

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 4260-004-BCP-DP-2016-GB		Program 3960010	Subprogram

Budget Request Description
 HIPAA Compliance and Monitoring

Budget Request Summary

The DHCS, Office of Health Insurance Portability and Accountability Act (HIPAA) Compliance, requests the conversion of 8.0 limited-term positions to permanent effective July 1, 2016. The requested expenditure authority for this conversion is \$1,202,000 (\$240,000 General Fund (GF) and \$962,000 Federal Trust Fund (FTF). The positions are necessary to continue existing efforts, maintain compliance with current federal and state regulations, address new HIPAA Rules, provide support for growth in the Capitation Payment Management System (CAPMAN), and continue to strengthen oversight of privacy and security protections for members served by DHCS programs.

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 No	Code Section(s) to be Added/Amended/Repealed	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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO <i>Bruce Gray</i>	Date <i>1/5/16</i>
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 <i>1/5/16</i>	Reviewed By <i>[Signature]</i>	Date <i>1/7/16</i>
Department Director <i>[Signature]</i>	Date <i>1/7/16</i>	Agency Secretary <i>[Signature]</i>	Date <i>1/7/16</i>

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 <i>1/8/16</i>
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BCP Fiscal Detail Sheet

BCP Title: HIPAA Compliance and Monitoring

DP Name: 4260-004-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	8.0	8.0	8.0	8.0	8.0
Total Positions	0.0	8.0	8.0	8.0	8.0	8.0
Salaries and Wages						
Earnings - Permanent	0	708	708	708	708	708
Total Salaries and Wages	\$0	\$708	\$708	\$708	\$708	\$708
Total Staff Benefits	0	342	342	342	342	342
Total Personal Services	\$0	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050
Operating Expenses and Equipment						
5301 - General Expense	0	32	32	32	32	32
5302 - Printing	0	16	16	16	16	16
5304 - Communications	0	16	16	16	16	16
5322 - Training	0	8	8	8	8	8
5324 - Facilities Operation	0	72	72	72	72	72
5344 - Consolidated Data Centers	0	8	8	8	8	8
Total Operating Expenses and Equipment	\$0	\$152	\$152	\$152	\$152	\$152
Total Budget Request	\$0	\$1,202	\$1,202	\$1,202	\$1,202	\$1,202
Fund Summary						
Fund Source - State Operations						
0001 - General Fund	0	240	240	240	240	240
0890 - Federal Trust Fund	0	962	962	962	962	962
Total State Operations Expenditures	\$0	\$1,202	\$1,202	\$1,202	\$1,202	\$1,202
Total All Funds	\$0	\$1,202	\$1,202	\$1,202	\$1,202	\$1,202
Program Summary						
Program Funding						
3960010 - Medical Care Services (Medi-Cal)	0	1,202	1,202	1,202	1,202	1,202
Total All Programs	\$0	\$1,202	\$1,202	\$1,202	\$1,202	\$1,202

Personal Services Details

Positions	Salary Information			CY	BY	BY+1	BY+2	BY+3	BY+4
	Min	Mid	Max						
1312 - Staff Info Sys Analyst (Spec) (Eff. 07-01-2016)				0.0	3.0	3.0	3.0	3.0	3.0
1337 - Sr Info Sys Analyst (Spec) (Eff. 07-01-2016)				0.0	2.0	2.0	2.0	2.0	2.0
1367 - Sys Software Spec III (Tech) (Eff. 07-01-2016)				0.0	1.0	1.0	1.0	1.0	1.0
1384 - Dp Mgr II (Eff. 07-01-2016)				0.0	1.0	1.0	1.0	1.0	1.0
1470 - Assoc Info Sys Analyst (Spec) (Eff. 07-01-2016)				0.0	1.0	1.0	1.0	1.0	1.0
Total Positions				0.0	8.0	8.0	8.0	8.0	8.0
Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4			
1312 - Staff Info Sys Analyst (Spec) (Eff. 07-01-2016)	0	251	251	251	251	251			
1337 - Sr Info Sys Analyst (Spec) (Eff. 07-01-2016)	0	184	184	184	184	184			
1367 - Sys Software Spec III (Tech) (Eff. 07-01-2016)	0	101	101	101	101	101			
1384 - Dp Mgr II (Eff. 07-01-2016)	0	96	96	96	96	96			
1470 - Assoc Info Sys Analyst (Spec) (Eff. 07-01-2016)	0	76	76	76	76	76			
Total Salaries and Wages	\$0	\$708	\$708	\$708	\$708	\$708			
Staff Benefits									
5150350 - Health Insurance	0	170	170	170	170	170			
5150600 - Retirement - General	0	172	172	172	172	172			
Total Staff Benefits	\$0	\$342	\$342	\$342	\$342	\$342			
Total Personal Services	\$0	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050			

Analysis of Problem

A. Budget Request Summary

The Department of Health Care Services (DHCS), Office of Health Insurance Portability and Accountability Act (HIPAA) Compliance requests the conversion of 8.0 limited-term positions to permanent effective July 1, 2016. The requested expenditure authority for this conversion is \$1,202,000 (\$240,000 General Fund (GF) and \$962,000 Federal Trust Fund (FTF). The positions are necessary to continue existing efforts, maintain compliance with current federal and state regulations, address new HIPAA rules, provide support for growth in the Capitation Payment Management System (CAPMAN), and continue to strengthen oversight of privacy and security protections for members served by DHCS programs.

