

**Impact Assessment for Unique Health Plan
Identifier; HIPAA EDI Claims Attachments; and
Hospital and Long Term Care Cost Settlements
Statement of Work**

Prepared For:

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Section 1: Introduction

CNSI is pleased to provide the statement of work for planning and impact assessment for critical federal and state initiatives including the Unique Health Plan Identifier; HIPAA EDI Claims Attachments; and Hospital and Long Term Care Cost Settlements. CNSI proposes to complete the impact assessment work for all three initiatives under a fixed-cost agreement. The impact assessment work for all three initiatives is expected to require six months to complete.

These initiatives are expected to either impact the Community Health Automated Medicaid Processing System (CHAMPS) through direct enhancement of the system or, in the case of Hospital and Long Term Care Cost Settlement, through functionality developed to integrate seamlessly with CHAMPS. The scope of work described in this statement of work will high level impact assessment reports for each endeavor along with corresponding detailed cost estimates. The impact assessment reports and cost estimates will position the State to move forward with appropriations to support the necessary remediation and system development efforts for each of the three initiatives.

1.1 Regulatory and Business Drivers for Change

The three initiatives have distinct, unrelated, unique regulatory and business drivers. In this section we will discuss each initiative on its own terms.

Unique Health Plan Identifier

The **unique health plan identifier** is similar to the National Provider Identifier (NPI) in that it will provide a single number to identify each health plan or other organizational entity at the national level. The regulations regarding the unique health plan identifier are described in [45 CFR 162](#). In summary, effective November 7, 2016 entities engaged in the electronic exchange of health care information using Health Insurance Portability Accountability Act (HIPAA) electronic data interchange (EDI) transactions are required to use a ten- digit, unique, identifier assigned by the Centers for Medicare & Medicaid Support (CMS) Health Insurance Oversight System (HIOS). The new unique health plan id must be captured and applied for HIPAA transaction exchange and other business functions performed in CHAMPS. Health Plans and other entities must complete the application process for their unique health plan identifiers by November 5, 2015 for large plans and November 6, 2015 for small plans.

As a national federal directive, this will affect MDCH directly in that it will need to obtain one or more unique health plans identifiers to be used when exchanging electronic data with other organizations. In addition, the unique health plan identifiers assigned to MDCH's data exchange partners will need to be captured, validated, and used when processing inbound transactions and when preparing outbound transactions. This part of the project will provide the high-level impact assessment necessary to scope the remediation effort within CHAMPS and its internal and external interfaces.

Claims Attachments

The Administrative Simplification provisions under the Affordable Care Act of 2010 include the provisions for the EDI transactions expected to be used to support the request and receipt of **claims attachments**. The claims attachment request (HIPAA 275) and response (HIPAA 277) transactions are being mandated for use effective January 1, 2016. These transactions will enable the exchange of

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additional documentation to support claims submitted electronically. Since the introduction of the HIPAA EDI transaction sets, the ability to send and receive attachments has been an impediment to timely adjudication of claims. With the introduction of these two transactions, payers including the State expect to see a substantial reduction in the manual effort required to process paper attachments mailed or faxed to the State. It will no longer be necessary to image the paper materials and manually link them to the appropriate claim. Many types of claims require attachments and must be suspended until the attachments have been received. In developing the regulations, the standards work group identified Clinical Notes, Rehabilitation Services, Ambulance, Emergency Department, Lab Results and Medications as the types of attachments considered a priority to introduce efficiency into the related adjudication processes. This is consistent with many of the CHAMPS edits that suspend until supporting documentation is received.

It is clear that the CHAMPS system will need to be modified to accept and transmit the required transactions on the compliance date. In addition, it may be possible to replace some of the edits that require automatic suspension and manual release (when the attachments arrive) with a different type of logic that leverages the new transactions. This part of the project will provide a high level impact assessment necessary to scope the remediation effort within CHAMPS and its internal and external interfaces.

Hospital and Long Term Care Cost Settlements

At present, MDCH uses a set of independently developed systems supporting **hospital and long term care cost settlements**. Collectively, these systems are referred to as the Card File system. However, there are actually two separate systems – one for hospital settlements and a second for long term care facilities. At present, these systems act as intermediaries between the hospital or long term care organization and MDCH's claims payment processes to ensure steady, predictable payments to these organizations. In brief, these organizations are typically placed on Medicaid Interim Payment (MIP) programs. This allows the claim activity they generate to fully adjudicate without generating payment based on the actual amount of claims. Predictive modeling is used to determine the average payment to be made based on prior historical claims data drawn from the data warehouse. The Card File systems generate gross adjustment requests to CHAMPS based on the average expected payments. Periodically, claims are drawn down and reconciled to the actual payments made based on cost reports filed by these institutions. Again, CHAMPS gross adjustments are used to adjust previously made payments on a periodic basis.

