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**Public Hearing on  
B24-0115, the “Department of Health Care Finance Support Act of 2021”**

**Testimony of  
Wayne Turnage  
Deputy Mayor for Health and Human Services  
and  
Director, Department of Health Care Finance**

**Before the  
Committee on Health  
Council of the District of Columbia  
The Honorable Vincent C. Gray, Chairperson**

**Wednesday, April 21, 2021  
10:00 a.m.  
WebEx Virtual Platform  
The John A. Wilson Building  
1350 Pennsylvania Avenue, NW**

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# Presentation Outline

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## Introduction and Focus of Testimony



## Impact of Contract Appeals Board Ruling

*Medicaid Managed Care Program*

*Medicaid Management Information System (MMIS)*

*District of Columbia Access System (DCAS)*



## Conclusion

# Introduction

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- ❑ Good morning, Chairman Gray and members of the Committee on Health. My name is Wayne Turnage and I serve as the Deputy Mayor for Health and Human Services and the Director of the Department of Health Care Finance
  
- ❑ I am here today to discuss the impact of the “Department of Health Care Finance Support Act of 2021.”
  
- ❑ Joined by key members of my team –
  - Melisa Byrd, State Medicaid Director
  - Melanie Bell, Interim Chief Operating Officer and Operations Manager
  - Melanie Williamson, Chief of Staff and Interim DCAS Director
  - Don Shearer, Director of the Health Care Operations Administration
  - Lisa Truitt, Director of the Health Care Delivery and Management Administration, which includes managed care

# CAB Ruling Has Created Challenges For Three DHCF Contracts

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- ❑ In an August 20, 2020 opinion, the Contract Appeals Board's ("CAB") three-judge panel found the initial proposal of the winner in a DHCF MMIS procurement to be non-responsive for failing to submit a compliant subcontracting plan
- ❑ Contract award was overturned, and the CAB decision echoed through two other procurements that support the Medicaid managed care program and the District's major automated eligibility system - DCAS
- ❑ CAB decision was contrary to the practice of the OCP which allowed vendors to submit a final subcontracting plan at the best and final stage of the procurement

# CAB Ruling Has Created Challenges For Three DHCF Contracts

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- ❑ Mayor's bill would deem as legally sufficient, the sub-contracting plans for all DHCF procurements initiated prior to August 20, 2020
- ❑ The bill would meet three important objectives –
  - 1) Ensure that the procurement process continues for a limited set of solicitations
  - 2) Allow vendor selection to be guided by requirements of the Technical Evaluation Panel (TEP) and the Centers for Medicare and Medicaid Services (CMS)
  - 3) Ensure there is minimal disruption in the progression of the three impacted contracts through the process
- ❑ No other contracts will benefit from the Mayor's bill