B. Background/History

The Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 have been updated repeatedly since their inception. The most recent changes demonstrate that HIPAA will continue to evolve as technology, policy capabilities, and standards are developed and refined in the health care environment. DHCS must respond to HIPAA changes with an ongoing process to evaluate and implement the latest industry standards for the safe and secure exchange of electronic health care information. DHCS has developed and maintained staffing levels to respond to HIPAA through a series of eight Budget Change Proposals (BCPs) or Spring Finance Letters (SFLs) that have continued to extend formerly approved limited-term positions since HIPAA efforts began at DHCS in 2000. HIPAA will continue to advance and grow in order to make health administration more efficient, secure, and standardized. DHCS needs an ongoing organization, with sufficient permanent staff and resources, to successfully lead and coordinate these efforts.

Recent federal directives have highlighted the need for permanent HIPAA resources, particularly in the areas of Medicaid Information Technology Architecture (MITA), new healthcare standards and operating rules, and capitation program system development, maintenance, and operations.

- MITA: The Centers for Medicare & Medicaid Services (CMS) introduced MITA in 2005 as an initiative to guide states to improve the operation of their Medicaid programs through the implementation of an enterprise framework of business, information, and technical standards. On April 14, 2011, CMS significantly elevated the importance of MITA by issuing new final regulations under sections 1903(a)(3)(A)(i) and 1903(a)(3)(B) of the Social Security Act. The final regulations contained new standards and conditions that must be met by states in order for Medicaid technology investments (including traditional claims processing systems, as well as eligibility systems) to be eligible for the enhanced (90%) federal financial participation. To enable conformance to MITA, DHCS is required to submit an annual State self-assessment (SS-A) which includes a "Road Map" that outlines DHCS' progression and new initiatives that will lead to a higher level of MITA maturity. On April 14, 2015, CMS released proposed regulations that further strengthen MITA and place additional requirements on State Medicaid Agencies, including: use of updated standards and additional conditions in order to obtain federal funds for Medicaid information technology; demonstrated progress toward seamless coordination and interoperability with other federal and state agencies; improved performance testing and demonstrated results; a requirement for mitigation plans for all major systems functionalities; and documentation that will enable re-use of software developed with federal funds.

Analysis of Problem

- New Health Care Standards and Operating Rules: The Patient Protection and Affordable Care Act (ACA), signed into law on March 23, 2010, contained several significant and still to be implemented HIPAA-related changes, including more frequent updates to HIPAA regulations, new operating rules, new transaction standards, new health plan certification requirements, and considerably higher penalties for non-compliance. Collectively, compliance with the new and existing HIPAA regulations requires significant efforts within DHCS to assess impacts, design and adapt policies and regulations, define business rules, test changes with providers and other business partners, and remediate information technology systems.
- Growth in CAPMAN: The DHCS Office of HIPAA Compliance (OHC) is responsible for the management of the CAPMAN system, which supports federal regulations that require the State of California to maintain member benefit enrollment and accounting for all capitated payments made to managed health care plans. This is a very large and extremely complex IT system responsible for approximately 83% of all Medi-Cal payments per month. CAPMAN replaced a manual process to calculate and pay managed care plans in July 2011. Since the initial implementation of CAPMAN, Medi-Cal managed care has experienced phenomenal growth. This growth is attributed to two components: 1) Medi-Cal expansion emanating from the Affordable Care Act; and 2) moving Medi-Cal members from fee-for-service to managed care. When the system was developed there were approximately 3.5 million Medi-Cal members in managed care. Currently there are over 9 million Medi-Cal members in managed care, representing an increase of 257%. In addition to the growth in members, the complexity of payment methodologies has increased, and will continue to increase, as DHCS includes additional services in the premium (e.g., long term care services and support).

HIPAA compliance solutions vary greatly by rule, health care program, and systems impacted. Often times, entire systems, policies, and processes are modified. In some cases, addressing HIPAA requires full system replacements or automating a manual process. HIPAA permits any existing rule to be updated to adopt new standards or best practices. HIPAA will continue to evolve in order to make health administration more efficient, secure, and standardized.

Since the first series of HIPAA federal regulations were released, DHCS has developed and maintained limited-term staffing through a series of BCPs and/or SFLs, with the understanding that HIPAA was a finite project. In the FY 2013-14, OHC received approval, through the BCP OHC 13-01, for 2.0 3-year limited-term positions that are expiring on June 30, 2016. In FY 2014-15, through BCP OHC 14-01, OHC extended 6.0 2-year limited-term positions that are set to expire on June 30, 2016. However, due to the changing nature of HIPAA, constantly changing technologies and the ever-present need to protect patient confidentiality, HIPAA has grown to become a permanent undertaking and the need for additional permanent staff, as requested on this proposal to convert the approved limited-term positions to permanent, reflects that change.

