

State of Louisiana to Lose Millions

GAITHERSBURG, Md., July 2, 2013 /— President of CNSI, Adnan Ahmed, issues statement:CNSI is a mid-sized cutting edge Health IT company in a field that has long been dominated by a handful of well entrenched billion-dollar companies, and yet CNSI has been able to compete and succeed because of our innovative technologies, the ease of use of our products and our solutions oriented approach which enable states to save more.Our contract with the State of Louisiana was terminated hastily, imprudently, and to the detriment of the people of the State. The savings and improvements that were being realized through CNSI's innovative work were significant, in excess of \$20 million per year, and would have had the added benefit of moving Louisiana into compliance with federal requirements, thus saving even more money. Louisiana has one of the worst Medicaid fraud recovery rates in the country. Untold millions will continue to be lost due to poor performance in this area alone. The processes and programs we were putting in place in terms of identifying Medicaid fraud alone would have been historic for Louisiana. With the cancellation of our contract, Louisiana now faces the stark reality of continued use of an antiquated system that will cost three times more to operate, maintain and bring into federal compliance, and the reality that this system will remain in place for a significant period of time pending the state's re-procurement of a new system.To be specific:

The state's hasty cancellation of the CNSI Medicaid Management Information System (MMIS) contract means that Louisiana's Medicaid system will continue to be run by the company that has held the contract for decades and that, during the RFP

process, was ranked last in technological know-how. This system costs the taxpayers over double what CNSI's contract called for. Because of the State's hasty decision, the State of Louisiana will have to start the procurement process for the MMIS contract all over again, requiring the issuance of a new RFP. This will be a lengthy and expensive process, typically taking at least 2-3 years and costing from \$3-\$5 million. Until this process is complete, the state will be overpaying for an antiquated service it already determined needed to be replaced, and will not be making the strides it was under CNSI's contract toward federal compliance. CNSI was already 14 months into designing, developing and implementing a state of the art system, and had released the Medicaid Portal and Provider Enrollment systems on time as required by the contract and the State itself recognized its success. Now, this process will have to begin again, for a conservatively estimated cost to the State of \$5 million.

With CNSI's contract canceled, operations are currently being handled by the incumbent at taxpayer cost of approximately \$50 million a year, double the cost of CNSI's contract. Accusations of CNSI "low balling" our bid have been made by our competitors, but the fact is that we were the low bidder, and we were honoring our contract, as we always do. State Medicaid Management Information System contracts are multi-year, firm fixed price agreements. They are often amended to address new work that is required to meet federal and other state mandates. However, any cost overrun is at the vendor's risk, and not the state or the taxpayers'. We estimate that the cost of operating Louisiana's system, now that CNSI is no longer providing our services, will increase costs to the state by at least \$75 million over the next three years. CNSI's system was on track and on budget to ensure that Louisiana would be compliant with new federal rules and regulations. By comparison, the old system is not flexible and does not support the most recent health care protocols and regulations such as Medicaid expansion and ICD-10. And yet,

the state has gone back to using it, again making the Louisiana taxpayers the biggest losers. In this scenario, it will cost millions to become compliant by the 2014 federally imposed deadline. In fact, we believe it will take up to 5 years under the current system to get there. Chaos and confusion for medical providers is yet another negative side effect of this arbitrary decision to cancel our contract. CNSI and DHH had conducted community outreach to engage the provider community and prepare them to enroll in the new Medicaid Portal and Provider Enrollment system. Providers are now confused by the abrupt change, and continue to call CNSI for information on how to enroll in our program. The state has not communicated effectively with providers and many are unaware that CNSI no longer has the contract and don't know what to do next. The effect of this for patients is obvious to everyone except those in state government.

CNSI sued the state of Louisiana in order to bring all the facts surrounding our contract termination by the state to light despite the State's aggressive effort to let innuendo win out over truth. These efforts include the state's failure to comply with public records requests; the state's filing of multiple motions to delay the lawsuit and CNSI's day in court, and the state's fight against our efforts (and the media's) to publicly disclose key documents at every turn. To date, every attempt by the State of Louisiana to delay CNSI's case through various legal maneuverings has been challenged and won by CNSI. The people of Louisiana deserve better from a state government facing serious budget deficits and pledging transparency to its residents.

About CNSI

CNSI delivers a broad portfolio of information technology (IT) and business process outsourcing (BPO) solutions to a diverse base of federal, state and local government agencies, and commercial enterprises. The firm helps clients improve business performance and align IT with their mission and

business objectives. CNSI has established strong domain expertise in prominent industries, including Health, Defense and National Security, Government IT and Enterprise Mobility. CNSI employs a world-class team of technologists, program managers, and subject matter experts, all of whom have experience with large scale mission-critical IT implementations. Formed in 1994, CNSI is headquartered in Gaithersburg, Maryland, with locations throughout the U.S. and India. Learn more about CNSI solutions at: <http://www.cns-inc.com>