts, and marketplace realities in building this strategy. The following sections outline the Department's analysis in developing its approach. This analysis is driven by the State's focus on health outcomes and expected payment approach in order develop a solution from an enterprise context and address the role of the State and its contractors in crafting and operating the solution.

3.1.1 Enterprise Approach

Creating the Replacement MMIS strategy is driven by an enterprise architecture focus. It involves not only understanding the specific technologies used to satisfy the typical MMIS requirements, but also how a solution fits holistically within the South Carolina Medicaid enterprise, and within the larger State enterprise as a whole. For the purposes of this Acquisition Strategy, the focus is limited to how the solution elements of this program interact with themselves and with other enterprise solutions within SCDHHS and its ecosystem; however, some overview of the enterprise view is pertinent to help understand the context.

The largest factor driving the Replacement MMIS strategy is that SCDHHS does not envision a single, "core" MMIS to exist in the future solution, but instead to truly have a "system-of-systems" that will meet the federal MMIS requirements through demonstrable conceptual equivalence[3]. Not only will the components of this "mechanized claims payment and information retrieval system" be dispersed among multiple systems and contracts (not uncommon), but the very notion that a single system will ingest claims and encounters; pay claims and capitation payments; and manage providers and members, will not exist (very uncommon). While the former approach may continue to serve fee-for-service-centric Medicaid programs satisfactorily, it is not well-suited to managed care-centric programs in which there are multiple payers, competing health plans, and a focus on performance-based contracting. In its place are technologies and business services that are:

1. Available in the marketplace.
2. Apply commercial concepts that suitably translate to the Medicaid domain.
3. Focus on business value rather than perpetuating historical approaches.
4. Are stakeholder-centric rather than technology-centric.

The resultant solution architecture is driven by three conceptual questions:

1. How does the Replacement MMIS solution fit within the larger enterprise architecture?

[3] Centers for Medicare and Medicaid Services, Publication 45, *State Medicaid Manual*, Part 11, Section 11225.

2. How does the Replacement MMIS serve the "core business stakeholders" (member, provider, payer)?
3. What services and technologies should be considered "core competencies" for SCDHHS, either now or in the near future?

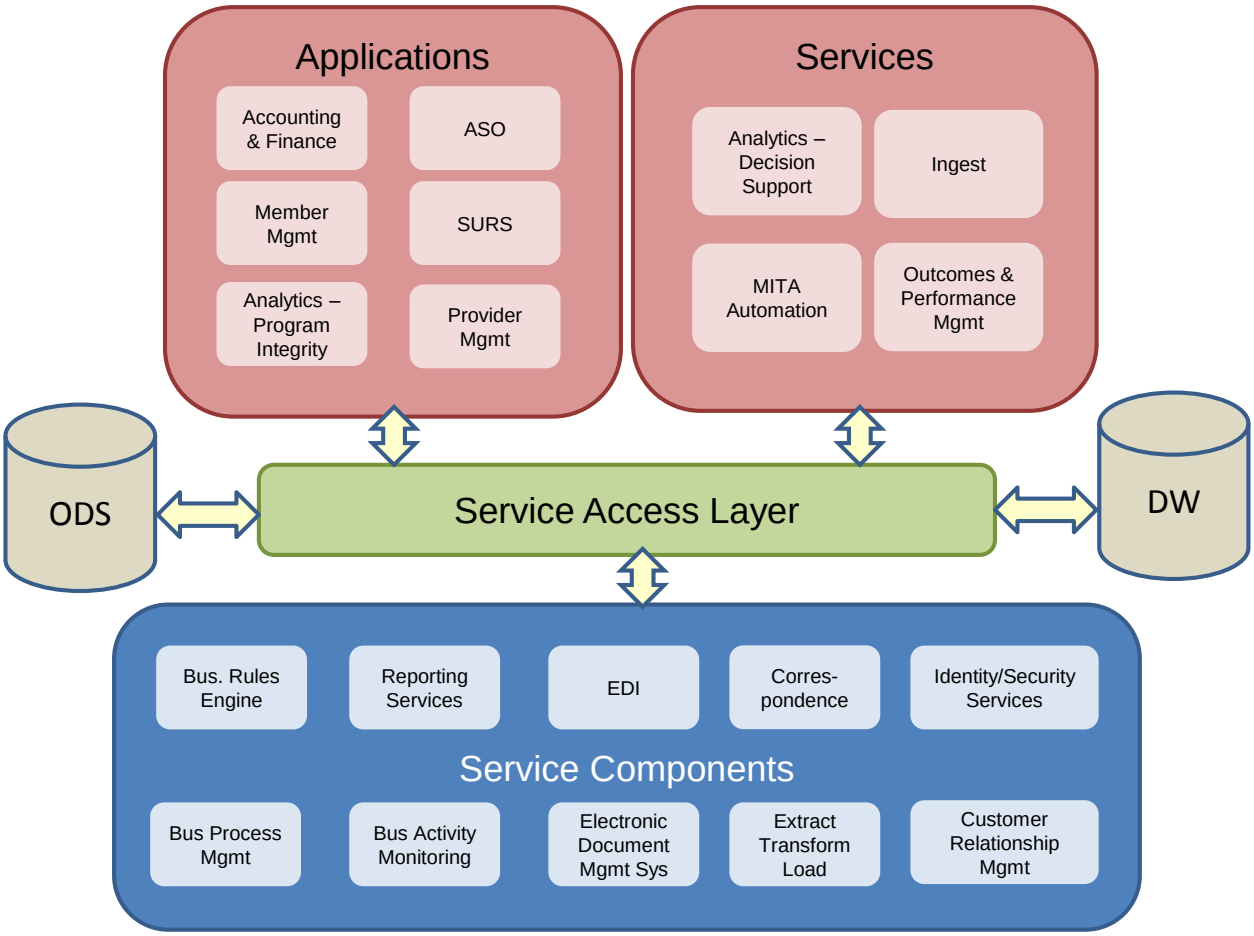

Figure 3-1. Conceptual Long-Term Target Architecture

Fit within the enterprise architecture. Figure 3-1 above shows a conceptual long-term target architecture for the MMIS that will also support the broader enterprise needs. The different components are highlighted based on whether they are integrated more at the service level or integrated at the application level. In addition, the architecture provides for two data sources storing enterprise-wide data. The Operational Data Store (ODS) is a central repository of transactional data from production systems both state-owned and contractor-owned. This common repository allows for rapid access of transactional data in near real time. It will use Service Oriented Architecture (SOA)-based services and analytical tools without consuming resources of the originating data source, and will be designed to meet the day-to-day near real-time operational needs of the program. It will be designed to meet the day-to-day near real-time operational needs of the program rather than being used primarily as a tool for retrospective reviews. The Data Warehouse (DW) serves the purpose of aggregating data in dimensional form useful for reporting and analytics on large data sets. These data are less real-time than those in

the ODS. The combination of these two data sources provides superior insight for SCDHHS while also maintaining tighter control on the organization's mission critical data.

The Replacement MMIS program anticipates using components acquired via other projects and intends to acquire additional components that can then be reused in the future. This program will not deliver every component in the figure above, and the architecture will not be fully realized by the completion of this program implementation. The architecture provides a target for the Department's future and enables the State to determine how every project fits into and can contribute to the future enterprise. Furthermore, as technology continues to evolve rapidly, the investments in components shown in Figure 3-1 are most likely to survive the rapid change retaining value to the enterprise.

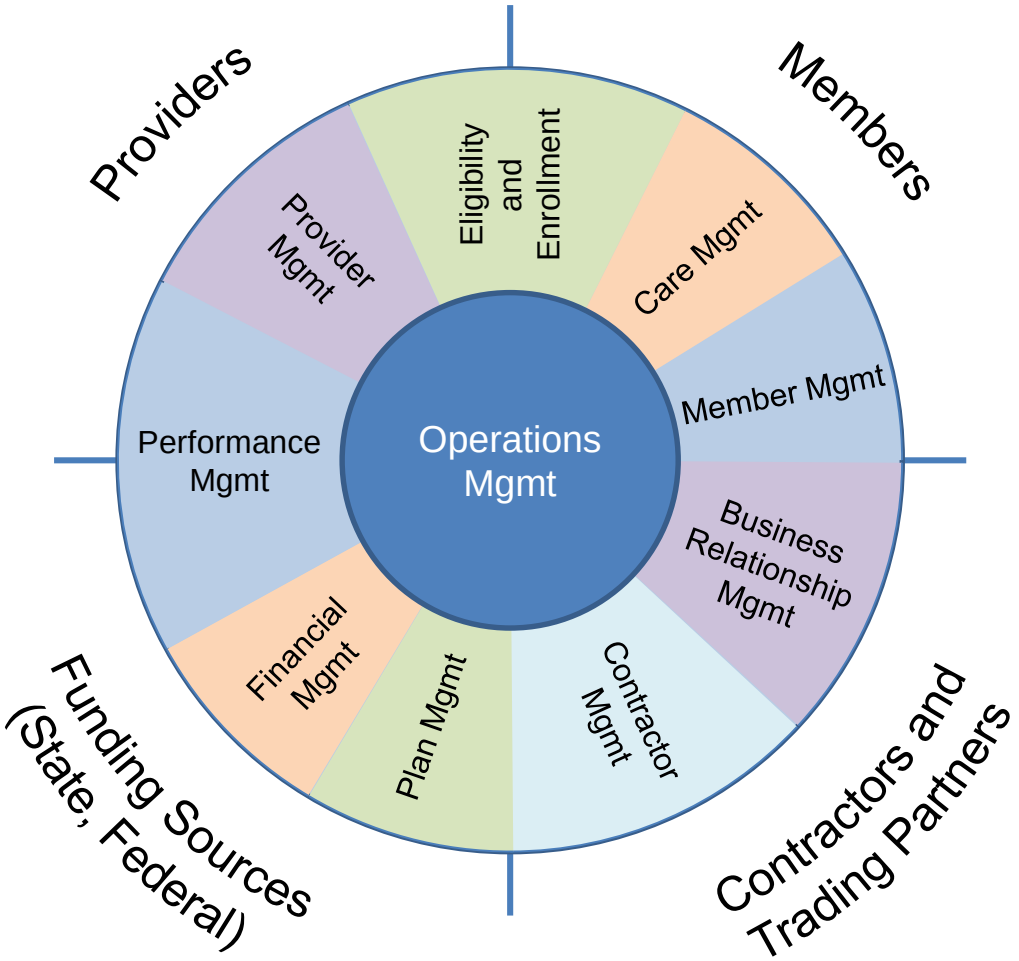

Figure 3-2. Stakeholder-Centric View of MITA

Service to core business stakeholders. To understand the core business stakeholders, it is important to view the enterprise in a stakeholder-centric fashion. Stakeholder-centricity can best

be explained graphically. Figure 3-2 displays the MITA business areas in a stakeholder-centric view. The major stakeholders identified are the members, providers, funding sources and contractors/trading partners. This graphic is not perfect in that some stakeholders are missing (e.g., third party insurers), and that most business areas have multiple stakeholders. Additionally, some entities can be different stakeholders at different times (e.g., a provider can also be a trading partner). However, viewing MITA in this fashion enables seeing the business process model more as a way to serve stakeholders than just an orderly collection of business processes.

Extending the stakeholder-centric view of MITA, the health insurance domain is made up of three core business stakeholders: the members who receive services, the providers who provide services, and the payers who pay for the services. SCDHHS believes that keeping the interests of these three stakeholders "close to the organization" should drive its future MMIS strategy. Other functions can be viewed more as commodities that should be fungible as much as is practical. Note that this concept is related to, but different than the decisions to insource or outsource business and technical services. In the latter case, the decision to insource or outsource technical or business services is based on core competencies, business criticality, and market commoditization.

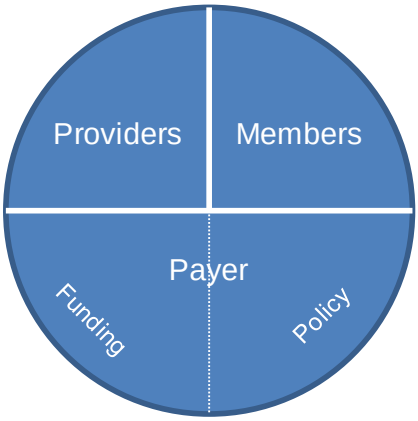

Figure 3-3. Core Business Stakeholders

Figure 3-3 shows the three core business stakeholders. The figure also highlights the core functions of the payer, which are funding healthcare services and establishing the policies on which services will be provided and payments will be made. Regardless of which systems or services are outsourced, management of these core business entities should be:

- **Centralized**. The technologies and business services for the core stakeholders should not be distributed across multiple disconnected solutions as this will reduce the Department's ability to provide a "single face to customer" (SFTC) to major stakeholders and to establish a single source of truth for key information and master data. This concept does not restrict the use of distributed services (either technical or business), but those services must be coherent in nature and provide a uniform view to users, external stakeholders, and external systems.
- **Integrated**. Currently, SCDHHS uses multiple, non-integrated solutions to manage its Medicaid enterprise. This results in an inability to achieve a coherent enterprise view of the business and its underlying data. A new solution must be significantly more integrated than is the current solution in South Carolina.

Approach to core competencies and outsourcing. The solution to any change to an enterprise should evaluate the change with respect to the enterprise's core competencies. This evaluation drives insource/outsource decisions as well as driving investments in people, processes, and technologies. As described elsewhere in this Acquisition Strategy, the State plans to make significant changes to its processes and technologies. The remaining focus is on people.

The selection of core competencies must consider the following:

- Is the function inherently governmental in nature?
- Is the capability crucial to the business?
- Is the capability commoditized in the market?
- Can the Department acquire and maintain the personnel needed to perform services?
- Is there a substantial difference in cost between insourcing and outsourcing a solution element?

SCDHHS analyzed these factors and came up with the following findings:

- Under all circumstances, the State retains the inherently-governmental fiduciary responsibility for the Medicaid program; therefore, policy, finance, and oversight functions should be insourced as much as practical, and the State should own technologies associated with these functions in order to provide control and continuity.
- Managing the relationship with providers and members, along with managing the master data representing these entities, is fundamental to the Department's mission; therefore, relationship management should be insourced as much as is practical. The communications channels (e.g., call center) may be outsourced as these are generally commodities.
- Technology and business practices will continue to change the conduct of public health, healthcare, and healthcare insurance at an increasingly rapid rate. SCDHHS must develop and retain sufficient enterprise architecture and integration skillsets needed to adapt in a timely and effective manner. To the greatest extent practical, SCDHHS plans to insource integration efforts, particularly long-term. In the short-term, the State will look towards to a variety of staff augmentation approaches available to it in order to accelerate its initial efforts.
- The ability to measure business performance and to identify fraud, waste, and abuse is crucial to the Department's ability to effectively manage the State's Medicaid program. Analytics expertise is a core competency, including the ability to apply that expertise to program integrity. However, the expertise in developing sophisticated fraud algorithms and predictive analytics is very specialized and difficult to retain. Therefore, specialized algorithm development is likely not a core competency, and this will be outsourced.
- Day-to-day claims and prior authorization operations have been commoditized in the market, and most states do not perform the majority of hands-on duties associated with these functions. As such, these administrative services do not appear to be core competencies of the Department, and these will be outsourced.

- As stated above, maintaining provider relationships is a core competency; however, the hands-on functions associated with provider enrollment are not. These have been sufficiently commoditized, and the market can provide superior services to those which could be performed internally. As such, provider enrollment is not a core competency, and this will be outsourced.

The impacts of this analysis can be seen in the solution descriptions located in Section 3.2 and subsections.