Analysis of Problem

Resource History
Office of HIPAA Compliance
(Dollars in thousands)

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	15,234	15,234	12,091	17,369	17,677
Actual Expenditures	7,242	10,212	11,555	11,280	15,195
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	42.5	43.5	41.5	47.5	47.5
Filled Positions	37.9	36.6	36.5	41.8	44.0
Vacancies	4.6	6.9	5.0	5.7	3.5

Workload History

Workload Measure	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Federal HIPAA/Administrative Regulations Released (primary driver of DHCS HIPAA work: each requires significant workload and a separate End to End project)	2	4	2	0	3	4
Capitation amounts (in billions) processed by CAPMAN	\$0.0	\$13.3	\$15.6	\$20.7	\$36.2	\$40.0
Number of eligible members in the CAPMAN managed care system (end of FY - in millions)	0.0	5.4	6.4	8.5	9.6	10.2
Interim Codes Converted to Standard Codes	387	98	114	86	56	344
ICD-10 Workgroup Sessions Monitored/Attended	0	275	850	350	325	780
MITA Workgroup Sessions Monitored/Attended	0	0	0	0	0	124

C. State Level Considerations

The work performed by the resources included in this request touches on and affects several state departments and agencies, particularly since other areas of California's government help administer Medi-Cal. As the federally identified single State Agency for Medicaid, DHCS's HIPAA-related activities impact and are supported by other state departments and agencies. For example, the California Department of Social Services administers the In Home Supportive Services Program that receives federal Medicaid funding through DHCS.

The federal MITA initiative requires DHCS to work closely with other state agencies for purposes of leveraging technical solutions and common business processes. The MITA

Analysis of Problem

resources in this request are expected to lead these collaboration efforts across what CMS considers to be our Title XIX and Title XXI “enterprise” responsible for managing these programs.

The activities performed by the resources in this request directly support DHCS’s Strategic Plan items related to managed care expansion and the efficient administration of health care services in California. Four of the twelve “Commitments” outlined in the 2013-2017 DHCS Strategic Plan are highlighted below, with excerpts of the relevant parts of the DHCS Strategic Plan and descriptions of how HIPAA resources are expected to support each Commitment.

Commitment 3: Improve and maintain health and well-being through effective prevention and intervention.

A key DHCS action in support of this Commitment is to “improve the quality and timeliness of data collection and analysis to enable rapid-cycle quality improvement.” OHC sponsors and manages a project to dramatically improve the quality and completeness of encounter data provided by Medi-Cal’s managed care plans. The Post-Adjudicated Claim and Encounter System (PACES), collects encounter information in an industry standard format directly from managed care plans. The system supports daily submissions and provides immediate feedback to submitters, in contrast to the monthly process used previously. DHCS has established metrics to evaluate the quality, timeliness, and completeness of this data, and will work directly with managed care plans on improvements.

Commitment 4: Develop effective, efficient, and sustainable health care delivery systems. OHC’s PACES project also supports this Commitment through its focus on encounter data collection. The information collected from the encounters is subsequently loaded to the DHCS Management Information System/Decision Support System (MIS/DSS). The MIS/DSS is used in turn to evaluate the effectiveness of the care provided to members served by DHCS programs. With the continued shift of enrollment from traditional fee for service delivery models to managed care, the encounter data collected by PACES has become even more important.

Commitment 5: Ensure there is a viable health care safety net for people when they need it.

A key DHCS action in support of this Commitment is to “make it easier for providers to participate in Medi-Cal.” The primary focus of the administrative simplification provisions of HIPAA is to make it easier for Medi-Cal trading partners, including providers, to do business with DHCS. By supporting standard transactions, operating rules, and codes sets, HIPAA projects help to lessen the administrative burden on providers. For example, a recent HIPAA requirement mandates DHCS to support Electronic Funds Transfer in an industry standard way – enacting this change for providers that bill the Short-Doyle Claims Adjudication System will enable payments to get to providers faster and at considerably lower administrative costs. This requirement is being expanded to the premium payment transaction with upcoming HIPAA regulations and will require modifications in the CAPMAN system to incorporate a paperless accounting interface.

Commitment 8: Be prudent, responsible fiscal stewards of public resources.

