STATE OF NEW YORK

BIDDERS' CONFERENCE

July 14, 2010, 10:30 a.m.

REPLACEMENT MEDICAID MANAGEMENT INFORMATION SYSTEM

(R-MMIS) Fiscal Agent Services Project

Request For Proposal (RFP)

Wednesday, July 14, 2010
10:30 a.m.
Empire State Plaza
Conference Room 1
Albany, New York

SPEAKERS:
TOM DONOVAN, Medicaid CIO
HENRY STONE, Division of Systems
Administrative Support Director
DENNIS McFADDEN, eMedNY Director
JONATHAN MAHAR, Bureau of Accounts Management

MR. DONOVAN: Good morning. Thanks for coming. A little housekeeping before I get into my remarks. If you could turn off your cell phones, we'd appreciate that, if you haven't already. Nobody did, right? I hope you all provided business cards out front. If you haven't, on your way out, if you'd drop them off, that would be great.

You should know that the responses we give here to questions, verbal responses, are not binding. However, your written questions submitted to us will be responded to and posted on the Department's website, and they will be binding.

I appreciate you coming. Thanks. It's been a while to get this party together. We're finally there. We've been working at this for too long, right? And you've been waiting for too long, so that's good. For us it's a pretty significant effort. We are hoping to enhance claims processing capability and our overall management of the program through this particular effort. We think that what we've offered you to look at is a significant -- in some respects a significant departure from the traditional MMIS project. And we've been very careful to fashion our requirements around the Medicaid Information Technical Architecture,

otherwise known as MITA, which suggests a maturity growth over the period of a contract and suggests general directions that we'll be going in an agency.

Just let me give you a couple of statistics about the program you may know; you may not know. But we process approximately $47 billion plus a year through the system. From a financial perspective it's the largest in the country. For claims volume we process about 12 claims a second on a 7/24/365 basis. It's a lot of money. We represent approximately one third of the healthcare expenditures in the State of New York, so this is a significant influx of dollars into the New York State economy. People tend not to think of Medicaid in those terms, but it is. It is a very significant economic driver in the State's GDP.

And last but not least, we ensure approximately 21 percent, give or take, of the State's population, over 4 million insured, second to California; they are about 7 million insured. It's a big program, significant challenges. We're very excited about this engagement and, as I said, it's been a long time coming.

We're glad you're here. We look forward to your responses. And with that I'm going to turn it

over to Henry Stone, who will walk you through some of the timetables, and then we'll move through the agenda. Thanks very much.

MR. STONE: Pat, you want to put up the power point, second slide?

I'm Henry Stone. I'm the logistics manager for this. I'm the one who is responsible for getting the RFP put together and on the website, and I just want to run you through quickly with the critical dates.

A week from tomorrow, which is July 22nd, all questions are due in. I suggest whatever you have, verbalize it, get it in early so we can respond to the concerns you have. One of the concerns we have is sometimes vendors who aren't used to the New York State process will have a normal corporate header or footer that says "this is proprietary or confidential information." Since we plan to put up all responses on the website, if you do that, we're going to have to go to our lawyers, our FOIL attorney, and say "what can we do," which may delay answering your question. It may even have your questions thrown out. So when you send in a question, please, do not qualify it with saying anything about confidentiality or proprietary. If

there's something that's really proprietary, it probably is not germane to be asking a question about it at this point.

We intend to respond to all questions and have them up on the website right around August 12th. It may be the 12th or 13th, but it will be about -- on or about August 12th.

And then, finally, once you see them, do your proposals. Proposals are due in October 29th at 1:00 p.m. If you're going to mail them in, Fed Ex them, whatever, make sure you leave enough time so they can get from the mail room up to the room that we have in the RFP. If you're going to bring them in by hand, you all probably have dealt with the security in various state buildings. Make sure you have enough time to get yourself through the security to get them upstairs.

And good luck to all of you, and we look forward to looking at your proposals. And Mr. McFadden will now go through the highlights of the RFP.

MR. McFADDEN: Thank you Henry, Tom.

Good morning, everyone. What we have here is -- we had 14 slides, but it won't take us too long. Henry usurped two of them for me. What we

have are an entire RFP and system summarized in 12 slides. As Henry said, it's a very, very high level overview. I'd say a mile high version. Of course, I'm sure all of you are aware now that everything is available in the RFP which was released on June 4th, and it's available on the website for anyone who might not be aware of that, the DOH website, NYhealth.gov.