3.1.2 Incorporation of Market Research

In building the enterprise view of this program, SCDHHS used the principles discussed above and graphically represented in Figures 3-1 and 3-2. The Department then took the major functions allocated to the program and analyzed potential solutions. Part of this analysis included market research supported by two Requests for Information (RFIs). One RFI focused on analytics technologies, and the other focused on using an Administrative Services Organization (ASO) to manage the much smaller Fee-for-Service (FFS) population expected in the future. SCDHHS received 23 responses to the RFIs and conducted face-to-face meetings with seven contractors to discuss strategies and market capabilities.

The key findings from the market research are as follows:

- Analytics technologies are mature, but the State must become savvier in using them. This may require long-term contracted support as the analytical skills (as opposed to the technology user skills) are not easy to acquire and retain. The State can use a mixed model approach like it plans to use with integration staffing.
- Existing analytics products are still oriented more towards FFS needs rather than Managed Care (MC) needs.
- The commercial administrative services market is mature; however, few "pure" commercial contractors responded despite notification of many contractors directly via email (in addition to the public notifications). The Department is uncertain what level of interest commercial contractors will demonstrate as well as how they will adapt to the government procurement process. The commercial contractors may need to partner with more established Medicaid contractors in order to be successful.
- The availability of administrative services solutions will be expanded if the *Seven Conditions and Standards* are not applied too strictly to the technological solutions provided by the contractors. While the State prefers modern technologies, the evaluation of the *Seven Conditions and Standards* may be better performed at the solution level (are the processes performed quickly and accurately?) rather than at the technology component level (does the overall system use WS-* standard services for all internal and external messaging?). The State expects the ASO solution to integrate with the rest of the enterprise via a service-oriented solution; however, this effort will be more focused on integrating at the application level rather than on integrating at the service level. Reusability of ASO system services is less important since the State is not expecting to retain the ASO system for future needs.

- In order to reduce implementation time and cost, it is imperative for the State to thoroughly understand its policies, business rules, business processes, and data if it is to act like a commercial entity in the commercial marketplace.
- Software-as-a-Service (SaaS) appears to be viable for administrative services. While not a panacea, not "owning" the systems may have substantial long-term benefits if managed properly and if the State avoids unbreakable contractor lock-in problems.
- SCDHHS does not currently do significant amounts of care management. A more modern approach to analytics and administrative services can multiply the care management efforts substantially, and this should have positive benefits to both costs and health outcomes.
- One of the more innovative recommendations received from the RFI responses was to use a "managed FFS" approach where the ASO contractor's administrative fee would be incented (both positively and negatively) based on the cost containment and health outcomes objectives. This approach might allow the State to achieve some of the benefits of managed care, while not requiring the contractor to assume insurance risk (thus making it an MCO). The State is continuing to analyze this approach for consideration in its ASO RFP.
- Integration and timing will be key in the success of implementing the Replacement MMIS solution. If the State is unable to procure and implement solutions in a timely manner and to coherently integrate those solutions, the State may not achieve the overall benefit of the program strategy.

3.1.3 Transformation of Department Contracts and Systems

Figure 3-4 below shows the solution concept in the context of the larger enterprise. The figure identifies the current enterprise solution elements and then maps these elements to the Replacement MMIS solution elements. The most obvious attribute of the to-be enterprise is that SCDHHS is not reducing the number of contracts substantially. Instead, it is realigning these contracts to achieve the needed capabilities while retaining more flexibility than is typical for MMIS solutions.

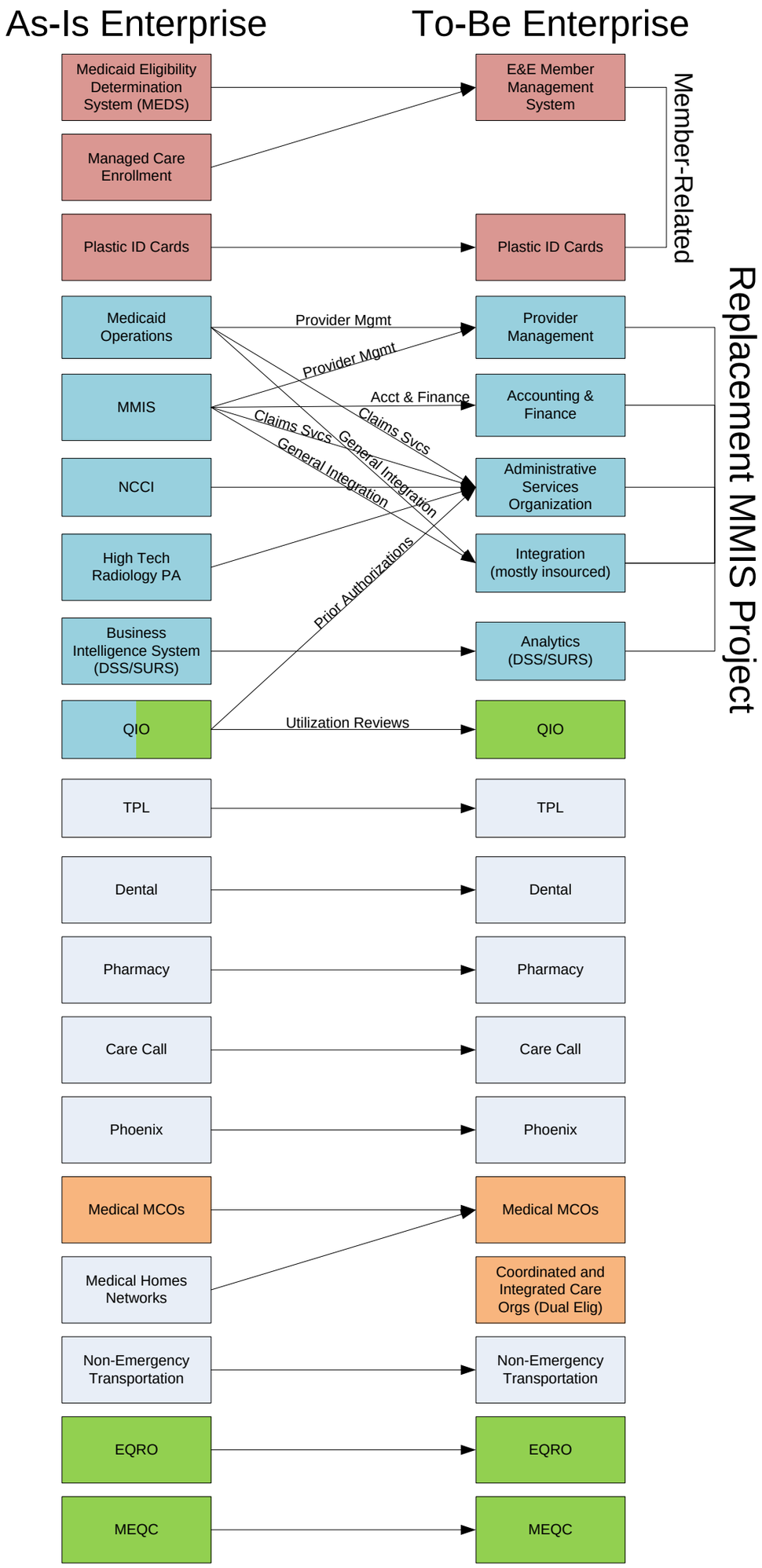

Figure 3-4. Enterprise Transformation Diagram

3.2 Major Elements and Their Features

The major elements of the Replacement MMIS solution are:

- Business Rules
- Integration
- Provider Management
- Analytics
- Administrative Services
- Accounting and Finance

The following sections discuss the scope of each of these elements. In addition, Attachment 1 contains a color-coded map of the MITA business processes and supporting technologies associated with each element as well as the other contracts and systems shown in Figure 3-4. As the Replacement MMIS program progresses, some changes to this map are inevitable.

3.2.1 Overall Scope

As can be seen from Figure 3-4, the overall scope of the Replacement MMIS program is approximately equivalent to the existing scopes of:

- Medicaid Operations contract
- Existing MMIS contract
- National Correct Coding Initiative contract
- High-tech Radiology Prior Authorizations contract
- Business Intelligence System contract
- The prior authorization portion of the Quality Improvement Organization contract

Additional details for each element of the Replacement MMIS program are contained in the following sections. The scope of each element will be detailed as part of building the Acquisition Strategy document as well as the procurement solicitations.

In developing the strategy, SCDHHS created a concept diagram that relates the program elements to each other and to other major components of the State's Medicaid enterprise. While the concept diagram is intentionally simplified to include only the major relationships, it serves as a useful tool to understand the purpose of each element in the program. Note that the future strategies for certain related projects (e.g., pharmacy benefits management and dental benefits management) have not been finalized, so changes are likely. Figures 3-5A through 3-5E show the following views of the concept diagram:

- Contracts/systems view – this view identifies the major contracts and systems involved in the enterprise. At the center of this and all other views are the providers and members since they are the focal points of the Medicaid program.
- Provider view – this view relates the contracts and systems to providers and provider-related activities.

- Member view - this view relates the contracts and systems to members and member-related activities.
- Administrative view – this view displays relationships that are not primarily focused on just providers or members.
- Service view – this view identifies the systems that are planned to integrate via the data/service hub. As this view depicts a longer term view, not all of these systems will be integrated as part of the Replacement MMIS program.

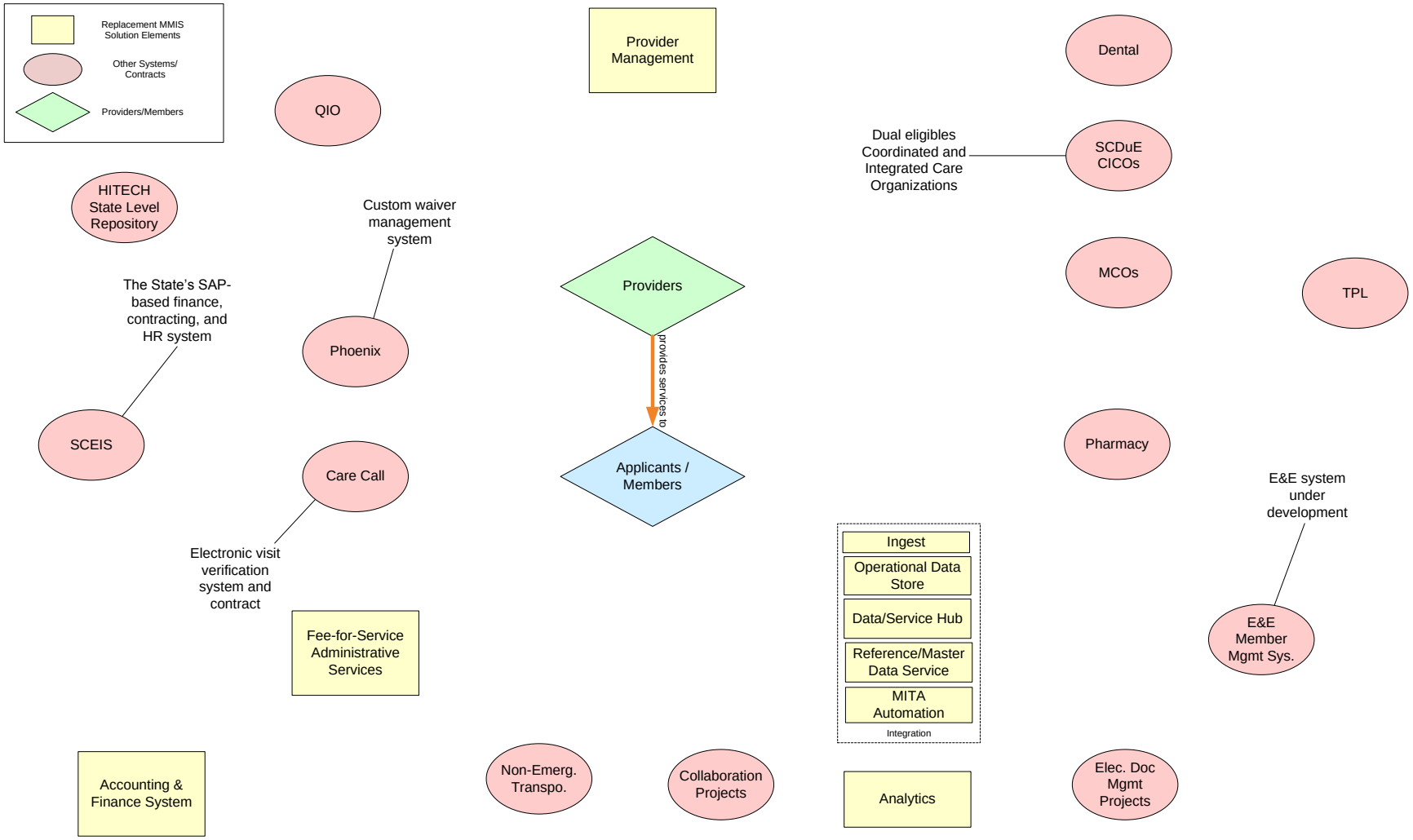

Figure 3-5A. Concept Diagram – Contracts/Systems View

This view identifies the major contracts and systems involved in the enterprise. At the center of this and all other views are the providers and members since they are the focal points of the Medicaid program.

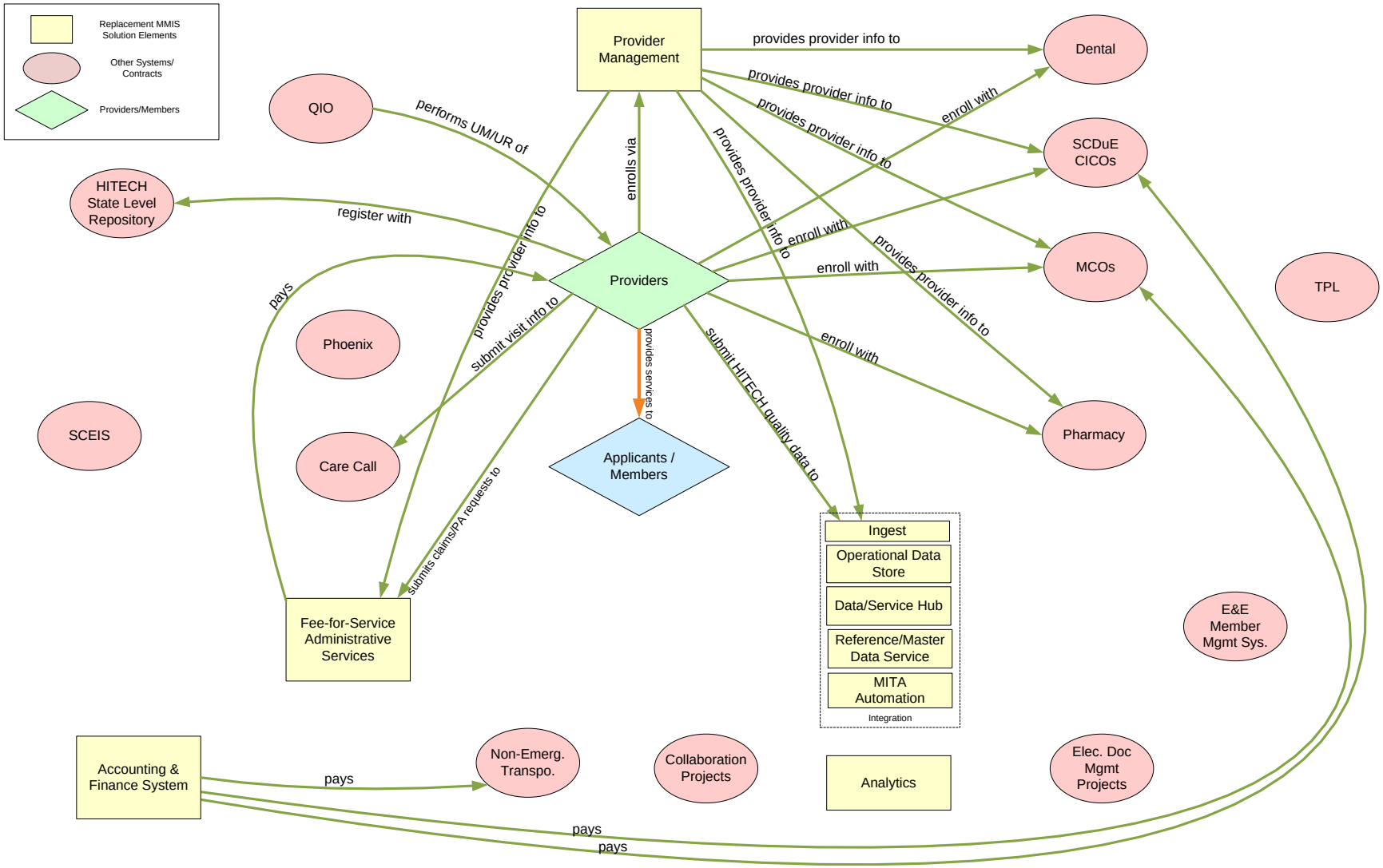

Figure 3-5B. Concept Diagram – Provider View

This view relates the contracts and systems to providers and provider-related activities.