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Conclusion

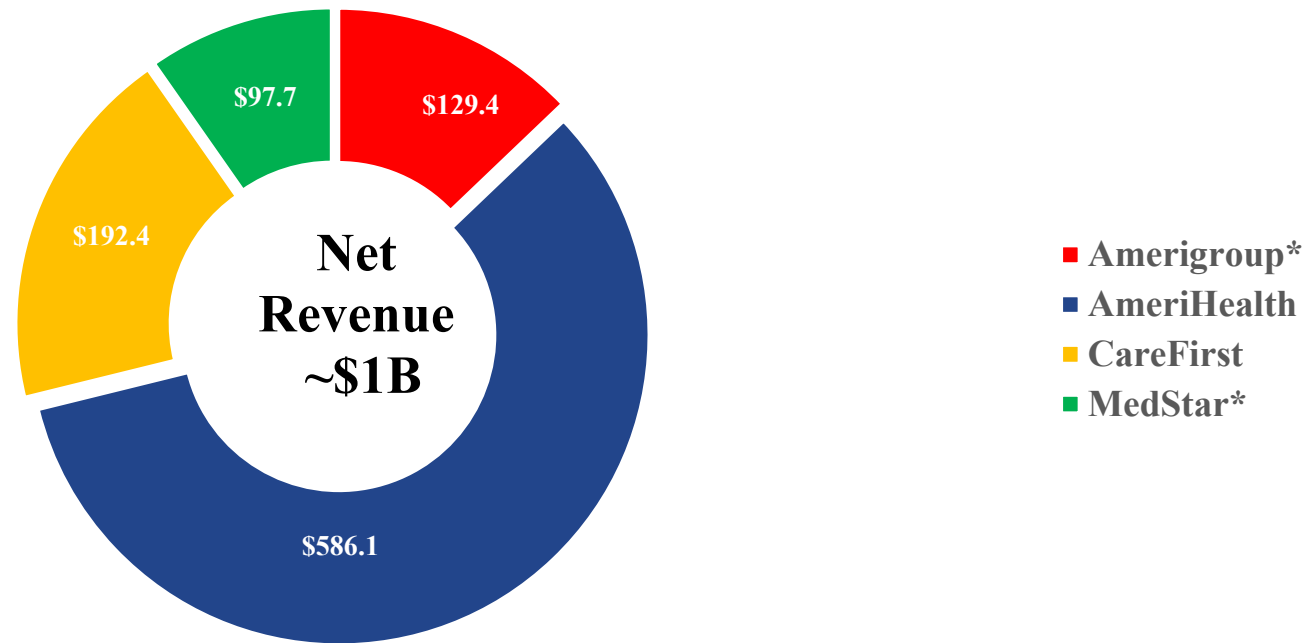
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# *Medicaid Managed Care Program*

# Net Revenue Paid To Medicaid Full-Risk MCOs Exceeds \$1 Billion

MCO Net Revenue For Medicaid And Alliance Programs (\$M)



**Data Sources:** Financial Condition values from MCOs' Annual Statements as of December 31, 2020 filed with DC Department of Insurance Securities and Banking.

**Notes:** \*Amerigroup amounts represent 9 months of operation from January 1, 2020 to September 30, 2020 as Amerigroup's contract with the District ended September 30, 2020. MedStar began contracted services as of October 1, 2020. Financial results shown for MedStar represent 3 months of operation from October 1, 2020 to December 31, 2020. For all MCOs, Total Capitation Revenue excluding HIPF payments and DC Exchange/Premium Taxes. DC Exchange/Premium Taxes based on the MLR letters and calculations provided by the health plans.



# Current MCO Contracts Provide Over \$78.3 Million For Small And Certified Business Providers

Total Dollar Amount of Contracts	DSLBD Waiver	Total Amount Available for Subcontracting	Total Amount of SBE/CBE Contracts
<b>*\$1,492,392,346.13</b>	5.25%	\$223,858,851.91	\$78,350, 598.17

\*Total amount of the current three MCO contracts – AmeriHealth, CareFirst and MedStar.

Note: DSLBD agrees that requiring 35% subcontracting based on total budget will leave MCOs commercially incapable of achieving the subcontracting requirements. It is estimated that only 15% of the total anticipated contract will be eligible for potential subcontracting because 85% of the contract's value must cover enrollee medical costs, including claim adjustment expenses based on "client choice" that cannot be regulated by the MCO.

