

STATE OF CALIFORNIA

Budget Change Proposal - Cover Sheet

DF-46 (REV 08/15)

Fiscal Year FY 2016-17	Business Unit 4260	Department Health Care Services	Priority No.
Budget Request Name 4260-303-SFL-DP-2016-A1		Program 3960010	Subprogram

Budget Request Description

Medi-Cal Dental Fiscal Intermediary Turnover-Takeover

Budget Request Summary

The Department of Health Care Services (DHCS) requests three-year expenditure authority to address workload related to the conversion of the current Medi-Cal Dental Fiscal Intermediary. DHCS is presently securing two contracts, one for the dental Administrative Services Organization (ASO) and one for the dental California Dental Medicaid Management Information System (CD-MMIS) Fiscal Intermediary (FI) services. These resources are necessary to perform the turnover-takeover efforts of the FI and ASO from the current vendor.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Department CIO <i>Baumeister</i>	Date 3/28/16
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If yes, departmental Chief Information Officer must sign.

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.

FSR 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 3/28/16	Reviewed By <i>[Signature]</i>	Date 3/29/16
Department Director <i>[Signature]</i>	Date 3/29/16	Agency Secretary <i>[Signature]</i>	Date 3/29/16

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 APR 01 2016
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BCP Fiscal Detail Sheet

BCP Title: Medi-Cal Dental Fiscal Intermediary Turnover-Takeover

DP Name: 4260-303-BCP-DP-2016-A1

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Temporary Help	0	577	577	577	0	0
Total Salaries and Wages	\$0	\$577	\$577	\$577	\$0	\$0
Total Staff Benefits	0	279	279	279	0	0
Total Personal Services	\$0	\$856	\$856	\$856	\$0	\$0
Operating Expenses and Equipment						
5301 - General Expense	0	42	28	28	0	0
5302 - Printing	0	14	14	14	0	0
5304 - Communications	0	14	14	14	0	0
5322 - Training	0	7	7	7	0	0
5324 - Facilities Operation	0	63	63	63	0	0
5340 - Consulting and Professional Services -	0	1,000	1,000	1,000	0	0
5344 - Consolidated Data Centers	0	7	7	7	0	0
539X - Other	0	49	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$1,196	\$1,133	\$1,133	\$0	\$0
Total Budget Request	\$0	\$2,052	\$1,989	\$1,989	\$0	\$0

Fund Summary

Fund Source - State Operations						
0001 - General Fund	0	514	498	498	0	0
0890 - Federal Trust Fund	0	1,538	1,491	1,491	0	0
Total State Operations Expenditures	\$0	\$2,052	\$1,989	\$1,989	\$0	\$0
Total All Funds	\$0	\$2,052	\$1,989	\$1,989	\$0	\$0

Program Summary

Program Funding						
3960010 - Medical Care Services (Medi-Cal)	0	2,052	1,989	1,989	0	0
Total All Programs	\$0	\$2,052	\$1,989	\$1,989	\$0	\$0

Personal Services Details

Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4
VR00 - Various (Eff. 07-01-2016)(LT 06-30-2019)	0	577	577	577	0	0
Total Salaries and Wages	\$0	\$577	\$577	\$577	\$0	\$0
Staff Benefits						
5150350 - Health Insurance	0	139	139	139	0	0
5150600 - Retirement - General	0	140	140	140	0	0
Total Staff Benefits	\$0	\$279	\$279	\$279	\$0	\$0
Total Personal Services	\$0	\$856	\$856	\$856	\$0	\$0

Analysis of Problem

A. Budget Request Summary

The Department of Health Care Services (DHCS) requests three-year expenditure authority of \$2,052,000 (\$514,000 General Fund (GF) and \$1,538,000 Federal Funds (FF)) to support the equivalent of 7.0 three-year limited-term positions and contractual services to address workload related to the conversion of the current Medi-Cal Dental Fiscal Intermediary. DHCS is presently securing two contracts, one for the dental Administrative Services Organization (ASO) and one for the dental California Dental Medicaid Management Information System (CD-MMIS) Fiscal Intermediary (FI) services. These resources are necessary to perform the turnover-takeover efforts of the FI and ASO from the current vendor.

B. Background/History

From 1966 to 1972, all claims for dental health care services rendered to Medi-Cal recipients were paid by a single FI and the state assumed full responsibility for costs. In 1973, with passage of the Waxman-Duffy Act, the State Legislature provided the opportunity for the State of California to explore the possibility of delivering dental care on a prepaid, at-risk basis (for services and administrative cost).

