

# Montana MMIS Third Party Audit

Per House Bill 10

# Purpose

- Analyze the ability of the replacement contract vendor to complete and comply with all contractual requirements, terms, and conditions, in particular, by the May 2017 implementation date pursuant to amendment number 5 to the contract.
- Review projects in other states where the replacement Contract vendor has implemented or is in the process of implementing an MMIS to understand and extrapolate the experiences, impacts, costs, and delays of those states and analyze the potential for the same issues occurring with the Montana systems replacement in the future.

# Foundation

- Recent History is the best predictor of near future behavior
- Team independent of PK's IV&V team
- Utilize documentation and data provided by contract vendor where available

# Approach

- Gather relevant documentation from Montana and other states
- Confirm documentation through interviews
- Analyze documentation for historical performance trends
- Develop models that help predict likelihood of future performance

# Caveats

- Results based on data provided
- Limited time (June 2015) to collect and analyze information
- Causes of delays not analyzed or identified

# Findings

- Historically the project in Montana has had delays
  - Missed first 23 payment milestones
  - Missed deliverables
  - Corrective action plan requirements not met
  - First milestone of contract amendment 5 at risk

# Findings

- Other States (Alaska, California, New Hampshire, and North Dakota)
  - None delivered on original plan
  - All cost more and took longer than planned
  - Shortest delay was 34 months, longest 71 months for planned implementation date
  - No failures but implementation difficulties

# Findings

- Contract vendor reported data for the project:
  - Total hours for project grew from initial 528,000 to current 1,098,000 (126,000 hours are post go-live)
  - 274,000 hours of work completed, 698,000 remaining on tasks required for “go-live”
  - Project completing about 7,200 hours of work per month, a “pace” of 7,200 hours per month
- At this pace project will take approximately 96 months to complete “go-live” (Work Remaining to go-live divided by Pace)

# Findings

- Of 36 components, 26 are “red” or at risk, most of these are critical components required for implementation.
- Contract vendor reported data for the at risk project:
  - Total estimate work hours for at risk components is 906,000
  - 219,000 hours of work completed, 687,000 remaining
  - Project completing about 5,700 hours of work per month on at risk components, a “pace” of 5,700 hours per month
- At this pace the project will take 120 months to complete (Work Remaining divided by pace)

# Findings

- Other states
  - Costs between states are not comparable, but implementation in all states cost more than originally planned
  - Three states have implemented the system, with impacts including:
    - Advanced Payments Required
    - Claims Processing Errors/Suspended Claims
    - Delayed Payments and disruption in prior authorizations

# Conclusions

- Historically these types of projects are late
  - Montana appears to be no different than other states and is experiencing the same issues other states are
  - Based on history in other states, Montana would be between 34 and 71 months later than original planned implementation date, beyond the May 2017 date
- “Doing the Math” (calculating a completion date) on work remaining and project performance indicates this project will go beyond May of 2017

# Conclusions

- Other States
  - All cost more and took longer than planned
  - Had varying degrees of post implementation issues
- This appears the “norm” for these types of projects, Montana is no different from other states
- Likely Montana will experience similar cost, budget, and post implementation issues