

STATE OF CALIFORNIA  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 4260	Department Health Care Services	Priority No.
Budget Request Name 4260-003-BCP-DP-2016-GB		Program 3960010	Subprogram

Budget Request Description  
 Electronic Records Staffing – Monitoring and Oversight

Budget Request Summary

The DHCS, Office of Health Information Technology (OHIT) within the Information Management Division, requests three-year limited-term authority of \$403,000 (\$41,000 General Fund (GF) and \$362,000 Federal Trust Fund (FTF)) to provide extensive data analysis, policy analysis, enrollment and eligibility support, and pre and post payment audits and investigations for program eligible managed care and fee for service providers. CMS has approved 90 percent federal funding participation (FFP) for the resources requested in this Budget Change Proposal (BCP).

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance. <input type="checkbox"/> FSR <input type="checkbox"/> SPR Project No. Date:		

If proposal affects another department, does other department concur with proposal?  Yes  No  
 Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>[Signature]</i>	Date 1/5/16	Reviewed By <i>[Signature]</i>	Date 1/7/16
Department Director <i>[Signature]</i>	Date 1/7/16	Agency Secretary <i>[Signature]</i>	Date 1/7/16

**Department of Finance Use Only**

Additional Review:  Capital Outlay  ITCU  FSCU  OSAE  CALSTARS  Dept. of Technology

BCP Type:  Policy  Workload Budget per Government Code 13308.05

PPBA <i>[Signature]</i>	Date submitted to the Legislature 1/8/16
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# BCP Fiscal Detail Sheet

BCP Title: Electronic Records Staffing - Monitoring and Oversight

DP Name: 4260-003-BCP-DP-2016-GB

## Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Temporary Help	0	215	215	215	0	0
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$215</b>	<b>\$215</b>	<b>\$215</b>	<b>\$0</b>	<b>\$0</b>
Total Staff Benefits	0	104	104	104	0	0
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$319</b>	<b>\$319</b>	<b>\$319</b>	<b>\$0</b>	<b>\$0</b>
Operating Expenses and Equipment						
5301 - General Expense	0	12	12	12	0	0
5302 - Printing	0	6	6	6	0	0
5304 - Communications	0	6	6	6	0	0
5320 - Travel: In-State	0	27	27	27	0	0
5322 - Training	0	3	3	3	0	0
5324 - Facilities Operation	0	27	27	27	0	0
5344 - Consolidated Data Centers	0	3	3	3	0	0
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$84</b>	<b>\$84</b>	<b>\$84</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$403</b>	<b>\$403</b>	<b>\$403</b>	<b>\$0</b>	<b>\$0</b>
<b>Fund Summary</b>						
Fund Source - State Operations						
0001 - General Fund	0	41	41	41	0	0
0890 - Federal Trust Fund	0	362	362	362	0	0
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$403</b>	<b>\$403</b>	<b>\$403</b>	<b>\$0</b>	<b>\$0</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$403</b>	<b>\$403</b>	<b>\$403</b>	<b>\$0</b>	<b>\$0</b>
<b>Program Summary</b>						
Program Funding						
3960010 - Medical Care Services (Medi-Cal)	0	403	403	403	0	0
<b>Total All Programs</b>	<b>\$0</b>	<b>\$403</b>	<b>\$403</b>	<b>\$403</b>	<b>\$0</b>	<b>\$0</b>

**Personal Services Details**

Salaries and Wages

VR00 - Various (Eff. 07-01-2016)(LT 06-30-2019)

**Total Salaries and Wages**

Staff Benefits

5150350 - Health Insurance

5150600 - Retirement - General

**Total Staff Benefits**

**Total Personal Services**

	<b>CY</b>	<b>BY</b>	<b>BY+1</b>	<b>BY+2</b>	<b>BY+3</b>	<b>BY+4</b>
	0	215	215	215	0	0
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$215</b>	<b>\$215</b>	<b>\$215</b>	<b>\$0</b>	<b>\$0</b>
	0	52	52	52	0	0
	0	52	52	52	0	0
<b>Total Staff Benefits</b>	<b>\$0</b>	<b>\$104</b>	<b>\$104</b>	<b>\$104</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$319</b>	<b>\$319</b>	<b>\$319</b>	<b>\$0</b>	<b>\$0</b>

Analysis of Problem

**A. Budget Request Summary**

The Department of Health Care Services (DHCS), Information Management Division (IMD), Office of Health Information Technology (OHIT) requests three-year limited-term resources of \$403,000 (\$41,000 General Fund (GF) and \$362,000 Federal Trust Fund (FTF)) to provide extensive data analysis, policy analysis, enrollment and eligibility support, and pre- and post-payment audits and investigations for program eligible managed care and fee for service providers.