Under the provisions of the Waxman-Duffy Act, which became effective January 1, 1974, the State entered into a four (4) year pilot project with California Dental Services, a.k.a. Delta Dental Plan of California, to provide dental care services on a prepaid, at-risk basis. Legislative action allowed the State to extend the pilot project leading to the first of several competitively bid contracts, under a prepaid, at-risk model. Since awarding the first contract to Delta Dental, it has subsequently prevailed as the incumbent contractor.

In 2011, Delta Dental was again selected as the awardee for the dental fee-for-service (FFS) contract which included both FI and ASO responsibilities on an at-risk basis. However, the Center for Medicare and Medicaid Services (CMS), upon review of the contract, determined the contract did not meet certain regulatory criteria and conditions under 45 Code of Federal Regulation (C.F.R.) Part 95 and 42 C.F.R. Part 433 as a MMIS related acquisition. CMS expressed significant concerns with the procurement of the 2011 contract structure and asked DHCS to modify the contracting delivery model or risk losing 75/25 federal financial participation (FFP) enhanced funding for MMIS activities. The main concerns identified by CMS are as follows:

- Non-compliance with Management Information System (MMIS) requirements.
- Use of an underwriting shared risk.
- Non-enforcement of Knox-Keene licensure requirements; and
- Use of a hybrid model of MMIS and administration within one (1) contract with underwriting risk sharing.

DHCS notified Delta Dental the 2011 contract award would not be approved by CMS and a re-procurement would be required. The current contract in place (which is an extension of the last fully executed contract from 2004 as approved by CMS) between DHCS and Delta Dental is set to expire on June 30, 2016.

DHCS is currently requesting approval for an additional extension of the current contract with Delta Dental to ensure a smooth one-year transition to the new ASO and FI contractors,

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and to allow enhanced FFP for MMIS activities during the re-procurement period leading up to the implementation of the new contracts on July 1, 2017. DHCS is also seeking federal approval of the Planning Advanced Planning Document (PAPD) for enhanced funding to procure the two new Contracts for the CD-MMIS FI services and the dental ASO. DHCS anticipates announcing the successful awardees in May 2016.

The selected FI contractor will be responsible for the turnover, operation, and eventual takeover of the California Dental Medicaid Management Information System (CD-MMIS), and for effective and efficient auto adjudication of claims and related documents. The selected contractor will take over the existing CD-MMIS and operate it to the satisfaction of State and federal regulations and requirements for FI services for Medi-Cal and other state health programs that provide dental services. Programs that currently utilize CD-MMIS for dental claims, Treatment Authorization Requests (TARs) processing and other dental related services include Medi-Cal, California Children's Services Program (CCS), the Genetically Handicapped Persons Program (GHPP) and Regional Center consumers.

The selected ASO Contractor will operate with the dental FI Contractor using the existing CD-MMIS. The ASO contractor will be responsible for the administrative functions that consist of monitoring and maintaining systems related to the operations portion of providing services to Medi-Cal beneficiaries. Those responsibilities include TAR and Adjudicated Claim Service Lines (ACSL) processing, maintaining the Telephone Service Center (TSC), and providing outreach efforts to both maintain and increase utilization.

The turnover and takeover of the existing FI and ASO responsibilities, managing two separate contracts for FI and ASO functions once the new contracts have been awarded, and overseeing the relationship between the existing and new FI and ASO vendors so that collaboration is achieved to best support the dental program is new workload that cannot be absorbed within existing resources. The requested resources will be located within the MDSD, Office of Legal Services (OLS), and Enterprise, Innovation, and Technology Services (EITS) – via managed resources.

Resource History
(Dollars in thousands)

Medi-Cal Dental Services Division

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	2,597	2,597	2,859	3,176	3,470
Actual Expenditures	2,478	2,465	2,665	3,176	3,470
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	32.0	32.0	32.0	35.0	35.0
Filled Positions	27.2	26.4	29.2	29.1	30.0
Vacancies	4.8	5.6	2.8	5.9	5.0

**Medi-Cal Dental Fiscal Intermediary Turnover-Takeover
4260-303-SFL-DP-2016-A1**

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Office of Legal Services

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	15,710	10,307	10,307	12,214	13,579
Actual Expenditures	12,031	8,653	9,311	11,576	13,579
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	131.1	99.6	92.5	99.0	107.5
Filled Positions	116.6	77.2	74.6	85.1	106.2
Vacancies	14.5	22.4	17.9	13.9	1.3

Workload History

(For current MDSD processes –Independent of Turnover-Takeover efforts)

Workload Measure	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
TSC Access to Care Monitoring Report	0	0	0	5	12	12
CARTS reporting	0	0	0	1	1	1
Request for Proposals	0	1	0	1	2	2
DMC Deliverables	144	144	144	480	480	480
Stakeholder Committees	2	2	2	3	6	9
Audits	41	67	29	16	40	40
Beneficiary Dental Exception (BDE)	0	0	287	331	594	850
BDE Reporting	0	0	10	12	12	12
State Hearing Review	724	738	622	846	1,419	1,730
Beneficiary Reimbursement Packet (Conlan)	77	71	60	48	65	80
General Beneficiary Inquiries	0	0	1,867	2,302	3,349	4,800