MDCH would like to consolidate this process and reduce the costs associated with the maintenance of separate systems to support settlements. CHAMPS has direct access to the underlying claims data and can be extended to include the cost settlements processes for both hospitals and long term care organizations. This part of the project will provide a high level impact assessment necessary to scope the development effort related internal and external interfaces.

1.2 CNSI Capabilities

CNSI's ongoing partnership with MDCH and the Department of Technology, Management & Budget (DTMB) has produced multiple successful projects supporting the State's compliance efforts and strategic deployment of new technology solutions. We have successfully remediated CHAMPS to support HIPAA

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5010, the Affordable Care Act, CAQH CORE Phase 1. We are in the process of supporting the State in achieving CHAMPS full compliance with the International Classification of Diseases Revision 10 (ICD-10). We have provided unique solutions to the State to address compliance electronic health care records Medicaid Incentive Payment Program (eMIPP), supporting the State's ICD-10 program with a set of tools to assist with analysis and deployment of policy (ICD-10 Toolkit), and to aid the State in identifying claims with anomalies prior to rather than post-payment (ClaimSure). We've partnered with the State to introduce other innovations such as MyHealthButton, HealthBeat, and the Lexis-Nexis Provider Credentialing System. CNSI developed the core CHAMPS system, stood by the State through multiple major and minor enhancements, CMS certification, and in their new partnership with Illinois. CNSI is uniquely qualified to evaluate the impact of these major initiatives on the CHAMPS system.

CNSI's experience working on prior Medicaid health information technology (IT) initiatives has led to incorporating the following factors in developing this statement of work:

- **CNSI's ability to manage complex regulatory compliance efforts**

The CHAMPS system has been successfully upgraded and remediated to achieve compliance with every major federal and State initiative introduced since its initial implementation in 2009. We met the date for implementation of HIPAA 5010, ACA, CAQH CORE Phase I, and the MIPP program – both its first year and subsequent years since the initial go live. We will bring this same level of expertise and adherence to regulatory go-live dates to the efforts for the unique health plan identifier and the claims attachments efforts.

- **CNSI's ability to introduce technical innovation to the State's Medicaid operation**

CNSI introduced mobile technology and direct consumer engagement to the Medicaid program through the myHealthButton pilot project that introduced consumer engagement mobile phone applications to support better beneficiary health outcomes. CNSI also introduced the innovative HealthBeat application that monitors CHAMPS activity and displays it graphically 24 hours a day, 7 days a week. We are partnering with the State to develop a unique, iPad-driven application to support compliance with new high-risk provider site visit examination. CNSI will bring this same level of innovation and creativity to evaluating options for the hospital and long term care facility cost settlement system replacement.

- **CNSI's sensitivity to the State of Michigan's needs and constraints**

CNSI is uniquely qualified to remain sensitive to the State's needs and constraints in defining the project's approach. The team will employ an orderly, structured, professional approach that is sufficiently flexible to respond to changes in requirements that evolve from additional understanding. Overall, CNSI has practical "hands-on" experience of what does and does not work.

1.3 Proposed Project Organization

CNSI believes that this statement of work represents the best possible combination of architecture, technology, support, and experience to complete this project. The proposed team members are each the

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best possible candidates of their respective disciplines. The underlying logic behind identifying each member of this group is that:

- They share the same philosophical approach for undertaking this project – **the customer comes first.**
- They understand the values that each member brings to successfully implementing the project.
- They are committed to understanding and incorporating the State of Michigan's requirements.
- They understand the necessary advanced technologies, business needs, and operational issues.

CNSI's primary objective is the successful implementation and completion of the project. It is confident in its team's ability to achieve that goal. CNSI has assembled a team with the best combination of business, technical, operational, and project implementation experience, and expertise. CNSI is fully dedicated to the impact assessment for unique health plan identifier; HIPAA EDI claims attachments; and hospital and long term care cost settlements project.