Additionally, continuous and unanticipated incentive program changes initiated by the Centers for Medicare and Medicaid Services (CMS) have required the dedication of significant staff resources to modify the enrollment portal to accommodate said changes. The requested resources are needed to provide continuous support and compliance oversight of the program as required by CMS. CMS has approved 90 percent federal funding participation (FFP) for the resources requested in this Budget Change Proposal (BCP).

**B. Background/History**

The Health Information Technology for Economic and Clinical Health (HITECH) Act, a component of the American Recovery and Reinvestment Act (ARRA) of 2009, authorizes the outlay of federal money estimated to be approximately \$4.5 billion for California and \$45 billion nationally for Medicare and Medicaid incentive payments to qualified health care providers who adopt, implement, or upgrade and meaningfully use electronic health records (EHR) in accordance with the Act's requirements. The goal of HITECH is to improve the quality, safety, and efficiency of health care through "meaningful use" (MU) of EHRs. HITECH has resulted in a significant increase in provider adoption and use of EHR systems, leading to desired health care improvement, and an overall improvement in public health. The use of EHR technology includes the use of electronic prescribing (e-prescribing), submission of clinical quality measures, reporting to immunization and disease registries, and exchanging health information among Medi-Cal providers, hospitals and DHCS to improve the quality of patient care.

The HITECH Act authorizes state Medicaid programs to directly administer Medicaid EHR Incentive Programs. The state's Medi-Cal EHR Incentive Program is integral to patient safety and quality of care by incentivizing Medi-Cal providers to adopt, implement, or upgrade and use EHRs in a meaningful way. On October 26, 2009, DHCS submitted a funding request to CMS that was approved for \$2.8 million to establish OHIT and to provide funding for a consulting contract to begin the State Medicaid Health Information Technology Plan (SMHP) process. In November 2009, DHCS contracted with The Lewin Group and McKinsey & Company to complete the initial assessments and planning deliverables. The result of this effort was a preliminary Landscape Assessment of eligible hospitals (EHs) and eligible providers (EPs) in the state as well as a proposed incentive program Implementation Plan. The Implementation Plan included the requested resources necessary for a successful Medi-Cal EHR Incentive Program.

The department completed and received CMS approval of the SMHP and Implementation Advance Planning Document (I-APD) on September 30, 2011, and authorization to implement the EHR Incentive Program, which occurred on October 3, 2011. This request outlines the incentive program, resource levels necessary for operations support, data analysis, policy analysis, procedure development, education and outreach to

**Analysis of Problem**

providers and beneficiaries, enrollment and eligibility, payment of incentives to providers for adoption, and coordination of efforts with a number of state and public entities. These entities include state health departments, the California Office of Health Information Integrity, Medi-Cal Managed Care Plans, Regional Extension Centers (REC) and REC-like entities in the state, provider associations and patient advocates, as well as other entities.

The Implementation Plan developed by the consultants, identified the need for the resources requested in this proposal. In addition, a comprehensive Project Workbook was developed with the assistance and input of a wide array of program stakeholders, which identified the need for additional resources to implement the recommended projects this request seeks to complete. In FY 2013-14, OHIT received approval, through BCP - OHIT13-01, for 11.0 limited-term positions: 8.0 positions expired on June 30, 2015 and 3.0 positions are expiring on June 30, 2016. Of the 8.0 positions which expired on June 30, 2015, 6.0 were made permanent and 2.0 were extended for two years through 2015-16 BCP IMD15-01. OHIT was initially unsuccessful in securing the state's 10% match from outside entities for Enhanced FFP. Delays of the vendor to design, develop, and implement the required Web Portal for acceptance of provider enrollment applications due to frequent policy and technological changes in the CMS requirements for the incentive program also contributed to the delay and the need for continued resources. Significant CMS policy changes occurred in 2013, twice in 2014, 2015 and are currently being developed for 2016 and 2017; many of which could result in technological changes.