MDSD Positions

(Related to Turnover-Takeover)

Workload Measure	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Office of Legal Services

(Related to Turnover-Takeover)

Workload Measure	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
N/A	N/A	N/A	N/A	N/A	N/A	N/A

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C. State Level Considerations

This proposal is consistent with the commitments DHCS made in its 2013-2017 Strategic Plan to “Provide efficient and effective customer service” (1.3), “Improve and maintain overall health and well-being through effective prevention and intervention” (3), “Develop effective, efficient, and sustainable health care delivery systems” (4), “Hold ourselves and our providers, plans, and partners accountable for performance” (7), and “Be prudent responsible fiscal stewards of public resources” (8).

D. Justification

CMS recently expressed concerns with certain elements of the current Dental FI Contract, including the fact that California operates two (2) Medicaid Management Information Systems. In order to address CMS’ concerns and with DHCS currently evaluating alternatives for the eventual migration to a single MMIS, DHCS released two (2) competitive RFPs. One RFP solicited bids to provide administrative services for the Medi-Cal Dental Program and the other RFP was to obtain an FI that will support the CD-MMIS. This proposal requests the resources necessary to transition the ASO and FI functions and complete the turnover-takeover process. This is the first time DHCS is procuring for these functions separately, providing oversight, and making certain of collaboration between two vendors. Existing staff cannot perform or absorb the magnitude of management and administration required for a successful turnover-takeover process. These positions will provide the necessary resources to perform the required oversight throughout the turnover-takeover process. Without these resources, the Department will be unable to perform the administration and oversight needed, and could result in a loss of enhanced federal funding.

The information below identifies the resource request per Division/Office and a brief description of why they are needed to implement the turnover-takeover specific activities which include:

Medi-Cal Dental Services - Three-Year Limited-Term Resources Equivalent To: *2.0 Associate Governmental Program Analysts*

MDSD requests three year limited-term resources to make certain the Division will be able to adequately handle all additional workload related to turnover-takeover. Transitioning from one (1.0) contract to two (2.0) new separate contracts will increase the workload which will require MDSD to engage, review, assess, analyze, track, and report on the new contract requirements specific to turnover-takeover. MDSD will also verify that all contractual obligations and deliverables for the new ASO and FI contractors are satisfied during the takeover process beginning July 1, 2016, identify any required corrective action, issue any corrective action notices, and subsequently engage with contractors to confirm that program deliverables and plans are met in accordance with the terms and conditions of the new contracts. These processes will allow for the operations to be assumed by the new contractor on July 1, 2017. In addition, MDSD will handle all new invoices related to turnover-takeover, assist with projections and estimates, and attend/provide presentations in meetings specifically related to the new FI and ASO contractors. These resources will be used to support the new workload associated with two new contracts under the division and for ensuring proper oversight related to the administrative duties including but not limited to familiarization and mastery of the prior contract, procedures, and policies to be able to

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review the new proposed administrative policies, procedures, manuals, and guidelines that will be operationalized during the new contracts. The requested resources are also necessary for drafting, processing and coordinating contract amendments/change orders.

There will be new processes which will go through the State Controller's Office (SCO) under the new FI contract for claims adjudication. Beginning July 1, 2017, SCO will process a weekly payment to the FI Contractor to enable the payment of claims submitted by Denti-Cal providers to the FI. Under these new processes, weekly invoicing will be required, which is a change from the current monthly invoicing process. To confirm there are no issues, the new weekly invoicing system will require multiple and timely compliance checks to verify accuracy. To the extent there are delays or the new processes do not operate as intended, claims processing for approximately 12 million FFS Denti-Cal beneficiaries will be impacted. Any delays with claims adjudications will expose DHCS to potential litigation and possible CMS sanctions for non-compliance with payment requirements.

The requested resources will assess, oversee, and monitor the transition to the new contracts, the corresponding new workflows, and new associated policies. The duties and responsibilities include but are not limited to: review of new contractor acquisition plan approvals/disapprovals specific to provider services, contractor work plans, turnover and takeover progress reports to prevent interruptions to provider support services, claims/TAR adjudication, reports on duplicate payment/recoveries, and provider outreach and education plan; analyze and monitor timeliness of reports for billing providers, rendering providers, claim activity, and invoices received by new contractors conform to State and Federal requirements; prepare bi-weekly/monthly summary of contractor progress reports and data validation/analysis on provider services operations for management review; participate in quality assessments to monitor contractor performance specific to maintaining the provider network, outreach and retention, claims adjudication, program integrity operations, provider enrollment functions, provider referral list operations, and provider support and training, as well as the telephone service center.