The objectives, what we're looking for, we want to have implemented a federally certifiable R-MMIS, replacement MMIS, that includes all the functionality of the current system. And Tom was alluding to some of that functionality. It's a rather large system. The system is known as eMedNY, in case you haven't heard of it. In addition to the current functionality, we're also looking to enhance the functionality in many, many areas, three of which are outlined on there, provider services, pharmacy benefit management, and dental claim and prior approval processing.

The new system, of course has to be able to work with the new HIPPA version 5010 and NCPDPD.0 EDI standards. We're working on those now. We will be compliant. Probably that project will be implemented sometime late next summer. It's required to be in

place by January 1, 2012.

In addition to 5010 we have to be ready to work with the ICD-10, the International Classification of Diseases 10 coding system. That's where the ICD-9 will be going away -- let me say that with a qualification -- on October 1 of 2013, but that's the date of service, so anything prior to that date still has to come in in ICD-9. Anything after that date in ICD-10, which means that the new system will have to be able to work with both types of transactions, because we sometimes process claims that are two years old, so we'll be looking at ICD-9 claims up until 2015 sometime. Those -- the first four major bullets there will be in functional Phase I, which we will get into the phases in a little bit in a little more detail. The other two functional phases will employ the deployment of a COTS financial management system, and we also are going to be looking to raise our MITA standards to maturity level 3, at least. So the information technology architecture is going to have to be very flexible, and that will be functional Phase III that we'll get into here.

On the next slide we outline those phases that I just mentioned. Of course, we're going to start

with Plan A, and then, as you can see, the three implementation phases that I just alluded to followed by certification, very, very important phase. We all know what that one is. The operations phase and the system and operational enhancement phase, and then followed by the turnover phase, the very last phase when the contract is up. These phases are with one exception, I think, all overlapping. They're not just one right after the other concurrent. As a matter of fact, the operations phase and the enhancement phases run concurrently. That will become apparent as we get to the very last thing, anticipated schedule on the last slide.

The planning phase. We want to develop and put into practice a series of plans mentioned here, and they're not all mentioned here, I might add. These are the major ones. We want to be able to support all project phases with these things, these plans that we come up with during the planning phase. We want to ensure that the project maintains a high quality of products and deliverables, stays in schedule and within budget, so we're going to have a project management plan which includes all major sections in the rather voluminous RFP.

We'll have a risk management plan. I'm

sure we're all familiar with what that is, identifying risks, assessing them, mitigating them.

Scope management plan. We want to make sure we're doing all the work required but only the work required.

Configuration management plan, that's your software version control, hardware version control, the documentation of everything.

There will also be some other plans that are mentioned, such as quality management plan, but you'll have to look at the RFP to get those.

All these plans will be based on the offeree's proposed project management and their system development life cycle methodology, which is another thing we want to see spelled out as you see when you delve in the RFP.

The implementation phases, there are three of them. These requirements listed here cut across all three implementation phases. Requirements traceability and validation, we want to make sure that all our requirements are correct, complete and consistent. This will be done primarily during many, many JAD sessions we anticipate.

System design and development speaks for itself. Testing does, too. That runs the gamut from

unit subtesting right through stress repression -- regression, excuse me, not repression -- Freudian slip there -- regression testing and, of course, parallel testing prior to implementation.

Organizational change management. That's -- we're going to -- there will be many, many changes as a result of this new system. We want to assess their impact on staff, on DOH staff, on stakeholder staffing. We want to be able to anticipate what these changes will bring and how to manage them.

Data conversion, just in the first phase, when we are preparing for operations, that's self-evident, too.

Operational readiness. That will require the completion of a formal operational readiness review. We will have training, which I didn't list here, will be sprinkled through all these various stages and, of course, implementation. That will be -- all of these again will also include incumbent transition support. You're going to have to work with the DOH staff and also with the incumbent eMedNY contract as well as with the data warehouse contractor and our QA contractors.

The next slide shows implementation of functional Phase I. When this phase is done, we will

commence operations. And this phase consists of the DDI for the federally certifiable R-MMIS that I mentioned. It has to meet all federal and state requirements, has to include all functionality, including the 24/7/365, which I believe we're unique in the nation with that requirement that Tom mentioned, and 1.7 million transactions daily on the average. It might be a little lower on Christmas.