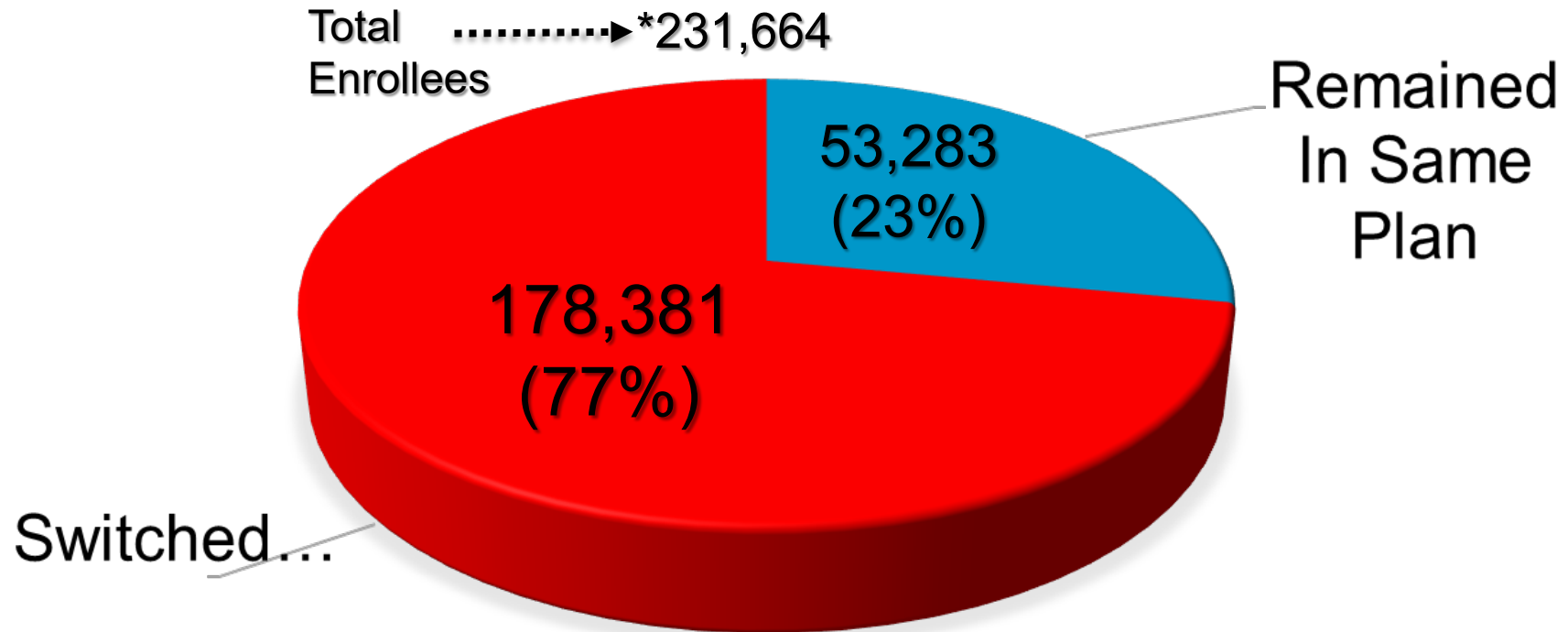
# DHCF's Managed Care Program Has Been Significantly Redesigned Through The Most Recent MCO Procurement

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- ❑ Through the RFP initiated in FY2021, DHCF redesigned the managed care program with
  - Emphasis on health care value over a historical and disproportionate provider focus on volume
  - Greater focus on more coordinated care
  - Enhanced access to care through universal contracting
  - Protections to prevent health plans from retaining excess profits
  
- ❑ Managed care program was also expanded to include over 16,000 members previously enrolled in the Fee-For-Service program

# Nearly Eight Of 10 Members Switched Health Plans As A Part Of DHCF's Transition For The New Program

Health Plan Transition Status For Medicaid And Alliance Members As Of October 1, 2020



Note: \*This number 178,381 members who “switched” plans, includes 16,664 Medicaid enrollees who were in the Fee-For-Service program but were moved to managed care.

# Key Activities In The Managed Care Procurement Timeline Which Have Created DHCF's Current Problem

**May 21, 2020**

The CAB Accepts A Protest From Conduent Of OCP's Decision That Allowed CBE Plans To Be Submitted After Initial Proposal For DHCF's MMIS Procurement

**June 2-4, 2020**

OCP Notifies Three Health Plans That They Have Been Selected By DHCF For The New Managed Care Contracts

**June 4-6, 2020**

Several MCOs Filed Protests After Notification That They Were Not Selected By DHCF For The New Managed Care Contracts

**June 22, 2020**

OCP Requests That DHCF Be Allowed To Move Forward And Transition To The New Managed Care Contracts

**June 26, 2020**

Non-Selected Health Plans Challenge OCP's Request To Allow The MCO Transition Process To Begin

