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## **A HEALTH CARE FIRST: CLOUD-BASED MEDICAID SYSTEM ERASES GEOGRAPHIC BOUNDARIES**

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Technology is not enough—at least not in the health-care arena where human lives hang in the balance. To be sure, the technology already exists to serve the greatest good of the greatest number. There aren't many social problems for which technological solutions do not exist or soon will. But particularly in critical areas like health care, technology is not enough. What we need is cooperation and collaboration at every level if the benefits of enhanced automated care are to be effectively, persistently, and universally delivered.

Today's good news is that a health-care system is now being successfully deployed that involves just such bipartisan cooperation, in this instance between two large states. It is a watershed event as Illinois and Michigan are now the first states to share a cloud-based Medicaid management information system (MMIS) pooling many Medicaid administrative operations for both states under one roof.

Under an agreement sealed last summer that created the Illinois Michigan Program Alliance for Core Technology (IMPACT) project, Illinois will now share use of a new cloud-based MMIS in Michigan that CNSI designed. It's called Medicaid as a Service (MaaS) or, more commonly, IMPACT Cloud Enablement.

The road to the Cloud Enablement project will be arduous and labyrinthine. The Medicare and Medicaid industry has been well entrenched for decades, complex in its operation and formidably decentralized in its configuration. At the same time, it has never been a technologically advanced industry. To the contrary, some vested interests have fed on its inefficiencies.

That said, times are changing. The public officials in Michigan and Illinois who forged the IMPACT Cloud Enablement agreement, and are now prepared to roll it out, represent a new breed of forward-thinking men and women who understand the extraordinary extent to which technology can facilitate solutions to apparently intractable problems, provided we stop living and thinking in silos.

If this undertaking will provide immediate and tangible benefits to the Medicaid populations of Illinois and Michigan, its larger significance is as a template for what can be achieved elsewhere, at all levels of the human services industry.

In the past, states mainly engaged in cross-border partnership in areas like transportation to coordinate interstate highways, bridges, tunnels, etc. Even states like Illinois and Michigan, with similar demographics and challenges, did not typically pool resources to achieve greater social service

efficiencies. Now it's our great hope that the success of this innovative interstate partnership will encourage other states to look everywhere for opportunities to eliminate redundancy.

## DRAMATIC SAVINGS

Let's start with the money. In and of itself, cloud technology represents a windfall for the health-care industry. Many measures have confirmed the growing use of cloud technology in the health-care industry as well as cost savings. For example, in a recent survey by CDW, "Silver Linings and Surprises: CDW's 2013 State of the Cloud Report," 88 percent of health-care entities reported annual savings of 20 percent on IT costs. The same survey also showed that, in 2012, 35 percent of health-care organizations were implementing or maintaining cloud computing.

For state MMISs, cloud-based technology is a particularly compelling alternative to the traditional mainframes that require periodic and costly upgrades. Illinois, in fact, has been using the same mainframe system for 30 years.

Yet the exponentially greater savings of a partnership like the one joined by Illinois and Michigan are glaringly obvious as each state simply pays its share of one single system, rather than both states footing full bills for two separate systems. For Illinois, Cloud Enablement means an initial savings of around \$10 million and \$57 million over the next five years—potentially, a 40 percent overall savings.

Michigan will see a 20 percent reduction in operational and maintenance costs over the next five years. The cost of building a new state MMIS, which ranges from \$50 million to \$150 million based on the criteria and size of the undertaking, is subject to multiple intervening variables, so the savings on combining two into one do not therefore break down as a simple 50-50 cost reduction for both sides. That said, we're still talking in terms of double-digit savings percentages for the two states.

At the same time, all U.S. taxpayers, not just those paying local taxes in Michigan or Illinois, benefit when the two states combine their systems. That's because the federal government announced that it can subsidize 90 percent of the cost for MMIS enhancement on a state-by-state basis. The taxpayer now reaps a windfall because the federal government is only subsidizing a single MMIS covering Illinois and Michigan. Federal cost savings on matching contributions are projected at 50 percent in Illinois and 40 percent in Michigan.

## HARBINGER OF SUCCESS

On Nov. 15, 2013, eMIPP, the first module ancillary to the MMIS system itself, successfully went live. It is a cloud-based application by which qualified providers register to receive incentives based on their compliance with the specific criteria of the meaningful use program, the set of standards defined by the Centers for Medicare & Medicaid Services (CMS) to encourage the use of electronic health records.

The response to eMIPP has justified every hope that the cloud technology on which the MMIS is based will yield the expected efficiencies as the full system will be rolled out in 2017-2018. A Provider Enrollment sub-system will launch sooner, in 2014-2015.

Not surprisingly, the Illinois-Michigan partnership has generated palpable excitement at many levels. Imagine the overall impact on health care itself if additional states are encouraged by this collaboration, which happens to be a collaboration of one state governed by a Democrat (Pat Quinn in Illinois) with

another state governed by a Republican (Rick Snyder in Michigan). It will be one more persuasive example of how bipartisan cooperation yields urgently needed benefits.