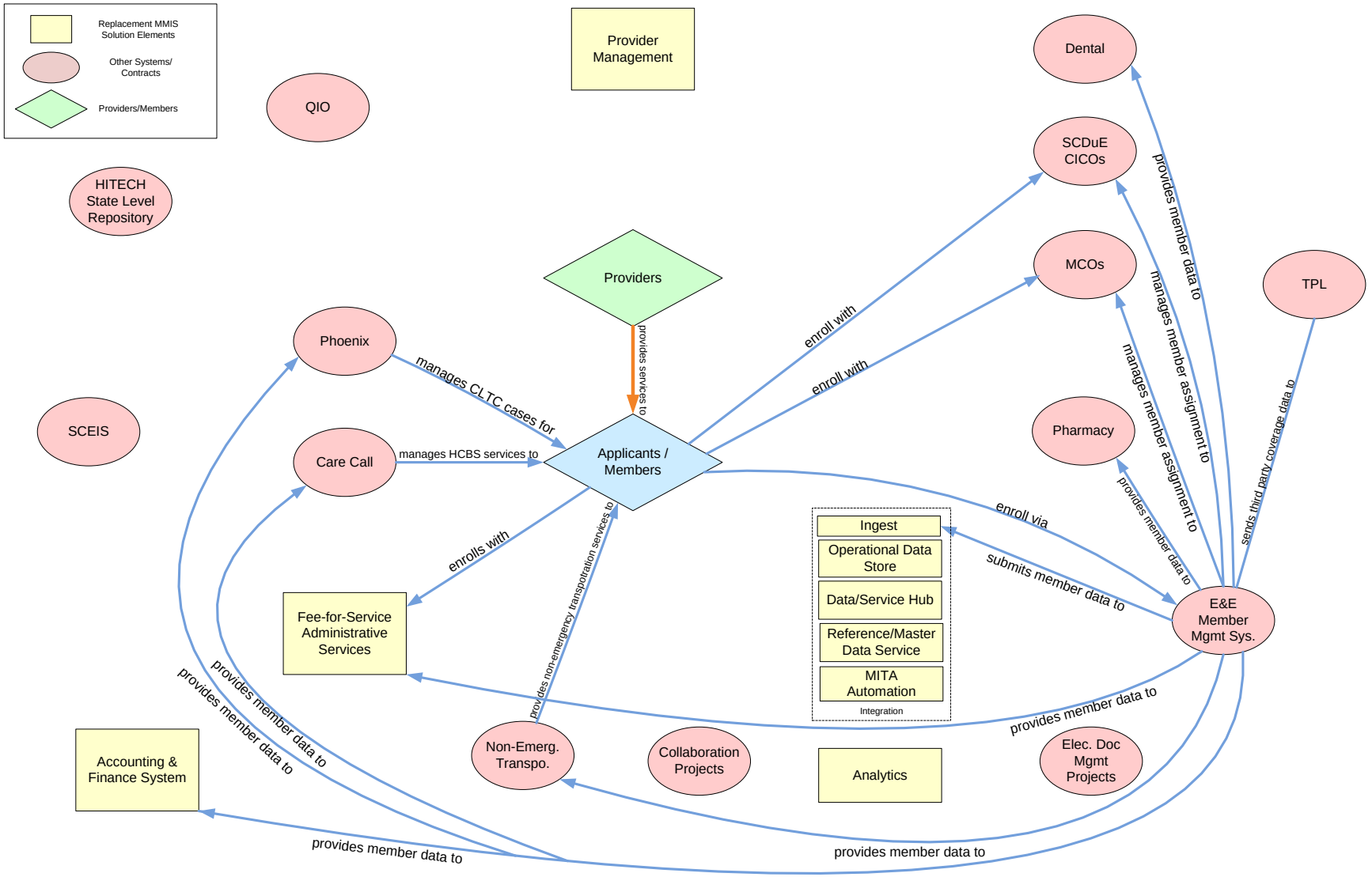

Figure 3-5C. Concept Diagram – Member View

This view relates the contracts and systems to members and member-related activities.

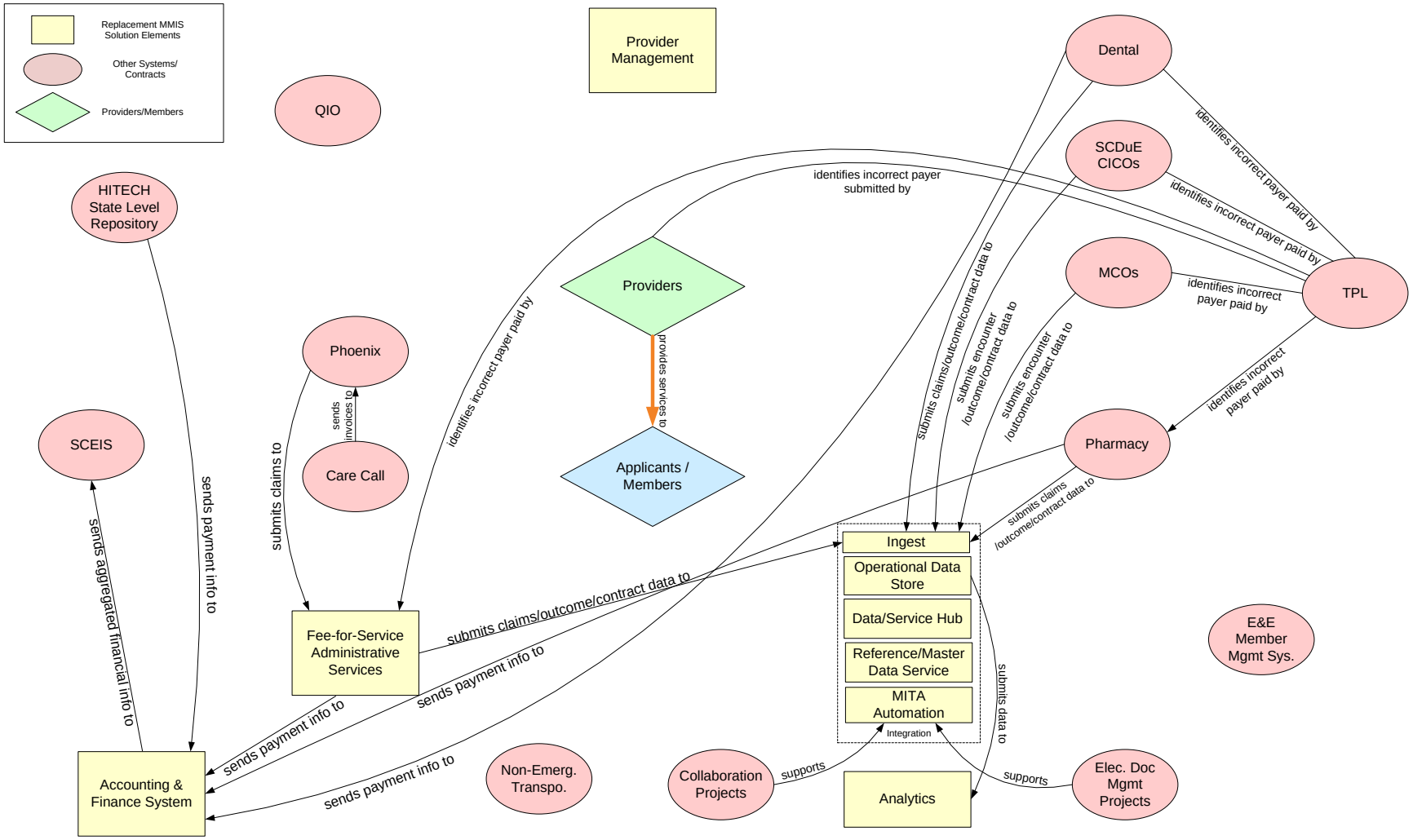

Figure 3-5D. Concept Diagram – Administrative View

This view displays relationships that are not primarily focused on just providers or members.

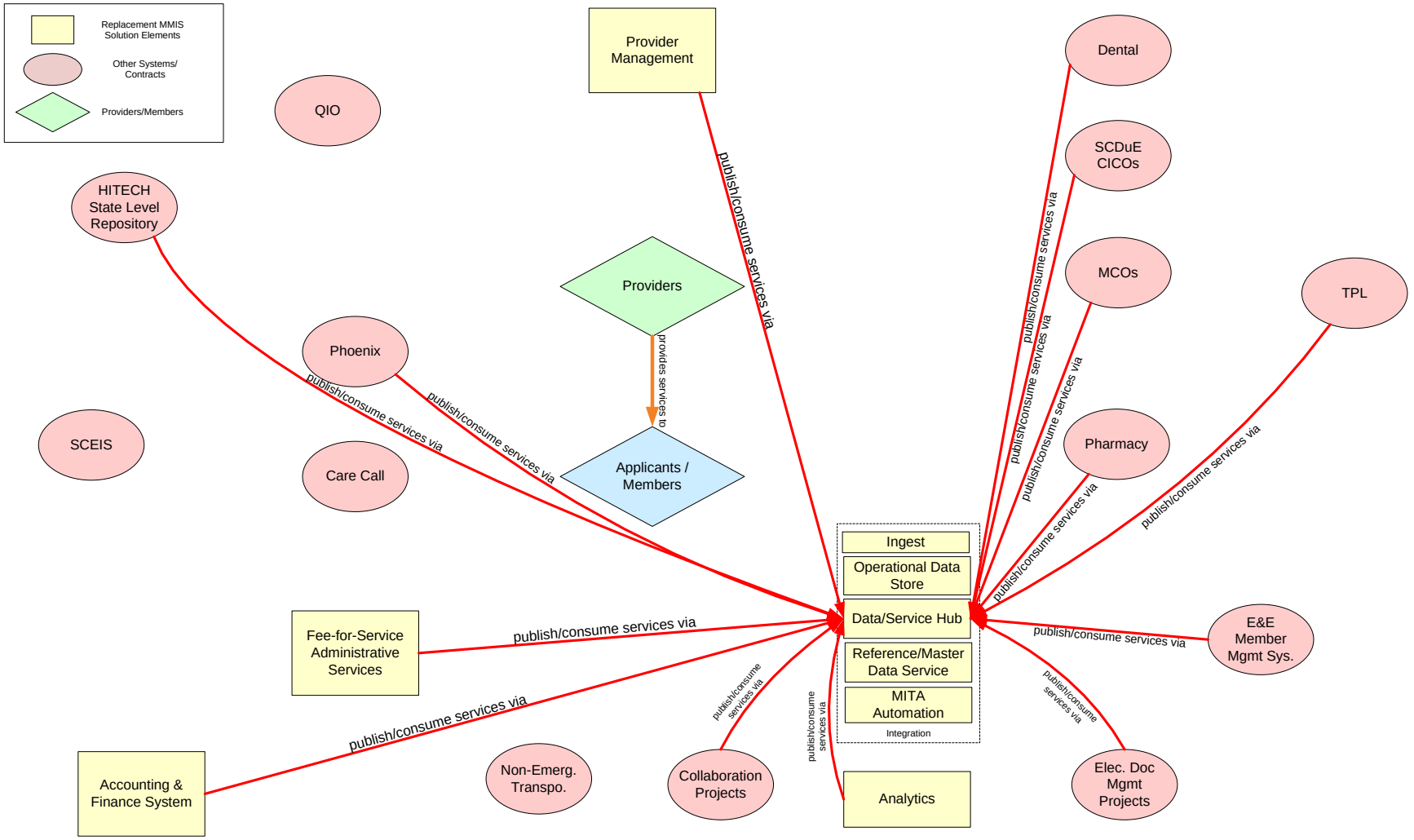

Figure 3-5E. Concept Diagram – Service View

This view identifies the systems that are planned to integrate via the data/service hub. As this view depicts a longer term view, not all of these systems will be integrated as part of the Replacement MMIS program.

3.2.2 Business Rules

The business rules effort is a key part of the business architecture documentation process. To date, many of the key business rules (including policy edits) have been documented but the terminology, structure, and formatting are inconsistent. In order to ensure a timely and cost-effective implementation, SCDHHS is motivated to complete as much of this effort as is practical prior to starting implementation on the related projects.

The business rules effort will be accomplished using expertise already available in our replacement MMIS program team and the State's resources. The Department has identified an approach that is both business user- and developer-friendly. While the rules management effort will be ongoing, the initial work will be accomplished early with a focus on the most important rules, using the following priorities:

- Rules that will be automated in one or more systems
- Rules that help define the scope or performance standards of a contract.
- Rules that may drive organizational transformation (structural or behavioral)
- Rules that may directly affect Medicaid program costs

3.2.3 Integration

The State recognizes that the integration effort required for this strategy is significant. However, the State believes Integration will be a critical long-term competency it intends to use this project to grow that capacity. Early standup of an Integration team will assist SCDHHS is managing the complexity of the Replacement MMIS program.

3.2.3.1 Types of Integration

SCDHHS envisions four types of integration, and each of these types may use a different mix of personnel to accomplish:

- **Type I – System Integration** – this is when an entity takes off-the-shelf technologies (COTS, GOTS, proprietary, open source) and uses configuration and customization to create a solution (i.e., "system") and interface it to other systems/solutions. This function will be split between contractors and the State, depending on which system capability is involved. Note that if substantial amounts of new software are being built, the effort crosses over from being "integration" to being "development."
- **Type II – Project Management Integration** – this is the management process of bringing multiple organizations together to create a single, coherent project strategy. It includes activities such as priority management, schedule coordination, resource allocation, multi-party risk/issue management, documentation exchange, coordinating multi-party implementation activities, etc. This function will be largely insourced.
- **Type III – Technical Integration** – this is the technical management process of enabling interfaces between the various technical solutions and components together across contractors and sub-projects. It involves activities such as establishing architectural standards and governance, interface/interchange/data standards, coordinating SDLC

events and deliverables, ensuring the technical planning and setup of multi-party test activities, etc. This function will be largely insourced.

- **Type IV – Business Integration** – this is the business planning and execution effort required to ensure that an enterprise functions as a coherent whole. It includes business process analysis and re-engineering; organizational transformation; skills and training analysis; and aligning business activities with business priorities, and coordinating business activities among multiple parties. This function will be largely insourced.

