



D E P A R T M E N T O F

# Management & Budget

**REPORT OF PROPOSED  
CHANGES IN EXCESS OF  
\$500,000 TO CURRENT  
CONTRACTS FOR  
COMPUTER SOFTWARE  
DEVELOPMENT,  
HARDWARE  
ACQUISITION, OR  
QUALITY ASSURANCE**

Prepared for  
The Michigan Legislature

September 4, 2007

**Prepared for  
The Michigan Legislature**

**By  
The Department of Management and Budget  
Purchasing Operations**

**In accordance with  
Sec. 710 of Public Act 345 of 2006**

**Questions regarding this report may be directed  
to Greg Faremouth, (517) 241-1646**

STATE ADMINISTRATIVE BOARD  
CONTRACT/GRANT CHANGE RECOMMENDATION  
DEPARTMENT OF MANAGEMENT AND BUDGET  
PURCHASING OPERATIONS

AGENCY SUBMITTAL

DMB PURCHASING SUBMITTAL

**CONTRACT/GRANT** 071B6200168; Modification requested for Medicaid Management  
**DESCRIPTION:** Information System; Department of Information Technology for  
Department of Community Health

**CONTRACTOR:** Client Network Services, Inc., Rockville, MD  
**MICHIGAN BUSINESS**  **INCREASE** \$15,842,909.00

Check if signed Purchase Request form has been received by Purchasing Operations and reviewed by DMB, or posted on the DMB Intranet in agency's pre-approved contract list.

Check if Grant Request has been reviewed by Budget Office, or included on pre-approved grant inventory.

Check if request is to exercise Contract/Grant option(s).  
Requested time period:

Check if request is to extend Contract/Grant (no option in base).  
Time period of extension:

Check if extension is beyond Contract/Grant option year(s).  
Time period of extension:

Check if request is for a MiDEAL contract.

APPROVED  
SEP 14 2007  
MICHIGAN  
ADMINISTRATIVE BOARD

**ORIGINAL CONTRACT/GRANT:** Term: 3/14/2006 - 9/30/2011 Value: \$51,500,000.00  
# of Base Years: 5 years 6 1/2 months

**CURRENT CONTRACT VALUE:** \$51,500,000.00

**NEW TOTAL CONTRACT VALUE:** \$67,342,909.00

**PREVIOUS OPTION YEARS:**

	PERIOD (Years)	SAB APPROVAL DATE	\$ Value
<input type="checkbox"/>	Option 1 CN #		
<input type="checkbox"/>	Option 2 CN #		
<input type="checkbox"/>	Option 3 CN #		
<b>Total</b>			<b>\$0.00</b>

PREVIOUS EXTENSIONS: NONE

CHANGE TOTAL: Total number of processed changes to time, scope, and/or dollars: 0

**FIRST AND LAST CHANGE NOTICES:**

	TYPE OF CHANGE:	SAB APPROVAL DATE (if applicable)	VALUE OF CHANGE:	DATE CCN PROCESSED
First CN	To allow DIT access to the contract		\$0.00	8/1/2006
Last CN	To correct the name on the contract		\$0.00	10/4/2006

FUNDING SOURCE:	PERCENTAGE	COMMENTS
Federal Fund	90%	Title XIX approved by the Centers for Medicare and Medicaid Services
General Fund	10%	

**ESTIMATED INCREASE DETAILED BY FISCAL YEAR(S):**

FY	Dollar Amount
2007	\$ 5,112,224.00
2008	\$10,730,685.00

**PURCHASE JUSTIFICATION:**

**Description of Product/Service Modification Requested and Process Explanation:**

Development, design and implementation services for the replacement Medicaid Management Information System. Includes the purchase of equipment and software.

**Purpose/Business Case of Amendment or Extension, and Expected Outcomes:** The purpose of the amendment is to add scope and funds to the project per the extensive requirements sessions that were held to confirm the design and development of this complex information system for the \$8 Billion Medicaid program. Additional hardware and software is required for completion of the project and additional system testing will be required to reduce the risks. The Center for Medicare/Medicaid Services has approved the amendment scope and costs. This federal agency funds 90% of the costs for this new Michigan Medicaid Information System.

**Risk Assessment:** The State would not be able to implement a certifiable Medicaid claims processing system and would not be eligible for enhanced federal funding (90%).

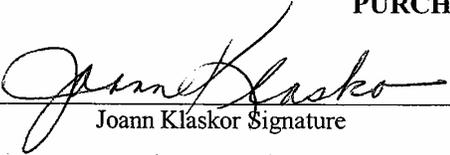
**PRICE CLAUSE:** Firm-Fixed Price

CS-138 #: 084S3000018

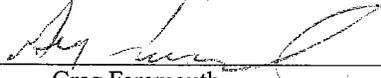
**COST REDUCTION/SAVINGS CONSIDERATIONS:**

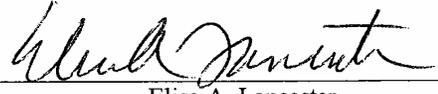
Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

**PURCHASING APPROVALS**

  
\_\_\_\_\_  
Joann Klaskor Signature

\_\_\_\_\_  
Manager Signature

  
\_\_\_\_\_  
Greg Faremouth  
Division Director Signature

  
\_\_\_\_\_  
Elise A. Lancaster  
Purchasing Operations Director

\_\_\_\_\_  
B. Craig Orr  
Senior Deputy Director

**AGENCY APPROVALS**

Authorized Agency Representative (printed)
Authorized Agency Representative Signature

Return Information:
Contact Name:
ID Mail:
Phone No.:
e-Mail:

**SPECIAL APPROVALS**  
(as required)

\_\_\_\_\_  
Budget Office Representative (Printed)

\_\_\_\_\_  
Budget Office Representative Signature

