ARKANSAS MEDICAID ENTERPRISE (AME)
Revised Procurement Strategy

The Arkansas Department of Human Services (DHS) is responsible for administering the Medicaid program in the State of Arkansas. The Division of Medical Services (DMS), a division of DHS, is presently in the process of a procurement that will redefine systems and business processes for the Arkansas Medicaid Program.

In 2011, DHS pursued procurement of the Medicaid Management Information Systems (MMIS) and associated Professional Services thru a multi-contract and multi-vendor approach. Based on industry responses and procurement lessons learned, DHS canceled the 2011 MMIS procurements and has restarted the procurement process. This document defines DHS’ current procurement strategy and the timeline for procuring new AME systems and services.

Overview

During the second quarter of 2012, DHS plans to release three (3) RFPs:

- **AME Core System and Services (90 day proposal response)**
  Contractor will be responsible for the delivery of the AME Core System components for transaction processing and for the associated Medicaid operations professional services. The Core System will be implemented in two phases: Phase 1 consisting of capabilities that meet current processing capabilities and federal certification requirements; Phase 2 will meet DMS future processing capabilities. Phase 1 must be completed within 36 months and Phase 2 implemented 12 months later. The contractor will be incentivized for early implementation.

- **AME Pharmacy System and Services (60 day proposal response)**
  Contractor will be responsible for delivery of the AME Pharmacy System components for point of sale, pharmacy benefits management and for the associated Medicaid pharmacy services. The Pharmacy System and Services will be implemented in two phases: Phase 1 will implement the pharmacy systems and integrate them with the current legacy MMIS, and be prepared to conduct pharmacy services within 15 months; Phase 2 will integrate the Pharmacy Systems with the new Core System.

- **AME Data Warehouse (60 day proposal response)**
  Contractor will be responsible for delivery and support services for the AME Data Warehouse consisting of Decision Support System (DSS), MARS, and SURS and Program Integrity capabilities. The Data Warehouse will be implemented in two phases: Phase 1 will implement the Data Warehouse and integrate it with the current legacy MMIS in 12 months; Phase 2 will integrate the Data Warehouse with the new Core System.
Goals and Objectives

The State’s goal in this procurement is to provide DMS with the information management tools and business partners that can assist DMS in managing the State Medicaid program in an era of transformation of the nation’s health care system through health reform and electronic health information technology (HIT).

In order to implement the AME, DMS will need to procure new information technology to replace the 25-year-old MMIS, modernize the business processes and procure more effective professional services needed for the operation of the future AME. DHS has established the following objectives that are the key drivers for the AME:

- **System Implementation Timelines.** The target start date for all contracts is December, 2012. Arkansas will endeavor to meet the following target milestones for AME implementation:

<table>
<thead>
<tr>
<th>System</th>
<th>Initial Implementation</th>
<th>Final Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Warehouse</td>
<td>December, 2013</td>
<td>December, 2015</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>March, 2014</td>
<td>December, 2015</td>
</tr>
<tr>
<td>Core</td>
<td>December, 2015</td>
<td>December, 2016</td>
</tr>
</tbody>
</table>

  The period of performance for professional services ends December 2019.

- **Maximize Enhanced Federal Funding.** Arkansas will work to maximize its qualification for enhanced federal financial participation (FFP) for MMIS development, implementation and operations.

- **Insure Federal Standards Compliance.** Arkansas will comply with the Centers for Medicare & Medicaid Services (CMS) Medicaid IT Supplement, 11-01, Seven Conditions and Standards.

- **Obtain Federal Certification.** Arkansas will manage the AME systems development and implementation to assure certification. Contractors will receive financial incentives for supporting timely certification in order for the state to fully qualify for enhanced federal funding.

- **Integration with State-wide IT Systems.** Arkansas will ensure that the MMIS is closely integrated with the state Medicaid eligibility system, Health Information Exchange and Health Insurance Exchange as defined in the Affordable Care Act, and subsequent federal policies and regulations.

- **Involvement of AME Stakeholders.** Arkansas will strive to involve all AME stakeholders in the development, implementation and change process. Stakeholders include CMS, Medicaid providers and associations, billing organizations, Medicaid recipients, internal state organizations and all MMIS users.