Additionally, the resources will facilitate and coordinate any surveillance and program integrity activities pertaining to provider enrollment and fraudulent claims and billing activity. Due to the new and distinguishable terms of the new contracts, requested resources would verify the policies and procedures effectuated by the new contractor are compliant with Departmental, legislative, and public expectations. The resources will monitor, review, assess, and approve/disapprove policies related to beneficiary services and those resulting from the modified payment methods, contract structure, and organization structure, such as: Appeals Processing, State Hearings, Specialized Claims Processing, Share-of-Cost (SOC); Beneficiary engagement and information dissemination practices; TSC Operations (Beneficiary and Provider); and Dental Outreach Activities.

Enterprise, Innovation, and Technology Services - Managed Resources - Three-Year Limited-Term Resources Equivalent To:

- 3.0 Staff Information Systems Analyst (Specialist)*
- 1.0 Senior Information Systems Analyst (Specialist)*

Three year limited-term resources are requested to take a lead role in the supervision of the approval or denial of deliverables for all technical projects related to the turnover-takeover transition, make certain the business rules extraction tools are traceable and understood,

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and review and approve invoices. The resources will also assist in the procurement process and in meeting other needs of the Department to comply with MMIS, Medicaid Information Technology Architecture (MITA), and Health Insurance Portability and Accountability Act (HIPAA) requirements.

These additional resources are also needed to address takeover tasks, applying principles of Software Development Life Cycle to the various change instrument processes as specified in the ASO and FI contracts, analyzing and approving the deliverables for meeting quality specifications; attending weekly deliverable status meetings on takeover tasks with the contractors and attending team meetings to report takeover progress; ensuring the contractors, involved in activities of takeover tasks, are on schedule; preparing written status reports as required; and reviewing invoices for approval.

Office of Legal Services - Three-Year Limited-Term Resources Equivalent To:

1.0 Attorney III

OLS requests three year limited-term resources to review and approve all contract amendments and change orders. The current and future contracts, and almost all of the legal analyses generated from them, are reportable and reviewed by the Governor's Office, the Legislature, the California State Auditor, California Technology Agency, as well as CMS. Further, stakeholder and advocacy groups representing the entire dental profession interact with MDSO on issues they perceive to be unique or problematic in various delivery systems and in a variety of settings, including large hospitals, nursing homes and clinics statewide. The requested resources will advise DHCS management on, and oversee contract issues associated with the current FI contract, serve as lead on the procurement efforts, oversee contract issues associated with the future FI and ASO contracts, serve as point of contact for all litigation issues, and advise on Notices of Dispute that are inherent in every major IT-related contract. Further, requested resources would monitor compliance of the existing and new contractors to CMS' guidance and state contracting rules, which continually evolve. This workload will require collaboration across DHCS divisions to analyze how challenges in the current contract may be addressed in the new contracts while balancing the risk for litigation. These resources would also respond to legal inquiries and correspondence from outside entities in a timely manner.

These resources are required to support the Dental MMIS payment system, as well as managing changes to the current system. The litigation support will handle all litigation matters related to FI and ASO activities and any subcontractor issues to achieve timely payments to providers, excellent customer service and resolve any electronic billing problems.

E. Outcomes and Accountability

The turnover-takeover activities are designed to bring together the shared vision and goals of DHCS, CMS, other state agencies, plans, providers, and safety net programs to share accountability for Medi-Cal members' dental care and claims processing, which will result in high-quality, integrated care.

With the approval of these positions, DHCS will have the capacity and necessary resources to achieve these goals and both manage the turnover-takeover efforts, and develop program

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improvements and adjustments. The department will also retain oversight responsibilities including contract management and monitoring of all programs, as well as provide greater assurance that the workload volume can be managed accordingly and that federal and state mandates will be addressed promptly.

Projected Outcomes

***Assumes no additional workload for FY 2019-20 and 2020-21
Medi-Cal Dental Services Administrative Staff Resources**

Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20*	2020-21*
Oversight of contractor reports and deliverables related to contract policy	N/A	20	20	20		
Review current/incoming contractor comprehensive training plan for ongoing contract operations and takeover project schedule. Attend outgoing/incoming contractor trainings as required by contract	N/A	5	3	3		
Draft contract change orders/amendments	N/A	10	10	10		
Dental FI and ASO meetings, inquiries and correspondence related to contract policy	N/A	25	20	20		
Dental stakeholder meetings, inquiries and correspondence related to contract policy	N/A	20	20	20		
Monitor Financial Activities	N/A	200	500	200		
Validation of Expenditures	N/A	96	144	104		
Processing of Turnover-Takeover Administrative Invoices and fiscal related documentation	N/A	390	500	200		
Training/Ramp up	N/A	60	10	10		
Projections and Estimates	N/A	120	168	60		
Task Specific Meetings/Assignments	N/A	416	208	190		