Much of the HIPAA work performed by the resources in this request support this Commitment, specifically:

- The CAPMAN system, sponsored and maintained by OHC in order to produce industry-standard remittance advices, supports the calculation and payment of

Analysis of Problem

- approximately \$40 billion in annual premium payments, for almost 10 million average monthly members, to DHCS contracted managed care plans. This system quickly and flexibly adapts to new capitation payment types (e.g., Hepatitis C supplemental capitation payments, payments by aid category and age, and capitated long term care support services).
- The MITA work performed by OHC seeks to maximize federal financial participation for all DHCS projects that are likely to provide more efficient, economical, and effective administration of DHCS programs.
 - The PACES system, sponsored, developed and maintained by OHC, takes in encounter data. This data is used in part to determine rates for the beneficiary population by analyzing diagnosis and procedure trends.
 - HIPAA Standards and Operating Rules projects facilitate DHCS ability to maintain compliance with state and federal regulations, thereby protecting DHCS against monetary compliance penalties.

D. Justification

DHCS needs to convert 8.0 limited-term positions to permanent to coordinate and carry out the workload required by HIPAA rules and updates. Workload is expected to increase in several areas, due to new and modified federal HIPAA regulations, the continued emphasis on managed care delivery models, growth in members served by DHCS programs, and federal initiatives requiring states to leverage and reuse business processes and information technology solutions. All of the requested HIPAA positions are eligible for enhanced federal financial participation and therefore limit the state general fund costs. Failure to adequately staff for this workload has several negative implications for DHCS, including the risk of significant federal compliance penalties, limited ability to respond to changes in managed care plan capitation payment policy, and inability to adhere to previous commitments around improved efficiency in DHCS technology systems that help administer California's Medicaid program.

The MITA Initiative has now moved from the assessment phase into the implementation phase. Prior efforts were related solely to the State Self-Assessment (SS-A), which is required on an annual basis. The MITA effort is broken down into three architectures: Business, Information and Technical. The resulting breakdown covers 11 business process areas, which include 142 business processes that must be consolidated into 80 business processes to comply with CMS' Medicaid model. Data and Business Process Management strategies have been approved, along with governance bodies to review and approve MITA projects. Data and business process modeling has commenced, necessitating a team of architects to perform the associated tasks. Business process owners have been named to all business process areas to be re-engineered; there are a total of 21 business process owners assigned to the 142 business processes.

New HIPAA regulations are planned to be released in several areas in the coming years, including claims attachments, operating rules for health care claims and premium payments, health plan certification, and individual identifier. In addition, existing healthcare transaction standards will likely be updated soon. All of these changes require significant OHC resources to plan, assess, identify requirements, and remediate DHCS systems. Failure to address these new requirements could jeopardize patient access, as some providers will choose not to participate due to the administrative burden tied to Medi-Cal and other DHCS programs. Failure to achieve HIPAA compliance by the established deadlines could also

Analysis of Problem

result in federal, civil, and monetary penalties for DHCS, including the withholding or loss of federal financial participation.

The enrollment of members in Medi-Cal managed care plans is expected to continue to increase, and the CAPMAN system must be adequately staffed and managed to handle the growth in members and payment complexity planned in the coming years. Monthly capitation payments have increased from \$1 billion per month to almost \$3.5 billion, and CAPMAN needs to continue to adapt to new payment models, including using capitation payments to fund long term support services, integrated Medicaid-Medicare plans, home health services, and high-cost prescription drugs. With the substantial increase in members, failure to maintain the CAPMAN system, and enable the system to correctly provide payments to Medi-Cal providers could result in adverse economic impact to Medi-Cal providers.

The PACES system is related to the CAPMAN system that PACES data is used in the rate setting process. The PACES system continues to grow in several directions. The primary function of this system is to take in encounter and pharmacy data from managed care plans, dental managed care plans, and long-term care plans. In the near future, PACES will be receiving dual Medi-Cal/Medicare claims from CMS. The PACES system will also be processing post-adjudicated fee for service claims and data from the Health Enterprise system, the Short Doyle system, and other systems used by DHCS to track and adjudicate claims. PACES feeds data to the MID/DSS warehouse from all the mentioned systems. The data is used to grade managed care plans on reporting health data for the patient population. This data is also being used to set capitation rates. PACES supports improved health care for the population by helping the State understand health trends in the population and to proactively influence health outcomes through prevention and intervention. In addition, PACES supports prudent and responsible fiscal stewardship of public resources by helping to tie rates and outcomes together. PACES is crucial to the long term improvement of health care in the Medicaid population in California. The growth of the PACES systems is expected to continue for years. This growth will require adequate resources to oversee development, maintenance, and operations. Failure to grow and maintain this system will result in a degradation of health outcomes and rate setting.

The ability to address the growing workload described above will be significantly inhibited without the continuation of these positions. The process to achieve and maintain compliance with HIPAA has proven to be complicated, resource-intensive, and unceasing. This workload requires implementation of regularly updated rules and requirements that affect both public and private entities. The workload cannot be shifted to existing staff, as their workload and responsibilities are already at maximum capacity. All of the positions are eligible for enhanced federal funding and/or help to obtain enhanced funding for the state. For example, CMS has approved nine separate Advance Planning Documents, totaling \$244 million in enhanced federal funding, for HIPAA efforts at DHCS. Attempting to shift workload would place DHCS at risk for HIPAA non-compliance penalties and likely result in the loss of enhanced federal funds.