The Web Portal has been partially implemented, but has deficiencies in the State Administrative Module (SAM) – the reporting system that allows OHIT to electronically review and approve applications and release incentive payments in a timely manner. The vendor and DHCS continue working on essential functions of the SAM, including ad hoc and standard reporting capabilities, application audit and appeal tracking and payment processing. As a result of the delays due to CMS changes, the deficiencies in the administrative module, and the expansion of the program over time, OHIT staff has been tasked with handling an overwhelming number of applications. OHIT has prioritized work necessary to enable timely payments to providers. In addition, staff continues to support ongoing operations, provider education and outreach and the continuous development of policies and procedures to further advance the Medi-Cal EHR Incentive Program.

The Medi-Cal EHR Incentive Program is a multi-year program that began on October 3, 2011 for Eligible Hospitals, November 15, 2011 for Groups/Clinics, and January 3, 2012 for Eligible Providers. The Medi-Cal EHR Incentive Program is currently scheduled to operate through December 31, 2021. Phase 1 of SAM was released in May 2012 and partially updated in September 2012. Since the implementation of the Medi-Cal EHR Incentive Program, DHCS OHIT has authorized more than 20,000 incentive payments to over 17,000 providers and 260 hospitals. This has resulted in more than \$1 billion in 100% FFP incentive payments made to date. DHCS expects to distribute between \$100 and \$200 million per year for the remainder of the program. Recently updated landscape assessment data indicate there are likely another 15,000 providers who are, or will become eligible for the program. DHCS has estimated approximately \$2 billion will be distributed to providers and hospitals over the course of the program.

**Electronic Records Staffing – Monitoring and Oversight  
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**Analysis of Problem**

**Resource History  
Office of Health Information Technology  
(Dollars in thousands)**

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	2,231	2,231	2,434	2,694	3,051
Actual Expenditures	703	2,477	954	1,172	1,373
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	15.0	24.0	23.0	25.0	22.0
Filled Positions	3.0	7.6	9.9	11.3	22.0
Vacancies	12.0	16.4	13.1	13.7	0.0

The responsibilities of OHIT staff for the Medi-Cal EHR Incentive Program are based on the research, analysis, and development of policies and procedures for the administration of the program, acceptance and review of applications from providers and hospitals, working with providers and hospitals to enable accurate and appropriate eligibility supporting documentation, release and tracking of payments, and reporting of such payments within the state and to the federal government for FFP. The workload history listed below is represented in hours per activity for the three (3) resources requested.

**Workload History**

Workload Measure	2010-11	2011-12	2012-13	2013-14	2014-15
Stakeholder and Provider Events	0	0	0	0	18
Policy Development and Analysis					180
Post Payment Audits	0	0	0	0	3,600
Research, Analyze, and Develop Trend Analysis	0	0	0	0	720
Data Repository Acquisition Analysis: Develop Recommendations for Data Integrity	0	0	0	0	522
Analyze Stage 1 and 2 Meaningful Use	0	0	0	0	360
<b>Total Hours</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,400</b>

**C. State Level Considerations**

The HITECH Act authorizes state Medicaid programs to directly administer the EHR Incentive Programs. DHCS provides leadership for the Medi-Cal EHR Incentive Program policy and standard setting activities as they are developed statewide in response to CMS new and changing requirements.

The advancement of Health Information Technology (HIT) and Health Information Exchange (HIE) of standardized clinical information between the Medi-Cal program and its providers is a goal of the Medi-Cal EHR Incentive Program and a key component of the Triple Aim to provide better, more affordable care for our beneficiaries. It will result in a reduction in medical errors and an improvement in quality of health care for our beneficiaries. Improving the quality of health care for Californians is a core value of DHCS, and this proposal will help further this effort.

## Analysis of Problem

This proposal is consistent with DHCS' Strategic Plan and supports integrated linkages between systems of care, addresses quality population health and outcomes across systems of care, and through effective oversight, enables program integrity and compliance. These efforts are consistent with the Triple Aim.

### D. Justification

OHIT requests three-year limited-term resources equivalent to staffing of 3.0 positions. The requested resources would not result in an increase in General Fund expenditure, as these resources would be covered under the total annual general fund expenditure previously authorized under law for state administrative costs associated with implementation of the Medi-Cal EHR Incentive Program. Redirection of current resources is not a feasible option as it would adversely impact other critical division workload.