**July 9, 2020**

OCP Issues Legal Sufficiency For Managed Care Contracts

**July 15, 2020**

CAB Allows DHCF To Move Forward With The New Managed Care Contracts

**July 16-31, 2020**

Amerigroup Files Protests Challenging OCP's Process, MedStar's Scoring, And CareFirst's CBE Points

**August 20, 2020**

CAB Sustains Earlier Conduent Protest Regarding Timeliness Requirements For The CBE Plans Referenced In The DHCF MMIS Procurement

**September 3, 2020**

Amerigroup Files Another Protest Challenging The Responsiveness Of MedStar's Proposal

**October 1, 2020**

DHCF Completes Federal Readiness Review For New Contracts And Begins Moving Members To The New Plans

**December 1, 2020**

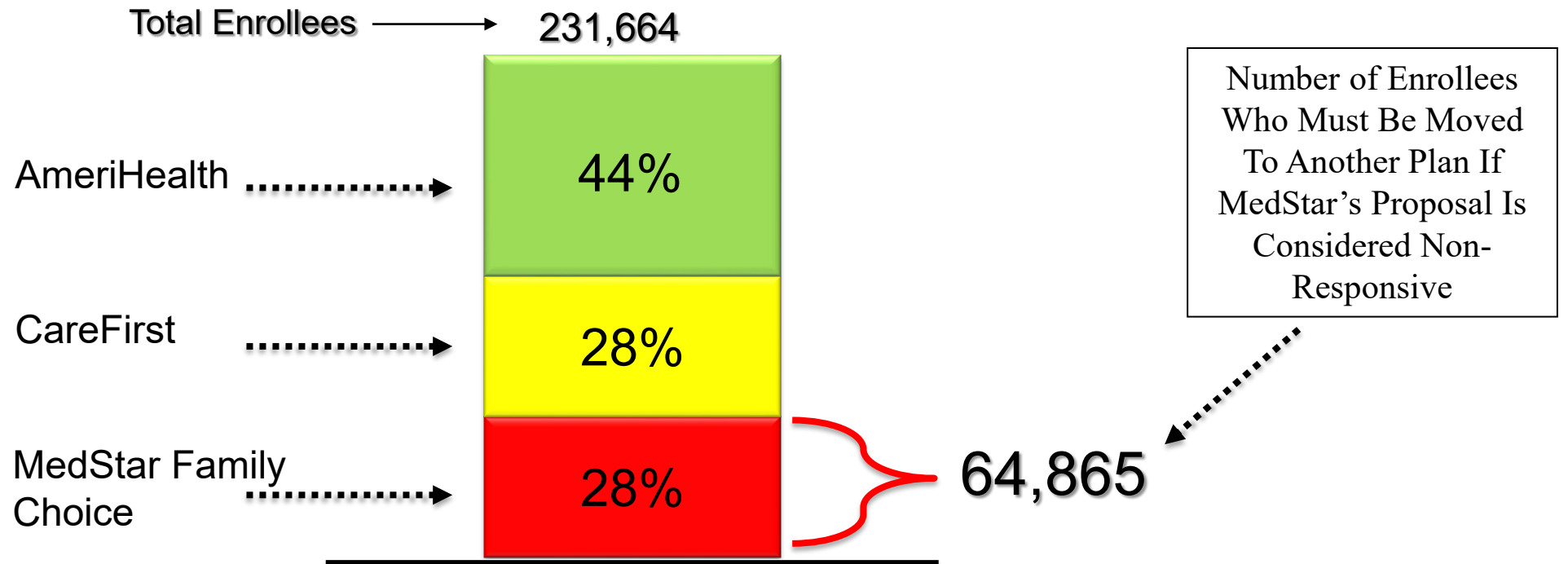
CAB Sustains Amerigroup's Protest

**December 2, 2020**

Without Legislative Change, OCP Informs DHCF That MedStar May Be Disqualified Because Of CAB's Conduent Ruling

# Unaddressed, The CAB Decision Will Require DHCF To Change The Health Plan Assignments, Yet Again, For More Than 64,000 Members