3.2.3.2 Key Business and Technical Services

Because SCDHHS is planning an enterprise Replacement MMIS strategy that does not include a single fiscal agent, a number of gaps usually filled by the fiscal agent need to be addressed.

- In most replacement MMIS projects, a fiscal agent implements a semi-custom MMIS that serves not only as the claims payment system, but also provides a number of horizontal software capabilities like business process management capabilities, document management capabilities, business rules execution, operational data store, service integration, etc. In this program, the ASO contract is not an appropriate source for these horizontal capabilities.
- The fiscal agent builds upon the horizontal capabilities to deliver vertical point solutions to specific business needs. In this program, SCDHHS will fill the automation gaps by building needed point solutions (not provided by other systems) on top of the horizontal solutions to maximize integration.

While the Integration team is not implementing a "system," the team does need to produce functioning system capabilities as well as integration services. The key business and technical services for Integration are:

- **Operational Data Store (ODS)** – this effort serves as a transactional repository for data coming into the enterprise, such as managed care encounters. It also serves to retain any data that SCDHHS may wish to store in a normalized format. While this data store is not intended to replace service-based access to other systems, it should reduce management and technical stress on the contractors by having the State work on a copy of the data rather than the source data. The ODS is key to providing a near real-time view of enterprise-wide data for the SCDHHS staff. The current enterprise lacks this capability and inhibits viewing related data in different applications.
- **Data/Service Hub** – this effort serves as a hub to access services and data from other systems or from the ODS. While it may include an enterprise service bus (ESB) the functionality includes transformational services and protocol services. A service-oriented approach with standards based data sharing can minimize interoperability problems by offering protocol standardization and encapsulation of the different data transformation functionalities.
- **MITA Automation** – in a typical MMIS project, a fiscal agent implements a semi-custom MMIS that serves not only as the claims payment system, but also tends to be used as a general business automation tool by the state customer (business process management, electronic documentation management, etc.). By moving to an Administrative Services contractor using a system with minimal customizations and not

intended as a customer-operated system, SCDHHS must fill the automation gaps needed to increase its MITA maturity level and improve process efficiency. The automation capabilities will address orchestration and choreography of both human and automated processes. This effort is intended to fill that gap.

- **Ingest services** – this is a generic capability to ingest data directly into the Operational Data Store while performing any needed editing and transformations. This capability permits bypassing transactional systems (such as a typical MMIS) when loading data, such as managed care encounters, into the store. Note that this effort is being initiated under SCDHHS' Affordable Care Act project in order to facilitate meeting certain operating rule requirements. Subsequently, the Replacement MMIS program will assume further development of the capability.
- **Integration services** – these are the services described earlier in this section.
- **Hosting services** – the specific source of these services is still to-be-determined.
- **Training services** – these include training for the State and contractors and will cover both the technical aspects associated with integration as well as end user training for end user products.
- **Other products and services** – while many of the integration products and services can be foreseen, SCDHHS feels strongly that additional integration needs will be discovered as part of the enterprise transformation.

3.2.4 Provider Management

SCDHHS believes that Provider Management is a core competency that is critical to the Department's enterprise. As such, the Departments has determined that in order to avoid perpetuation of a fractured provider enrollment and management strategy across FFS and managed care environments, centralization of most provider management services and data will improve efficiency and the consistency of applying laws and regulations. It is expected that even with centralization, some provider enrollment and management functions (e.g., provider contracts with specific MCOs) will remain outside of a central provider management approach.

SCDHHS has the following goals for Provider Management:

- Standardize and centralize the management of provider enrollment, validation, and screening to improve results and minimize duplication of effort.
- Centralize general provider training and outreach functions to ensure consistency and completeness.
- Serve both the Administrative Services and Managed Care Organizations so that they can perform their work more efficiently and consistently.
- Improve provider management and program integrity functions by maintaining provider master data as the single source of truth within the Medicaid enterprise.

The key business and technical services for the Provider Management program are:

- **Provider management system** – SCDHHS is likely to own licenses to this system or actually to own some of the intellectual property as this system is seen as helping to provide long-term enterprise continuity.
- **Provider enrollment, validation, and screening, and disenrollment services.**
- **Provider outreach services** – these include creation and submission of provider policy, communicating key messages to the provider community, and onsite visits for two-way feedback.
- **Hosting services** – the State is more likely to own/control the hosting of the Provider Management solution due to its long-term strategic importance.
- **Training services** – these include training of State staff and providers in provider management procedures.

3.2.5 Analytics

As the Department moves more towards performance-based capitated managed care, the IT tools used to manage the enterprise move from mostly transactional tools to mostly analytical tools. This corresponds to the Department's shift from managing each claim to managing the Medicaid population with a focus on population health. Thus, analytics becomes the "core" of a managed care-centric MMIS rather than the FFS claims payment system.

The Analytics element is an expanded Decision Support System/Surveillance Utilization Review System (DSS/SURS). The expanded features include managing health outcomes as an integral part of managing contractor performance; managing other contractor performance items (not associated with health outcomes); and a greater management of provider over-utilization, under-utilization, and access to care issues. In the absence of a monolithic MMIS, the Department intends to send data from more sources directly to the Analytics solution via an ingest capability (see the Integration section above). This should allow for more relevant data to be made available to decision makers, including program integrity and executive leaders, more quickly.

The combination of dimensional data in the analytics solution along with near real-time normalized relational data in the Operational Data Store will provide SCDHHS the ability to perform analyses such as:

- Monitoring population health trends.
- Identifying healthcare services that are inconsistent with evidence-based medicine.
- Monitoring performance standards and health outcomes on a near real-time basis in order to administer incentives such as those associated with Patient-Centered Medical Homes (PCMH) and future MCO contracts.
- Identifying utilization anomalies associated with fraud, waste, and abuse as well as supporting the criminal prosecution of fraud cases.
- Using predictive analytics to anticipate FWA problems prior to payment as well as accelerating the identification of FWA problems more quickly after payments have been made.

The key business and technical services for the Analytics project are:

- **Expanded DSS capability** – this solution should be Commercially-available Off-the-Shelf (COTS)- and open source-based to the extent practical, but may require customization to meet the needs of a managed care-centric Medicaid program. The State expects significant overlap between the ODS and DSS solutions.
- **Expanded SURS capability** – this solution should be COTS- and open source-based to the extent practical, but may require customization to meet the needs of a managed care-centric Medicaid program.
- **Analytics support services** – SCDHHS intends to grow its own analytics staff significantly beyond its current capacity; however, conversations with other states indicate that this organic growth is best accomplish over a span of a few years. In the interim, SCDHHS could benefit strongly from contractor expertise in the conduct of business and healthcare analyses. Note that these services extend beyond the mechanics of building reports to full-scale analysis of SCDHHS Medicaid operations.
- **Benchmarking data** – as it is difficult to establish norms and goals in absence of historical data, this portion of the solution identifies sources of benchmarking data. The State plans to use government-owned data to the greatest extent practical, but it may need to acquire some information from commercial sources.
- **Fraud databases** – similar to benchmarking data, fraud detection algorithms may need access to non-South Carolina historical data in order to work properly.
- **Hosting services** – these will likely be accomplished via hosting a solution that is a combination of State-owned and State-licensed software.
- **Training services** – these will be primarily directed at State staff.

3.2.6 Administrative Services

42 CFR 434.2 defines "fiscal agent" as "an entity that processes or pays vendor claims for the agency." While SCDHHS prefers to highlight its innovative approach to an MMIS solution by not using the term "fiscal agent," the Administrative Services contractor serves to manage claims processing and other related duties for the remaining FFS population in the State's Medicaid program, and thus serves as a fiscal agent. The future FFS population is primarily expected to include certain members in waiver programs and other special cases. As the number of FFS members shrinks, the per-member cost to manage FFS operations increases substantially under a traditional model. The Department intends to take a commercial approach to managing Administrative Services. Under this model, the State would be substantially more hands-off during the implementation phase, and generally would not direct the contractor to perform detailed system changes. Implementation would be more focused on configuring necessary business rules, coordinating business processes between the parties, and integrating with other related systems. During the operations phase, the State would use mandatory insight procedures and performance standards to ensure that the contractor was performing satisfactorily and that the FFS population was being managed properly. Additionally, State personnel would move from being involved with the day-to-day details of claims processing to contract monitoring, policy development, and outcomes management tasks.

The State is considering incenting the administrative fee based on health outcomes and healthcare costs. The details of such an approach are still being analyzed.

SCDHHS has the following goals for Administrative Services:

- Keep administrative costs low while simultaneously reducing the FFS population.
- Improve the State's ability to understand and favorably influence the health of its FFS population.
- Use technology and improved operations services to positively impact the relationship of members and providers to the State's Medicaid enterprise.
- Shift the State staff's daily activities away from day-to-day operational details and toward program management of outcomes, policies, and finances.
- Focus operations on:
    - Transparency
    - Performance
    - Compliance (including full audit rights for the State and CMS)
    - Efficiency

An important aspect of the Administrative Services element is that SCDHHS does not intend to "own" or take license to the underlying IT system other than those situations where it makes sense to do so or is required by regulation. This strategy will emphasize the rules for FFP as well as system certification while providing the implementation flexibility needed.

The key business and technical services for the ASO project are:

- **Administrative services management system** – contractor-owned; however, the State will retain access to the system, require that all key data will be replicated in the Operational Data Store (described in Section 3.2.3.2) under the control of the State, require key performance metrics to be reported on a regular basis, and maintain the ability to perform audits (regular and ad hoc).
- **Claims-related services** – these are functions related to the processing of individual claims or that are related to the volume of claims, including responding to provider inquiries.
- **Prior authorization-related services** – these are functions related to the processing of prior authorizations.
- **Care management services** – these are functions related to improving management of member treatment focusing on outcomes improvement and proper utilization.
- **Accounting and financial services** – these services are related solely to the processing of FFS claims but do not include general purpose ledger, receivables, and payables management.
- **Hosting services** – these may be accomplished via SaaS or as a cloud-based solution.
- **Training services** – these include training of both State personnel and providers.

SCDHHS plans to use a "date of service cutover" to transition from the legacy MMIS to the ASO. In this scenario, claims with a date of service prior to the go-live date of the ASO will

continue to be processed in the legacy system until they have all run out. While this results in keeping two claims payment systems active for an extended period, it lowers the cost and substantially lowers the risk of implementing the ASO because the new system does not have to be programmed to pay like the 30-year old existing system. SCDHHS believes that this approach will pay for itself and result in a much smoother transition.

3.2.7 Accounting and Financial Management

The State of South Carolina uses an SAP-based system called the South Carolina Enterprise Information System (SCEIS) for financial management as well as human resources, procurement, and other related functions. To date, SCDHHS continues to use the existing MMIS and other support systems to manage accounting and financial functions associated with individual healthcare payment transactions. Financial data are then rolled up and sent to SCEIS to support State budgeting and funds management.

The proposed strategy shifts the need to process a large number of non-claims via the claims payment system This shift is an important strength of the strategy as it is common for states to force their MMIS' to pay non-claims payments in contrived ways.

SCDHHS plans to use the ASO system to manage the details of FFS claims processing, and then use SCEIS to process the actual funds transfer. If processing the payments via SCEIS becomes impractical, the State intends to implement a separate instance of SAP configured to perform the necessary accounting and financial functions and integrate that instance with SCEIS. By choosing to use the same underlying technology as the State's system of record, integration and maintenance costs should be reduced. If, after analysis, SCDHHS determines that a separate financial system is not needed, then it plans to use the State's SAP system directly. The program schedule shown in Section 5 assumes needing a separate SAP instance as this is "worst case" for purposes of the schedule.

The key business and technical services for the Accounting and Financial Management project are:

- **Accounting and financial management system** – this will likely be SAP-based with licenses owned by the State.
- **Hosting services** – the State is more likely to own/control the hosting of the Accounting and Financial Management solution due to its long-term strategic importance.
- **Training services** – these will be for State staff and contractors supporting the State in financial activities (e.g., the ASO contractor).

3.2.8 Relationship to Other SCDHHS Projects

Other significant projects are ongoing at SCDHHS that will influence and be influenced by the Replacement MMIS program. Below is a list of the most significant such projects:

- Member Management project
- Pharmacy Benefits Management reprocurement
- Dental Benefits Management reprocurement
- Dual-Eligibles project

- Care Call project (electronic visit verification)
- Third Party Liability (TPL) project
- Medical Homes Networks (primary care case management) transition to MCOs

SCDHHS plans to execute all related projects as part of an overall enterprise strategy.

Due to the number of contracts coming up for reprocurement within the next few years, as well as the duration of the Replacement MMIS schedule, a number of the related projects will require multiple integration efforts: first with the existing MMIS infrastructure, and then a re-integration based on the Replacement MMIS infrastructure. Two projects with the greatest impact will be Dental and Pharmacy Benefits Management. These two projects are scheduled for replacement in 2014, well ahead of deployment of any of the Replacement MMIS systems.

4 Procurement and Contracting Strategy

4.1 Goals

- Attract high quality contractors by providing business opportunities that are fair to all participants, offer reasonable opportunities to make a profit, and that deliver to the State needed services and technologies at acceptable and competitive costs.
- Encourage existing MMIS contractors and non-traditional MMIS contractors to submit bids to program solicitations. To attract new contractors, the State must structure this program differently than is typically done.
- Publish as much useful advance information to contractors as practical to permit them to evaluate the business potential of a project and to allow committed contractors to prepare strategies on a more reasonable timeline than just the period from formal solicitation until the proposal due date.
- Create solicitations that offer flexibility where flexibility has value, but that do not arbitrarily leave work scope, terms, and conditions open to definition and interpretation post-award.
- Create contracts of sufficient duration so that contractors can amortize investments over a longer period in order to reduce costs, while also providing the State reasonable opportunities to terminate contracts early if they are not achieving the State's objectives.
- Align contracts with market solutions to a greater extent than is often done in order to increase the size of the qualified contractor pool.

4.2 Overall Procurement and Contracting Strategy

SCDHHS plans to pursue the maximum practical competition for solution elements except for certain instances where suitable solutions are available from previous competitive or otherwise authorized procurements. To achieve participation from the contractor community, the Department plans to take the following steps:

- Actively seek sources for relevant solutions. The Department has published numerous RFIs in the past and successfully used a "sources sought" RFI to perform market research in advance of drafting this Acquisition Strategy (23 responses received).
- Advertise the Department's strategy widely using FedBizOpps, South Carolina Business Opportunities (SCBO) Online, rfpdb.com, and the SCDHHS Web site.

- Create high-quality solicitations that are consistent with the Department's objective of seeking innovative solutions and offer a reasonable opportunity for a contractor to make a worthwhile profit.
- Encourage participation by contractors experienced in the health services industry but new to the Medicaid market.
- Conduct efficient and effective procurement processes.

The State's procurement processes, while effective, are often time-consuming. The Department will work with State procurement officials to attempt to accelerate the procurement process while retaining a defensible approach and successful contractor selections.

One technique that the State may use for some of the procurements is to solicit contractor qualifications via a Request for Qualifications (RFQ) in advance of publishing an RFP. An RFQ allows the State to narrow down the field of offerors to only those most qualified prior to soliciting full proposals. As South Carolina does not have a "competitive range determination" process in its procurement code, narrowing the field after receipt of proposals is substantially more challenging. If used effectively, the RFQ process can have the following advantages:

- By being a much less expensive process for the contractors, more contractors will likely show initial interest. Only those selected to respond to an RFP need be burdened by the expense of a full proposal. The extraordinary cost of most MMIS proposals often limits competition.
- It can shorten the overall length of the review/evaluation process if a large number of offerors have interest without unduly limiting competition. By addressing a larger number of offerors while the submission size is small, and reducing the number of offerors submitting full proposals, the time of both the State and the contractors can be optimized.

