NCTracks

NCTracks is the North Carolina Department of Health and Human Services replacement Medicaid Management Information System (MMIS). It is a replacement for a legacy MMIS system that is over 20 years old. It was designed as a multi-payer system, supporting Medicaid, Health Choice, and other programs. The U.S. Government Accountability Office describes MMIS as integrated computer processing operations used by the States to process and pay bills for health care services provided to Medicaid recipients, store and retrieve service and payment data for use in monitoring and analyzing program activity, and generate management reports.[1]

In October 1972, federal legislation was enacted that provided for 90-percent Federal financial participation (FFP) for design, development, or installation, and 75-percent FFP for operation of state mechanized claims processing and information retrieval systems approved by the Secretary. For Medicaid purposes, the mechanized claims processing and information retrieval system which states are required to have, unless this requirement is waived by the Secretary of the US Department of Health and Human Services, is the Medicaid Management Information System (MMIS). The Centers for Medicare and Medicaid Services (CMS) define MMIS as an integrated group of procedures and computer processing operations (subsystems) developed at the general design level to meet principal objectives. The objectives of this system and its enhancements include the Title XIX program control and administrative costs; service to recipients, providers and inquiries; operations of claims control and computer capabilities; and management reporting for planning and control.[2]

Contractual services may be utilized to perform work for the design, development, installation, or enhancement of a mechanized claims processing and information retrieval system. A fiscal agent who is a private contractor to the state, normally selected through a competitive procurement process, may operate the state's MMIS. CSC is the vendor selected to develop and implement NCTracks and is the current fiscal agent for North Carolina.[3]

NCTracks/MMIS History

North Carolina originally purchased their legacy MMIS from Electronic Data Systems (EDS) in 1977. EDS was awarded a contract to continue operations and enhance the solution in 1988.[4] Hewlett Packard (HP) acquired EDS in 2008[5] and continued to operate the legacy system.

Around 2003, the Centers for Medicare and Medicaid Services (CMS) mandated that the State conduct an open procurement for a new MMIS Fiscal Agent contract with newer technology.[6] To accomplish this, on September 5, 2003, a request for proposal (RFP) for a replacement MMIS was issued by DHHS. Three companies submitted proposals, EDS, ACS, and Unisys Corporation.[7] On April 8, 2004, the contract for the replacement system was awarded to ACS.[8] (Note: EDS subsequently protested the award with the Secretary of Health and Human Services and the State Chief Information Officer.[9])

The ACS MMIS replacement, which was called NCLeads, had a planned completion date of June 2006, which slipped into 2007. On November 21, 2005, the State Chief Information Officer, George Bakolia, classified the project as "red."[10] (The State CIO's Enterprise Project Management Office classifies a project as red when two or more of the "triple constraints"-milestones, cost and scope-are yellow, or one or more is red for more than one month with no approved corrective action in place.[11]) DHHS submitted a corrective action plan to the State CIO on December 15, 2005. It was rejected on December 30, 2005.[12] In May 2006, State CIO notified DHHS that project would be suspended if issues were not resolved.[13] The Secretary of DHHS notified the State CIO of her intent to terminate the contract on June 15, 2006,[14] and it was subsequently terminated in July 2006.[15] ACS and the State settled in 2007, after ACS filed a lawsuit. According to a DHHS press release, the Department paid ACS $10.5 million, $6.2 million for the work ACS had done and $4.3 million from savings generated by software resulting from the contract.[16] Total costs for the effort were $30,575,598.[17]

A new RFP was issued, and a new contract was awarded to CSC in December 2008. The second replacement MMIS had an initial go-live date of August 22, 2011. Schedule slippages led to CSC to propose an October 1, 2012 go-live date[18]. Scope expansion and schedule slippages led DHHS to propose an operational readiness date to February 28, 2013, and a go-live date of no later than July 1, 2013.[19] With the changes, DHHS reported that the total cost of the contract increased from $287 million to $494.8 million. This included:

- An increase in development and operations costs of $77.2 million
- A two year extension of the contract costing $75.7 million
- A four-month provider operational preparedness (POP) phase of $6.4 million
- The addition of HIPAA 5010 and ICD-10 requirements costing $33.3 million
- Health Information Technology/Medicaid Incentive Payment system (HIT/MIPS) costing $15.2 million
- A slippage credit from CSC of $10 million.[20]

The system went live on July 1, 2013.[21]

NCTracks Costs

The North Carolina NCTracks program includes multiple projects. Costs for the projects associated with the NCTracks program and its predecessor, NCLeads, are included on the spreadsheet below.[22] The project budget includes the amount budgeted for design, development, and implementation. Project O&M includes budgeted costs for five years of operations and maintenance. TCO, or total cost of ownership, includes the project costs and the five years of operations and maintenance.