Enhanced provider pharmacy benefit management where we have to manage all our various drug programs, preferred drug program, the clinic drug program, mandatory generic program, the rebates and everything, and also, as we alluded to before, the 5010 standards and the ICD-10.

The second implementation phase is kind of an empty slide there that consists entirely of the development of and implementation of a COTS financial management system. Right now we have two financial management systems that work together, one develops eMedNY and the New York State Central Accounting System, and, as a result, there are certain inefficiencies that we would like to eliminate. And the processing, reporting, and recording of financial transactions. We would like to implement software to improve operations and reengineer these processes

using a COTS solution to the extent possible. We realize with the complexities involved here the COTS might not entirely cover all our needs, so we will accept an integrated solution of some sort with our prior approval, of course. And the financial management system consists of exactly what you would expect, a general ledger, accounts payable and accounts receivable, as well as contracts management.

Functional Phase III, this is what I mentioned previously. Over the course of this contract the Department expects that in all business areas we will at the end of this contract be at least at MITA maturity level 3. I'm sure most of you are familiar with MITA maturity levels. I believe there's 1 through 5 of them. We might be at 3 in a few areas right now, but mostly we're in 1 and 2, but we intend to be at 3. Therefore, the replacement MMIS must provide a unified technical application architecture that's very, very flexible and capable of supporting these changes.

The next phase, certification, as I mentioned, without federal certification we would be in deep financial trouble, so we insist upon a federally certifiable MMIS that meets all CMS requirements, which are listed for your reading

pleasure in the RFP.

There is a -- the review schedule itself will not be determined by the Department, of course. That's going to be determined by CMS. They will come out for a nice long visit and test everything and check everything out for us. And during this we also saw fit to mention here again, to stress that this contractor who wins this bid will have to work with the MDW contractor for the certification effort, because there are a lot of overlapping functionalities. MARS/SURS and retro drug utilization review, for example, are three of them that have overlapping functionalities. I might add that not only for the certification effort but throughout the life of this contract you'll be working very closely with the MDW contractor because, of course, the R-MMIS is the primary source of data for the MDW, so the hip bone is connected to the leg bone, and any change that we make is going to be felt there, so it's going to be a very close relationship throughout.

After the certification phase -- actually, during it -- this is another one of the overlapping phases we talked about -- comes the operations phase. Don't switch yet, Pat, but the next slide shows the

system operational enhancement phase. These are the two concurrent phases that I mentioned. These will run hand in hand. And operations, we all know what that is. That simply consists of operating the brand new federally certified system to make sure that our transactions are processed, providers get paid and reports get produced in an accurate and timely manner.

The enhancement phase, you notice that we mention two different kinds of testing, maintenance and enhancement. Those are two very distinct tasks which are well defined in the RFP, so I won't get into any billing ramifications at this point; it wouldn't be appropriate. But suffice to say that we need an architecture that's flexible enough to support a rapidly changing environment, because that's what we have in MMIS. We're constantly initiating new initiatives, whether from a federal or state mandate. 5010 is a great example, and it can be rather large, to work from program and policy changes. We figure out a better way to do business, and we have to have the system accommodate that better way. Just program growth through emerging technologies, we are constantly changing. It has to be flexible, and we have to change rapidly.

Finally, the turnover phase. This will be some of us will still be around to see that. I'm sure Mr. Donovan might. You'll work closely with whoever is taking over that system, whether it's a successor contractor or the Department. And I have a strong suspicion which of those two it will be, but I'm not going to mention it.

Next slide and last slide is the budget timeline. You can see how the phases overlap, as I mentioned. We're on the top. MDW on the bottom. The only ones that are not overlapping, as you can see, are the functional Phase I, when you develop the DDI of the current system with some enhancements and the operations and enhancement phases. You can see that we expect a contract to be awarded -- contract to begin, I should say, not be awarded, in March of next year. It runs through February of 2019. That's an 8-year contract with a three-year -- approximately three-year DDI phase, because we expect operations to begin in February of 2014. We mention on here specifically when parallel processing should begin a few months before the takeover and the ICD-10 in October 2013, but, again, we'll have to be able to work with the ICD-9 transactions for a long time after that. And the certification, as you can see,

which will begin September of 2014, a few months after implementation. You notice that's reflected on the MDW timeline, too, for the reasons I've already spoken about.