If not used effectively, however, the RFQ process can add to the overall schedule, and inadvertently eliminate offerors that are otherwise "responsible."

In addition, SCDHHS plans to selectively publish draft RFPs to solicit contractor feedback in a less formal environment than the question and answer period following formal release of a solicitation. The Department has successfully used this approach previously.

As the State's strategy serves as a multi-contractor approach to a fiscal agent, applicable requirements of the Code of Federal Regulations and State Medicaid Manual concerning fiscal agent contracts and other administrative contracts will be included in the various RFPs and resulting contracts.

4.3 Use of Contractor Financing and Bonding

Certain projects, notably the ASO project, have extended implementation periods without resulting in perpetual deliverables. In this type of situation, if a contractor would default, the State would be left with essentially nothing of value. On the other hand, the State understands that an extended implementation period requires substantial investment by the contractor, and should the contractor be required to access funding via the commercial market, the cost to the State would likely be higher.

Because of this situation, the State is considering using a contractor financing approach where it makes sense. Under this scenario, the State would make periodic performance-based payments during implementation that would constitute financing rather than payment for services rendered. If the contractor were to default during the implementation effort, the State would be entitled to recover the progress payments. During its market research efforts, the State asked multiple contractors whether this would be an acceptable approach assuming that the detailed terms and conditions were reasonable. All contractors queried said that this would be acceptable.

For contracts in which the State chooses to use this financing method, it plans to set up an approach similar to that described in the Federal Acquisition Regulation (FAR) Part 32, and in particular, the State will likely use performance-based payments similar to those described in FAR Subpart 32.10:

http://www.acquisition.gov/far/current/html/Subpart%2032_10.html

Note that the State does not intend to include FAR Part 32 directly in any contracts. At this time, only the ASO contract is likely to use this approach; however, the State may evaluate its use for other contracts.

The State also plans to use performance bonds for the major contracts associated with this program. Performance bonds serve two main purposes:

- To protect the State in the event of a contractor default
- To force the contractor and/or a bonding agent to perform due diligence of the type that the State is not qualified to perform

The State intends to set the performance bonds at reasonable levels based on the risk incurred in a particular project and to reduce the level of these bonds during the term of the contract as the reduction in risk warrants.

In addition, SCDHHS may request that the Chief Procurement Officer require offerors protesting an award to post a bond or irrevocable letter of credit in accordance with Section 11-35-4215 of the South Carolina Procurement Code.

4.4 Use of Associate Contractor Agreements

Proper application of a multi-project approach to design and build an integrated system requires all parties to work together towards a common goal and to share information freely. To help ensure that contractors are able to cooperate with legal protections in place, the State plans to require all contractors to execute Associate Contractor Agreements (ACAs) with the other participating contractors. The purpose of an ACA is to provide a formal agreement between the parties to cooperate and share information while providing for the protection of proprietary information. Other terms and conditions may also be added, as the parties agree. The State is not a party to such agreements, but as a third party beneficiary, it has a strong interest in ensuring that these agreements are in place. To assist contractors in establishing ACAs, the State may consider creating a framework as a starting point for contractors.

4.5 Project-Specific Strategies

4.5.1 Business Rules Procurement Strategy

SCDHHS performed market research concerning IT and consulting solutions to support the business rules effort. With respect to IT solutions, SCDHHS found only one strongly suitable solution, and it had undesirable technical characteristics that would have impeded broad sharing among other states. As such, SCDHHS is planning to create its own repository and make it available to other states when complete. SCDHHS will seek external consulting resources for the business rules effort, if necessary.

4.5.2 Integration Procurement and Contracting Strategy

While the core Integration team will be State-run using employees and staff augmentation contractors, some small-scale procurement will likely be necessary to address certain applications such as the Operational Data Store and the MITA Automation capability. For these efforts, SCDHHS will first attempt to procure needed development services via existing State contracts, such as the Small Applications Development contract and State term contracts for document management systems/services. Using these existing contracts will reduce procurement time by 60-80%. If SCDHHS is unable to obtain acceptable solutions via these means, it will use standard competitive procurement processes to acquire the needed services.

4.5.3 Provider Management Procurement and Contracting Strategy

The Provider Management procurement will be broken into two pieces: technology and business operations. These pieces may be procured via a single solicitation or via two different contracting methods.

The State plans to acquire business operations via competitive procurement. There appear to be numerous contractors able to perform provider management business operations.

The procurement and contracting approach for the technology solution is not yet known as the State is still investigation potential solutions.

The contract term for business operations is likely to be five years (base plus options years). Details on any technology contract must await further analysis on the solution approach.

4.5.4 Analytics Procurement and Contracting Strategy

The State is planning to implement the DSS portion of Analytics using a COTS framework and open source technologies, some of which may require a competitive procurement. Implementation will be performed by internal personnel resources (employee and IT staffing contract personnel) supplemented by staff from the framework contractor. Software acquired for the ODS effort in the Integration project will likely have applicability to Analytics, as well.

The State plans to competitively procure SURS technologies and implementation services. Some solutions are likely provided as SaaS products, and others may be procured via perpetual licenses. In addition, any required fraud databases (other than those provided by the Federal Government) will likely be included in this procurement, whether by subscription or one-time purchase. The State expects this procurement to be a mix of fixed price and labor hours effort for a contract terms of five years (base plus options years).

The procurement strategies for Analytics support services and benchmarking data will likely be via competitive procurements with contract terms of five years (base plus option years). It is possible that either or both of these solution segments may be combined with the SURS solution or combined together as a separate contract.

4.5.5 Administrative Services Procurement and Contracting Strategy

The Department will use a standard competitive procurement for Administrative Services. While the solicitation and contract will have similarities to other MMIS contracts, the following aspects are important for this procurement:

- SCDHHS will likely use volume-based services (as with the previous RFP) but will simplify the pricing structure consistent with a greater emphasis on the outsourced nature of Administrative Services.
- Performance standards and transparency will be emphasized (as they were in the previous RFP).
- While some aspects of the RFP will be objectives-based, the RFP for Administrative Services will be more definitive in the specific services and their interfaces with other parts of the Medicaid enterprise.

As Administrative Services is likely to be the most difficult and expensive contract to turn over, SCDHHS plans to use a contract term of at least seven years (base plus options), and perhaps as long as ten years (subject to special State approvals and CMS approval).

4.5.6 Accounting and Finance Procurement and Contracting Strategy

The Department plans to use an existing State contract for SAP licenses to procure the needed software. If system integration is needed (e.g., if using a separate SAP instance), the Department plans to use a competitive procurement unless the SCEIS office is able to supply implementation services via its contracted staff. If using a competitive procurement, the contract type is likely to be a mix of fixed price and labor hour services. Hosting services are still to be determined based on an analysis conducted closer to the need date for this system.

As the long-term support for this solution is not well understood at this time, the planned contract term has not yet been determined; however, the State's use of the financial system is likely to extend as long as the State of South Carolina continues to use SCEIS (likely exceeding a decade).

5 Schedule Goals and Strategy

5.1 Schedule Goals

The following are the Replacement MMIS schedule goals:

- Focus on schedule realism as well as schedule duration.
- Deliver usable end business and technical functionality incrementally.
- Minimize project-to-project dependencies as much as practical. This may require that systems have the ability to interface with both legacy systems and their replacement systems via the Data/Service Hub.

5.2 Planned Timeline

Figure 5-1 shows the top-level schedule for the Replacement MMIS. The individual project durations are based on a combination of parametric estimates, contractor feedback, and experiences of the Replacement MMIS team members from similar projects. There is still significant uncertainty around the Provider Management and Accounting & Finance projects as the best technical solutions for these projects are still being developed.

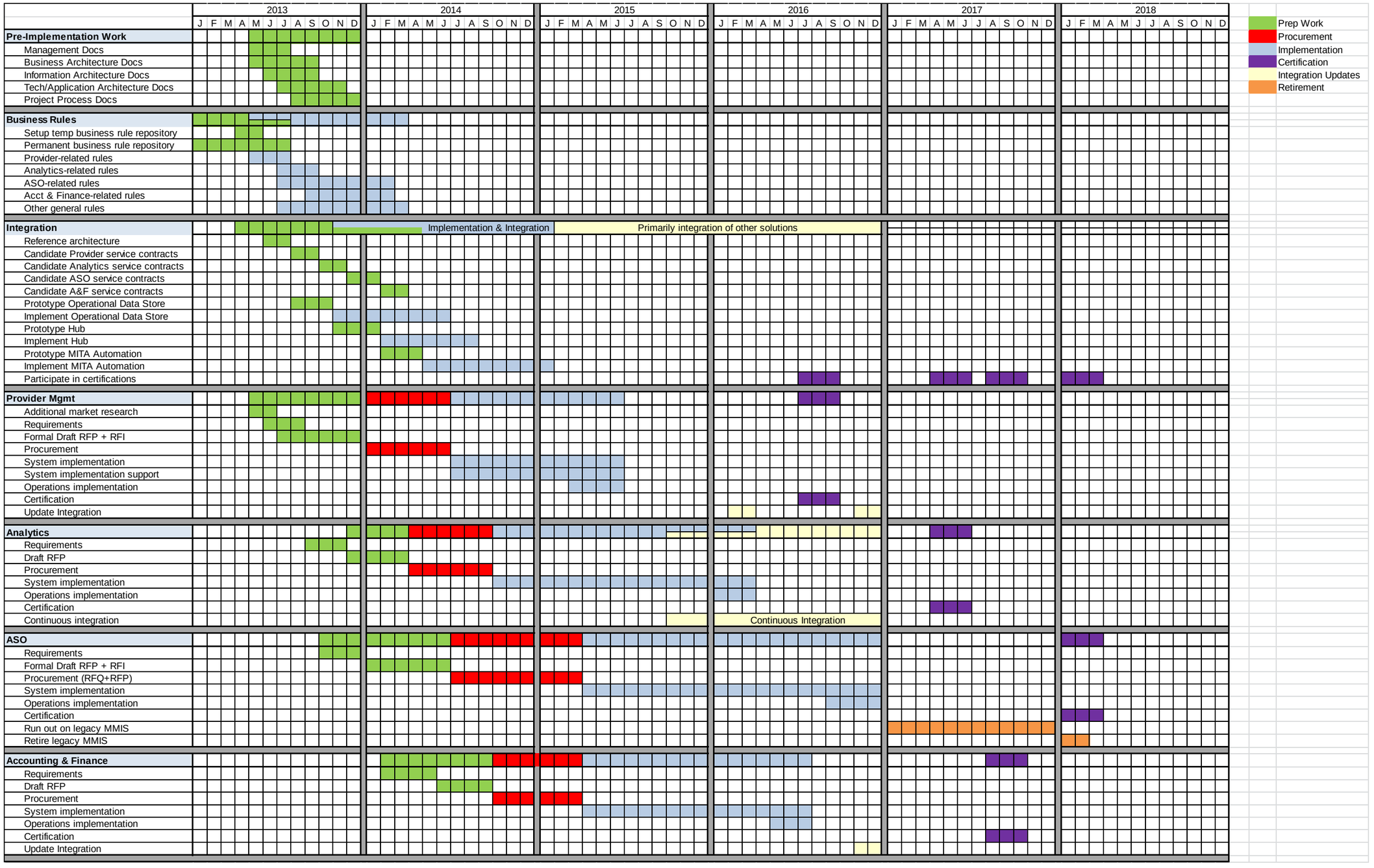

Figure 5-1. Program Schedule

6 Technical Goals and Strategy

6.1 Technical Goals

1. **Architecture**
    a. Build a system-of-systems that serves the needs of a managed care-centric Medicaid program while meeting the Federal requirements for an MMIS.
    b. Lay the foundations for a long-term, service oriented architecture approach to enterprise technology. Because of likely performance challenges during high-intensity computations (e.g., check-write cycles), the State expects that a robust caching strategy may be required to avoid the need for batch file transfer interfaces.
    c. Optimize technology reuse across the Replacement MMIS projects without creating rigid project schedule coupling. This will require a balance of commonality vs. best-of-breed when dealing with technology to which SCDHHS already possesses licenses.
    d. Architect the system-of-systems in a way that will increase the likelihood of reuse by other states.
    e. Minimize the use of proprietary technologies other than true commercial off-the-shelf.
    f. Improve flexibility and visibility by using business rules management, business process management, and business activity monitoring tools where practical.
    g. Consolidate IT capabilities into the MMIS that are currently provided by PC applications.
    h. Maintain very high system availability.
    i. Maintain a more robust disaster recovery capability.
    j. Move towards the use of commodity server hardware and eliminate the use of mainframe computers for State-owned components of the Replacement MMIS.
2. **Data**
    a. Maintain access and control over near real-time enterprise data via the use of an Operational Data Store. This approach can also reduce loads on other enterprise applications.
    b. Exploit the ubiquity of relatively cheap storage to maximize the amount of historical data maintained online and immediately available to users.
    c. Encourage the expansion of data stewardship in the Department.
3. **Security**
    a. Centralize authentication and authorization services to better secure the network and enterprise applications while reducing end user frustration.
    b. Meet all HIPAA and other State/Federal privacy and security requirements.

4. **Resources**

    a. Invest in building the SCDHHS technical staff to reduce day-to-day dependencies on external contractors while still using top-tier contractors to perform services that are not SCDHHS core competencies.

    b. Better match software development life-cycles (SDLCs) to specific projects than has been done historically. This will push the Department more towards incremental and iterative SDLCs, including staged delivery, spiral and agile.

6.2 Integration Technical Strategy

6.2.1 Applications

As discussed in Section 3.2.3.2, the Integration project will create and manage the ODS, Ingest, and MITA Automation applications. The technical strategy for each is discussed below.

6.2.1.1 Operational Data Store Technical Strategy

As discussed in Section 3.2.3.2, the purpose of the ODS is to serve as a transactional repository for data coming into the enterprise. Other than when receiving/importing new data from source applications, the State envisions the ODS to be a read-only store. In addition, the State does not see a "bright line" between the ODS and the data warehouse. It is possible that the two applications may use overlapping and transitional technology to serve their intended purposes.

Historically, transactional data were stored in normalized, relational databases and data used for analytics were stored in a de-normalized form in relational databases using star schema. The former allowed for high data integrity and the use of common access tools and technology but traded performance to achieve these features. The latter allowed for high-performance analysis using COTS tools, but was suitable only for read-only stores.

Improvements in hardware performance have reduced the performance penalty of normalized data stores, but the growth in data volumes have continued to eat up those performance gains. The introduction of "big data" approaches to analysis has opened up some new opportunities to achieve high performance data stores. The State plans to experiment with some of these technologies as enhancements to the standard approaches to data storage and query.

The ODS and Analytics applications will frequently consume data via a flexible ingest capability. The State plans to use data transformation and integration tools along with an EDI translator in order to directly consume data from encounter submissions, Replacement MMIS applications, and other State applications. For some systems managed by the State (e.g., Provider Management, Member Management), the State may virtualize data access to minimize the need to duplicate normalized data between these systems and the ODS. This concept is also known as the Operational Data Component (ODC).

Users will be provided with general purpose query tools so that they can use the ODS to search and review specific records in the ODS. In addition, the data warehouse will be loaded with data from the ODS to enable aggregated data analysis to be performed.