However, the State of Michigan is the most important members of the project team. An effective project management plan cannot work with participation only by CNSI. The customer must be actively engaged in the process at all levels.

Implementation is only as good as the partnership established and maintained between all involved parties. This includes, first and foremost, the State of Michigan's project team.

The project's success depends on the full and active participation of the State of Michigan's designated staff members from the initial planning activities through the publication of the final high-level impact assessments.

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Section 2: Project Management, Methodology, Tools, and Technical Approach

This section presents CNSI's project management and technical approaches, methodology, tools, and phased work plan for accomplishing all tasks required for the Impact Assessment for Unique Health Plan Identifier; HIPAA EDI Claims Attachments; and Hospital and Long Term Care Cost Settlements project. This section describes the scope of activities to be addressed throughout the project, from the initiation phase to the publication of the completed high-level impact analyses document, and the techniques and methodologies the project team will use.

The goal of this section is to demonstrate that CNSI understands the activities and tasks necessary to produce the high level impact and cost information the State will need to proceed with further remediation and development activities.

For this project, CNSI will use a three-phase approach to the work for each of the three planning initiatives. Each of the following subsections will contain a high-level description of the 3 phases CNSI will use throughout the project. For each phase, the major activities and anticipated deliverables are presented. This is followed by a high-level description of the major milestones and approximate timelines.

2.1 Project Management Approach

The project’s successful implementation relies on the framework and environment provided by project and quality management. Figure 1 shows CNSI’s project and quality management framework and how the related activities interact with other project tasks.

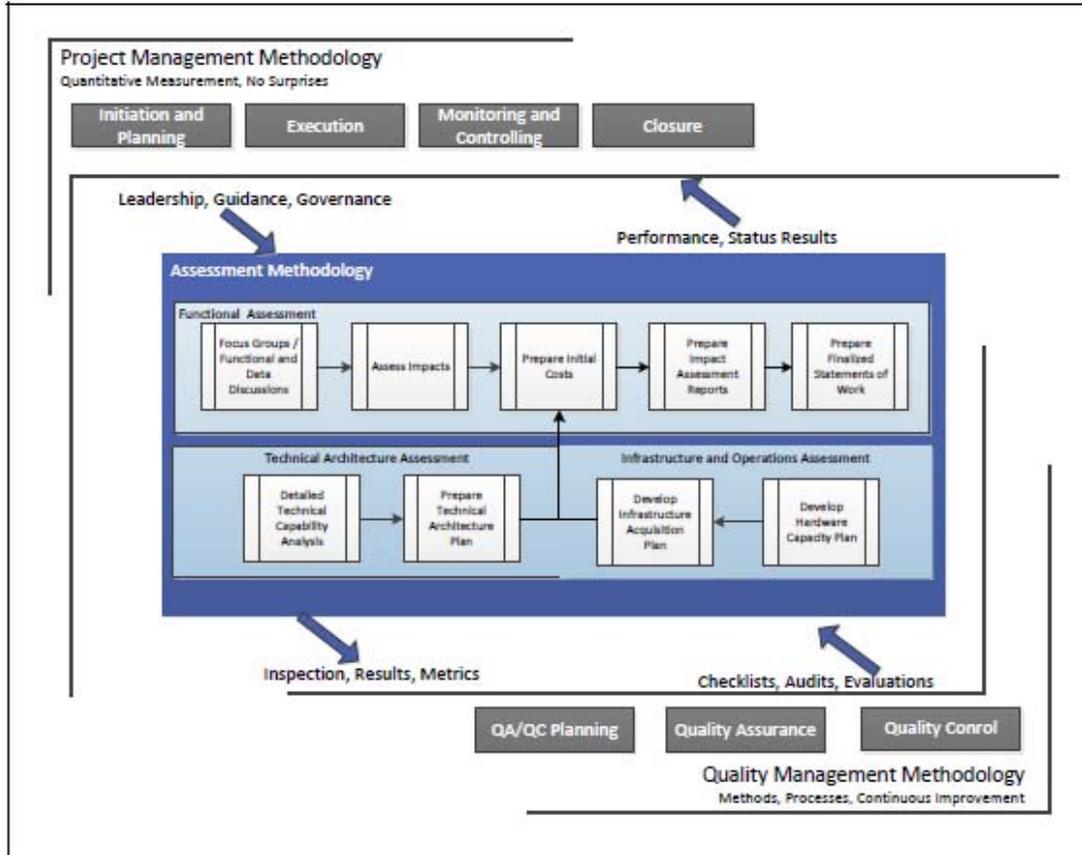


Figure 1. Project Management and Quality Management Framework

While the underlying subject matter for each of the three initiatives is different, they share a common approach. All three are focused on producing an impact assessment describing the potential impact of each initiative on the State’s Medicaid enterprise.

