



## **Request for Information (RFI)**

**February 10, 2010**

### **Instructions for Responses**

1. South Carolina Department of Health and Human Services (SCDHHS) would like to receive responses to this RFI by March 4, 2010. Please submit your response to:

Replacement MMIS RFI #1  
SCDHHS Bureau of Federal Contracts  
Attn: Rhonda Morrison  
P.O. Box 8206  
Columbia, SC 29202

2. Please submit two identical CDs of your response (printed copies are not required). SCDHHS may duplicate the CDs or copy them to other storage media to facilitate review by its staff.
3. Vendors may mark portions of their responses as confidential in accordance with South Carolina Code of Laws and Regulations. Guidance on the proper marking of your response can be found at:

[http://www.mmo.sc.gov/MMO/webfiles/MMO\\_Legal/Documents/FOIA\\_page.pdf](http://www.mmo.sc.gov/MMO/webfiles/MMO_Legal/Documents/FOIA_page.pdf) .

While this document is intended for vendor bids, the general guidance and references to statutes and rules are relevant to an RFI response.

4. This RFI is in reference to potential future Requests for Proposals (RFPs) for a replacement Medicaid Management Information System and related IT and business services. This RFI is issued solely for market research, planning, and informational purposes and is not to be construed as a commitment by the State to acquire any product or service or to enter into a contractual agreement.
5. Any costs incurred by a party in preparing or submitting information in response to the RFI are the sole responsibility of the submitting party.

## **1 Purpose**

The State is seeking sources for business and information technology (IT) services to support the South Carolina Department of Health and Human Services (SCDHHS) in administering the State's Medicaid program, the State Children's Health Insurance Program (SCHIP), and other health benefit programs. These services will be provided under the umbrella of South Carolina's replacement Medicaid Management Information System (MMIS) project.

Additionally, the State is seeking feedback on aspects of its preliminary strategy for the replacement MMIS project.

The State encourages vendors and other interested parties to provide feedback in response to this Request for Information (RFI).

## **2 Background**

For background information on SCDHHS, please visit the agency's Web site at:

<http://www.scdhhs.gov/> ,

and more specific details on the State's Medicaid program and SCHIP can be found in the most recent annual report at:

<http://www.dhhs.state.sc.us/Internet/pdf/annual%20report%20final08.pdf> .

South Carolina uses a legacy mainframe-based MMIS originally developed nearly 30 years ago and a mainframe-based eligibility system known as the Medicaid Eligibility Determination System (MEDS) that completed initial development in 2002. Both systems are maintained and operated by Clemson University. As is the case with many legacy mainframe systems, the MMIS and MEDS are expensive to maintain and upgrade, and they lack the flexibility needed to stay current with the rapidly changing healthcare landscape. Additionally, to supplement the MMIS and MEDS, the State has developed PC-based support applications, and it outsources other MMIS-related IT and business services (e.g., pharmacy benefits management, prior authorizations, etc.). The suite of applications and business services used by SCDHHS is not currently aligned with the Medicaid Information Technology Architecture (MITA). In order to improve efficiency and effectiveness, as well as to align with State and Federal directives and strategies, the State needs to replace its legacy MMIS and MEDS.

The replacement MMIS project will replace only the MMIS with a modern system accompanied by associated IT and business services that are aligned with MITA. The State plans to incorporate the capabilities of many of the PC-based and outsourced applications in the new system as well as realign the business service contracts. Per CMS direction, the MEDS will be replaced by a multi-agency eligibility system under a separate project which has not yet begun. The SCDHHS project team is still working on many of the details, and changes to the strategy are inevitable.

SCDHHS and Clemson University completed the MITA State Self-Assessment (SS-A) in the fall of 2009, and this document is currently under review by the Centers for Medicare and Medicaid Services (CMS). The State plans to make the SS-A publicly available in the near future. The major findings from the SS-A were:

- “We have identified manual processes that can be improved through automation. Automated processes will in some cases be more effective and cost-efficient; in other cases, they will provide better service to providers, beneficiaries, or other stakeholders. Better service produces better health outcomes.
- “We have identified some agency-internal business processes that can be standardized and streamlined. A more efficient agency can better serve the Medicaid community.
- “We have identified system interfaces and software applications that should be pulled into the Medicaid Enterprise system in order to provide more security, better data access, and more interoperability between systems.”

### 3 Initial Strategy

In developing its initial strategy, SCDHHS evaluated five questions:

1. What approach will SCDHHS take to document the system and business requirements?
2. Who will build the replacement MMIS?
3. Who will host the replacement MMIS?
4. Who will maintain the replacement MMIS configuration and source code?
5. Who will perform the business operations activities?

At this early stage in the project, all information concerning the State’s strategy is subject to change. From its initial assessment, the State favors the approach discussed below.