6.2.1.2 MITA Automation Technical Strategy

As was discussed in Section 3.2.3.2, the purpose of the MITA Automation application is to automate applicable MITA business processes and other related functions that are not being address by the other applications in the Replacement MMIS. The State expects this to include workflow and work queue management, general purpose case management, correspondence management, and other similar capabilities. As the MITA Automation capability matures, it is likely to access an increasing number of services provided by other applications as well as the integration common services in order to improve business user efficiency and reduce paper-based processes and manual transfer of data between Department personnel.

The MITA Automation application will be built on a general purpose workflow engine, EDMS, and correspondence manager, and will access the ODS for read-only purposes, as necessary.

6.2.2 High Availability, Disaster Recovery, and Business Continuity

SCDHHS currently hosts the technical systems that it operates in partnership with Clemson University. SCDHHS intends to continue the hosting partnership with Clemson for systems that it maintains and operates as part of the State's Replacement MMIS program and its eligibility system.

As several components of the State's Replacement MMIS program will require third party contractors to operate a system or function for the State, each RFP and resulting contract will also include key high availability, disaster recovery and business continuity requirements that align to the design being implemented by the State.

6.2.2.1 High Availability

The State expects that each tier or portion of its infrastructure operate in a high availability configuration. Certain approaches to application and database high availability that are currently being implemented for the State's eligibility system are expected to be leveraged in its Replacement MMIS program and across the enterprise. Contractor solutions must demonstrate appropriate high availability solutions based on industry standard practices.

6.2.2.2 Data Redundancy and Backup Plans

The State expects that each portion of its data storage systems and infrastructure are redundant. State operated systems for primary data storage systems will have redundancy by operating primary and secondary storage arrays within and across data centers and contractor solutions must demonstrate a similar redundancy and backup strategy. For all mission critical operational systems, the systems will enable real-time/dual-write approaches.

6.2.2.3 Disaster Recovery and Business Continuity Plans

The State will operate a primary and secondary site. Each site will provide the Department with a data center that is Tier 2 or greater in its capabilities according to industry standard definitions. Based on the high availability design and the planned failover scenarios between the primary and secondary sites, the Department expects to maintain the required uptime and capacity for its critical programs.

As part of the Replacement MMIS program, the same design approach for high availability, data management and backup, and primary and secondary sites will be incorporated into any RFPs

and associated third party contractor contracts the State engages in to meet the program's goals and objectives.

The State has not historically maintained significant business continuity plans. As part of the Replacement MMIS program and the State's eligibility system replacement project, it is developing business continuity plans for each of the major MITA business process areas. The State will identify key operations within each MITA business process and develop and document approaches to maintaining business continuity in systems, staffing and operations in the event of a major disaster.

6.2.3 Security Strategy and Standards

The Replacement MMIS should support the following security principles to the greatest extent practical:

- **Confidentiality** – prevent disclosure to unauthorized persons or systems.
- **Integrity** – data cannot be modified undetectably.
- **Availability** – access is not inappropriately blocked or denied.
- **Authenticity** – validation that the parties to a transaction are who they say they are and that their communications are genuine.
- **Non-repudiation** – parties to a transaction cannot deny their participation in the transaction.
- **Auditability** – track and log data changes including the user or system making the change. Track and log any inquires, views or access of data that may require such tracking as a result of law, policy or data use agreements including user or system making inquiry, doing the viewing or accessing the data along with the data and time of the inquiry, view or access.

SCDHHS is in the process of conducting a series of significant system operations and security updates. SCDHHS is taking a significantly broader view of the definition of MMIS as well as a focused approach on defining the Department's enterprise and associated systems and operational architectures. Furthermore in the fall of 2012, SCDHHS retained Gartner's Security Team to complete a Department-wide security (systems, operational processes/procedures, and policies). The Gartner report included specific recommendations and an associated implementation plan to increase the Department's security maturity in a number of areas. Additionally, the Eligibility Replacement project is working to further define the Department's security environment in light of the requirements for use of Internal Revenue Services (IRS) data. However, while the State plans to opt-out of use of the IRS data for its eligibility system, the State is using the requirements for access to the IRS as its baseline for all system going forward. Specifically, as part of its Replacement MMIS program and Eligibility Replacement project, the State's entire enterprise is being designed to adhere to guidelines of the Federal Information Security Management Act (FISMA), Federal Information Processing Standard (FIPS), and the MARS-E baseline (based on NIST SP 800-53 and IRS Publication 1075).

In addition to the guidelines, standards and requirements put forth by applicable Federal guidance as part of its overall security environment, SCDHHS is in the process of implementing multi-factor authentication throughout its enterprise, has updated its network security and intrusion detection infrastructure, and is evaluating and encrypting data that may contain

protected health information (PHI) or personally identifiable information (PII). SCDHHS has also initiated department-wide security awareness training.

6.2.4 Interface Strategy and Standards

SCDHHS expects to maintain a number of interfaces to its systems. As part of the Replacement MMIS program and the State's Eligibility Replacement project, the State will standardize its interfaces and work to reduce the number of interfaces as there are several examples where a second interface was developed with a partner instead of extending an existing interface. Additionally, as the State implements a services oriented architecture (SOA), the State will work to move interfaces away from flat-file transfers to services where practical. However, the State expects to need to maintain interfaces and associated documentation for the following types of data transfers or exchanges: flat-file point-to-point data exchanges, Electronic Data Interchange (EDI), and Web services.

The Department will continue to maintain its existing process and practices regarding Interface Control Documents (ICDs) for flat-file data exchanges with existing partners. Additionally, the Department will ensure compliance with the EDI transactions, including those changes currently underway for compliance with the CORE and ASC X12 Operating Rules changes that are required as of the Affordable Care Act.

As part of its Eligibility Replacement project, the State is working to define standards for documenting and maintaining its catalog of Web services. Although the majority of Web services definitions are available through the service itself (via the Universal Description, Discovery and Integration concepts - UDDI) and the Web Services Description Language (WSDL), the State plans to align its documentation with industry standards for Web service contract design and development. Specifically, the State is developing a three-part approach to documenting and managing its Web Services that include the Web Services Definition, the XML Schema, and Web Services Policy Definition.[4]

As part of the Replacement MMIS program, the State will evaluate all existing interfaces to determine if they will be needed in the future strategy, determine if the technology data exchange can or should be changed and then implement the new interface as required. Although the State plans to move as many interfaces to a Web services approach it should be noted that each Web service will be evaluated to determine if it can and should be a near real-time interface, typically used for the lookup or updating of a one (or a small number) of elements or a batch process where a large XML payload is delivered for scheduled or background processing. Additionally, as the State implements its Replacement MMIS strategy it will be more proactive in determining interfaces and interface design as part of its RFP process. The State has historically allowed contractors to drive the interface design resulting in a greater burden on the State's MMIS resources and additional and redundant work. The State will use the Replacement MMIS program as an opportunity to switch future contracting in order to standardize interfaces from the State's perspective and require contractors to adhere to those standards. Furthermore, the State has also created custom interfaces and approaches to address MMIS data exchanges where industry and/or other standards exist. The State plans to drive toward standardization of interfaces whenever practical. Contractors will be required to maintain open interfaces and use transactions that conform to the State’s standards.

[4]Thomas Erl, *SOA: principles of service design,* Prentice Hall, 2008, pp. 126-127.

6.3 Business Rules Technical Strategy

The business rules effort is relatively small and has minimal technology needs. SCDHHS is creating a business rules repository (which does ***not*** contain a business rules engine) to capture and manage its business rules and related information (e.g., noun concepts, verb concepts, etc.). If successful, the Department intends to open up this repository for other states to use and to share business rule information.

Important technical aspects of the business rules repository include:

- Use open source components, where applicable.
- Representational State Transfer (REST) -based back end to allow both Web clients and automated clients to access repository records.
- High-speed database (potentially a key-value store, such as Voldemort) to minimize caching requirements. Note that since the read/write ratio is expected to be large, the database approach is intended to optimize fast reads.
- Asynchronous JavaScript and XML (AJAX) -based Web client to offer a desktop application experience. The Web client will be built on an open source user interface framework, such as Vaadin or Google Web Toolkit and served via a servlet container or an application server.

6.4 Provider Management Technical Strategy

The technical solution for Provider Management is still under investigation by the State. Potential alternatives include:

- Reuse and/or build upon another state's solution.
- Use the IBM Cúram framework. The State already owns licenses to this framework.
- Standalone COTS provider management solution. Market research indicates that there is a small number of existing products.
- Build a new provider management system based on a COTS or open source customer relationship management (CRM) solution.
- Use a provider management solution extracted from an existing MMIS.

The State intends to decide on the technical solution by the end of summer 2013.

6.5 Analytics Technical Strategy

As discussed in the ODS technical strategy, the ODS and Analytics systems may share technologies such that there is not a crisp distinction between the two systems.

6.5.1 Decision Support Capability

The State plans to implement the decision support capability using database and business intelligence products to which it has access via State contracts or open source tools. As the existing market appears to be focused more on fee-for-service solutions, the State plans to refocus the decision support tools to address managed care operations to a greater degree.

6.5.2 SURS Capability

The State expects to acquire SURS-type capabilities (including other fraud, waste, and abuse technologies) via competitive procurement, and intends to focus primarily on COTS and SaaS

solutions. In response to RFI #5A, the State received responses that discussed special purpose fraud detection tools. The State has interest in incorporating these types of tools into its program integrity operations but has not yet determined the best way to accomplish this goal.

As is common, the SURS capabilities will likely use the data warehouse as their primary data store on which to perform analyses; however, some tools may maintain their own repositories, and some tools may work best on other data store architectures. For example, analyzing the human networks associated with fraud and abuse may be better represented in a graph database than a relational database.

6.6 Administrative Services Technical Strategy

The State is planning for the ASO technical solution to be a "transparent black box." By this, the State means:

- It does not intend to direct specific technical solutions other than in those cases where security, interoperability, or performance drive particular approaches.
- It does require complete transparency in terms of understanding that the solution is compliant with laws, regulations, and other requirements, and that the State must have access to the system for oversight and audit purposes as well as to perform any administrative duties assigned to the State.

As stated in Section 3.1.2, all else equal, the State would prefer an ASO solution using modern technologies over legacy technologies; however, the ability of the technology and business solutions to meet the needs is more important. In addition, the State does not intend to force the ASO to use many of the common services. Those common services that the State does expect the ASO to use (e.g., EDMS) drive enterprise commonality strongly.

It is important that the ASO technical solution be able to achieve CMS certification. The State plans to identify the MECT checklist items allocated to the ASO system, including any State-specific items. CMS is updating the certification toolkit in 2013, and SCDHHS will be working with CMS throughout the year and early into 2014 to refine its approach to modular certification. SCDHHS intends to focus more on demonstrating compliance via tangible results and outputs rather than using a detailed screen-by-screen validation. Additional information on certification can be found in Section 7.

7 CMS Certification Strategy

Per the State Medicaid Manual and the Code of Federal Regulations, the Replacement MMIS must be certified after completion of DDI. At this time, guidance on certification can be found in the *Medicaid Enterprise Certification Toolkit (MECT),* published by CMS.

The Department intends to use "demonstrable conceptual equivalence" to certify a "system-of-systems," and it expects that the MECT checklists will need to be addressed via observing the intended *results* more than the *process* used to achieve those results. Most of the contractors with whom the State has spoken have zeroed in on the potential that certification requirements may drive undesirable or unneeded customizations to their solutions. The message was clear that the State and CMS must ensure the certification strategy was aligned with the program approach.

The key unique aspect of certification for this program is that an incrementally developed system will require an incremental (modular) certification in order to provide timely receipt of

retrospective FFP. This approach to certification is contained in the approved IAPD. CMS has provided guidance that it intends to move certification more towards a "gate review" process to facilitate incrementally-deployed systems. To provide confidence that the overall system remains certifiable throughout the deployment process, each increment of certification may include a "regression certification" for previously completed functional areas.

SCDHHS will coordinate its certification strategy in detail with CMS prior to publication of any relevant RFPs for this program.

8 Training Strategy

8.1 Training and Training Support

Because of the complex nature of a multi-project Replacement MMIS effort, training must be coordinated to ensure that it is effective and efficient. A future training plan will cover training requirements and events in greater detail.

In general, the State's training strategy is driven by the target audience for each training type and event. As the integrator, the State intends to coordinate and deliver a significant portion of the training, particularly to State end users. Contractors will develop the training materials, conduct train-the-trainer (T3) instruction, and perform a substantial portion of the training not targeted at State end users. In addition, while much of the training will be conducted in Columbia, training for providers and other non-local personnel will need to be conducted at other locations.

8.1.1 Training Types

The State expects that training will be tailored to the material and the audience. For IT systems, ease of use will drive down training requirements substantially.

8.1.2 Training Development and Delivery

Training will be developed incrementally and in a modular fashion, similar to that of the system software. Contractors and State personnel involved with State-led system implementations will need to develop training materials that will be geared towards the trainers, as well as the end users.

The content for training may be in the form of printed materials, multimedia content, and computer-based content.

The two major challenges in training development will likely be:

- Keeping the material consistent and current given the interrelated changes occurring on the system and supporting operations via multiple contractors. Training content will require governance similar to that of program software.
- Integrating the training content to form a cohesive body of training material.

Table 8-1 identifies the targeted audience types, the major training development and delivery functions, and the entity normally responsible for performing the function. Note that this table uses the term "implementing entity" to describe the contractor or the State when it implements a system or develops software. Likewise, the "business entity" is the contractor or State when it performs the business operations services.

Specific training requirements will be covered in each applicable RFP or training plan.

Target Audience	Develops Training Material	Conducts T3 Training	Builds Integrated Training Packages	Conducts Target Audience Training	Manages Training Needs
External developers (i.e., from an organization other than the implementing entity)	Implementing entity	N/A	Implementing entity	Implementing entity	Entity to which developers belong
State development testers during implementation/upgrades	Implementing entity	N/A	Implementing entity	Implementing entity	Implementing entity
State business analysts during implementation/upgrades	Implementing/business entity	N/A	Implementing/business entity	Implementing/business entity	Implementing/business entity
State UAT testers	Implementing/business entity	Implementing/business entity	State	State	State
State end users	Implementing/business entity	Implementing/business entity	State	State	State
Other contractor end users	Implementing/business entity	Implementing/business entity	Depending on timing, may be State or implementing/business entity	Depending on timing, may be State or implementing/business entity	Contractor to which end users belong
Providers	Implementing/business entity	Implementing/business entity	State for system-related training Business entity for policy-related training	Business entity	Business entity
Contractor internal staff	Implementing/business entity	N/A	Implementing/business entity	Implementing/business entity	Contractor to which staff belong
State help desk staff	Implementing/business entity	Implementing/business entity	State	State	State
Contractor help desk staff	Implementing/business entity	N/A	Implementing/business entity	Implementing/business entity	Contractor to which staff belong

Table 8-1. Training Development/Delivery Matrix

Training delivery will consist primarily of train-the-trainer sessions, end user training sessions, and self-training sessions. The training team will need to conduct mass training for users prior to and just after deployment of releases. Additionally, new hire training will need to begin shortly after deployment increments, and refresher training will need to start within a year or so of incremental deployments. The program incremental deployment strategy could cause significant challenges for provider training as well as training for users from other State agencies. The State and contractors will need to carefully consider the software release strategy to avoid requiring repeated field training for these types of users.