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Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20*	2020-21*
Prepare and provide Presentations	N/A	240	156	156		
Recommendations for management for new Contractor acquisition plan approvals/ disapprovals specific to provider service operations, provider manuals, desktop provider bulletins, telephone service center (TSC) operations	N/A	10	20	10		
Review and monitor new Contractor work plans, turnover and takeover progress reports to confirm no interruptions are made to provider support services, claims/TAR adjudication, reports on duplicate payment/ recoveries, outreach plan, etc.	N/A	12	12	12		
Analyze and monitor timeliness of reports for billing providers, rendering providers, claim activity, and invoices that are received by new Contractors pursuant to State and Federal regulations	N/A	24	24	24		
Prepare bi-weekly/monthly summary of Contractor progress reports and data validation/analysis on provider services operations for management review	N/A	24	24	24		

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Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20*	2020-21*
Provide program policy interpretation/guidance, contract requirement clarification, and technical assistance to new Contractors consistent with present practice and policy	N/A	12	20	20		
Track, advise, confirm compliance, and participate in new Contractor training for TSC staff and user testing/training for CD-MMIS	N/A	15	12	12		
Participate in quality assessments to monitor Contractor performance specific to maintaining the provider network, outreach and retention, claims adjudication, program integrity operations, provider enrollment functions, provider referral list operations, and provider support and training, and the TSC	N/A	12	30	30		
Facilitate and coordinate audit activities pertaining to fraudulent claims and billing activity	N/A	12	24	24		
Monitoring of contract activities related to beneficiary services to confirm contractual requirements are met	N/A	19	19	19		
Develop and submit an awareness plan that describes how the Department has generated awareness among enrollees of the availability of, the importance of, and how to access preventive dental services for children. Conduct annual analysis of the effectiveness of the awareness plan	N/A	12	12	12		

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Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20*	2020-21*
Identify anticipated problems (including staffing), and include a Contingency Plan for each identified problem for the Contractor to follow during Takeover.	N/A	80	80	80		
Confirm Beneficiary Services has a sufficient number of trained staff to handle all of Takeover and meet all the requirements	N/A	15	15	10		

Enterprise Innovation Technology Services Managed Resources

Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20*	2020-21*
Research/reading on change instrument deliverables (problem statements, system development notices, and miscellaneous changes) in takeover tasks and projects.	N/A	120	100	100		
Preparation of written accountability reports for takeover and turnover operations.	N/A	50	50	50		
Draft, analyze, review, advise, and provide system development changes related to the new policy guidance and Information technology guidelines.	N/A	100	100	100		
Task Specific Meetings/Assignments	N/A	30	30	30		
Oversee Project Management and Information Verification and Validation during turnover-takeover operations	N/A	80	80	80		

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Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20*	2020-21*
Meet with MDSD or DHCS administration stakeholders to report IT-related takeover projects, tasks, and other activities.	N/A	50	50	50		
Hold twice weekly staff meeting to assess progress and status of all takeover projects and subprojects.	N/A	50	50	50		
Policy papers and reassessment of the scope of services to be included in the subsequent procurement of the Dental Administrative Services Organization Contract.	N/A	20	20	10		
Draft proposals and recommendations of procurement strategies and risk mitigation plans, program issue papers, talking points for management presentation, action requests, Budget Change Concept/Proposals, Feasibility Study Reports, Advanced Planning Documents, business case justification reports, progress reports, and status reports related to turnover-takeover efforts.	N/A	35	35	35		

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Office of Legal Services

Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Provide Dental with legal opinions related to governing federal and state law related to MMIS system guidance	N/A	50	50	50		
Provide Dental with legal analyses related to State Plan Amendments, policy letters and instructional information related to operating a MMIS system	N/A	50	50	50		
Dental procurement and contract drafting including subcontractor contract issues associated with MMIS operations	N/A	230	45	45		
Dental litigation cases related to the MMIS system	N/A	25	25	25		
Dental stakeholder meetings, inquiries and correspondence related to MMIS system	N/A	20	20	20		
Dental privacy, confidentiality and security issues including PRAs and data requests	N/A	100	100	100		
Provide Dental legal advice regarding CMS inquiries, audits and responding to legislative inquiries	N/A	75	75	75		

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F. Analysis of All Feasible Alternatives

Alternative 1: Establishment of three-year expenditure authority, including funding for contractual services, to support the turnover-takeover efforts related to the Medi-Cal Dental FI. The total cost is \$2,052,000 (\$514,000 GF and \$1,538,000 FF).