That's a very high level overview, and I'm going to turn it over to Jonathan Mahar.

MR. MAHAR: Good morning. My name is John Mahar, and I'm from the Bureau of Accounts Management at Department of Health, and I just wanted to take a few minutes very briefly to go over some guidelines regarding New York State lobbying law. The purpose of the lobbying law is to increase disclosure requirements for persons and organizations contacting state government and to enhance public confidence in the state's procurement process regarding lobbying efforts of those seeking state contracts.

The New York State lobbying information can be found in the published RFP that you're all familiar with, pages 15 and 16 under Roman numeral V, I believe it's section J, letter J. It's an important reference to remember.

The lobbying laws become the ground rules for much of our state procurement. Among other things, they give us rules to follow. They've created a mechanism to publish lobbying law

violators, and they have also established an advisory counsel on procurement lobbying.

The law establishes a restricted period, and I think this is the most important point to take home today for all procurements. This period began for this RFP when it was published on the DOH website on June 4th of this year, and it will continue until it's awarded by New York State controller and it's actually an executed contract. During that restricted period all of the comments and questions and correspondence that you have must funnel through staff that are designated by DOH. These are designated in the RFP in several places. There's two types of contacts that you would be funneling this information through. There's the designated contact. This is the person who many communications that are directed with the attempt to influence procurement have to go to. The other is the permissible subject matter contact. These are the persons that subject matter pertinent to the procurement are directed. These would include technical logistical issues regarding the RFP. All these contacts are listed in the beginning of the RFP and on the website right on the home page for your information.

So, in summary, I think the take-away is

that any contact that you have with DOH regarding this procurement, this RFP, must go through the official contacts that we've listed in the RFP. Okay?

I'll turn it back over to Tom for questions.

MR. DONOVAN: Okay, don't be shy. Questions? Why are all these business conferences the same? Nobody wants to go first.

Identify yourself and your firm.

MR. KEENE: I'm Daniel Keene from Deloitte Consulting. I had a question around the Phase II R-MMIS COTS implementation of a financial management solution. I'm currently working on the state-wide financial system implementation for the comptroller and the Governor's office, and I was wondering why that was not recognized in the RFP in terms of -- is it an integration that the DOH is looking for with the new state-wide financial system? I noticed you mentioned CAS, the current system, but it's being replaced as of April 2011, so I was wondering what the thought around that was.

MR. DONOVAN: Okay, good question. Really, there's two types of payments, direct payments to providers, which would go through this mechanicism, does not go through the controller's office, and

there are offline payments, inter-agency transfers that we think would be better facilitated with an interface of some sort, which we didn't define, between us and the comptroller, as they are bringing up a commercial package, as you know. So it's a fairly arduous internal DOH process at this point to do an awful lot of payments. It's not augmented, and it's not integrated, as you know, with the controller's office, so that's the thought behind it.

MR. KEENE: Right. Can I ask a follow-up?

MR. DONOVAN: Yeah. You got to go back up there, though.

MR. KEENE: Thanks for the answer, Tom. I understand that completely. I'm just wondering, you asked for a COTS solution for a financial management solution that I would assume would run your financials for the Department of Health. No, it would not?

MR. STONE: No. The financial solution we ask for is strictly for the contractor.

MR. KEENE: Okay.

MR. STONE: We just felt we needed the functionality that a full enterprise MMIS would give, and it would provide an opportunity for easier, simpler interfaces.

MR. DONOVAN: Just to be clear, it's not the financials for DOH; it's for the Medicaid program, some of which are offline payments, as I mentioned, that funnel through DOH administration, so there is that spillover. But it's principally for the Medicaid program. In addition, you know, we don't think it's a good idea to write GLs anymore. So good point.

MR. KEENE: Thank you very much.

MR. DWORMAN: Good morning. I'm Dennis Dworman with HP. Two quick questions, so we don't have to go the down and up again. One is ePrescribing -- the State has implemented and you prescribing -- the Department has -- there's really not much in the RFP about -- I'm wondering if you can describe what the current incumbent responsibilities are around ePrescribing and then go into the vision of, if any, of what the new contractor will be asked to do around ePrescribe.