9 Intellectual Property Objectives

- The State and CMS must retain rights to all software and other intellectual property created during the program. This is a requirement from the Code of Federal Regulations that applies to activities receiving FFP; however, the State intends to take a reasonable approach to minor source code modifications to COTS that are typical for the market. Neither party benefits if the State owns software "code fragments" that can't stand alone as viable capabilities.
- The State must retain ownership of all data supplied to or created during the program.
- For IP not owned by the State, the State must secure perpetual usage rights to all IP needed to properly operate the system and conduct business operations. Data that are most typically available by time-limited licenses are an exception to this rule.
- The State intends to treat the ASO contract as business process outsourcing, and is not intending to obtain perpetual usage rights to the contractor's system.
- For IP not owned by the State, the State must secure perpetual modification rights and the right to transfer the IP to another party serving the State for the purpose of serving SCDHHS. Products that are true COTS are an exception to this rule.
- The State and CMS may grant contractors the right to use State-owned IP as long as the contractors and their customers using the IP participate in the common governance process, and as long as the contractors can demonstrate that they will apply a reasonable system for tracking the use of State-owned IP in a fashion that ensures that no customer (public or private sector) remunerates the contractor for the use of the State-owned IP.

10 Key Risks

The following table identifies the key risks for the Replacement MMIS program.

Risk	Mitigation
The program may take substantially longer than desired because the planned strategy lacks precedent with the Medicaid community and because it is more complex than states typically pursue.	Because SCDHHS is both solving a "new" problem as well as creating a blueprint for other states, this risk will be accepted, and the program managed as best as practical. Known/unknowns and unknown/unknowns are bound to occur which may lengthen the program schedule.
The program solution may be inadequately integrated due to the different organizational and technical interfaces than is typical for an MMIS project, and because the Department may have difficulty establishing a highly competent integration team.	The most important mitigation effort for this risk is to standup a high-quality integration team using strong program team personnel early in the program. If establishing the team runs into substantial difficulties, the Department will use a competitive procurement to obtain additional

Risk	Mitigation
	contractor resources.
The program may be unable to properly validate and verify the solution components (system or business service) individually because of their dependencies on each other and the lack of a suitable test bed. (Note: this relates to program V&V, not to IV&V)	This risk is mitigated by procuring solutions that are largely complete products with minimal external dependencies. In addition, establishing interfaces and technical standards, and by integrating systems via an enterprise service bus, contractors will have a "target" during implementation and testing, even while waiting for other portions of the overall solution to be completed.
The program team may be unable to maintain the planned program timing because the procurement process is typically long and unpredictable.	Due to the legal and contractual issues associated with procurement (as well as the frequent protests incurred during Medicaid-related procurements), certain aspects of the procurement schedule are difficult to control. Each procurement will be managed via a project plan used to manage expectations as well as deconflict overlapping procurement activities.
SCDHHS and CMS may not be able to work out a suitable certification and FFP approach to the program because the strategy is not structured the same way as historical replacement projects.	SCDHHS believes that this risk is low (based on previous conversations and review of the MECT checklist); however, it plans to mitigate this risk by coordinating a detailed certification strategy with CMS prior to issuing any affected solicitations for the program. In this way, all parties will understand the plan and its assumptions and ground rules prior to beginning implementation activities.
Contractors may not fully cooperate with each other because they do not trust that other contractors will protect their intellectual property and because they believe that they must still compete with each other for future work.	SCDHHS is considering the use of Associate Contractor Agreements (ACAs) between the contractors as a mandatory contract requirement. These documents allow the contractors to share information and technologies while protecting their intellectual property and resources.
The cost and schedule estimate for the program may have significant inaccuracies because there is little precedent for this type of approach.	While SCDHHS has used reasonable cost and schedule estimation strategies, some error is very likely. SCDHHS has included reasonable management reserve in its estimation. The schedule, in particular, has substantial uncertainties, and the Department will evaluate alternative options to address schedule errors without causing cascading problems.
Unexpected claims payment issues could arise with an administrative services organization due to differences between the commercial market and Medicaid.	The best mitigation to this risk is for the Department to publish its policy and business rules in an easy-to-understand format prior to publishing the relevant solicitations. One of the main root causes of this risk is that non-traditional contractors "don't know what they don't know" (unknown/unknowns). Increasing transparency will allow these contractors to opt out of competing if their solutions are not well-adapted to the fee-for-service Medicaid market.
The program strategy might need to be modified	As the Department's vision is consistent with the

Risk	Mitigation
substantially during program execution due to a change in the Department's business strategy during a long implementation period. A previous change in business strategy contributed to the termination of the previous procurement.	national trend towards the use of managed care, the risk of business strategy change is relatively low. In order to mitigate the remaining risk, the Department's strategy must not completely shut off the ability to adapt to changing needs. By maintaining both a fee-for-service solution and a managed care solution, SCDHHS is positioned to adapt to future changes in benefit plan structure.
The business rules effort may not be fully successful because the Department underestimates the magnitude and complexity of the effort, and because it may not be able to assign consistent resources to the effort.	As the estimates for the business rules mining effort have substantial uncertainty, the Department intends to begin this effort as soon as practical. The program team has prioritized the rules to be gathered so that if time runs short, the most important rules will have been documented.

Table 10-1. Key Risks

Attachment 1. Insource/Outsource Matrix

Note: these matrices show a rough allocation of the **to-be** business services to insourced work or contracts (first matrix) and system functions to systems (second matrix) by MITA business process, with some supporting processes included. This is a key artifact of the enterprise architecture effort and the first step in creating Statements of Work and business requirements for each of the elements of the Replacement MMIS program. In order to improve clarity and completeness of the views, the matrices include projects and systems that are not part of the Replacement MMIS program.

For example, for the process FM13, Manage Accounts Payable Information, the business operations view indicates blue (some services assigned to this project/contract) for Insource, ASO, Pharmacy, Dental, and Care Call. This indicates that the organizations supporting each of these elements in the to-be architecture will perform services associated with accounts payable (most frequently associated with claims payment).

In addition, a third matrix identifies the relative allocation of duties associated with integration.

Business Operations View

Business Area/Process	Insource	ASO	Analytics	Provider Mgmt	Pharmacy	Dental	Care Call	QIO	Transportation	TPL	Notes
	G	Grey = no services assigned to this contract/project									
	B	Blue = some services assigned to this contract/project									
	Y	Yellow = many services assigned to this contract/project									
	R	Red = all or most services assigned to this contract/project									
	P	Purple = Researching which contract/project(s) process should be assigned									
Business Relationship Management											
BR01 Establish Business Relationship	B	G	G	B	G	G	G	G	G	G	Provider responsible for Provider related BAs and TPAs Agency responsible with BAs and TPAs for all other entities
BR02 Manage Business Relationship Communication	B	G	G	B	G	G	G	G	G	G	Provider responsible for Provider related BAs and TPAs Agency responsible with BAs and TPAs for all other entities
BR03 Manage Business Relationship Information	B	G	G	B	G	G	G	G	G	G	Provider responsible for Provider related BAs and TPAs Agency responsible with BAs and TPAs for all other entities
BR04 Terminate Business Relationship	B	G	G	B	G	G	G	G	G	G	Provider responsible for Provider related BAs and TPAs Agency responsible with BAs and TPAs for all other entities
Care Management											
CM01 Establish Case	B	B	G	G	B	G	B	G	G	G	* SCDHHS - Identification of Population for Case Management.
CM02 Manage Case Information	G	Y	G	G	B	G	B	G	G	G	
CM03 Manage Population Health Outreach	B	B	B	G	G	G	B	G	G	G	* SCDHHS - global / population identifications related to this process * Analytics - assist SCDHHS with global analysis * ASO & Care Call - works with their associated member population on the individual level.
CM04 Manage Registry	R	G	G	G	G	G	G	G	G	G	DHEC and SCDHHS owned
CM05 Perform Screening and Assessment	G	R	G	G	G	G	R	G	G	G	* ASO - performs functions for ASO controlled cases * Phoneix/Care Call - performs functions for the cases they are resonsible for

Business Area/Process	Insource	ASO	Analytics	Provider Mgmt	Pharmacy	Dental	Care Call	QIO	Transportation	TPL	Notes
CM06 Manage Treatment Plan and Outcomes	B	B	G	G	G	B	B	G	G	G	* SCDHHS - Monitor and reassess global plans for special member populations * ASO - Medical Treatment plans * Care Call - HCBS Treatment Plans * Dental - Maxillofacial Treatment Plans - TBD only if Dental remains in ASO structure not MCO
CM07 Authorize Referral	G	Y	G	G	G	B	G	G	G	G	Will Agency require Referrals for any FFS members? Don't think this will be done
CM08 Authorize Service	G	Y	G	G	B	B	G	G	G	G	ASO - Medical PAs, including High Tech Radiology Pharmacy - Drug related PAs Dental - Dental related PAs
CM09 Authorize Treatment Plan	G	Y	G	G	G	B	G	G	G	G	ASO - Medical Treatment Plans Dental - Dental Treatment Plans
Contractor Management											
CO01 Manage Contractor Information	R	G	G	G	G	G	G	G	G	G	Billing Agents and Clearing houses etc are considered part of Provider Management.
CO02 Manage Contractor Communication	R	G	G	G	G	G	G	G	G	G	Billing Agents and Clearing houses etc are considered part of Provider Management.
CO03 Perform Contractor Outreach	R	G	G	G	G	G	G	G	G	G	Billing Agents and Clearing houses etc are considered part of Provider Management.
CO04 Inquire Contractor Information	R	G	G	G	G	G	G	G	G	G	Billing Agents and Clearing houses etc are considered part of Provider Management.
CO05 Produce Solicitation	R	G	G	G	G	G	G	G	G	G	
CO06 Award Contract	R	G	G	G	G	G	G	G	G	G	
CO07 Manage Contract	R	G	G	G	G	G	G	G	G	G	
CO08 Close Out Contract	R	G	G	G	G	G	G	G	G	G	
CO09 Manage Contractor Grievance and Appeal	R	G	G	G	G	G	G	G	G	G	
Eligibility and Enrollment											

Business Area/Process	Insource	ASO	Analytics	Provider Mgmt	Pharmacy	Dental	Care Call	QIO	Transportation	TPL	Notes
EE01 Determine Member Eligibility	R	G	G	G	G	G	G	G	G	G	
EE02 Enroll Member	R	G	G	G	G	G	G	G	G	G	
EE03 Inquire Member Eligibility	R	G	G	G	G	G	G	G	G	G	
EE04 Disenroll Member	R	G	G	G	G	G	G	G	G	G	
EE05 Determine Provider Eligibility	G	G	G	R	G	G	G	G	G	G	
EE06 Enroll Provider	G	G	G	R	G	G	G	G	G	G	
EE07 Disenroll Provider	G	G	G	R	G	G	G	G	G	G	
EE08 Inquire Provider Information	G	G	G	R	G	G	G	G	G	G	
Financial Management											
FM01 Manage Provider Recoupment	B	B	G	G	B	B	B	G	G	B	Each contractor is responsible for provider recoupments related to their contracted activities
FM02 Manage TPL Recovery	B	G	G	G	G	G	G	G	G	B	* SCDHHS - Casualty / Trauma Recovery * TPL - Policy Identifications and Health and Medicare Recovery
FM03 Manage Estate Recovery	R	G	G	G	G	G	G	G	G	G	
FM04 Manage Drug Rebate	B	G	G	G	R	G	G	G	G	G	SCDHHS transmits Encounter Drug claims to Pharmacy contractor for rebating activities
FM05 Manage Cost Settlement	R	G	G	G	G	G	G	G	G	G	
FM06 Manage Accounts Receivable Information	P	P	G	B	G	G	G	G	G	P	SCDHHS continues to research the best solution for the Account Receivable Processes which will determine the assignment of responsibility. *Provider accounts for application fees that are paid via SC.GoV
FM07 Manage Accounts Receivable Funds	P	P	G	G	G	G	G	G	G	P	SCDHHS continues to research the best solution for the Account Receivable Processes which will determine the assignment of responsibility.
FM08 Prepare Member Premium Invoice	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	SCDHHS does not have a member premium program
FM09 Manage Contractor Payment	R	G	G	G	G	G	G	G	G	G	SCDHHS processes non-claim related contractor payments.
FM10 Manage Member Financial Participation	B	G	G	G	G	G	G	G	G	B	* SCDHHS - Buy-In * TPL - HIPP

Business Area/Process	Insource	ASO	Analytics	Provider Mgmt	Pharmacy	Dental	Care Call	QIO	Transportation	TPL	Notes
FM11 Manage Capitation Payment	R	G	G	G	G	G	G	G	G	G	
FM12 Manage Incentive Payment	B	B	G	G	G	G	G	G	G	G	* SCDHHS - Calculation of Outcome based Incentives * ASO - responsible for all payments to providers
FM13 Manage Accounts Payable Information	B	B	G	B	B	B	G	G	G	G	* ASO, Pharmacy and Dental pays providers for service under their contract; * SCDHHS, SCDHHS handles the rest *Provider only deals with refunding application fees
FM14 Manage Accounts Payable Disbursement	B	B	G	G	B	B	G	G	G	B	* ASO, RX, Dental - pays Non State Agency providers for service under their contract; * TPL - HIPP Payments * SCDHHS - all other payment types
FM15 Manage 1099s	B	B	G	G	G	B	G	G	G	G	* Decision on Incentive may impact this one. If ASO cannot process Incentive payments, then those payments will need to be incorporated into the 1099 from another source * Pharmacies do not receive 1099 per IRS regulations
FM16 Formulate Budget	R	G	G	G	G	G	G	G	G	G	
FM17 Manage Budget Information	R	G	G	G	G	G	G	G	G	G	
FM18 Manage Funds	R	B	G	G	B	B	G	G	G	G	Claims adjudication will have to assign indicators/codes to be used for Manage Fund process
FM19 Generate Financial Report	Y	B	G	G	B	B	B	B	G	B	Contractors may need to provide assistance / data depending on the report and data needs
Operations Management											
OM04 Submit Electronic Attachment	B	B	G	B	B	B	G	B	G	B	
OM05 Apply Mass Adjustment	B	R	G	G	R	R	G	G	G	G	SCDHHS continues to research the owner of communications in the enterprise solution. This decision may impact the portion of this process related to communicating the mass adjustments to providers
OM07 Process Claims	G	R	G	G	R	R	G	G	G	G	
OM14 Generate Remittance Advice	G	R	G	G	R	R	G	G	G	G	
OM18 Inquire Payment Status	G	R	G	G	R	R	G	G	G	G	

Business Area/Process	Insource	ASO	Analytics	Provider Mgmt	Pharmacy	Dental	Care Call	QIO	Transportation	TPL	Notes
OM20 Calculate Spend-Down	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	SCDHHS does not have a Spend-Down program
OM27 Prepare Provider Payment	B	B	G	G	G	G	G	G	G	G	* SCDHHS - Capitated Payments; * ASO - HCBC Payments
OM28 Manage Data	B	G	B	G	G	G	G	G	G	G	
OM29 Process Encounters	R	G	G	G	G	G	G	G	G	G	
Performance Management											
PE01 Identify Utilization Anomalies	R	G	B	G	G	G	G	B	G	G	Analytics - provides support in developing tools and reports for this process
PE02 Establish Compliance Incident	R	G	G	G	G	G	G	G	G	G	
PE03 Manage Compliance Incident Information	R	G	G	G	G	G	G	G	G	G	
PE04 Determine Adverse Action Incident	R	G	G	G	G	G	G	G	G	G	
PE05 Prepare REOMB	R	G	G	G	G	G	G	G	G	G	
Plan Management											
PL01 Develop Agency Goals and Objectives	R	G	G	G	G	G	G	G	G	G	
PL02 Maintain Program Policy	R	G	G	G	G	G	G	G	G	G	
PL03 Maintain State Plan	R	G	G	G	G	G	G	G	G	G	
PL04 Manage Health Plan Information	R	B	B	G	B	B	B	G	G	G	Contractors assist with 'What-If' scenarios as it relates to their contracts
PL05 Manage Performance Measures	R	B	B	B	B	B	B	B	G	B	Contractors assist with performance measures as it pertains to their contract
PL06 Manage Health Benefit Information	R	B	G	G	B	B	B	G	G	G	Contractors implement benefit plans at the direction of SCDHHS
PL07 Manage Reference Information	R	B	G	G	B	B	G	G	G	G	
PL08 Manage Rate Setting	R	B	G	G	B	B	G	G	G	G	Contractors assist with 'What-If' scenarios as it relates to their contracts for rate changes
Provider Management											

Business Area/Process	Insource	ASO	Analytics	Provider Mgmt	Pharmacy	Dental	Care Call	QIO	Transportation	TPL	Notes
PM01 Manage Provider Information	B	G	G	Y	G	G	G	G	G	G	
PM02 Manage Provider Communication	Y	B	G	B	B	B	G	G	G	G	* Provider Contractor will enroll providers and agents to receive bulletins. * Agency will get responsible for generating and publishing communications * Claims contractors may be asked to publish messages on RAs
PM03 Perform Provider Outreach	Y	P	G	P	P	P	G	G	G	P	TBD - Contractors could be responsible for unique system training. Agency at minimum will coordinate and approve all training materials
PM07 Manage Provider Grievance and Appeal	R	G	G	G	G	G	G	G	G	G	
PM08 Terminate Provider	B	G	G	Y	G	G	B	G	G	G	
Non-MITA Business Processes											
Call Center	G	B	G	B	B	B	B	G	G	B	* Each contractor would be responsible for second and third tier calls related to their contract *SCDHHS continues to research the best solution for the first tier call center activities
Receive Inbound Transactions	B	B	G	B	B	B	B	G	G	B	SCDHHS continues to research the best solution for the mail room activities.
Send Outbound Transactions	B	B	G	B	B	B	B	G	G	B	SCDHHS continues to research the best solution for the mail room activities.
Printing and Publications	P	P	G	P	P	P	G	G	G	P	SCDHHS continues to research the best solution for MMIS Enterprise printing and publication processes.