Health Assignments For Medicaid And Alliance Members As Of December 1, 2020



# Moving Enrollees Again Will, Alone, Create More Than \$1.3 Million In Enrollment Broker Cost

Service	September	October	November	December	Total
<b>Labor</b>	\$134,992.62	\$128,564.40	\$128,564.40	\$ 141,420.85	\$533,542.28
<b>Postage</b>	\$ 399,855.27	--			\$399,855.27
<b>Fulfillment</b>	\$353,853.74	--	--	--	\$ 353,853.74
<b>ODC's</b>	\$1,355.09	\$10,530.64	\$10,530.64	\$10,530.64	\$42,946.99
<b>Total Costs</b>	<b>\$900,056.72</b>	<b>\$139,095.04</b>	<b>\$139,095.04</b>	<b>\$151,951.48</b>	<b>\$1,330,198.28</b>

Postage (includes mailing for one postcard, three letters, and welcome packages)

Fulfillment (includes printing for postcard, letters and welcome package materials)

Labor/Staffing (includes addition of a Supervisor and 16 temporary Customer Service Representatives (CSRs))

Language Line (additional costs)

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# *Medicaid Management Information System*

# DHCF's MMIS Is Fundamental To The Operations Of The Agency

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- ❑ MMIS, the claims payment system for DHCF, is a necessary and crucial system that fulfills one of the core administrative functions the agency
- ❑ MMIS uses an extensive verification and edit check system to receive, review, approve or deny payment for health care claims submitted directly by Medicaid providers
- ❑ In addition, the system is used to process monthly capitation payments to the MCOs for the beneficiaries in their respective health plans
- ❑ MMIS is instrumental in the generation of required CMS reporting and approximately 95 percent of DHCF's \$3 billion budget passes through the MMIS and is subsequently allocated to provider payments