This proposal seeks to convert 8.0 previously approved limited-term positions, which are set to expire on June 30, 2016 to permanent effective July 1, 2016, to coordinate and carry out the workload required, as described above. The limited-term positions are: 1.0 Data Processing Manager II, 1.0 Associate Information Systems Analyst, 3.0 Staff Information Systems Analyst (Specialist), 2.0 Senior Information Systems Analyst (Specialist), 1.0 Systems Software Specialist III.

Analysis of Problem

E. Outcomes and Accountability

DHCS OHC has significant programmatic controls, policies, and procedures currently in place to enable accountability for the requested resources. These include monthly reporting to the California Technology Agency (CTA) and the California Office of Health Information Integrity (CalOHII). As requested, HIPAA status reports are also provided to CMS. The appropriate state resources will be in place to plan for, remediate, and implement future HIPAA requirements across DHCS by the federal compliance deadlines.

Approving this request will lead to several positive outcomes for DHCS, including:

- DHCS will achieve and maintain compliance with HIPAA standards for transactions and code sets, thereby meeting provider and trading partner expectations and avoiding federal penalties for non-compliance. Use of these and subsequently updated transactions will enable DHCS to use standard healthcare transactions applied throughout the industry, thereby supporting future DHCS and industry initiatives for improved health information exchange and, ultimately, improved health care outcomes.
- Avoid federal non-compliance penalties – under ACA HIPAA penalties increase to \$1 dollar per covered life per day, for up to 20 days. This translates to \$200M annually for DHCS. In addition, DHCS may avoid the potential loss or withholding of over \$1 billion in federal financial participation for Medi-Cal information technology projects due to HIPAA non-compliance.
- Enable adequate management and technical support for the CAPMAN system, thereby facilitating continued accuracy in provider payments and the ability of the system to support new regulatory functionalities to be implemented in the CAPMAN system.
- Provide resources to sufficiently administer the functions of the DHCS Information Protection Unit including outreach to DHCS business associates and county organizations involved in the administration of the Medi-Cal program.
- Enable DHCS to continue receiving 90% federal financial participation for Medicaid Management Information System changes by helping DHCS adhere to MITA requirements and align with the DHCS Strategic Plan. CMS is now mandating adherence to MITA requirements in every request for enhanced federal financial participation; otherwise, the request is denied and the state will either forego the projects or fully fund them without matching federal dollars, resulting in the loss of millions, if not billions, of matching federal dollars.

Projected Outcomes

Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Federal HIPAA/Administrative Regulations Released (primary driver of DHCS HIPAA work: each requires significant workload and a separate End to End project)	4	3	4	4	5	5
Capitation Amounts (in billions) processed by CAPMAN	\$40	\$45	\$50	\$55	\$60	\$65

Analysis of Problem

Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Number of eligible members in the CAPMAN managed care system (end of FY - in millions)	10.2	11.0	12.0	12.0	12.0	12.0
Interim Codes Converted to Standard Codes	344	122	117	112	107	102
Code Consolidation Workgroup Sessions Monitored/Attended	0	360	360	360	360	360
Code Management Tool Monthly Updates	12	12	12	12	12	12
ICD-10 Workgroup Sessions Monitored/Attended	780	680	630	580	530	480
MITA Workgroup Sessions Monitored/Attended	124	124	124	124	124	124
MITA Business Process Consolidation Projects	12	12	12	12	12	12

F. Analysis of All Feasible Alternatives

Alternative 1: Conversion of 8.0 previously approved limited-term positions to permanent positions with an on-going cost of \$1,202,000 (\$240,000 GF and \$962,000 FTF).

Pros

- Aligns permanent workload with permanent resources
- Avoids jeopardizing federal financial participation
- Avoids federal penalties due to non-compliance
- Aligns with provisions of the Affordable Care Act
- Fosters integrated business and IT transformation with a framework to improve administration of the Medicaid program
- Aligns and leverages planned-improvement to Medi-Cal business processes via the MITA initiative
- Facilitates the ability of the CAPMAN system to handle the continued growth in Managed Care
- Enables ongoing maintenance and operations of previously implemented security solutions
- Affirms the value of previously approved expenditures to achieve HIPAA compliance

Cons

- Requires the continued expenditure of General Funds to cover the costs associated with federal requirements
- Requires re-establishment of permanent state positions

Analysis of Problem

Alternative 2: Do not convert 8.0 limited-term positions to permanent – continue as limited-term positions.

Pros

- Decreases expenditures at future point in time.
- Avoids jeopardizing federal financial participation during the period of time of which the positions are approved
- Avoids federal penalties due to non-compliance during the period of time of which the positions are approved
-

Cons

- Continues the cycle of limited term resources to address permanent workload. May result in recruitment and retention challenges due to limited-term staffing resources.

Alternative 3: Redirect from existing resources.

