



Minnesota Department of Human Services
PO Box 64998
St. Paul, MN 55164-0998

September 17, 2018

Dear Members of the Legislative Oversight Committee:

Enclosed is the quarterly fiscal report for the Minnesota Eligibility Technology System (METS). The report is submitted by the METS Executive Steering Committee (ESC) as required under Minnesota Statutes section 62V.055, subdivision 3.

As background and context on the presentation of the information:

- The first page provides an explanation of the tables in the report.
- Table 1 (page 2) "Overall Budget View" provides a four year budget overview of past, current, and future (planning) years.
- Table 2 (page 3) "FY2018 vs. YTD (year to date)" provides spending in the current year through the quarter ending with the current report.

All current year spending is shown on a cash basis, meaning expenditures are shown in the quarter in which payment was made. Since many expenditures are contract or invoice payments, payments often lag behind when the expenditure is incurred or the work is performed.

The current report includes fiscal year 2018 expenditures through the fourth quarter, ending June 30, 2018. Of particular note:

1. In Table 1:
 - We are finalizing FY19 budgets. The relationships between budget components within METS are complex and include interdependencies, timing issues that stem from a mix of state and federal fiscal years, and multiple approval paths.
 - For development, only the first quarter of SFY19 is shown, as it represents the fourth federal quarter of the approved FFY18 DHS Eligibility and Enrollment IAPD (Implementation Advance Planning Document). DHS has submitted the FFY19 IAPD for federal review and approval. MNsure is also planning development of the METS platform in SFY19. In particular, they are focused on the integration of the GetInsured solution. As stated in the footnote, MNsure's board approved a development budget of \$5.3M, which will be incorporated into a future fiscal report.
 - For operations, along with completing a SFY19 budget, we are focused on improving accuracy between expenditure categories.

2. In Table 2:

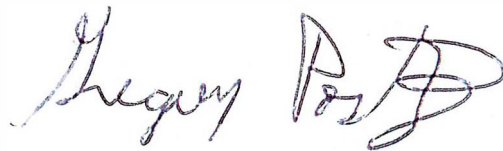
- For development, you may notice the budget for SFY18 appears overspent. This is due to the METS fiscal report being on a state fiscal year basis while the work is managed on a federal fiscal year. We remain within CMS approved funding limits for this federal fiscal year.
- For operations, we are projecting to spend more than 90% of the operations budget. We are in the process of balancing out the individual categories, which involves applying available funding from some areas to cover pressure in other areas.
- The next quarterly report will include two expenditure views (Table 2). The first will show the full year of estimated actual spending from SFY18, and the second will show the first quarter expenditures from SFY19.

If you have any questions or concerns feel free to contact us.

Sincerely,



Charles E. Johnson, Co-Chair
Executive Steering Committee
Deputy Commissioner, DHS



Gregory Poehling, Co-Chair
Executive Steering Committee
Interim Chief Business Technology Officer, MNIT

Minnesota Eligibility Technology System

Fiscal Report for QE 06-30-2018

Introduction

1. The METS fiscal report is a product of the METS Executive Steering Committee Finance Work Group. This group includes financial management from MNIT, DHS and MNSure.
2. The report is produced quarterly, in accordance with M.S. 62V.055, Subdivision 3, and is available approximately 45 days following quarter-end.
3. The report includes two tables:

Table 1: Overall View of METS Budget. This table provides a four year view of the METS budget, including: actual FY 2016, actual FY 2017, current FY 2018 budget, and preliminary FY 2019 plan.

Table 2: Budget vs Est. YTD (expenditures & est. remaining encumbrances) This table shows the current fiscal year budget, quarterly actual expenditures, and estimated encumbrances. Note that this table includes an *Expenditures After FY End* column to report on the fiscal year expenditures that will be recognized after June 30th due to the standard procedural lag between invoicing and payments.

