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Michigan and Illinois Announce Interstate Technology Modernization Partnership

*Illinois to Use Michigan's Medicaid Technology as a "Cloud-Based" Service,
Saving Taxpayers Millions of Dollars*

LANSING – The states of Michigan and Illinois today announced the creation of an unprecedented interstate alliance to enable Illinois to access Michigan's Medicaid Management Information System (MMIS), the technology that supports state Medicaid programs, as a shared service. Through the Illinois Michigan Program Alliance for Core Technology (IMPACT) project, Illinois will modernize its outdated MMIS system while saving taxpayers millions of dollars, versus implementing a costlier stand-alone system.

"This innovative and unprecedented alliance is a testament to the success of Michigan's Medicaid Management Information System, and the opportunity it presents for other states," said Nick Lyon, chief deputy director of the Michigan Department of Community Health (MDCH). "We anticipate a decrease in overall administrative costs for both states to make better use of program dollars which will help ensure better quality services for residents of both Michigan and Illinois."

Under federal law, each state must operate technology to support the "back-end" administrative functions of their Medicaid programs. MMIS allows for information retrieval and claims processing. Illinois, whose current legacy MMIS is more than 30 years old, has been working for over a decade on an economical way to implement a replacement system. By partnering with the state of Michigan, Illinois will effectively implement a modernized MMIS solution quickly and cost-effectively, while drastically reducing the high risk associated with such complex projects.

"Through this exciting joint venture, Illinois will make a dramatic leap forward in delivering high quality healthcare services to our citizens, Medicaid clients and providers while at the same time increasing the efficiency of state resources and saving taxpayers' money," Illinois Department of Healthcare and Family Services Director Julie Hamos said.

The Centers for Medicare and Medicaid Services (CMS) has confirmed that this approach is fully consistent with the applicable federal standards and regulations. CMS has encouraged states to utilize modern technology approaches in support of program goals and needs. MDCH, through a close partnership with the Michigan Department of Technology, Management, and Budget (DTMB), is able to capitalize on this opportunity to find solutions to drive the healthcare system toward a widespread network of shared, common technology and processes that support improved state administration of the Medicaid program.

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“DTMB is focused on providing technology services that enable Michigan’s reinvention, and this partnership to support the business needs of the Department of Community Health and the State of Illinois is another strong example of how we are doing just that,” said David Behen, CIO for the State of Michigan. “Sharing of government services is the right approach for taxpayers and you will continue to see the implementation of shared services across all levels of government.”

Through this partnership, the cost for implementing the system will be significantly reduced from a conservative estimate of \$190 million for a stand-alone system, to \$85 million for implementation within the shared cloud model. Since the project is 90 percent federally funded for implementation, this translates to a savings of \$10 million for Illinois and \$76 million to the federal government. The partnership is expected to save the state of Michigan 20 percent in operation and maintenance costs, as well as potentially \$10 million over a five year period. In addition, anticipated operational savings of this partnership are estimated to be \$196 million for the federal government and \$57 million for Illinois over a five year period versus a traditional stand-alone system.

“This new, innovative alliance will meet Illinois' MMIS modernization needs in an efficient, swift and cost effective way," said Illinois CIO Sean Vinck. “This venture is an advanced solution for Illinois that we hope will be a national model for interstate collaboration and systems modernization.”

The first phase of the Michigan-Illinois system will launch in conjunction with the Michigan Community Health Automated Medicaid Processing System (CHAMPS), a federally certified system, Provider Enrollment deployment in early 2014 for the MCDH, with full operational implementation is expected in 2016. In addition, the electronic Medicaid Incentive Payment Program (eMIPP) module implementation will also be part of phase one.

CNSI, a leading business solutions provider specializing in Health IT, was competitively procured by the state of Michigan to build the infrastructure of Michigan’s MMIS and will continue to implement the technological components of the system for the Michigan-Illinois partnership. The partnership serves as a business model for onboarding additional states to this cloud-based MMIS with substantive benefits expected for CMS and the participating states.

Benefits to States:

- Significantly accelerates MMIS project implementation timeline
- Allows Illinois to benefit from Michigan’s MMIS knowledge base
- Significantly reduces implementation project costs (approximately 50 percent)
- Reduces implementation, infrastructure and operation costs (approximately 65 percent)
- Ensures compliance with federal mandates and standards
- Reduces future system enhancements (approximately 50 percent for both states)

Paradigm-Shifting Innovation:

- National best-practice model for MMIS cloud implementation
- Enormous reduction of implementation, hardware, software and operational costs
- Replicable governance model for future state MMIS implementations

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