Pros:

- Workload will be processed and completed in a timely manner.
- Increased workload efficiency.
- Comply with contract terms and deliverables schedule.
- Reduce interruptions that are caused by turnover-takeover efforts.

Cons:

- Requires resources to fund salary and associated costs.

Alternative 2: Approve two-year limited-term resources and permanent contract funding. The total cost is \$2,052,000 (\$514,000 General Fund (GF) and \$1,538,000 Federal Funds (FF)).

Pros:

- DHCS would continue to meet contract terms and deliverables schedule.
- Lower personnel costs to DHCS.
- Would provide some temporary assistance to increased workload demands.

Cons:

- This approach does not guarantee continuity of program operations and maintenance.
- Loss of knowledge from staff after the 2-year, limited-term basis has expired.
- Limits opportunities to strengthen and develop the program.
- Difficulty in recruiting and maintaining staff in limited-term positions.

Alternative 3: Approve two-year limited-term resources and permanent contract funding, but stagger selected start dates. The estimated cost is \$2,006,000 (\$502,000 GF and \$1,504,000 FF).

Pros:

- DHCS would continue to meet contract terms and deliverables schedule.
- Lower personnel costs to DHCS.

Cons:

- This approach does not guarantee continuity of program operations and maintenance.
- Current workforce in already severely impacted areas will have to absorb turnover-takeover workload.
- Restricts Department's ability to oversee and administer program; possible loss of federal funding.

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Alternative 4: Do not approve new State resources or expenditure authority (including contract funding). No Cost.

Pros:

- No growth in state government and no long-term effect on the State General Fund.

Cons:

- Current workloads may not be addressed or the contractual terms and deliverables will not be implemented.
- The state will not be in compliance with federal requirements.
- Severely restricts Department's ability to oversee and administer program; loss of federal funding.

G. Implementation Plan

DHCS anticipates the turnover-takeover efforts to commence July 1, 2016 and must act quickly and efficiently to implement new processes once the new ASO and dental FI contracts are executed. The requested resources will be utilized to perform administration and oversight of the current FI contract transition.

H. Supplemental Information

IV&V consultant - \$500,000:

MDSD requests an Independent Verification and Validation (IV&V) consultant for a total estimated cost of \$500,000 to provide project oversight and governance.

The IV&V contractor will provide management with an independent perspective on project activities and promote early detection of project/product variances. This allows the project to implement corrective actions to bring the project back in line with agreed upon expectations. IV&V consultant services would include:

- Evaluation and assessment of the project-wide organization and components, and the on-going development processes and phases;
- Facilitate early detection and correction of cost and schedule variances;
- Enhance management insight into process and product risk;
- Support project lifecycle process to confirm compliance with regulatory, performance, budget, and schedule requirements; and
- Validate the project's product and processes to confirm compliance with defined requirements.
- Conformance of all phases of system design, development and implementation with industry standards;
- Adequacy of all phases of system test design and execution including system, stress, volume, parallel and user acceptance test phases;
- Adequacy and validation of software quality assurance processes and the application of Capability Maturity Model Integration (CMMI) continuous quality improvement efforts; and
- Adequacy of the FI and ASO contractor's staffing and expertise levels to meet project timelines and quality requirements.

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All IV&V tasks and activities will be in accordance with applicable Institute of Electrical and Electronics Engineers (IEEE) standards for Software Verification and Validation and Software Life Cycle Processes.

Project Management (PM) Support - \$500,000:

MDSD requests a project manager consultant for a total cost of \$500,000. The project manager(s) will assess the project's status, performance trends, milestones and project completion estimates. Project management resources will support the following:

- Work closely with the MDSD project oversight management, DHCS EITS staff, and other project stakeholders to make certain the success of takeover/turnover activities.
- Oversee, coordinate, and monitor all project management activities and processes (e.g., risk management, issue management, quality assurance, change management, resources management, and configuration management) for takeover/turnover.
- Manage project team, direct the activities associated with executing the project while controlling limited resources efficiently and effectively and ensuring that the approved project goals and objectives are successfully achieved.
- Develop a rigorous, detailed master project schedule and other components of the project management plan (PMP). Confirm completion of tasks, deliverables and documentation by the project team within established timeframes and to quality specifications.
- Issue identification: maintain issue logs and confirm roles and responsibilities regarding issue resolution are clear. The PM will attempt to resolve issues at the lowest level and elevate issues for resolution if needed.
- Document potential risks and implement DHCS-approved actions for mitigation and resolution of these risks. Maintain risk logs and confirm roles and responsibilities regarding risk mitigation are clear. Notify the project oversight manager of any risks or threats to the project.
- Attend and participate in regularly scheduled meetings and ad hoc meetings with DHCS program stakeholders, the DHCS Enterprise Portfolio and Project Management Branch chief/project oversight manager, and the DHCS contract manager.
- Lead weekly status meetings and submit weekly status reports to the project oversight manager. Enter project information into the DHCS Clarity Project Portfolio and Project Management System and update the information on a weekly basis.
- Provide project assistance, advice, and mentoring to state staff and other contracted resources as needed.