CNSI is confident it has the correct methodology and project framework in place to successfully complete the Impact Assessment for Unique Health Plan Identifier; HIPAA EDI Claims Attachments; and Hospital and Long Term Care Cost Settlements project. CNSI continually improves its project management processes using lessons learned from previous projects and through the proficiency and continuous

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education of its program and project managers, senior technical and engineering staff, and senior and corporate management. This ensures a number of advantages:

- The project management philosophy is firmly entrenched within the entire project team, including CNSI and State of Michigan.
- Project management is a core competency.
- Project management, quality management, and cost management processes are fully integrated and their infrastructure is in place.
- Effective project status reporting is established throughout the project life cycle.
- Project methodologies are well documented.
- Project information is communicated continuously to the right people at the right time.
- The project is continuously monitored against performance.
- Excellence in quality and delivery are built in.
- Deliverable review and approval processes are in place.

Through developing the project management plan, CNSI expects to collaborate with the State of Michigan project management team to further customize CNSI's project management system to successfully complete the project.

2.2 Project Methodology

For all three initiatives included in this statement of work, a common approach will be used. CNSI begins with planning for the effort. Figure 2 shows the high level work breakdown structure for the impact assessment effort illustrating CNSI's methodology. Planning will include identifying the key subject matter experts from the State of Michigan and from CNSI and developing the work breakdown structure for each initiative. The project schedule will then be developed using PMI standard methods and will incorporate staff availability. Each initiative will be managed as a separate effort under a single project schedule.

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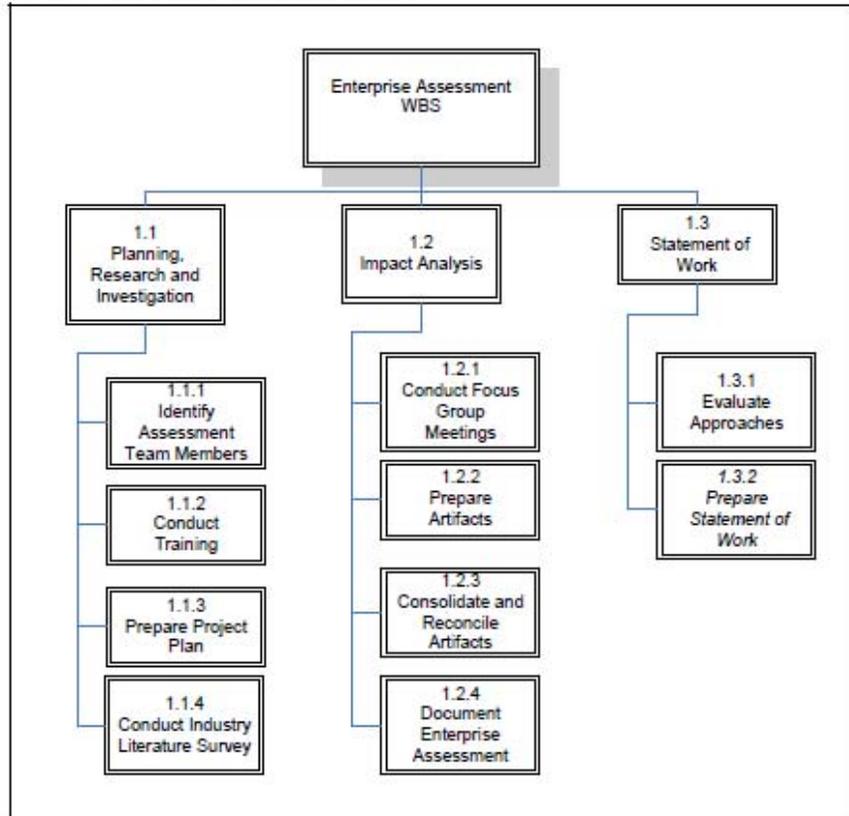


Figure 2. Project Methodology

CNSI has successfully applied this methodology in previous efforts with State of Michigan including the initial assessment work for ICD-10.