#### 1. What approach will SCDHHS take to document the system and business requirements?

The State believes that an “open” requirements process will result in the highest quality requirements and the best-educated vendor pool. While it would be desirable to have vendors directly participate in the requirements development process, 45 CFR 74.43 prohibits this approach. As an alternative, SCDHHS plans to use the MITA Repository, created by Clemson University on behalf of CMS, to publish drafts of requirements and other documents in order to solicit feedback from vendors, states, and other interested parties. The MITA Repository is planned to “go live” in the spring of this year. Additionally, SCDHHS is considering using Webinars, face-to-face meetings, and other means of communication in order to gather feedback to improve the quality of requirements and future solicitation documents.

The State also plans to evaluate business process reengineering opportunities as part of the requirements development activity (please note that the term “business process reengineering” is used here in a general sense, not as the radical, and often unsuccessful, BPR often seen in the 1990s). No additional details on this effort are available at this time.

In addition, the State intends to document its requirements in greater detail than is typically accomplished prior to issuance of an RFP for DDI. It appears that many states document functional and non-functional requirements (“The system shall...”), and business operations requirements (“The vendor shall...”) as part of their RFPs; however, documentation on business process models, business data models, business rules, use cases, service boundaries, major service contracts, etc., are left until DDI. The State believes that the typical approach adds risk and limits flexibility. It plans to use recommendations from the MITA Framework, as well as inputs from the State team and interested vendors, to establish the appropriate level of

documentation produced during the planning phase. The State is also investigating the use of The Open Group Architecture Framework (TOGAF) to provide guidance in areas not currently addressed in the MITA framework.

## **2. Who will build the replacement MMIS?**

Based on an initial review of the SCDHHS objectives and discussions with CMS, the State is currently planning to use a multi-vendor approach to building the replacement MMIS. The division of functionality is planned to align with MITA. Some MITA business areas may be combined or split, as necessary, in order to accommodate a prudent balance of workload.

Clemson University will serve both in an advisory capacity as part of the project team as well as a supplier (“vendor”) of IT development and operations capabilities. At this time, the State plans to assign the Member Management IT services to Clemson.

To the greatest extent practical, the State would like to use an incremental/staged development and deployment approach in order to reduce the risk typically associated with monolithic (“big bang”) deployments and waterfall software development life-cycles (SDLCs). While an incremental approach is made easier from a contractual standpoint because of Clemson University’s role in the legacy systems (greater flexibility in incrementally decommissioning the legacy systems), the State does not underestimate the challenges associated with incrementally replacing complex legacy systems.

## **3. Who will host the replacement MMIS?**

The State’s MMIS has been hosted by Clemson University since their inception. The State plans to continue this strategy for the replacement MMIS. Certain exceptions may be made for commercially-available services, but the majority of the replacement MMIS is likely to be hosted at the Clemson University data center.

## **4. Who will maintain the replacement MMIS configuration and source code?**

This is a very challenging question. In general, the State believes that the developing vendor should maintain the source code. Configuration is more challenging since many of the configurable parameters (business rules, workflows, etc.) will likely cross service boundaries. At this point, the State believes that cross-service configurations will likely be centrally managed and that single-service configurations will likely be managed by the developing vendor.

## **5. Who will perform the business operations activities?**

To maintain greatest alignment with MITA and to encourage self-policing software quality assurance, the State plans to align the business operations services along the same boundaries as the IT services. Thus, the Provider Services vendor would be responsible for building and maintaining the IT capabilities as well as performing the related business operations.

### 3.1 Other Related Activities

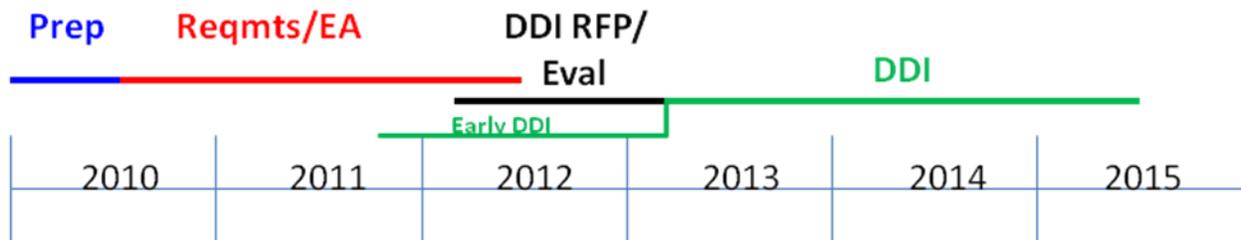
**Documentation.** The State believes that to be completely successful, the artifacts (including the system software) created under this project must be reusable by other states. It also believes that the typical process of “forking” the code base when one state adopts another state’s MMIS contributes to fragmentation and inefficiency. Following strong service oriented architecture (SOA) design and governance principles, such as those reflected in the MITA framework and other published texts, will increase reusability and efficiency for other states in the future.