With Medicaid, we are aiming to solve a problem that in the past has meant irreconcilable conflict between the economic needs of a state and the public health interests of its people—in other words, reducing costs by reducing benefits, often penalizing the people who need those benefits the most. The dilemma is national, as just about every state has budgetary problems while 49 states also have balanced budget laws on the books. Medicaid benefits are usually a prime target once the squeeze begins.

Yet the Michigan-Illinois partnership model actually reverses this dynamic, providing end users with the benefits that naturally accrue from increased efficiency even as costs to the taxpayers plummet by double-figure percentages. Nor do we need to limit our vision to isolated interstate collaborations. Since regionally or even nationally shared MMISs are potentially viable, it's a good bet that the Michigan-Illinois initiative is being carefully watched throughout the United States.

Medicaid was also a natural, exigent place to introduce a cloud-based system in lieu of clunky old mainframes, if only because of the challenges that the expansion of Medicaid eligibility presents. In many states, for example, the Affordable Care Act will likely add another 9 million people to state programs as adults earning up to 138 percent of the federal poverty level become eligible.

Also problematic, the states must now communicate with the insurance exchanges created by the Affordable Care Act to ensure coverage and qualify applicants for federal premium subsidies. As there's little likelihood that those communications will run smoothly with the outdated technology now in place, it's no wonder that a more seamlessly integrated system was an explicit goal stipulated by CMS in its 2012 Medicaid Information Technology Architecture initiative.

Fortunately, CMS has long been pushing for more collaboration with an eye to eliminating redundancies and the constant costly reinvention of the wheel. For my firm, such changing public sector priorities spelled opportunity, as we already had relevant experience having in 2001 designed a new MMIS in Maine. Based on that, we were invited to bid on the Michigan project in 2006 and then extended our eCams technology to create the combined Michigan-Illinois design, with Michigan as the host state.

The Maine experience was for us a baptism in political fire, of building technology in the context of conflicting local needs and interests. We learned a great deal from that experience and it has informed our other MMIS initiatives going forward.

For example, there were similar challenges in implementing the IMPACT partnership via the Cloud Enablement project as some legislators raised unfounded concerns about the ostensible circumvention of the existing procurement process. Yet no matter what local challenges uniquely pertain, the same strategic considerations should drive all technological facilitation. Those linchpin values: Are we actually taking care of the beneficiaries and providers? Are we actually making their lives easier?

In the case of Medicaid, growing necessity, represented by expanded eligibility and the ACA, was thus the mother of invention. Yet what begins with Medicaid needn't stay in Medicaid. Consider the billions of dollars that stand to be saved across the whole health-care spectrum (and beyond, into other government programs) by simply eliminating redundant systems wherever they exist, and wherever partnerships like the IMPACT Cloud Enablement project are possible.

## ACCOMMODATING DIFFERENCES

The devil, of course, is always in the proverbial details, yet here too there is reason to be optimistic, based on how those potentially bedeviling details were anticipated and addressed. In that context, let's take another look at what happened in Illinois and Michigan.

By 2011, farsighted public officials in Illinois were paying close attention after CMS green-lighted the development of Michigan's MMIS Community Health Automated Medicaid Processing System CHAMPS. The collaboration ensued throughout 2012, expanding CHAMPS with an eye to achieving the aforementioned efficiencies for both states.

Importantly, IMPACT Cloud Enablement is constructed to allow both participants to reap the economic and other benefits of collaboration without sacrificing the myriad of critical features that allow each state to maintain specific services unique to its own Medicaid population. In fact, federal mandates require every state to have its own unique Medicaid rules.

The cloud system that Michigan and Illinois will share allows the states to maintain their unique Medicaid rules and keep in place their altogether different Medicaid-related policy positions as well. But the shared cloud system that Michigan and Illinois will have goes even further. The system allows the states to maintain not just "their own unique Medicaid rules," but altogether different Medicaid-related policy positions as well. Both states will also maintain different databases in the interests of security and privacy.

At the same time, there are practically no political limits in terms of collaboration. The potential economic efficiencies of partnering present themselves no less among states with totally disparate health-care ideologies. It merely requires the intestinal fortitude to cross geographical and/or philosophical lines in the best interest of the public.

Perhaps there's an irony here when one considers that a partnership like the one spearheaded by Michigan and Illinois is designed to dramatically reduce risk in the delivery and funding of necessary social resources. Ironic, because, to achieve such risk management, professionals in both the private and public sectors must themselves undergo no small degree of risk. They have to venture beyond their safe harbors, endure much scoffing, and accept the possibility of disheartening setbacks.

Millions of people in Michigan and Illinois will be better off because a handful of their public officials did just that.