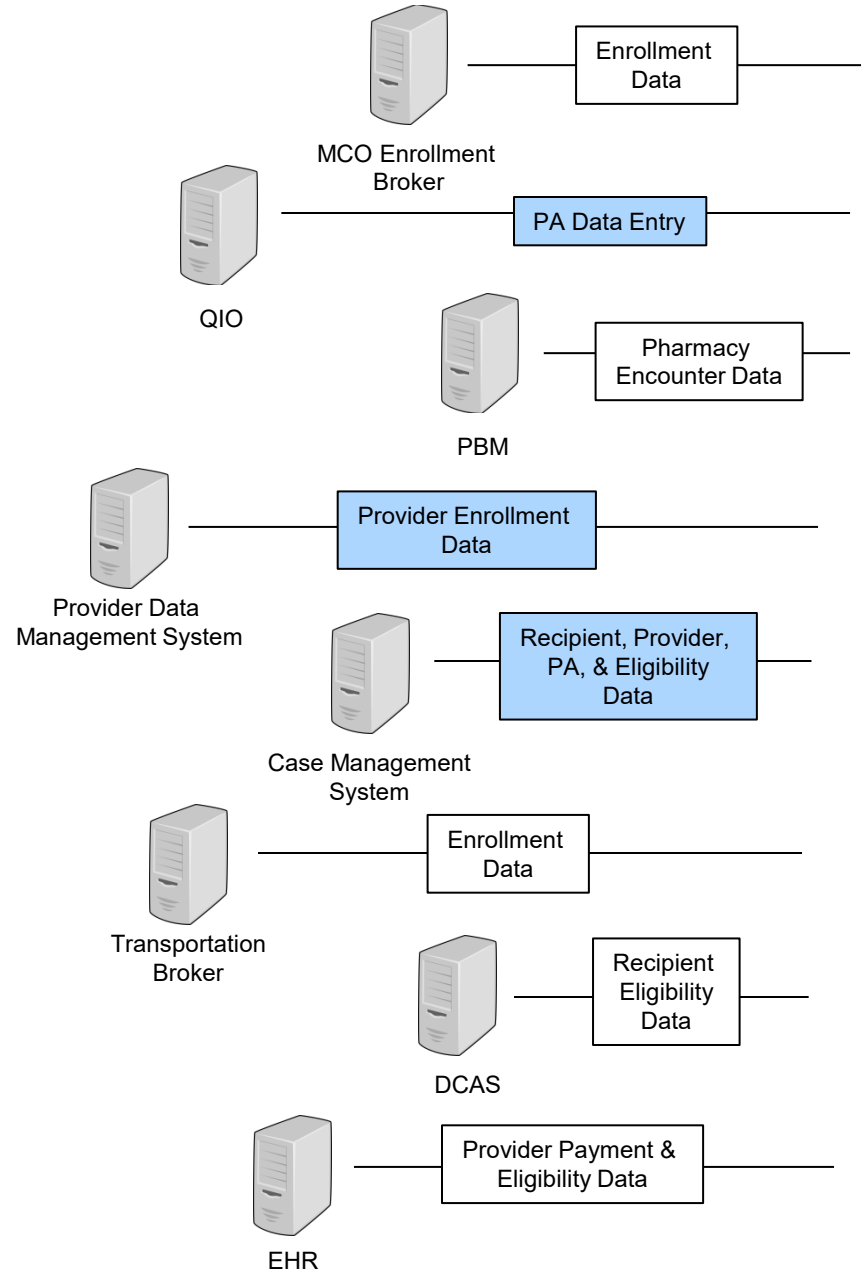


# DHCF's Federal Regulator Has Mandated A New MMIS System Design For State Medicaid Programs

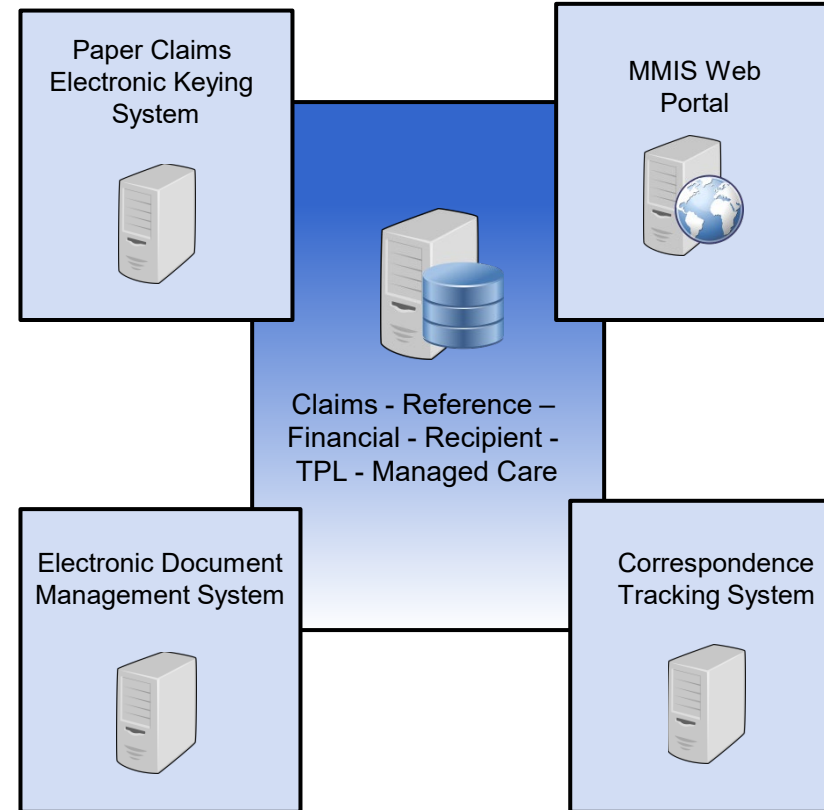
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- ❑ Historically, the procurement approach for MMIS was to solicit one claims processing system with multiple subsystems from one vendor
- ❑ However, DHCF's federal regulator rejected the agency's proposed traditional approach in February 2014
- ❑ Instead, CMS adopted a new strategy for the design of MMIS requirements for state Medicaid programs
- ❑ Notably, CMS directed states to separate MMIS into modules and to implement these subsystems separately