Currently, OHIT is staffed with the specific skill set that these positions would contribute to the program until June 30, 2016. However, these skills will be required for an additional three (3) years beyond that date. These positions are critical to the program because the position is responsible for the continuation of data analysis, policy analysis, enrollment and eligibility support, and pre-payment audits. In addition, these positions are essential in conducting post payment audits and investigations for program eligible managed care and fee for service providers as necessary to further advance the program. Current OHIT staff is tasked with a workload that is significantly above and beyond what has been anticipated.

The implementation of EHRs and the exchange of electronic health information will serve as a foundation for future quality improvement strategies and programs, such as the collection and public reporting of quality data and pay for performance (P4P) programs. Limited-term resources for additional staff are necessary as EHR adoption continues to accelerate, enabling planning and implementation of these and other quality improvement programs. DHCS, in collaboration with a wide variety of stakeholder organizations, developed a Medi-Cal EHR Incentive Program Project Book developing program problem statements and recommended mitigation activities. The strategic emphasis of the Project Book is to facilitate the incentive program in the support of EHR adoption among Medi-Cal providers, support of lab interoperability, improved adoption of e-prescribing, and enhancement of health quality improvements in the state. Through a series of stakeholder interviews, the Project Book defined a consensus on a number of problems that should be addressed; including support for the SMHP and IAPD processes, dissemination of clear and concise information through a robust communications strategy, and the need for additional technical assistance services and infrastructure support to help Medi-Cal providers achieve and maintain Meaningful Use.

Recommended actions within the Project Book included, but were not limited to:

- Secure 90/10 enhanced federal funding for technical assistance to Medi-Cal eligible professionals, including specialists and rural providers who fall outside of the REC target audience of primary care providers.
- Ensure that HIE infrastructure is available to meet each relevant MU criterion.
- Prepare and implement a communications plan that includes a communications strategy for providers, hospitals, beneficiaries, and modes of information dissemination.
- Identify and retain Subject Matter Experts (SMEs) to support and extend communications and outreach activities.

### Analysis of Problem

- Conduct a detailed Medi-Cal lab assessment to determine levels of automation, standards used, and adoption among high-volume Medi-Cal labs.
- Identify policy levers to advance adoption and utilization of lab interoperability.
- Identify legal, regulatory, and financial levers to establish minimum interoperability requirements for labs, including some level of transparency.
- Assess opportunities and identify technical assistance services to support e-prescribing adoption and utilization for Medi-Cal providers.
- Identify high-volume independent pharmacies serving Medi-Cal providers that are not e-prescribing enabled, and provide necessary support and technical assistance for adoption and utilization.
- Identify and assess options to address issues with the larger e-prescribing networks; identify and evaluate alternative solutions.
- Prepare a crosswalk of federal and state clinical quality measures and develop a list of the optimal set of reporting requirements for hospitals and providers.
- Conduct an internal scan of technological and administrative barriers that prevent optimal analysis and use of the data.
- Accelerate and complete activities to enable the state's architecture to support Meaningful Use requirements.
- Establish a Medi-Cal point person with expertise in Meaningful Use quality measures to provide technical assistance to eligible professionals and hospitals.

In the current health care delivery system, thousands of Medi-Cal patients' medical information is locked up in paper files or computer systems that cannot communicate with one another. DHCS has an unprecedented opportunity with the HITECH Act to use the Medi-Cal EHR Incentive Program to advance HIT, HIE and the meaningful use of EHRs.

Much of the high cost of California's prescriptions is attributable to the communication required to support the current paper-based prescribing process. Communication between pharmacies and physician offices accounts for an estimated 25 percent of pharmacists' time, and for up to 20 percent of the workload of physician-office staff. The Medi-Cal EHR Incentive Program will advance e-prescribing as a standard of care that will seek to address the costs of medication errors.

The following equivalent positions will be required for the continued support of the Medi-Cal EHR Incentive Program for the foreseeable future. These positions will administer projects that will increase meaningful use of EHR within the Medi-Cal EHR Incentive Program.