Facility Costs - \$49,000:

DHCS needs to consider cubicle build outs including cabling at an estimated one-time cost of \$49,000.

i. Recommendation

DHCS recommends approval of Alternative #1 which would authorize three-year limited-term resources to implement the turnover-takeover operations in order to assist with the continued success and viability of the Medi-Cal Dental Program. These resources are critical

Analysis of Problem

to the timely and orderly implementation and administration of all Medi-Cal Dental turnover-takeover activities.

WORKLOAD STANDARDS
Medi-Cal Dental Services Division
Limited-Term Resources to Address the Following (7/1/16-6/30/19)

Activities	Number of Items	Hours per Item	Total Hours
Review and monitor Contractor work plans, turnover and takeover progress reports to make certain no interruptions are made to provider support services, claims/TAR adjudication, reports on duplicate payment/recoveries, provider outreach plan, beneficiary outreach plans, provider service operations, beneficiary services, provider manuals, desktop provider bulletins, beneficiary service manuals, data validation analysis, telephone service center (TSC) operations etc.	35	5	175
Quality assessments to monitor Contractor performance specific to maintaining the provider network, outreach and retention, claims adjudication, program integrity operations, provider enrollment functions, provider referral list operations, and provider support and training.	24	10	240
Meetings with Contractors and Stakeholders: Organize and participate in regular meetings with the contractor(s); Perform on-site assessments of incoming contractor performance; participate in entrance and exit audit conference meetings; coordinate the scheduling of contractor compliance audits; evaluate all resulting audit reports to determine if the contractor is in compliance with their contract requirements; where deficiencies are identified, determine the severity of the deficiency(s) and the appropriate corrective action needed; and monitor any resulting corrective action plan(s) submitted by the contractor.	55	10	550
Oversee new contractor's comprehensive training plans for ongoing contract operations and takeover project schedule. Attend outgoing/incoming contractor trainings.	5	40	200
Assist in the development of new contract language and change orders	10	10	100
Independently research, analyze, and monitor new dental FI and ASO contracts and related information for processes and deliverables related to contract policies as they arise.	40	8	320
Monitor financial activities related to new check write process which will include comparing FI generated reports to State generated reports for accuracy and thoroughness. Monitoring will include detailed analysis of number of eligibles, aid code accuracy, and time to fix issues as they arise. Validation of expenditures – verification process once invoices are processed. Duties including tracking and verification against contract authority to confirm expenditures line up with budgeted expectations.	104	10	1,040

Activities	Number of Items	Hours per Item	Total Hours
Invoice processing related to turnover-takeover. This will include closeout of the Pure Premium Fund (PPF) and related reconciliations. It will also include processing all financial requests from the current and prospective FI and prospective ASO for turnover-takeover activities	26	5	130
Projections and estimates. There are bi-yearly projections with monthly monitoring that will include turnover-takeover activities such as funding for project managers and dental operations. There are also quarterly estimates that will require input from the turnover-takeover analysts regarding those policy changes. Additionally maintenance and monitoring of turnover-takeover contractors such as payment for the Project Manager will need to occur.	12	10	120
Identify anticipated problems and rectify problems as they arise, and include a Contingency Plan for each identified problem.	80	3	240
Attend meetings related to turnover-takeover	180	2	360
Prepare responses or provide assistance for updates to legislators, stakeholders and providers contacting the Department during acquisition	12	8	96
Total hours worked			3571

WORKLOAD STANDARDS
Medi-Cal Dental Services Division
Enterprise Information Technology Services Managed Positions
Limited-Term Resources to Address the Following (7/1/16-6/30/19)