- **Performance-based Service Levels for all Services.** Arkansas will establish and manage to performance-based service levels for all state and contractor Medicaid administrative services.
RFP Requirements

The following section provides an overview of the requirements for each RFP.

1. **AME Core System and Services RFP**

   The Core System:
   
   - Must be designed as a modular system consisting of an integrated array of licensed products that are selected as the “best of breed” to meet the federal certification requirements.
   - Must meet all CMS Modular MMIS and Medicaid Information Technology Architecture (MITA) standards, with standards-based interfaces, technology governance, and use of a framework to integrate components into an effective interoperable system.
   - Must have the ability to change quickly through robust rules engine(s) in order to implement yet-to-be identified cost containment and quality improvement strategies, and to adapt readily to changes in the Arkansas health care system.
   - Must be able to support the automation of all MITA business areas in an automated, workflow-driven manner, and must be able to adjudicate all claim types in real time, suspending only those transactions which require additional information or review.
   - Must be designed to interoperate and exchange both administrative and clinical data through the Arkansas Health Information Exchange (HIE).
   - Will support MITA Maturity Level (MML) 3, or higher, for all business processes.
   - Will support the Arkansas ICD-10 solution.

   Functionality for the Core System components is outlined in Table 1.

   **Table 1: Core System Requirements**

<table>
<thead>
<tr>
<th>AME Core Component</th>
<th>REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MEMBER</strong></td>
<td>Member Management Business Area</td>
</tr>
<tr>
<td><strong>PROVIDER</strong></td>
<td>Provider Management Business Area Automated Eligibility Verification and Claims Submission</td>
</tr>
<tr>
<td><strong>AUTHORIZE SERVICES</strong></td>
<td>Authorize Services Business Area</td>
</tr>
</tbody>
</table>
Core Services are designed around service components that provide specific functional support to the AME. The following are the major requirements for Core Services:

- Must provide specialized professional services to augment State capacity to meet Arkansas’ Medicaid responsibilities and to ensure that the highest levels of service are provided to recipients and providers.

- Must adopt the business processes that are most efficient and make the best use of system component features. DMS expects and welcomes the opportunity this reprocurement provides to change itself in order to make better use of new tools, technologies, information and processes to fulfill its expanding responsibilities for the effective and efficient delivery of care.

- Will adhere to a performance-based contract that provides incentives for quality and achievement of enterprise-level performance objectives.

- Must have a physical presence in Little Rock, Arkansas. Contractor will provide a facility for the management of systems development and implementation activities and operations and will provide project office space for the state and for project related meetings.

Core Services responsibilities are outlined in Table 2.

### Table 2: Core System Services

<table>
<thead>
<tr>
<th>SERVICE COMPONENT</th>
<th>RESPONSIBILITIES</th>
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</thead>
<tbody>
<tr>
<td>CLAIMS</td>
<td>Claims Receipt and Adjudication</td>
</tr>
<tr>
<td></td>
<td>Claims Payment and Adjustments</td>
</tr>
<tr>
<td>MEMBER MANAGEMENT</td>
<td>Determine Eligibility &amp; Benefit Plan Enrollment</td>
</tr>
<tr>
<td></td>
<td>Maintenance of Member File</td>
</tr>
<tr>
<td></td>
<td>PCCM Enrollment</td>
</tr>
<tr>
<td></td>
<td>Member Inquiries – Call Center</td>
</tr>
<tr>
<td></td>
<td>Appeals</td>
</tr>
</tbody>
</table>
### Service Component | Responsibilities
--- | ---
**Provider Management** | Provider Enrollment and Data Maintenance  
Provider Training  
Automated Eligibility Verification and Claims Submission  
Provider Inquiries – Call Center  
Provider Representative (Face-to-Face)  
Provider Incentives Management

**Provider Reimbursement** | Maintain Reimbursement Reference Files  
Provider Rate Appeals Complaints and Appeals process

**Financial Management** | Financial Accounting & Reporting  
Budget Development & Oversight  
Hospital Cost Settlements  
Outside Auditors Coordination

**Revenue Collection and TPL Operations** | Health Insurance Premium Payment (HIPP)  
Estate Recovery  
Third Party Liability (TPL) – Trauma  
Third Party Liability (TPL) – Other Insurance  
Medical Support Orders  
Premium Collection  
Maintain TPL File  
Miller Trust and Special Needs Trust Recovery

**Medical Management** | Medical Policy  
Standards of Care delivery  
Provider Qualification  
Quality Assurance & Improvement  
Coordination with Public Health Programs  
Utilization Management  
Utilization Review & Management  
Utilities Services – Member & Providers

### 2. AME Pharmacy System and Services RFP

The Pharmacy System must meet the following requirements:

- Must be a proven Pharmacy Point of Sale system.
- Must support Prospective Drug Utilization Review (Pro-DUR), Retrospective Drug Utilization Review (Retro DUR), and Drug Rebate.
- Must support automated Prior Authorizations and ePrescribing.