2.3 Technical and Phased Approach Work Plan

CNSI has created an initial work plan and timeline for the Impact Assessment for Unique Health Plan Identifier; HIPAA EDI Claims Attachments; and Hospital and Long Term Care Cost Settlements. This work plan describes the expected activities for the proposed phases. Each of the three initiatives will be managed as a separate effort using the same general timeline. A detailed description of the activities within each phase is presented in 2.3.1 Phased Approach Work Plan.

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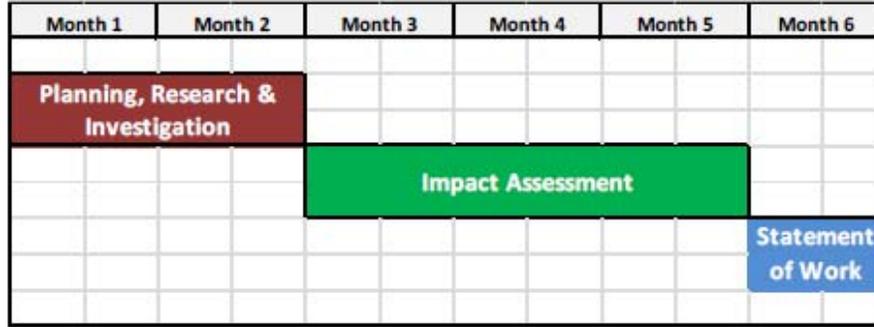


Figure 3. Initial Project Timeline

CNSI structured this work plan to address the overall relationships of the numerous phases and activities required to complete the project. It effectively uses the professional resources required to accomplish these phases and produce high-quality products in a cost-conscious manner.

The following subsections further describe how CNSI intends to accomplish the goals of the work plan by employing its methodology in the proposed approach for the Impact Assessment for Unique Health Plan Identifier; HIPAA EDI Claims Attachments; and Hospital and Long Term Care Cost Settlements project.

2.3.1 Phased Approach Work Plan

CNSI proposes a 3-phased approach to the Impact Assessment for Unique Health Plan Identifier; HIPAA EDI Claims Attachments; and Hospital and Long Term Care Cost Settlements project. For each initiative within the project, a common approach and timeline will be used. However, other than the project schedule, each initiative will produce its own unique set of deliverables. The three phases are as follows:

- Phase I: Planning, Research and Investigation
- Phase II: Impact Analysis
- Phase III: Statement of Work

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Phase I Planning, Research & Investigation	Phase II Impact Analysis	Phase III Statement of Work
<p>Major Activities:</p> <ul style="list-style-type: none"> Project Initiation & Kick-off Project Planning Research Background Information <p>Estimated Duration: 2 Months</p>	<p>Major Activities:</p> <ul style="list-style-type: none"> Conduct Focus Group Sessions Analyze Medicaid Enterprise Impacts <p>Estimated Duration: 3 Months</p>	<p>Major Activities:</p> <ul style="list-style-type: none"> Prepare Detailed Statement of Work <p>Estimated Duration: 1 Month</p>
<p>Phase Deliverables:</p> <ul style="list-style-type: none"> Project Schedule 	<p>Phase Deliverables:</p> <ul style="list-style-type: none"> Impact Analysis Report for Unique Health Plan Identifier Impact Analysis Report for HIPAA EDI Claims Attachments Impact Analysis for Hospital and Long Term Care Settlements 	<p>Phase Deliverables:</p> <ul style="list-style-type: none"> Detailed Statement of Work for Unique Health Plan Identifier Detailed Statement of Work for HIPAA EDI Claims Attachments Detailed Statement of Work for Hospital and Long Term Care Settlements

Figure 4. High-Level Project Phases and Activities

With every project, there are critical milestones to be met and work products and deliverables that must be developed and produced in order to provide the inputs necessary to perform the next phase. Table 1 elaborates on the key high-level activities of the proposed 6-month implementation plan, along with the expected deliverables.