Pros

- No increase in expenditures or positions
- No growth in state government

Cons

- Redirecting a total of 8.0 positions within DHCS to the Office of HIPAA Compliance is not feasible without significantly impacting other program functions
- The nature of the work is specialized and expertise is not always readily available among existing staff at this time.
- Puts DHCS at risk of being non-HIPAA compliant. Failure to maintain or achieve HIPAA compliance could result in civil monetary penalties, financial penalties, and the withholding of federal financial participation. Non-compliance with HIPAA's administrative simplification provisions is \$1 per day, per covered life, up to 20 days (approximately \$240 million for Medi-Cal).

Alternative 4: Do nothing and let the limited term positions expire.

Pros

- Reduces state government positions

Cons

- Puts the state at risk of being non-HIPAA compliant.
- Potential failure to maintain or achieve HIPAA compliance could result in civil monetary penalties, financial penalties, and the withholding of federal financial participation. Non-compliance with HIPAA's administrative simplification provisions is \$1 per day, per covered life, up to 20 days (approximately \$240 million for Medi-Cal).

G. Implementation Plan

Once the budget is enacted, the Office of HIPAA Compliance will coordinate efforts to convert the 8.0 limited term positions to permanent.

Analysis of Problem

H. Supplemental Information

None.

I. Recommendation

Alternative 1 - Convert 8.0 previously approved limited-term positions to permanent. The positions are necessary to continue efforts on existing workload, maintain compliance with federal and state regulations, address new HIPAA rules, and provide support for the growth in CAPMAN.

WORKLOAD STANDARDS
Information Management Division
Positions Requested for FY 2016-17 for HIPAA Baseline Activities

FTE	Classification	Workload Distribution				LT/ Perm	Location
		TRN	COD		ITS		
Limited Term to Permanent							
1.0	Associate Information Systems Analyst	0%	0%		100%	Perm.	CAMMIS-ITMB
1.0	Data Processing Manager II	100%	0%		0%	Perm.	OHC-TRN
2.0	Staff Information Systems Analyst	0%	100%		0%	Perm.	OHC-COD
1.0	Staff Information Systems Analyst	0%	0%		100%	Perm.	CAMMIS-ITMB
1.0	Systems Software Specialist III (Technical)	0%	0%		100%	Perm.	EITS
2.0	Senior Information Systems Analyst (Spec.)	0%	100%		0%	Perm.	OHC-COD
8.0	TOTAL – Limited Term to Permanent						

A list of relevant acronyms is shown below

Locations

CAMMIS-ITMB	CAMMIS, Information Technology Management Branch
EITS	Enterprise Innovation Technology Services
OHC-COD	Office of HIPAA Compliance, Codes Section
OHC-TRN	Office of HIPAA Compliance, Transactions Section

Workload Distribution Areas

ITS	Information Technology Support
COD	Codes
TRN	Transactions Section

WORKLOAD STANDARDS
Information Management Division, Office of HIPAA Compliance
Management Information Services Section 803-393-1367-xxx
1.0 Systems Software Specialist III
Permanent

Activities	Number of Items/ Year	Hours per Item	Total Hours
Lead MIS/DSS security improvement efforts.	2	80	160
Verify MIS/DSS vendor compliance with contractual security requirements.	1	40	40
Conduct risk analysis of MIS/DSS change requests.	4	40	160
Respond to MIS/DSS audits.	2	40	80
Review MIS/DSS data extract requests to enable minimum necessary data and secure file transfer.	12	8	96
Review and assist with annual MIS/DSS vendor risk assessments.	1	80	80
Provide oversight of MIS/DSS corrective actions.	6	40	240
Reduce risk of breaches by performing review of MIS/DSS access controls and active accounts.	24	4	96
Review and track system documentation, quality assurance documentation, and processing the data releases required for proper releasing of ITSD data to meet HIPAA requirements.	4	13	52
Perform analysis, design, and programming assistance to support maintenance and operations of MIS/DSS data feed. Perform front-end data warehouse processing which includes extracting data for large files from various sources, cleansing data, and preparing the data for loading into the data warehouse.	1	533	533
Serve as MIS/DSS liaison, interacting with the various programs, external interfaces and users of the data warehouse to discuss MIS/DSS data issues.	26	4	104
Oversee the development and structure of the MIS/DSS databases, which are accessible by a variety of users from different disciplines throughout DHCS and by various external users, such as legislative staff, advocacy liaisons and researchers, and various other interested groups.	12	2	24
Coordinate and oversee the implementation of all significant information systems design and modification activities that affect the system. These activities include those steps necessary to comply with HIPAA. Consult with DHCS entities proposing new data systems of interest to the MIS/DSS.	24	2	48
Assist with the development of MIS/DSS customer support/technical assistance web site.	2	1	2
Management status reporting and presentations.	52	2	104
Total hours worked			1,819
1,800 hours = 1.0 Position			
Actual number of Positions requested			1.0