Activity	Number of Items	Hours Per Item	Total Hours
Policy assistance and reassessment of the scope of services to be included in the reprocurement of the Dental Administrative Services Organization Contract beginning in FY 2017 to FY 2019 as well as oversee and approve all deliverables in change instrument processes of projects special to Takeover activities.	70	5	350
Reviews and provides the expertise to write the RFP to prepare for MMIS integration as well as supervise staff in the development, preparation and evaluation of the procurement.	300	1	300
Provide project status, recommendations, and alternatives for issue resolution, and other recommendations as required to management, executives and stakeholders	18	1	18
Conduct reviews to confirm quality of detailed project planning documents; second-level managed and evaluate from a policy perspective direct project resources including material, state, and FI contractor personnel directly and indirectly, as required.	115	1	115
Consults as the technical expert in every aspect of each phase of the procurement process (initiation, development, evaluation, and contract development and execution) to meet Department needs and to confirm compliance with MMIS, MITA and HIPAA requirements.	80	1	80
Provides second level review of various solicitation analyses, documents, forms and communications with potential bidders, stakeholders and customers. Serves as second level contact for the resolution of procurement concerns.	108	1	108
Lead, develop, and provide input to assist and supervise in development of procurement strategies and risk mitigation plans, program issue papers, talking points for management presentation, action requests, Budget Change Concept/Proposals, Feasibility Study Reports, Advanced Planning Documents, business case justification reports, progress reports, and status reports.	20	35	700
Prepare for and represent DHCS in meetings with representatives and other agencies and make presentations as required; testify at public hearings, legislative meetings, and judicial proceedings as necessary.	20	3	60
Monitors and oversees the IT PM Consultant regarding project status and activities. Partners with Department legal counsel and other key stakeholders to confirm contractual provisions are in alignment with public practice and Department policy as well interpret current laws, policies and procedures	120	1	120
Total hours worked			1851

WORKLOAD STANDARDS
Medi-Cal Dental Services Division
Enterprise Information Technology Services Managed Positions
Limited-Term Resources to Address the Following (7/1/16-6/30/19)

Activity	Number of Items	Hours Per Item	Total Hours
Advise project staff and program areas in analysis, development, installation, implementation, procurement, and/or support of CD-MMIS systems for assigned complex enhancement projects.	270	4	1080
Prepare for, lead, and conduct peer reviews (walk-throughs) as a lead technical expert for assigned enhancement projects.	30	1	30
Make certain the business processes and business data models satisfy the service level expectations of the contract.	150	2	300
Make presentations to customers, peers, consultants, and managers.	45	2	90
Provide technical expertise on the FI Contractor's and the state's project management requirements, standards, and methodologies.	300	3	900
Lead planning, designing, building, testing, and implementing new systems and/or enhancing the existing systems.	150	6	900
Provide assistance to takeover in the validation and definition of the current business systems for CD-MMIS; take the lead in requirements sessions with FI Contractor and state teams validating gaps between a proposed replacement system and the final "to be" design.	150	4	600
Assist program areas with Enhancements, Operations System Development Notices, Erroneous Payment Corrections, and Operating Instruction Letters along with the view of invoices.	240	4	960
Monitor, identify, troubleshoot, isolate, resolve, and document data related technical issues associated with claim processing or other CD-MMIS systems in production.	270	2	540
Total hours worked			5400

WORKLOAD STANDARDS
Office of Legal Services
Limited-Term Resources to Address the Following (7/1/16-6/30/19)

Activity	Number of Items	Hours per Item	Total Hours
Analyze and prepare legal opinions relating to contract interpretation, contract disputes, state and federal laws for compliance and continued federal financial participation related to the current contractor Delta Dental.	15	20	300
Review and analyze new and developing state and federal laws, regulations, executive orders, court decisions, etc. regarding Health Information Exchange implementation and administration requirements.	12	15	180
Negotiate and assist in drafting contract amendments, change orders and other legal documents for program staff responsible for the Dental MMIS system. Review, compare and perform gap analyses of state and federal laws against federal laws to confirm proper contracting practices and adherence by all contractors and secure approvals from Department of Finance (DOF) and CMS.	12	25	300
Coordinate all system activities with DOF, Department of General Services (DGS) and Health and Human Services Agency on all contract issues related to the procurement and implementation of a new Dental MMIS system; Draft and review the development of Privacy Policies and Standards with other governmental organizations in various workgroups and subcommittees.	12	15	180
Identify through conducting legal research to address issues related to Health Information Exchange (HIE) and operation of the Medi-Cal Program such as legal authority to determine program eligibility, payments for medical conditions and legal issues that arise as beneficiaries move from one coverage level to another due to loss of employment and/or changes in salary and other issues that may arise as the Affordable Care Act is clarified and implemented.	12	25	300
Review the Business Rules Evaluation (BRE) portion of the CA-MMIS and review and analyze current law to identify statutory and regulatory changes needed to support the new Dental MMIS system operations and resulting policy changes like drafting and implementing Operation Instruction Letters and provider bulletins as appropriate.	12	15	180
Review Dental's MMIS projects related to HIE for payments of all program areas. Analyze all payments, rates and financial methodologies for DHCS provider claims paid through Dental's MMIS system.	12	15	180
Provide legal counsel regarding Notices of Claim and other contract disputes and litigation regarding the Dental MMIS contract.	12	15	180
Total hours worked			1,800