Table 1. High-Level Activities and Milestones by Phase

Activity	Description	Phase
Project Initiation and Kick-Off	Establish the project team structure, key stakeholders, and operating guidelines for team activity throughout the course of the project.	Phase I
Project Planning	Establish initial project schedule for each initiative.	Phase I

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Research Background Information	Conduct review of publically available and enterprise information regarding each initiative.	Phase I
Phase I Deliverable <ul style="list-style-type: none">• Integrated project schedule for all three initiatives		
Conduct Focus Group Sessions.	For each initiative conduct focus groups to review industry information and identify potential enterprise impacts	Phase II
Analyze Medicaid Enterprise Impacts	For each initiative, review all material and information gathered during the focus groups and prepare formal impact assessment reports.	Phase II
Phase II Deliverables: <ul style="list-style-type: none">• Impact Analysis Report for Unique Health Plan Identifier• Impact Analysis Report for HIPAA EDI Claims Attachments• Impact Analysis for Hospital and Long Term Care Settlements		
Prepare Detailed Statement of Work	For each initiative, using the information gathered and presented in the impact assessments reports and produce individual statements of work for State approval.	Phase III
Phase III Deliverables: <ul style="list-style-type: none">• Detailed Statement of Work for Unique Health Plan Identifier• Detailed Statement of Work for HIPAA EDI Claims Attachments• Detailed Statement of Work for Hospital and Long Term Care Settlements		

[For each phase, elaborate in the following style, creating as many headings as necessary for each.]

Phase I – Planning, Research and Investigation

This phase includes the activities necessary to establish key project structures, staffing and schedule.

Activity 1 – Project Initiation and Kick-Off

This activity includes formal initiation of the project and identification, orientation, and training of the project teams assigned to each initiative. For these initiatives, training will focus on the areas to be researched. During this activity the project organization structure and management teams are established.

The major milestones of this activity are:

- State and CNSI staff identified and committed to each initiative.

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- Initial kick-off meeting is held
- Team member training is conducted

Activity 2 – Project Planning

This activity is focused on developing the project infrastructure including detailed schedule preparation and development of templates for data collection. The detailed schedule for each initiative will be developed and will include integrated activities for both State and CNSI staff members.

The major milestones of this activity are:

- Consolidated, integrated schedule is published
- Artifact templates are developed for data collection activities

Activity 3 – Research Background Activity

For each of the three initiatives the project teams will research and collect sources of internal and external information relevant to the initiative's subject matter.

The major milestones of this activity are:

- Industry and internal data sources are identified and categorized
- Artifact templates are initialized and assigned by source

Phase II – Impact Analysis

This phase produces an initial impact assessment report for each initiative.

Activity 1 – Conduct Focus Group Sessions

Based on the sources collected in Activity 3 of Phase I, CNSI will facilitate focus group sessions to capture enterprise impacts to applications, technical architecture, infrastructure, business operations, and system operations.

The major milestones of this activity are:

- Completion of focus groups for Unique Health Plan Identifier
- Completion of focus groups for HIPAA EDI Claims Attachments
- Completion of focus groups for Hospital and Long Term Care Settlements

Activity 2 – Analyze Medicaid Enterprise Impacts

Using the information collected through research activities and subsequent focus group discussions, CNSI will develop initial impact assessment reports for each initiative. These reports will outline business and technical considerations and identified areas of impact on the State's Medicaid enterprise and recommend solutions.

The major milestones of this activity are:

- Completion of impact assessment report for Unique Health Plan Identifier

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- Completion of impact assessment report for HIPAA EDI Claims Attachments
- Completion of impact assessment report for Hospital and Long Term Care Settlements

Phase III– Statement of Work

This phase focuses on preparation of detailed statements of work for each initiative.

Activity 1 – Prepare Detailed Statement of Work

In this activity, CNSI will develop a detailed statement of work for each initiative based on the recommendations presented in the impact assessment reports.

The major milestones of this activity are:

- Completion of statement of work for Unique Health Plan Identifier
- Completion of statement of work for HIPAA EDI Claims Attachments
- Completion of statement of work for Hospital and Long Term Care Settlements

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Section 3: General Assumptions

CNSI has identified and provided the following general assumptions in regards to the Impact Assessment for Unique Health Plan Identifier; HIPAA EDI Claims Attachments; and Hospital and Long Term Care Cost Settlements project:

1. The State will make appropriate staff and contractor subject matter experts available to participate in research, focus group, and recommendation development activities.
2. No significant changes in the regulatory environment will occur during the course of the research and investigation activities for Unique Health Plan Identifier and HIPAA EDI Claims Attachments.

Section 4: Pricing

This section presents CNSI's fixed-price, overall labor cost for completing the **Error! Reference source not found.** Project. The cost was derived based on the expected effort required, as presented in our initial work plan, composed of the three phases depicted in **Error! Reference source not found.**4. The total fixed-price labor cost for the **Error! Reference source not found.** Project is \$900,000.