# DC's Future MMIS Enterprise



## New MMIS CORE Offering



# DHCF's Selection Of The Company To Build Its Core System Was Overturned By The CAB Because Of The Timing Of Its CBE Plan Submission

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- ❑ On March 31, 2020, DXC Technology Services was selected to build DHCF's core system following the approval of the company's more than \$26 million CBE plan
- ❑ On April 14, 2020, Conduent filed a protest resulting in OCP issuing a Stop Work Order. Subsequently, Conduent filed a supplemental protest that was sustained by the CAB due the failure of DXC to have an approved CBE plan when the initial proposal was submitted
- ❑ Consequently, the District was ordered to terminate the contract awarded to DXC and re-evaluate the offerors' proposals in accordance with procurement law

# Further Delays In The MMIS Procurement Will Most Certainly Mean Higher Future Cost

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- ❑ The cost of building a new MMIS claims system can range anywhere between \$75 to \$100 million depending on requirements
- ❑ In Fiscal Year 2015, when DHCF began the procurement for the Core MMIS, the anticipated cost was \$60 million. However, by Fiscal Year 2020, the procurement estimate reached \$80 million
- ❑ If DHCF is required to begin the procurement process anew, there will be a further increase in the cost of the award due to the complexity of the MMIS
- ❑ Should the Mayor's bill pass, the District will be able to move forward with the MMIS procurement, thus preventing the cost increases associated with extended delays

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# *District of Columbia Access System*

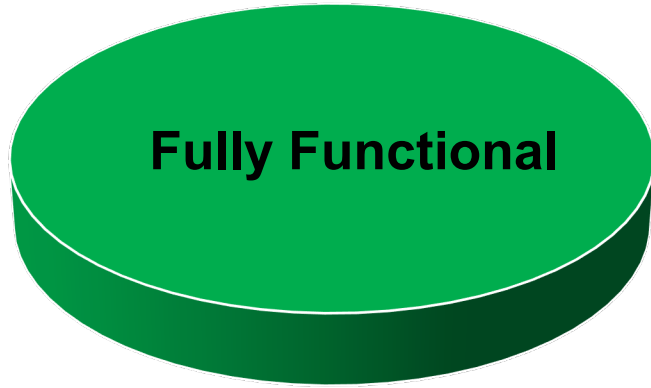
# When Completed DCAS Will Revolutionize The Way Residents Access Health Insurance, Cash Assistance, And Food Stamps In The District

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- ❑ DCAS is a major DHCF IT project that was launched in 2012 and is now near completion, despite the existence of multiple challenges and setbacks throughout the project's history
- ❑ Once fully implemented, DCAS will streamline eligibility and enrollment for a substantial number of health and human services programs offered in the District, through a state-of-the art, integrated health care and human services eligibility and enrollment platform
- ❑ This platform also includes both an insurance marketplace and enhanced case management capabilities
- ❑ Upon completion, residents will be able to access applications for both health care programs and food or cash benefits through a single-entry point and integrated application, instead of the current time-consuming process that involves multiple systems and steps
- ❑ DCAS will also provide caseworkers with a new, holistic view of eligibility thereby reducing the level of manual effort needed to determine eligibility, and the need for in-person visits to service centers