Project Name	Workflow Status	Start Date	End Date	Project Budget	Actual Spend	Project O&M	TCO
NCMMIS Initiative	Canceled	03/15/2003	04/07/2010	$55,226,524	$30,575,598	$171,298,660	$226,525,184
NCMMIS+ Program Definition	Initiation	09/16/2006	06/30/2014	$0	$0	$0	$0
NCMMIS+ Program Planning Project	Complete	09/16/2006	09/28/2007	$1,289,611	$1,318,517	$0	$1,289,611
NCMMIS+ Program - Business Rules and Analysis Project	Complete	09/16/2006	12/31/2008	$2,147,535	$2,150,292	$0	$2,147,535
NCMMIS+ Replacement Strategy Project for Provider Type and Provider Specialty	Complete	09/16/2006	02/15/2008	$493,685	$480,957	$0	$493,685
NCMMIS+ Program - Artifacts Review and Update Project	Complete	09/16/2006	10/31/2007	$834,865	$836,856	$0	$834,865
NCMMIS+ Program–Medicaid Accounting System (MAS) & Accounts Receivable / Payable Business Process	Complete	09/16/2006	01/19/2007	$174,000	$83,607	$0	$174,000
NCMMIS+ Program – DHSR Business Process Automation Project	Complete	09/16/2006	06/30/2008	$1,713,883	$1,725,656	$0	$1,713,883
NCMMIS+ Program-Level Project	Implementation	02/01/2007	06/30/2014	$18,244,536	$15,774,467	$0	$18,244,536
Replacement MMIS Procurement Project	Complete	07/02/2007	03/31/2009	$2,782,560	$2,739,213	$0	$2,782,560
DHSR Business Process Automation System (BPAS) Project	Execution & Build	07/01/2008	10/31/2014	$10,415,104	$8,835,424	$6,269,697	$16,470,295
Replacement MMIS Reporting and Analytics (R&A) Project	Gate 3 State Approval	09/02/2008	09/30/2013	$15,549,664	$11,336,054	$45,387,956	$60,937,620
Replacement MMIS DDI Project	Implementation	11/01/2008	10/31/2013	$229,847,416	$202,521,847	$214,316,637	$444,164,053
NC Health Choice (aka SCHIP) Business Rules and Analysis Project	Complete	12/01/2008	03/31/2011	$1,238,546	$1,175,430	$0	$1,238,546

Note: Adding the Project O&M and TCO columns will not provide correct program totals, as the NCMMIS Initiative Project was cancelled.

Endnotes

[1] U.S. Government Accountability Office, http://www.gao.gov/products/HRD-78-151 (September 30,2013).

[2] US Department of Health and Human Services Centers for Medicare and Medicaid Services, http://www.cms.gov/Research-Statistics-Data-and-Systems/Computer-Data-and-Systems/MMIS/index.html?redirect=/mmis/ (September 26, 2013).

[3] "CSC to Replace North Carolina MMIS with New Healthcare Administrative System," *Health IT News Direct,* (http://www.healthitnewsdirect.com/?p=257) (October 2, 2013).

[4] State of North Carolina Office of the State Auditor, Performance Audit, Department of Health and Human Services-Office of Medicaid Management Information Systems Replacement MMIS Implementation, January 2012, 26.

[5] Matt Richtell and Andrew Ross Sorkin, "HP acquires EDS for $13.9 Billion," *New York Times* (http://www.nytimes.com/2008/05/13/technology/13iht-webhpeds.12839575.html?_r=0) (October 2, 2013).

[6] North Carolina Office of the State Chief Information Officer, Enterprise Project Management Office, NCMMIS Initiative, https://www.ppm.state.nc.us/UMTNC/1/Project.aspx (October 1, 2013).

[7] OAH File 04-DHR-1066, EDS Information Services, LLC vs. Office of Information Technology Services and North Carolina Department of Health and Human Services, Respondents, and ACS State Healthcare, LLC, Office of Administrative Hearings, Respondent-Intervenor, Final Motion Decisions on Motion for Summary Judgment, April 28, 2005.

[8] North Carolina State Chief Information Officer, MMIS Timeline.

[9] Ibid.

[10] Ibid.

[11] North Carolina Office of the State Chief Information Officer, Enterprise Project Management Office, PPM Project Status Indicators Settings Guidelines, February 14, 2011.

[12] Timeline.

[13] George Bakolia, State Chief Information Officer, Memorandum to Carmen Hooker Odom, Secretary, North Carolina Department of Health and Human Services, Subject: NCMMIS Initiaitve Project Status, May 25, 2006.

[14] Carmen Hooker Odom, North Carolina Secretary of Health and Human Services, Memorandum to George Bakolia, State Chief Information Officer, Subject: Response to Memo dated May 25, 2006, about NCMMIS Initiative Project Status, June 15, 2006.

[15] Ethan Butterfield, "ACS Blames N.C. Officials for Medicaid Project Debacle," *Washington Technology*, July 19, 2006.

[16] North Carolina Department of Health and Human Services, Press Release-"DHHS and ACS Reach Settlement on Medicaid Payments Contract," March 27, 2007.

[17] North Carolina Office of the State Chief Information Officer, Enterprise Project Management Office, DHHS NCMMIS Initiative Project Closeout Review, December 12, 2006.

[18] NCMMIS Program Steering Committee, Powerpoint Presentation, November 10, 2010.

[19] North Carolina Department of Health and Human Services, High Level View of MMIS Replacement.

[20] Ibid.

[21] North Carolina Department of Health and Human Services, Press Release-"DHHS Announce NCTracks is Open for Business," July 1, 2013.

[22] Spreadsheet provided by the Enterprise Project Management Office in the Office of the State Chief Information Officer.