**Demonstrations.** The State plans to seek further market research information for more specific services and technologies throughout the planning phase, including the conduct of product demonstrations. The State may use additional RFIs or it may directly contact vendors that supply these technologies and services. Rather than using the demonstrations merely as a “show and tell” process, the State plans to use this process to answer specific questions driving the planning process. Time does not permit demonstrations by all vendors or for all technologies. The State understands vendors’ interest in potential demonstrations, but it requests that they not contact the project office or other State organizations other than in response to published RFIs (including this RFI) or other State-initiated communications.

**Independent Verification and Validation (IV&V).** CMS has directed the State to acquire IV&V services during the planning phase and to continue these services during DDI. The State’s approach to IV&V is that the vendor will not serve in any other capacity other than as an independent evaluator of project progress, providing feedback to CMS, executive State leadership, and the project team. The IV&V vendor will not help create RFPs, serve in a project management or project coordination role, nor perform testing other than that required to fulfill the IV&V role. This also means that the State does not plan to permit the IV&V vendor to serve as a prime vendor, sub-contractor, or significant supplier on any of the replacement MMIS contracts in order to avoid conflicts of interest.

### 3.2 Top Level Initial Schedule

No detailed planning has yet accomplished. An initial top level schedule has been created based on historical norms and simple parametric analyses. The diagram below shows the major activities for the next five years.



In the diagram above, the “Prep” activity includes activities such as building a detailed project plan, acquiring facilities and other resources, building requirements development process and documentation standards, and other related tasks. The next major activity is “Requirements/Ent Arch” (where “Ent Arch” stands for Enterprise Architecture). This activity is expected to last

around 24 months. The next major activity is the procurement of DDI and operation services. In parallel, the State plans to begin early DDI on certain parts of the system (most likely Member Services and Provider Services). This will provide an opportunity to evaluate major assumptions and decisions prior to starting full development and implementation. Other service areas may also be staggered rather than being done in parallel.

While the “main” portion of DDI is only indicated to be about 27 months, the State believes that the greater up front effort in requirements development will result in an “effective” DDI of three years or longer. For a project of this magnitude, that is still a relatively aggressive timetable that may prove challenging to meet. Given the ICD-10 mandate for October 1, 2013, the State would like to avoid delaying implementation of a new MMIS so long that it results in the State being required to significantly modify the legacy MMIS for ICD-10 compatibility.

## **4 Submission Request**

The State requests that interested vendors submit the following information:

1. A description of the vendor’s experience and impacts/outcomes in MMIS IT and business operations services and/or other healthcare IT and business operations services.
2. A description of the vendors’ experience in MITA including participation in any of the formal working groups and any MITA-aligned systems and services on which the vendor is working or has previously worked.

The State requests that vendors limit this first section to 20 pages or less.

## **5 Questions for Vendor Response**

The State requests that interested vendors submit responses to the questions below.

1. While there are many details not yet known in the State’s strategy, what feedback do you have on the conceptual strategy, and what suggestions would you make to improve it?
2. What types of artifacts would you recommend the State create during the requirements development/enterprise architecture activity in order to facilitate DDI and allow for high quality RFPs?
3. What methods of vendor feedback do you believe would work the best during the requirements development process (MITA Repository, Webinars, face-to-face meetings, etc.)?
4. What challenges do you foresee in a multi-vendor DDI, and what recommendations do you have to mitigate those challenges?
5. What portions of the State/vendor DDI teams should be co-located in Columbia (full-time or part-time) and why? What portions of the teams do not need to be co-located in Columbia and why?
6. What challenges do you foresee in a multi-vendor operations phase, and what recommendations do you have to mitigate those challenges?

7. What portions of the State/vendor operations teams should be co-located in Columbia (full-time or part-time) and why? What portions of the teams do not need to be co-located in Columbia and why?
8. Based on your knowledge of the market, what MITA-aligned MMIS IT capabilities are likely to be able to be procured off the shelf (or nearly so) and what MITA-aligned MMIS IT capabilities are likely to need to be developed?
9. What areas of MITA are most likely to cause problems with respect to this project (maturity, existing technologies, business capability matrices, market capabilities, etc.)?
10. What lessons learned can you offer with respect to the creation of the MITA framework or in the implementation of MITA-aligned systems and services?
11. What experience have you had with TOGAF, and do you recommend that the State use this framework to help structure the project and the SCDHHS enterprise architecture?
12. What other lessons learned can you offer with respect to SOA planning, implementation, operations, and governance?
13. The State does not currently plan to respond to vendor questions at this time; however, it would be very useful for the State to know what questions vendors have to help guide the State's strategy and solicitation development (including future RFIs). Please list any questions that you have for the State concerning this project.

Vendors may use as many pages as is reasonably necessary to answer the questions.

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*Thank you for your interest in the State of South Carolina*