WORKLOAD STANDARDS

Information Management Division, Office of HIPAA Compliance
 Information Technology Section (CAMMIS-ITMB)
 803-393-1312-xxx

1.0 Staff Information Systems Analyst (SISA)

803-393-1470-xxx

1.0 Associate Information Systems Analyst (AISA)

Permanent

Activities	Number of Items/Year	Hours per Item	SISA Hours	AISA Hours	Total Hours
Lead and coordinate the assessment and evaluation of HIPAA issues impacting the program areas in DHCS and other departments as they relate to CA-MMIS.	28	10	140	140	280
Initiate and review CA-MMIS technical documentation for system changes, change control, Fiscal Intermediary (FI) instruction letters, change orders, and deliverables.	44	10	168	272	440
Identify and monitor CA-MMIS project work plan, resources, budget, and project scope.	24	2	31	17	48
Assess and evaluate activities of the Medi-Cal FI relative to HIPAA impact on current HIPAA transactions and code sets conversion projects.	40	5	107	93	200
Assess and evaluate activities of the Medi-Cal FI relative to HIPAA impact on future CA-MMIS projects.	8	16	71	57	128
Coordinate and participate in technical and status meetings with CA-MMIS system engineers and contractors.	100	3	158	142	300
Assess, evaluate, and monitor activities of the Medi-Cal FI relative to additional system changes resulting from HIPAA. Establish clear and effective communications between all team members, end users, and management to establish business processes. Provide technical advisory functions and provide recommendations to DHCS management on the status of operational implementation / adoption of HIPAA activities.	36	6	111	105	216
Define HIPAA CA-MMIS project and sub-project scope, work plan, and milestones.	12	8	63	33	96
Develop a CA-MMIS training plan and coordinate training workshops for end users impacted by HIPAA changes.	8	10	52	28	80

Activities	Number of Items/Year	Hours per Item	SISA Hours	AISA Hours	Total Hours
Coordinate and perform testing on CA-MMIS system changes.	40	10	224	176	400
Develop reports reflecting the status of HIPAA implementation within CA-MMIS for reporting to OHC.	14.4	10	84	60	144
Identify CA-MMIS risks and risk mitigation and escalation strategies.	40	5	80	120	200
Initiate System Development Notices (SDNs) -- requests that identify the background of the project, scope and business and system requirements necessary to implement system changes; and Operating Instruction Letter (OILs).	30	6	94	86	180
Manage and coordinate the on-going efforts to develop and improve internal and external policy directives related to HIPAA.	18	8	65	79	144
Review, analyze, evaluate, validate, and approve/deny deliverables from the Medi-Cal FI for: 20-Day Response (1), 10-Day Estimate, Specific Functional Design (SFD), Work Plan, Technical System Design, Test Plan and Test Results. Perform, review, and validate acceptance/vendor testing to determine if the results meets expected requirements.	8	30	78	162	240
Work with program staff to develop a methodology for incorporating or appending existing processes throughout the Provider, Claims, Treatment Authorization Request, Surveillance Utilization Review Systems and Management and Administrative Reporting Subsystems as related to HIPAA in CA-MMIS. Identify and evaluate claims payment including provider, beneficiary, reporting and financial subsystems for required system changes. Assess and evaluate claims processing audits/edits for possible impact related to HIPAA.	18	6	60	48	108
Lead, participate in, or review detailed analyses to identify existing interfaces and all processes that may be impacted by HIPAA activities within CA-MMIS. Manage and coordinate activities with IT and program area staff to discuss impact of the HIPAA modifications in CA-MMIS.	12	6	43	29	72

Attachment A

Activities	Number of Items/Year	Hours per Item	SISA Hours	AISA Hours	Total Hours
Upon implementation, conduct post implementation review activities such as monitoring of the system, claims processing, quality control, problem statements, invoices, and user feedback.	24	4	50	46	96
Coordinate and participate in technical and status meetings with system engineers and contractors related to converting interim codes to HIPAA compliant national standards.	41.6	3	67	58	125
Coordinate and monitor a high-level work/implementation plan for CA-MMIS HIPAA activities.	29.6	2	30	29	59
Facilitate compliance activities with program areas, information technology, and the Medi-Cal FI.	28	2	36	20	56
Total hours worked			1,812	1,800	3,612
1,800 hours = 1.0 Position					
Actual number of Positions requested			1.0	1.0	2.0

WORKLOAD STANDARDS
Information Management Division, Office of HIPAA Compliance
HIPAA Transactions Section 803-393-1384-xxx
1.0 Data Processing Manager II
Permanent