Note: Expenditures often lag, i.e. do not occur at a steady rate throughout the year. Examples may include:

- a. State Personnel, due to payroll processing and interagency billing.
- b. Staff Augmentation and Service Contracts, due to billing lag, timing of various projects based on development roadmap, and associated deadlines throughout the year.
- c. Hardware/Software, due to processing time and the execution of payments throughout the year (not shown as accruals).
- b. MNIT Central Services, due to processing and interagency billing.

4. The tables are based on the following standard reporting conventions:

Development v. Operations. Within both the Expenditure and Financing sections, development is distinguished from operations. Development includes federally defined and applicable work, and MNSure development contributions. All other expenses are considered operations.

Expenditure Categories. Within the Expenditure section, the costs are reported in standard categories.

State Personnel	Developers, architects, project managers, business analysts, quality assurance, release management, security, and other MNIT staff, along with necessary business subject matter experts. Includes total compensation (salaries and fringe).
Staff Augmentation	Contracted individuals or companies to increase capacity.
Service Contracts	Major vendor agreements that provide expertise and enhanced functionality to the system.
Hardware/Software	Initial purchases and ongoing support costs for licensing/software and hardware.
MNIT Central Services	System infrastructure components including, but not limited to, server capacity, data storage, networking, routing, and bandwidth, provided as a service from MNIT. Also includes staff equipment.
General Administration	Training, supplies, travel, occupancy, and other miscellaneous administrative costs.

Financing Categories. Within the Financing section, the revenues (by funding source) associated with the fiscal years' expenditures is estimated based on the standing federal Public Assistance Cost Allocation Plan (PACAP) methodology. Note that actual revenues lag behind the expenditures by approximately 45 days due to the standard timing of the federal PACAP process.

Minnesota Eligibility Technology System

Fiscal Report for QE 06-30-2018

TABLE 1: Overall Budget View	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget
Expenditures				
Development	48,553,751	40,291,786	45,021,375	19,696,000
State Personnel	6,911,741	10,277,842	13,109,962	4,278,750
Staff Augmentation	16,659,394	11,778,621	12,306,835	13,206,500
Service Contracts	19,700,289	16,504,549	14,425,901	(736,250)
Hardware/Software	4,989,592	1,635,025	4,608,896	1,068,500
MNIT Central Services	0	0	305,556	493,750
General Administration	292,735	95,749	264,225	1,384,750
Operations	15,915,024	25,018,091	30,023,030	30,023,030
State Personnel	6,821,556	9,771,277	7,297,051	7,297,051
Staff Augmentation	215,999	887,438	4,151,716	4,151,716
Service Contracts	77,385	1,550,802	1,300,000	1,300,000
Hardware/Software	5,214,209	9,056,395	10,462,000	10,462,000
MNIT Central Services	3,569,680	3,412,384	6,095,336	6,095,336
General Administration	16,195	339,796	716,927	716,927
Total Expenditures	64,468,775	65,309,877	75,044,405	49,719,030
State Personnel	13,733,297	20,049,119	20,407,013	11,575,801
Staff Augmentation	16,875,393	12,666,059	16,458,551	17,358,216
Service Contracts	19,777,674	18,055,351	15,725,901	563,750
Hardware/Software	10,203,801	10,691,420	15,070,896	11,530,500
MNIT Central Services	3,569,680	3,412,384	6,400,892	6,589,086
General Administration	308,930	435,545	981,152	2,101,677
Financing				
Development	48,553,751	40,291,787	45,021,375	19,696,000
MNsure - Premium Withhold	0	0	4,000,000	0
MNsure - Federal CCIIO	11,957,754	6,485,215	2,700,000	0
DHS - Federal Medicaid	32,345,054	29,859,827	34,478,089	17,726,400
DHS - State Appropriation	4,250,943	3,946,745	3,843,286	1,969,600
Operations	15,915,024	25,018,091	30,023,030	30,023,030
MNsure - Premium Withhold	1,276,385	1,513,170	4,077,093	4,077,093
MNsure - Federal CCIIO	0	0	0	0
DHS - Federal Medicaid	8,813,740	17,458,531	18,984,725	18,984,725
DHS - State Appropriation	5,824,899	6,046,390	6,961,212	6,961,212
Total Financing	64,468,775	65,309,878	75,044,405	49,719,030
MNsure - Premium Withhold	1,276,385	1,513,170	8,077,093	4,077,093
MNsure - Federal CCIIO	11,957,754	6,485,215	2,700,000	0
DHS - Federal Medicaid	41,158,794	47,318,358	53,462,814	36,711,125
DHS - State Appropriation	10,075,842	9,993,135	10,804,498	8,930,812
Notes:				
- <i>Development</i> includes federally defined and applicable work, and MNsure development contributions. All other expenses considered <i>operations</i> .				
- Fiscal year <i>Financing</i> numbers are based on the federally-approved cost allocation methodology that is generally applicable to each fiscal year (i.e. the report reflects a reasonable matching of expenditures and revenue).				
- SFY19 development budget shown is the remainder of the FFY18 E&E IAPD. The MNsure board approved SFY19 budgets of \$5.3M for development and \$3.0M for operations. DHS has submitted a FFY19 development budget for federal approval. Upon final approval, financing shall be reconciled and included in a future report.				