### Operations Section

#### ***Limited-Term Resources Equivalent to the Following:***

1.0 position (7/1/16 – 6/30/19) will be responsible for independently planning, performing complex healthcare research, and trend analyses. This position will be required to:

- Research, provide recommendations, and independently plan and perform complex Medi-Cal EHR Incentive Program policy trend analyses, which include Legislative and Administrative policy proposals related to the Incentive Program; provide expert consultative services on the feasibility and impact to program operations of proposed policy changes.
- Conduct periodic detailed Medi-Cal lab assessments to determine levels of automation, standards used and adoption among high-volume Medi-Cal labs; identify and assess options to address issues with Surescripts – the nation's largest e-prescribing network;

### Analysis of Problem

- identify and evaluate alternative solutions; provide ongoing data repository analyses and develop recommended policies and procedures for data integrity.
- Provide ongoing research on Incentive Program education, outreach and campaign activities, analyze outcomes against metrics and goals, and make recommendations for improvement; independently develop and utilize research methodologies in identifying all tasks related to the development and implementation of the Incentive Program.
  - Assess opportunities and identify technical assistance services to support e-prescribing adoption and utilization for Medi-Cal providers; assess, identify and provide technical assistance in the development and implementation of the Incentive Program policies and procedures.
  - Assess, identify, develop, provide recommendations, and finalize requirements to establish interfaces and program functionalities between the State Level Registry (SLR), CMS Registration and Attestation Site, and the health plan partners; assess, identify, create program materials and procedures including website information, application and handbook, and program correspondence.
  - Monitor administrative vendor contract compliance to enable program administration functions to be in accordance with Federal and state laws, complies with program regulations, contract requirements, and DHCS policies; Coordinate and facilitate regular meetings with DHCS and the Medi-Cal EHR Incentive Program vendors and partners to maintain the SLR.
  - Analyze Stage 1 and 2 MU requirements.

### Policy Section

#### ***Limited-Term Resources Equivalent to the Following:***

2.0 positions (7/1/16 – 6/30/19), acting as Audits and Investigations (A&I) Specialist from the Financial Audits Branch (FAB) and Medical Review Branch (MRB), will assist with Medi-Cal EHR Incentive Program audits and investigations. Audits will include review of applications of EHR adoption, implementation, or upgrade for first year participants in the program and meaningful use in the follow-on years. A&I Specialists responsibilities will include, but not be limited to:

- Development of metrics for audits and investigation of provider applications, meaningful use criteria and provider implementation costs; conduct an internal scan of technology and administrative barriers that prevent optimal analysis and use of the data.
- Incorporate, as appropriate, the Medi-Cal EHR Incentive Program into the current audit process, establishing a process to minimize administrative burden on participating providers and hospitals and verify that payments are made accurately.
- Develop processes for areas of focus, data to review and capture, audit(s) scope, and existing programs for further development.
- Conduct pilot review/audits and revise methodologies and programs depending on findings and outcomes; develop audit schedules, templates, and report pro formas.
- Develop Medi-Cal EHR Incentive Program audit strategies for CMS review and approval and contribute to State Medicaid HIT Plan (SMHP) updates relative to audit activities.
- Develop training curricula and conduct training to Financial Audits Branch (FAB) audit staff, and serve as coordinator and liaison with Department program staff involved in operating the EHR Incentive Program.

## Analysis of Problem

### E. Outcomes and Accountability

#### Outcomes:

Approval of the requested resources will enable DHCS to accomplish the following:

- Independently perform research, evaluations, assessments, and special studies for the program, define opportunities and barriers to participation in the program, and provide recommendations to DHCS Executive Management relative to mitigation of participation barriers; to analyze legislative and administrative policy proposals, perform benchmarking studies and comparisons of outcomes against the program metrics and goals; and to further DHCS strategic goals.
- Develop and manage the data gathering processes, including database queries, surveys, and focus groups; provide ongoing data analyses and develop recommendations for policies and procedures for data integrity, and provide research expertise and consultative services on the feasibility and impact of proposed policy changes.
- Advise the OHIT Chief and Medical Director on the evaluation and revision of the State Medicaid Health Information Technology Plan (SMHP); develop and support data-driven decisions regarding incentive program policy issues, synthesizing large amounts of internal and external data and integrate the information into written formats that provide findings, conclusions, and recommendations.
- Act as technical staff specialists to carry out compliance audit functions; develop, revise, and implement CMS mandated audit strategies which enables program integrity
- Verify that audit policies are in compliance with current and new laws and regulations, and required reports on the program integrity efforts and success.
- Provide technical audit staff support to Audits and Investigations (A&I) management in evaluation of complex audit issues related to preparation of decision memos, reports, and correspondence related to the financial audit program.
- Perform fiscal audits and reviews of non-institutional providers; coordinate with other agencies, organizations, individuals, and department personnel to perform complex and sensitive program audits and reviews; prepare complex audit issue papers.