The Contractor Services include:

- System Operations and Support including back-up and recovery,
- Pharmacy Benefit Management services
- Pharmacy Program operations including call center, prior authorizations, maintaining the Preferred Drug List and Pharmacy Reference File

The Pharmacy System and Services responsibilities are summarized in Table 3.

#### Table 3: Pharmacy System and Services Responsibilities
3. **AME Data Warehouse and Services RFP**

The Data Warehouse system must be a proven state Medicaid Data Warehouse containing MARS, DSS, SURS, Program Integrity Reporting, Ad Hoc Reporting, and advanced analytical reports.

The Contractor must provide the following services:

- Program Utilization reviews including claims analysis, provider profiling, desk review of cases, and provider field audits
- System support services including operations, data analysis reporting support, and enhancements
- Program Integrity services

The Data Warehouse functionality is summarized in Table 4.

<table>
<thead>
<tr>
<th>RFP</th>
<th>SYSTEM CAPABILITIES &amp; SERVICES</th>
</tr>
</thead>
</table>
| PHARMACY SYSTEM | Point of Sale  
Prospective Drug Utilization Review (Pro-DUR)  
Retrospective Drug Utilization Review (Retro DUR)  
Prior Authorizations  
Rate Setting  
Drug Rebate |

<table>
<thead>
<tr>
<th>Data Warehouse System</th>
<th>System Capabilities</th>
</tr>
</thead>
</table>
| Data Warehouse and Decision Support System (DSS)  
Management and Administrative Reporting System (MARS)  
Query Tool Development and Support  
Business Intelligence (BI)  
Surveillance and Utilization Review System (SURS)  
Fraud Detection Capabilities (Pre and Post Processing) |

Prospective respondents are encouraged to bid on multiple RFPs; however, each will be evaluated and awarded separately.

**Proposal Evaluation**

The State plans to issue the Request for Proposals in the second quarter of 2012. Because this is the second procurement cycle, the state is planning a limited 30 day window for questions and answers and reduced time for proposal preparation. The State does not plan to conduct a pre-proposal conference.

The questions and their corresponding answers as well as any statements of clarification will be posted on the OSP web site. Any material changes to the RFP discovered as a result of the question and answer process will be incorporated into the RFP via an
addendum to the RFP. All RFP addendums will be posted on the OSP web site. Potential respondents are encouraged to visit the OSP web site often to ensure they have the latest documents and information.

The evaluation process will be designed to ensure that DMS can determine which solutions can best support the key objectives of the procurement. The evaluation process will include proposal evaluations, extensive reference verification and demonstration exercises designed to ensure that DMS objectives can be fulfilled by the successful respondents.

Summary

The descriptions presented in this announcement are tentative and may undergo change prior to actual release of the RFPs. DMS welcomes written comments and questions on this concept. All comments and questions will be posted on the Office of State Procurement (OSP) web site. It is not the intent of DMS to provide answers, but if a clarification is issued, it also will be made available on the OSP web site. All comments should be directed to:

Susan Rojas, Issuing Officer
Office of State Procurement
1509 West 7th Street, Room 300
Little Rock, AR 72201-4222
Susan.Rojas@arkansas.gov

From the Arkansas Medicaid Director

I have spent my early days as the new Medicaid Director focusing on the State’s new vision for the Arkansas Medicaid Program. The Medicaid systems and services strategy defined in this document is an essential part of that vision.

I am looking forward to partnering with the MMIS vendor community to establish a MMIS that both meets CMS’s policy for modular and interoperable systems and enables first class services to Arkansas’ Medicaid providers and recipients.

Andrew Allison, PhD
Arkansas Medicaid Director