Minnesota Eligibility Technology System
Fiscal Report for QE 06/30-2018

TABLE 2: FY 2018 Budget vs YTD	FY 2018 Budget	QE 9/30/17 Expenditures	QE 12/31/17 Expenditures	QE 3/31/18 Expenditures	QE 6/30/18 Expenditures	Expenditures After FY End	YTD Expenditures %	Estimated Encumbrances	Est. FY Exp & Enc %	Estimated Balance %
Expenditures										
Development	45,021,375	4,546,681	10,294,418	10,082,957	12,546,307	0	37,470,363 83%	8,036,608	45,506,971 101%	(485,596) -1%
State Personnel	13,109,962	1,192,815	2,691,493	1,932,863	3,461,699		9,278,870 71%	3,103,463	12,382,333 94%	727,629 6%
Staff Augmentation	12,306,835	1,021,669	3,604,359	2,683,653	2,158,959		9,468,639 77%	1,288,629	10,757,268 87%	1,549,567 13%
Service Contracts	14,425,901	1,121,433	3,296,040	5,033,395	6,323,039		15,773,907 109%	1,817,388	17,591,295 122%	(3,165,394) -22%
Hardware/Software	4,608,896	1,197,658	194,725	409,649	1,666,839		1,968,871 43%	195,000	2,163,871 47%	2,445,025 53%
MNIT Central Services	305,556		0	0	418,369		418,369 137%	498,067	916,436 300%	(610,880) 200%
General Administration	264,225	13,107	507,801	23,397	17,402		561,707 213%	1,134,062	1,695,769 642%	(1,431,544) -562%
Operations	30,023,030	3,413,612	5,283,510	4,748,680	9,337,475	0	22,783,277 76%	4,441,176	27,224,453 91%	2,798,577 9%
State Personnel	7,297,051	1,348,029	2,258,806	988,991	2,415,176		7,011,003 96%	1,708,907	8,719,910 119%	(1,422,859) -19%
Staff Augmentation	4,151,716	61,542	465,196	819,565	823,350		2,169,653 52%	455,500	2,625,153 63%	1,526,563 37%
Service Contracts	1,300,000	135,585	301,064	103,873	276,153		816,675 63%	176,405	993,080 76%	306,920 24%
Hardware/Software	10,462,000	1,757,791	2,021,454	1,177,431	675,690		5,632,366 54%	525,519	6,157,885 59%	4,304,115 41%
MNIT Central Services	6,095,336		0	1,536,733	5,020,638		6,557,371 108%	1,318,739	7,876,110 129%	(1,780,774) -29%
General Administration	716,927	110,665	236,990	122,087	126,468		596,209 83%	256,106	852,315 119%	(135,388) -19%
Total Expenditures	75,044,405	7,960,293	15,577,929	14,831,637	21,883,782	0	60,253,640 80%	12,477,784	72,731,424 97%	2,312,981 3%
State Personnel	20,407,013	2,540,844	4,950,299	2,921,854	5,876,875		16,289,873 80%	4,812,370	21,102,243 103%	(695,230) -3%
Staff Augmentation	16,458,551	1,083,211	4,069,555	3,503,218	2,982,309		11,638,292 71%	1,744,129	13,382,421 81%	3,076,130 19%
Service Contracts	15,725,901	1,257,018	3,597,104	5,137,268	6,599,192		16,590,582 105%	1,993,793	18,584,375 118%	(2,858,474) -18%
