



**CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES**

Steven L. Beshear
Governor

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Audrey Tayse Haynes
Secretary

Lawrence Kissner
Commissioner

July 24, 2014

DHHS/CMS
Atlanta Regional Office
Attn: Jackie Glaze, Associate Regional Administrator
Division of Medicaid & Children's Health Operations
61 Forsyth Street SW, Suite 4T20
Atlanta, GA 30303 8909

RE: Operational Advanced Planning Document for Kentucky's Medicaid Management Information System (KYMMIS) and Pharmacy Benefits Manager System (PBM)

The Kentucky Cabinet for Health and Family Services (CHFS) is requesting funding through the attached Operational Advanced Planning Document (OAPD) to support the continued operation of the Commonwealth's Medicaid Management Information System (KY MMIS) and Pharmacy Benefits Manager (PBM) system. This Maintenance and Operations (M&O) request reflects estimated and incurred expenses for FFY2014 and FFY2015.

Please contact Jennifer Harp at (502) 564-0105, ext. 2076, if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Kissner".

Lawrence Kissner
Commissioner





COMMONWEALTH OF KENTUCKY
CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES
OPERATIONAL ADVANCE PLANNING DOCUMENT
for
Medicaid Management Information System
and
Pharmacy Benefits Manager System
Submitted
July 24, 2014

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Table of Contents

1	OPERATIONAL ADVANCED PLANNING DOCUMENT UPDATE.....	1
1.1	Summary of Maintenance and Operations Activities	1
1.2	Summary of Maintenance and Operations Procurements and Contracts.....	2

1.2 Summary of Maintenance and Operations Procurements and Contracts

Planned M&O Procurements: The Commonwealth published RFPs for replacing both the KY MMIS and the PBM systems in March of 2013. However, the RFP for replacing the KY MMIS was cancelled. The Commonwealth anticipates utilizing the KY MMIS until a new strategy for a replacement system is developed and implemented. CHFS will request operational funding in future updates to the IAPDs associated with the system.

Current M&O Contracts: The RFP issued for a PBM resulted in a new contract approved by CMS on November 12, 2013 that is effective from January 1, 2014 through December 31, 2015. The PBM contract is for both DDI and operation costs. CHFS will request this operational funding in future updates to the IAPDs associated with the PBM.

Type and Scope of Contract: Firm and Fixed Price, Fiscal Agent Service – HPES is the Fiscal Agent for Kentucky that maintains and operates the KY MMIS.

Magellan is the entity responsible for operation of the PBM benefits.

Procurement Strategy: The Commonwealth successfully negotiated a second non-competitive contract with HPES. The non-competitive contract with HPES is essential to ensure Medicaid claims processing activities are not interrupted prior to the procurement and installation of a replacement KY MMIS.

Costs: The total contract cost for the KY MMIS M&O is \$79,629,005. This total reflects FFY14 and FFY15. The total contract costs for the KY PBM is \$6,261,390. This total reflects FFY14 and FFY15.

Period of Performance: The current contract to operate and maintain the KY MMIS is with HPES. This contract has a period of performance spanning from December 1, 2012 through November 30, 2014. If the Commonwealth chooses to exercise all of the four six-month options, the contract will continue through November 30, 2016. In this event, the Commonwealth will reflect the costs for these extensions in future OAPDs submitted to CMS.

The period of performance for the Magellan contract is January 1, 2014 through December 31, 2015.

DMS adhered to all Federal and State procurement standards in establishing the M&O contracts described above.