#### Accountability:

- DHCS will utilize ongoing best practices for tracking, measuring, and reporting to the state and CMS on the progress of the Medi-Cal EHR Incentive Program and its impact on the Medi-Cal health care delivery systems.
- DHCS will be responsible for reporting all expenditures to CMS, Recovery.gov, the Department of Finance (DOF), and the Legislature.
- In order to verify providers receive accurate and timely payments, while precluding duplicate and erroneous payments, DHCS will employ the Medi-Cal EHR Incentive Program enrollment application for providers, with an interface to the CMS Registration and Attestation Site for providers.

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**Analysis of Problem**

**Projected Outcomes**

<b>Workload Measure</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Stakeholder and Provider Events	18	18	18	18	18	18
Policy Development and Analysis	0	198	180	180	180	90
Post Payment Audits	3,600	3,600	3,600	3,600	3,600	3,600
Research, Analyze, and Develop Trend Analysis	792	810	792	792	792	792
Data Repository Acquisition Analysis: Develop Recommendations for Data Integrity	540	360	450	630	630	720
Analyze Stage 1 and 2 Meaningful Use	450	414	360	180	180	180
<b>Total Hours</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>

**F. Analysis of All Feasible Alternatives**

Alternative 1: Approve three-year limited-term resources of \$403,000 (\$41,000 GF and \$362,000 FTF) effective July 1, 2016.

**Pros**

- Provide DHCS with operating levels (3-year limited-term resources) necessary to continue the effective administration of the Medi-Cal EHR Incentive Program and distribute approximately \$2 billion in 100% FFP funds to eligible hospitals and professionals over the course of the program.
- Will augment staffing to meet the CMS requirements for development of metrics and validation of the success of the program to improve public health. Will align with the DHCS 1115 Waiver, Strategic Plan, Health Care Reform and Triple Aim.
- Will result in improvements in DHCS' ability to perform ongoing assessments and analyses of the program.
- No General Fund impact.

**Cons**

- The state will not have sufficient resources to further advance the Medi-Cal EHR Incentive Program after June 30, 2019.
- The state will be challenged to meet the CMS requirements to assess, analyze, and audit the Medi-Cal EHR Incentive Program after June 30, 2019.

Alternative 2: Redirection of current OHIT staff

**Pros**

- No growth in state government.

## Analysis of Problem

### Cons

- Inability to engage fully in the CMS-mandated assessments and analyses of the program metrics.
- Would dilute the efficiency of current standard operational procedures in order to accommodate the additional workload.
- Current staff does not have the specific skill sets required in requested subject matter experts of these positions.
- Would adversely impact the development of policy, education of specialists and rural providers regarding EHR and review of applications for incentive payments, development of audit strategies and completion of pre- and post-payment audits, and delay in making incentive payments.
- The state may be challenged to meet the CMS requirements to assess, analyze, and audit the program to meet the federally mandated review processes. Failure to meet these program integrity responsibilities will likely result in disallowance of continued federal funding for the program, and increase risk for adverse audit findings by the Office of the Inspector General.
- The state may experience some impact to its ability to implement the 1115 Waiver and Health Care Reform.
- The state may not advance the adoption of EHRs for the purpose of improving quality of care as outlined in the HITECH Act and the DHCS Strategic Plan.

Alternative 3: Do not approve the requested staffing for the implementation of the Medi-Cal EHR Incentive Program and do not redirect current OHIT staff.

### Pros

- No incremental growth in state government.

### Cons

- The state will be challenged to meet the CMS requirements to assess, analyze, and audit the program to meet the federally mandated review processes. Failure to meet these program integrity responsibilities will likely result in disallowance of continued federal funding for the program, and increase risk for adverse audit findings by the Office of the Inspector General.
- The state may experience some impact to its ability to implement the 1115 Waiver and Health Care Reform.
- The state will not advance the adoption of EHRs for the purpose of improving quality of care as outlined in the HITECH Act and the DHCS Strategic Plan.
- Negative impact to beneficiaries.