Hardware/Software	15,070,896	2,955,449	2,216,179	1,587,080	842,529		7,601,237 50%	720,519	8,321,756 55%	6,749,140 45%
MNIT Central Services	6,400,892		0	1,536,733	5,439,007		6,975,740 109%	1,816,806	8,792,546 137%	(2,391,654) -37%
General Administration	981,152	123,771	744,791	145,484	143,870		1,157,916 118%	1,390,168	2,548,084 260%	(1,566,932) 160%
Financing										
Development	45,021,375	4,546,681	10,294,418	10,082,957	12,546,307	0	37,470,363	8,036,608	45,506,971	(485,596)
MNSure - Premium Withhold	4,000,000			1,279,781	1,541,700		2,821,481	870,448	3,691,929	308,071
MNSure - Federal CCIO	2,700,000	190,608	568,152	1,940,152			2,698,912	0	2,698,912	1,088
DHS - Federal Medicaid	34,478,089	3,909,315	8,753,640	6,176,722	9,904,146		28,743,823	6,449,544	35,193,367	(715,278)
DHS - State Appropriation	3,843,286	446,758	972,626	686,302	1,100,461		3,206,147	716,616	3,922,763	(79,477)
Operations	30,023,030	3,413,612	5,283,510	4,748,680	9,337,475	0	22,783,277	4,441,176	27,224,453	2,798,577
MNSure - Premium Withhold	4,077,093	522,707	484,899	902,436	1,219,370		3,129,412	777,373	3,906,784	170,309
MNSure - Federal CCIO	0		0	0						0
DHS - Federal Medicaid	18,984,725	2,094,113	3,521,699	2,840,327	6,034,571		14,490,710	2,687,003	17,177,713	1,807,012
DHS - State Appropriation	6,961,212	796,793	1,276,912	1,005,917	2,083,534		5,163,156	976,800	6,139,956	821,256
Total Financing	75,044,405	7,960,293	15,577,929	14,831,637	21,883,782	0	60,253,640	12,477,784	72,731,424	2,312,981
MNSure - Premium Withhold	8,077,093	522,707	484,899	2,182,217	2,761,070		5,950,893	1,647,821	7,598,713	478,380
MNSure - Federal CCIO	2,700,000	190,608	568,152	1,940,152	0		2,698,912	0	2,698,912	1,088
DHS - Federal Medicaid	53,462,814	6,003,428	12,275,339	9,017,049	15,938,717		43,234,533	9,136,547	52,371,080	1,091,734
DHS - State Appropriation	10,804,498	1,243,550	2,249,539	1,692,219	3,183,995		8,369,303	1,693,416	10,062,719	741,779

Development includes federally defined and approved state and MNsure development expenditures. All other expenses considered operations.
 Expenditures includes actual fiscal year expenditures. Due to normal processing and invoicing time, some expenditures reporting may lag.
 Fiscal year Financing numbers are based on the federally approved cost allocation methodology that is generally applicable to each fiscal year (i.e. the report reflects a reasonable matching of expenditures and revenue).
 Expenditures After Fiscal Year (FY) End: Due to the standard lag between invoicing and payments, fiscal year 2018 expenditures may be recognized after June 30th.