Systems View

Business Area/Process	ASO	Analytics	Pharmacy	Dental	Care Call	Phoenix	QIO	Transportation	TPL	DSS	Provider Mgmt	EEMMS	MITA Automation	ODS	Data/Service Hub	Orchestration	Financial	Notes
	G	Grey = no services assigned to this contract/project																
	B	Blue = some services assigned to this contract/project																
	Y	Yellow = many services assigned to this contract/project																
	R	Red = all or most services assigned to this contract/project																
	P	Purple = Researching which contract/project(s) process should be assigned																
Business Relationship Management																		
BR01 Establish Business Relationship	G	G	G	G	G	G	G	G	G	G	G	G	G	B	R	B	G	
BR02 Manage Business Relationship Communication	G	G	G	G	G	G	G	G	G	G	G	G	G	B	R	B	G	
BR03 Manage Business Relationship	G	G	G	G	G	G	G	G	G	G	G	G	G	B	R	B	G	
BR04 Terminate Business Relationship	G	G	G	G	G	G	G	G	G	G	G	G	G	B	R	B	G	
Care Management																		
CM01 Establish Case	B	G	B	G	G	B	G	G	G	G	G	G	R	Y	Y	Y	G	
CM02 Manage Case Information	G	B	G	G	G	B	G	G	G	G	G	G	R	Y	Y	Y	G	
CM03 Manage Population Health Outreach	G	G	G	G	G	G	G	G	G	G	G	G	R	Y	Y	Y	G	
CM04 Manage Registry	G	G	G	G	G	G	G	G	G	G	G	G	R	Y	Y	Y	G	Department of Health and Environmental Control (DHEC) owns the Immunization Registry. SCDHHS will interface with DHEC
CM05 Perform Screening and Assessment	G	B	G	G	G	G	G	G	G	G	G	G	G	B	B	B	G	
CM06 Manage Treatment Plan and Outcomes	G	B	G	G	G	G	G	G	G	G	G	G	G	B	B	B	G	
CM07 Authorize Referral	Y	G	G	B	G	G	G	G	G	G	G	G	G	B	B	B	G	

Business Area/Process	ASO	Analytics	Pharmacy	Dental	Care Call	Phoenix	QIO	Transportation	TPL	DSS	Provider Mgmt	EEMMS	MITA Automation	ODS	Data/Service Hub	Orchestration	Financial	Notes
CM08 Authorize Service	Y	G	B	B	G	G	G	G	G	G	G	G	G	B	B	B	G	
CM09 Authorize Treatment Plan	Y	G	G	B	G	G	G	G	G	G	G	G	G	B	B	B	G	
Contractor Management																		
CO01 Manage Contractor Information	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	
CO02 Manage Contractor Communication	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	
CO03 Perform Contractor Outreach	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	
CO04 Inquire Contractor Information	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	
CO05 Produce Solicitation	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	
CO06 Award Contract	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	
CO07 Manage Contract	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	
CO08 Close Out Contract	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	
CO09 Manage Contractor Grievance and Appeal	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	
Eligibility and Enrollment																		
EE01 Determine Member Eligibility	G	B	G	G	G	G	G	G	G	G	G	R	G	B	B	G	G	
EE02 Enroll Member	G	B	G	G	G	G	G	G	G	G	G	R	G	B	B	G	G	
EE03 Inquire Member Eligibility	G	B	G	G	G	G	G	G	G	G	G	R	G	B	B	G	G	
EE04 Disenroll Member	G	B	G	G	G	G	G	G	G	G	G	R	G	B	B	G	G	
EE05 Determine Provider Eligibility	G	G	G	G	G	G	G	G	G	G	R	G	R	B	Y	B	G	
EE06 Enroll Provider	G	G	G	G	G	G	G	G	G	G	R	G	R	B	Y	B	G	
EE07 Disenroll Provider	G	G	G	G	G	G	G	G	G	G	R	G	R	B	Y	B	G	
EE08 Inquire Provider Information	P	G	P	P	G	G	G	G	G	G	R	G	R	B	Y	B	G	SCDHHS continues to research what role, if any, contractors will play in Inquire Provider Information
Financial Management																		

Business Area/Process	ASO	Analytics	Pharmacy	Dental	Care Call	Phoenix	QIO	Transportation	TPL	DSS	Provider Mgmt	EEMMS	MITA Automation	ODS	Data/Service Hub	Orchestration	Financial	Notes
FM01 Manage Provider Recoupment	B	G	B	B	G	G	G	G	B	G	G	G	G	B	B	G	B	
FM02 Manage TPL Recovery	G	G	G	G	G	G	G	G	Y	G	G	B	G	B	B	G	G	
FM03 Manage Estate Recovery	G	G	G	G	G	G	G	G	G	G	G	G	G	B	B	G	G	
FM04 Manage Drug Rebate	G	G	Y	G	G	G	G	G	G	G	G	G	G	B	B	G	G	
FM05 Manage Cost Settlement	G	G	G	G	G	G	G	G	G	B	G	G	G	B	B	G	B	
FM06 Manage Accounts Receivable Information	P	G	G	G	G	G	G	G	P	G	G	G	P	P	G	G	P	SCDHHS continues to research the best solution for the Account Receivable Processes which will determine the assignment of responsibility.
FM07 Manage Accounts Receivable Funds	P	G	G	G	G	G	G	G	P	G	G	G	P	P	G	G	P	SCDHHS continues to research the best solution for the Account Receivable Processes which will determine the assignment of responsibility.
FM08 Prepare Member Premium Invoice	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	SCDHHS does not have a member premium program
FM09 Manage Contractor Payment	G	G	G	G	G	G	G	G	G	G	G	G	G	B	B	G	R	
FM10 Manage Member Financial Participation	G	G	G	G	G	G	G	G	B	G	G	B	G	B	B	G	B	
FM11 Manage Capitation Payment	G	G	G	G	G	G	G	G	G	G	G	B	G	B	B	G	B	
FM12 Manage Incentive Payment	B	B	G	G	G	G	G	G	G	B	G	G	G	B	B	G	B	
FM13 Manage Accounts Payable Information	B	G	B	B	G	G	G	G	G	G	G	G	G	B	B	G	B	
FM14 Manage Accounts Payable Disbursement	B	G	B	B	G	G	G	G	B	G	G	G	G	B	B	G	B	
FM15 Manage 1099s	R	G	G	R	G	G	G	G	G	G	G	G	G	B	B	G	G	
FM16 Formulate Budget	G	B	G	G	G	G	G	G	G	B	G	G	G	B	B	G	B	
FM17 Manage Budget Information	G	G	G	G	G	G	G	G	G	G	G	G	G	B	B	G	R	
FM18 Manage Funds	G	G	G	G	G	G	G	G	G	G	G	G	G	B	B	G	R	
FM19 Generate Financial Report	B	B	B	B	G	G	G	G	B	B	G	G	G	B	B	G	B	

Business Area/Process	ASO	Analytics	Pharmacy	Dental	Care Call	Phoenix	QIO	Transportation	TPL	DSS	Provider Mgmt	EEMMS	MITA Automation	ODS	Data/Service Hub	Orchestration	Financial	Notes
Operations Management																		
OM04 Submit Electronic Attachment	B	G	B	B	G	G	B	G	B	G	B	B	G	B	R	Y	G	
OM05 Apply Mass Adjustment	R	G	R	R	G	G	G	G	G	G	G	G	G	B	B	B	G	SCDHHS continues to research the owner of communications in the enterprise solution. This decision may impact the portion of this process related to communicating the mass adjustments to providers
OM07 Process Claims	R	G	R	R	G	G	G	G	G	G	G	G	G	B	B	B	G	
OM14 Generate Remittance Advice	R	G	R	R	G	G	G	G	G	G	G	G	G	B	B	B	G	
OM18 Inquire Payment Status	R	G	R	R	G	G	G	G	G	G	G	G	G	B	B	B	G	SCDHHS continues to research the owner of the Call Center in the enterprise solution. This decision may impact the portion of the process answering inquires received through the call center.
OM20 Calculate Spend-Down	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	SCDHHS does not have a Spend-Down program
OM27 Prepare Provider Payment	B	G	G	G	G	G	G	G	G	G	G	B	G	B	B	B	B	ASO is responsible for HCBS payments
OM28 Manage Data	G	R	G	G	G	G	G	G	G	B	G	G	G	R	R	R	B	
OM29 Process Encounters	G	G	G	G	G	G	G	G	G	G	G	G	G	R	R	R	G	
Performance Management																		
PE01 Identify Utilization Anomalies	G	B	G	G	G	G	G	G	G	B	G	G	R	B	Y	R	G	

Business Area/Process	ASO	Analytics	Pharmacy	Dental	Care Call	Phoenix	QIO	Transportation	TPL	DSS	Provider Mgmt	EEMMS	MITA Automation	ODS	Data/Service Hub	Orchestration	Financial	Notes
PE02 Establish Compliance Incident	G	G	G	G	G	G	G	G	G	G	G	G	R	B	Y	R	G	
PE03 Manage Compliance Incident Information	G	G	G	G	G	G	G	G	G	G	G	G	R	B	Y	R	G	
PE04 Determine Adverse Action Incident	G	G	G	G	G	G	G	G	G	G	G	G	R	B	Y	R	G	
PE05 Prepare REOMB	G	G	G	G	G	G	G	G	G	B	G	G	G	B	B	R	G	
Plan Management																		
PL01 Develop Agency Goals and Objectives	G	B	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	
PL02 Maintain Program Policy	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	
PL03 Maintain State Plan	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	
PL04 Manage Health Plan Information	B	G	B	B	G	G	G	G	G	G	G	G	G	G	G	G	G	Contractors will support SCDHHS in the 'What If' scenarios for Plan Changes
PL05 Manage Performance Measures	G	Y	G	G	G	G	G	G	G	B	G	G	B	B	B	G	G	
PL06 Manage Health Benefit Information	B	B	B	B	G	G	G	G	G	B	G	G	G	G	G	G	G	
PL07 Manage Reference Information	B	B	B	B	G	G	G	G	G	B	G	G	B	B	B	G	G	
PL08 Manage Rate Setting	B	B	B	B	G	G	G	G	G	B	G	G	G	G	G	G	G	
Provider Management																		
PM01 Manage Provider Information	G	G	G	G	G	G	G	G	G	G	R	G	G	Y	Y	Y	G	
PM02 Manage Provider Communication	G	G	G	G	G	G	G	G	G	G	R	G	G	Y	Y	Y	G	
PM03 Perform Provider Outreach	G	G	G	G	G	G	G	G	G	G	R	G	G	Y	Y	Y	G	
PM07 Manage Provider Grievance and Appeal	G	G	G	G	G	G	G	G	G	G	G	G	G	Y	Y	Y	G	
PM08 Terminate Provider	G	G	G	G	G	G	G	G	G	G	R	G	G	Y	Y	Y	G	

Integration View

Duty	Insource (State Duty)	Outsource (Contractor Duty	Notes
G	Grey = no duties assigned		
B	Blue = some duties assigned		
Y	Yellow = many duties assigned		
R	Red = all or most duties assigned		
P	Purple = Researching which contract/project(s) duties should be assigned		
Type I – System Integration			
Select technologies	Y	B	Contractors select most technologies on competitively-bid procurements (subject to RFP requirements). State selects technologies for all other purposes.
Configure technologies	Y	Y	For contractor-implemented solutions, the majority of duties are assigned to the contractor. For State-implemented solutions, the majority of duties are assigned to the State.
Customize technologies	Y	Y	
Interface technologies	Y	Y	
Test the solution	Y	Y	
Convert/migrate date	Y	Y	
Document the solution	Y	Y	
Develop solution training materials and perform knowledge transfer	Y	Y	
Technical support	Y	Y	
Type II – Project Management Integration			
Program-level schedule creation and management	R	B	The State leads the project management integration processes with support from the contractors.
Inter-project schedule coordination	R	Y	
Inter-project activity coordination	R	Y	
Risk/issue/opportunity management process	R	Y	
Program scope governance	R	B	

Collaboration management (tools and process)	R	B	
Program metrics and reporting management	R	Y	
CMS system certification process management	R	Y	
Solution release management	R	Y	
Program budgeting, estimation, and financial management	R	B	
Type III – Technical Integration			
Establish and manage architectural standards	R	B	The State will lead the technical integration with assistance from the contractors. The level of contractor duties is consistent with their role in crafting and maintaining specific technical solutions.
Architectural governance	R	Y	
Interface standards	R	Y	
Data standards	R	Y	
Tool standards	Y	Y	
Master data management	R	Y	
SDLC and technical process standards	Y	Y	
Coordinating SDLC events and deliverables	R	Y	
Inter-project test coordination and oversight	R	B	
Total solution test planning, execution, and reporting	R	B	
Establish and manage security standards	R	B	
SOA governance	R	Y	
System hosting	Y	Y	
Type IV – Business Integration			
Ongoing training management and delivery	R	B	The State will lead the business integration with assistance from the contractors. The level of contractor duties is consistent with their role in crafting and maintaining specific business solutions. Contractors will have a large role in managing inbound and outbound transactions.
Organizational transformation management (including business process re-engineering)	R	B	
Aligning business services with business priorities	R	B	
Inter-contract operations coordination	R	Y	
Contractor management process	R	B	
Inbound/outbound transaction management • Call center • Mail • Fax • EDI • Service invocations • Other	B	Y	
Disaster recovery/business continuity planning and execution	Y	Y	
Physical and personnel security management	Y	Y	