## G. Implementation Plan

Approval of the proposal will allow OHIT to extend the current service level for three years that will be funded by the 90% Federal Fund match and the 10% General Fund match currently allocated in the annual general fund expenditure.

DHCS, with its fiscal intermediary, Xerox Corporation, continues to design, develop and modify the SLR for provider continued participation in the incentive program and their ability to meet current and future stages of meaningful use. This portal enables eligible Medi-Cal providers and hospitals to enter eligibility information for the program, as well as data in support of Meaningful Use of the technology. The portal is intended to support administration of the program without excessive paper-based documentation through the

### Analysis of Problem

State Administrative Module, which is also being further developed to provide all of the functionality necessary for proper administration and reporting.

Milestones for implementation of the incentive program include:

- Completion of modules to allow Medi-Cal professionals (providers) to apply for the program, under current and forthcoming stages of meaningful use.
- Completion of modules to allow Medi-Cal hospitals to apply for the program, under current and forthcoming stages of meaningful use.
- Modifications of the module to allow Medi-Cal groups and clinics to apply for the program.
- Completion of the state administrative module for review and approval of applications and necessary research, analysis and reporting.

The requested positions support, in large part, the SLR and implementation of the Medi-Cal EHR Incentive Program.

#### H. Supplemental Information

DHCS requests three-year limited-term resources of \$27,000 for in-state travel costs.

#### I. Recommendation

Alternative 1: Approve three-year limited-term resources of \$403,000 (\$41,000 GF and \$362,000 (FTF) to operate and further advance the Medi-Cal EHR Incentive Program. In addition to the more than \$1 billion that has already been distributed for the purposes of the Medi-Cal EHR Incentive Program, this approval will allow additional federal dollars to flow into the state and the health care community. This is likely to result in improvements in quality of care for beneficiaries and increase the efficiency of the Medi-Cal program.

Denial of this proposal may delay or preclude the tasks and projects cited above. This will negatively affect further advancement of research, technical assistance, outreach and education, and the federally mandated pre- and post-payment audits, resulting in major challenges related to CMS requirements.

**WORKLOAD STANDARDS**  
**Information Management Division**  
**Office of Health Information Technology**

**Program Operations Section**

1.0 Position

3-year Limited-Term Resources (7/1/16-6/30/19)

Activities	Number of Items Weekly, Monthly, Etc.	Hours per Item	Total Hours
Research, provide recommendations and independently plan, perform program policy trends and analysis	12	5	60
Provide expert consultative services on feasibility and impact to program operations	50	6	300
Assess, identify, and provide technical assistance in the development and finalization of the program policies and procedures	12	5	60
Develop and utilize research methodology in identifying tasks related to the development and implementation of the program	24	10	240
Assess, identify, develop, provide recommendations on, and finalize requirements to establish interfaces and program functionalities between eligibility and enrollment systems	50	8	400
Develop metrics and establish baseline measures against which operational goals are to be measured	5	10	50
Assess, identify, create program materials and procedures	5	10	50
Coordinate and facilitate regular meetings with DHCS and the program administrative vendor to establish the new eligibility and enrollment system requirements	10	8	80
Develop internal policies and procedures relating to provider payment and data collection within Managed Care industry	10	8	80
Track provider payments within Managed Care industry	25	4	100
Monitor administrative vendor contract compliance	25	4	100
Develop internal weekly and monthly reporting processes	60	3	180
Produce and disseminate regularly scheduled data reports on Managed Care industry	10	10	100
<b>Total hours worked</b>			<b>1,800</b>

**WORKLOAD STANDARDS**  
**Information Management Division**  
**Office of Health Information Technology**

**Policy Section**

2.0 Positions

3-year Limited-Term Resources (7/1/16-6/30/19)

<b>Activities</b>	<b>Number of Items Weekly, Monthly, Etc.</b>	<b>Hours per Item</b>	<b>Total Hours</b>
Develop audit policies, programs, and procedures	3	80	240
Develop audit report schedules, templates, and pro formas	3	113	339
Conduct audits	18	100	1,800
Revise methodologies and develop audit manual	3	80	241
Develop training curriculum and conduct training to FAB/MRB audit staff	3	160	480
Act as coordinator and liaison with Department program staff and technical assistance program	20	25	500
<b>Total hours worked</b>			<b>3,600</b>