Activities	Number of Items/Year	Hours per Item	Total Hours
Attend HIPAA enterprise status and risk meetings.	64	1.5	96
Attend project-level status and working meetings.	260	1.5	390
Attend ad-hoc meetings to discuss or resolve HIPAA enterprise administrative topics, including project authority, project funding, project quality, etc.	72	1	72
Attend ad-hoc and scheduled meetings to discuss or resolve enterprise or project-specific HIPAA policy and technical issues, including escalated project issues and risks.	72	1.5	108
Prepare for and attend the DHCS HIPAA Steering Committee meetings.	12	3.5	42
Prepare for and attend the IT Project Steering Committee meeting.	12	2	24
Assign, review, revise, and approve the following enterprise-level OHC documents: Special Project Reports, Budget Change Documents, Independent Project Oversight Reports, Advanced Planning Documents, OHC Program Management Plan updates, CalOHII quarterly reports, DHCS Project Management Reports, OCIO Project Status Reports.	54	12	648
Provide input to drills: budget/expenditure forecasting, out-of-state travel, other miscellaneous.	40	2	80
Assign, review, revise, and approve project-level documents: work plans, charters, risk logs, issue logs, assessments, remediation plans, test plans and results, implementation plans, maintenance and turnover plans, PIERs, etc.	84	3.5	294
Assign, review, revise, and approve procurement and contracting documents: procurement requests, statements of work, submitted bids, purchase orders, invoices, time sheets, etc.	50	3	150
Total hours worked			1,904
1,800 hours = 1.0 Position			
Actual number of Positions requested			1.0

WORKLOAD STANDARDS

Information Management Division, Office of HIPAA Compliance

Codes Section 803-393-1312-xxx

2.0 Staff Information Systems Analyst (SISA)**Permanent**

Activities	Number of Items/Year	Hours per Item	Total Hours
Review all Planning Advanced Planning Documents (APDs) and Implementation APDs for alignment with the MITA Transition and Implementation Plan (M-TIP), and MITA business and information architectures.	10	20	200
Assist Medi-Cal IT projects in the development of MITA requirements traceability matrices.	10	20	200
Evaluate IT concepts and program initiatives for incorporation into the M-TIP and provide recommendations for MITA governing body.	5	25	125
Provide projects, existing systems, and program initiatives direct technical assistance on incorporation of Medi-Cal information architecture.	10	21	210
Conduct activities to identify updates for the MITA SS-A and manage the governance process for updating the MITA SS-A.	10	25	250
Establish and maintain a collaboration environment for development of the Medi-Cal information architecture. Lead and govern MITA activities.	10	40	400
Provide logistical and analytical support to a MITA governing body.	5	50	250
Evaluate MITA repository artifacts for information architecture compatibility and reuse in Medi-Cal.	5	50	250
Participate in national MITA development and governance.	5	50	250
Monitor code conversion policy for consistency with existing policies and adherence to federal and state regulations.	150	.75	113
Research responses to HIPAA related requests from representatives of provider associations, California and nationwide state agencies, FIs, and others.	100	1	100
Interact with CMS and the California Medical Association on code conversion issues.	60	3	180
Review coding crosswalks, which identify coding strategies and policy considerations for each code conversion.	15000	.025	375
Facilitate internal and external stakeholder/program strategic ICD-10 code usage meetings.	260	1	260
Workgroup meetings with stakeholders.	250	1	250
Establish business management relationships with external and inter departmental committees.	20	20	400
Total hours worked			3,813
1,800 hours = 1.0 Position			
Actual number of Positions requested			2.0

WORKLOAD STANDARDS
Information Management Division, Office of HIPAA Compliance
Information Technology Section 803-393-1337-xxx
2.0 Sr. Information Systems Analyst
Permanent

Activities	Number of Items/Year	Hours per Item	Total Hours
Participate in HIPAA enterprise status and risk meetings.	128	1.5	192
Lead the development and review of enterprise-level OHC documents: Special Project Reports, Independent Project Oversight Reports, Advanced Planning Documents, OHC Program Management Plan updates.	252	5.0	1,260
Review and approve responses to inquiries regarding DHCS MITA issues, MITA mailbox maintenance and/or code conversion efforts.	200	1.0	200
Lead the analysis of general MITA business processes or code conversion analysis generated within DHCS.	120	5.0	600
Participate in interviews related to the annual MITA State Self-Assessment (SS-A).	110	3.0	330
Lead staff efforts to update Clarity with APD and MITA details related to projects resulting from MITA SS-A Roadmap.	120	1.0	120
Lead the efforts and provide oversight of local code conversion meetings and coordination with CA-MMIS system replacement.	104	1.0	104
Participate in weekly status updates of MITA team project in Clarity.	52	.5	26
Participate in monthly project report meetings with EPPMB and OHC.	48	1.5	72
Attend ad-hoc meetings to discuss enterprise and project-specific MITA policy and technical issues.	144	1.5	216
Review and approve technical assistance recommendations to MITA projects' technical tools, such as MITA database and IBM Rational System Architect data and business models.	60	5	300
Participate in external workgroup meetings related to MITA, such as NMEH and/or attend conferences.	24	1.5	36
Schedule and participate in MITA business process improvement meetings with business process champions/owners.	24	6.0	144
Total hours worked			3,600
1,800 hours = 1.0 Position			
Actual number of Positions requested			2.0