# DCAS Project Status

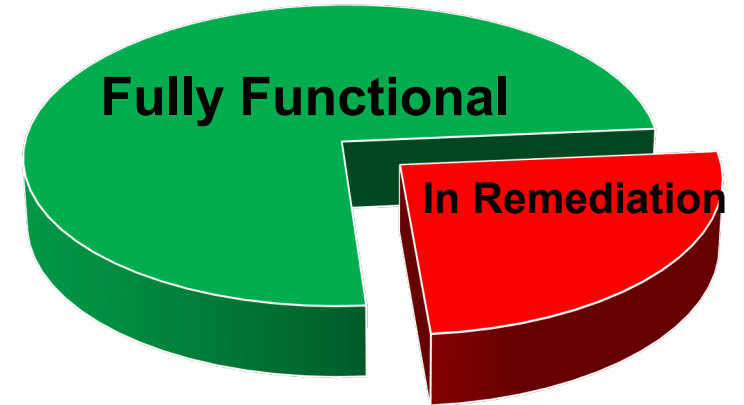
## RELEASE 1



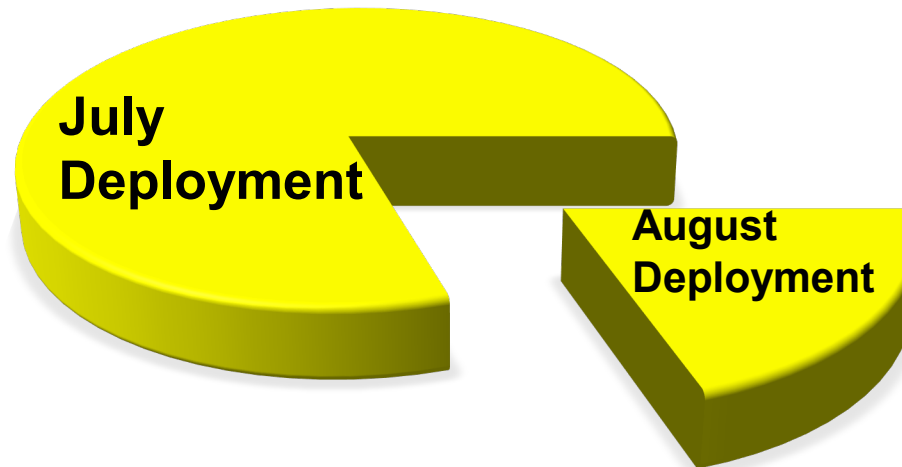
- APTC
- MAGI Medicaid
- QHP (Premium Tax Credits)
- SHOP Eligibility

- Cash Eligibility
- SNAP Applications
- Fraud Management

## RELEASE 2



## RELEASE 3



- Non-MAGI Medicaid
- Long Term Care
- TEFRA/Katie Beckett
- Breast and Cervical Cancer
- IDD, EPD, IFS Waivers
- Spend-Down

- SNAP Eligibility
- SNAP Notices
- Payment/EBT Processing
- Case Audit
- Provider Intake
- Interfaces w/ DMV, BOE, OCFO, USPS, Care Connect

# The DCAS Project Disqualified The Highest-Ranking Bidder And The Delay In Award Has Compromised Efficiency and Increased Costs

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- ❑ In late 2019, DHCF selected a vendor to manage the IT staff that would accelerate the remediation of R2 and issued an RFP solicitation on July 14, 2020
- ❑ On November 25, 2020, Trillian Technologies, Inc. (Trillian) filed a protest challenging the District's proposed contract award to another vendor that ranked behind Trillian in the scoring of proposals
- ❑ Consistent with the CAB's August 20, 2020 ruling in the MMIS procurement protest, the Contracting Officer rejected Trillian's proposal as non-responsive – the CAB upheld the Contractor's decision
- ❑ The Mayor's proposed legislation would invalidate the Contracting Officer's action, thereby changing the result of this protest, and make Trillian—the highest scoring offeror according to the CAB's opinion—eligible for the award, as well other vendors that may have been excluded



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# Conclusion

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- ❑ Mr. Chairman, in closing, the CAB's ruling is of consequence to the major contracts in DHCF and will have extraordinary implications for DHCF's Medicaid program
- ❑ Indeed, the OCP rule governing the submission of contracting plans has existed for many years, but because of the agency's interpretation of the law, vendors have developed a reliance interest on the agency's policies
- ❑ Executing this change now will result in significant cost and considerable disruption for the agency and DC residents, while voiding a more than \$78 million dollar infusion of funds to the CBE community
- ❑ We respectfully request the Committee on Health's support for the Mayor's bill to minimize further adverse impact to DHCF
- ❑ Thank you for allowing me to testify, and my staff and I are pleased to receive your questions.