MR. DONOVAN: ePrescribing was just recently implemented, and it's really a payment methodology approach. It's not that we're managing -- the actual prescription travels electronically from prescriber to dispenser. So what we've implemented is a financial incentive to adopt ePrescribing, and that's

as far as we've gone. That's the context.

MR. DWORMAN: That's expected to continue in that same fashion?

MR. DONOVAN: Yes, it is. I'm sorry. No. We're not certain right now, if the sun set in two years -- they're going to take another look back probably in a year or so and see where we are financially and see what's working and what's not.

MR. DWORMAN: Okay, thank you. The second question is there's mention of parallel tests and parallel operations within the RFP and within Appendix J. It was not perfectly clear to me that they were the same thing or are they different things, and if you could clarify that, that would be helpful.

MR. DONOVAN: Give me that again.

MR. DWORMAN: There's mention in the RFP of a parallel test phase with a lot of requirements around that. There's also some mentions about parallel operations that I think are primarily in Appendix J, and it's not clear whether those are the same set of activities just with different names, but I thought it would be helpful if we understood that a little better.

MR. DONOVAN: We'll clarify that for the

record, of course, but my sense is that what we want to do is an end-to-end type of parallel operation. You know, what you go through is various steps in testing, bring it up, do some regression, put some volume on it, but also there's a lot of manual moving parts in this that what we would like to see is a true end-to-end.

MR. DWORMAN: Great. Thank you very much.

MR. DONOVAN: You're welcome.

MR. GUARINO: Good morning. Ray Guarino with Magellan. A general question about the Q&A period. Would the State entertain an additional question period? I would suspect that there are going to be a lot of questions from the vendors, some of which may generate other important questions back, so I was wondering in a procurement this large if you would consider opening it up for a follow-up Q&A period?

MR. DONOVAN: No. What we'll do is we'll look at the traffic on -- the inbound traffic and see what the volume looks like and how we can manage it, frankly, and respond to you. If that seems to generate a lot of secondary questions, we may consider it at that point, but right now going in we'll leave it where it is.

MR. GUARINO: Thank you. A couple of other questions. In Roman numeral III, page 155 --

MR. DONOVAN: I know that.

MR. GUARINO: Paragraph M.2 is the slide.

MR. DONOVAN: This guy is killing me.

MR. GUARINO: Is the classification of contractor staff, talking about key in core staff, the requirement, as we understand it, is that all key staff have to be available upon contract startup. Just, one, I wanted to verify there are a number of positions, at least in our mind, that don't appear to us to be necessary right at the beginning of the contract but would make more sense to be brought in during the DDI period at some point. I know there's discussion about the State approving the vendor's staffing model, et cetera, but have you put any additional thought or would you give some consideration to not mandating all of those positions to be required at contract signing or contract start, rather have them available as needed during the DDI period?

MR. DONOVAN: We like to stand pat on the core staff at this point -- key staff, rather. But feel free to express your opinions in the question-and-answer period.

MR. GUARINO: Okay. And then just a follow-up question, same section on the core staff.

MR. DONOVAN: Is this M.2?

MR. GUARINO: Yeah, it was. On the core staff, if core staff was required to be there at contract inception or, again, are they -- are the vendors at liberty to make a determination of when -- the appropriate time to bring the core staff on?

MR. DONOVAN: I would say that you're not at liberty to stray from the requirements that are in the bid. Again, if you have some suggestions you'd like to raise in this period, we're happy to take a look at that.

MR. GUARINO: I would just suggest the core staff requirements weren't clear. Maybe if you could clarify whether those are also required to be in at contract inception.

MR. DONOVAN: Fine. Submit your question.

MR. GUARINO: Thank you.

MR. DONOVAN: While you're thinking of your questions, one more comment. You should know, this note here, that we will be posting the names of the individuals and the firms that attended this on the website, so everybody will know who's been here, if that's helpful to you.

Had enough? Okay. Thank you for coming.

* * * 11:04 a.m. * * *

C E R T I F I C A T E

I, Kay Trigilio, a Shorthand Reporter and Notary Public in and for the State of New York, do hereby certify that the foregoing record taken by me is a true and accurate transcript of the same, to the best of my ability and belief.

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Kay Trigilio, Notary Public
State of New York

DATE: July 19, 2010