

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:

<u>System</u>	<u>Initial Implementation</u>	<u>Final Implementation</u>
Data Warehouse	December, 2013	December, 2015
Pharmacy	March, 2014	December, 2015
Core	December, 2015	December, 2016

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

AME CORE COMPONENT	REQUIREMENTS
SYSTEMS FRAMEWORK	Rules Engine Oversight / Configuration Management Interfaces (Internal and External) Technical integration Single Sign-on Capability Workflow Management Business Rules Management Service Oriented Architecture (SOA) Infrastructure SOA Technical Governance Enterprise Data Model (logical & physical) Data Center Hosting Options – State Hosted and Vendor Hosted
MEMBER	Member Management Business Area
PROVIDER	Provider Management Business Area Automated Eligibility Verification and Claims Submission
AUTHORIZE SERVICES	Authorize Services Business Area

AME CORE COMPONENT	REQUIREMENTS
CLAIMS AND OTHER PAYMENTS	Reference Data Management Claims Processing Capabilities Mail Room and Print Center
TPL / COB	Third Party Liability (TPL) Business Area Coordination of Benefits (COB) Business Area
FRONT END SERVICES / WEB PORTAL	Security and Privacy Web Portal Electronic Transactions
ACCOUNTING SERVICES	Financial Management Federal Reporting Banking Requirements Accounting Services

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 procurement 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

SERVICE COMPONENT	RESPONSIBILITIES
CLAIMS	Claims Receipt and Adjudication Claims Payment and Adjustments
MEMBER MANAGEMENT	Determine Eligibility & Benefit Plan Enrollment Maintenance of Member File PCCM Enrollment Member Inquiries – Call Center Appeals

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

RFP	SYSTEM CAPABILITIES & SERVICES
PHARMACY SYSTEM	Point of Sale Prospective Drug Utilization Review (Pro-DUR) Retrospective Drug Utilization Review (Retro DUR) Prior Authorizations Rate Setting Drug Rebate

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 4: Data Warehouse RFP

RFP	SYSTEM CAPABILITIES
DATA WAREHOUSE SYSTEM	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

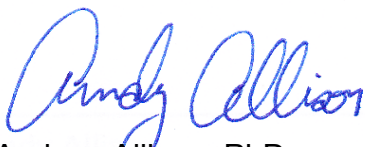
The descriptions presented in this announcement are tentative and may undergo change prior to actual release of the RFPs. DMS welcomes written comments and questions on this concept. All comments and questions will be posted on the Office of State Procurement (OSP) web site. It is not the intent of DMS 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:

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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