

Chris Steller

From: Konesky, Mari C (DHS) <mari.konesky@state.mn.us> on behalf of Johnson, Charles E (DHS) <chuck.johnson@state.mn.us>
Sent: Friday, March 15, 2019 10:44 AM
To: Benson, Michelle; Dahms, Gary; Franzen, Melisa; Rep.Laurie Halverson; Koran, Mark; Rep.Alice Mann; Rep.Dave Pinto; Rep.Greg Davids; Rep.Jennifer Schultz
Cc: Koob, Kari D (MNSure); Johnson, Jamin T (MNIT); Sinner, Aaron J (MNSure); Cammack, Martin L (DHS); Eichten, Jon (MNIT); Chris Steller
Subject: Q2 METS ESC Report & Cover Letter.
Attachments: SFY19 Q2 - METS ESC Report FINAL.PDF; Q2 METS ESC Cover Ltr.pdf

Dear Members,

Please find attached the quarterly METS Executive Steering Committee report and cover letter. Should you have any questions or concerns, please reach out to Chuck Johnson (651-431-5672) or Greg Poehling (651-431-4552).

Best regards,
Mari

Mari Konesky *(on behalf of Chuck Johnson & Greg Poehling)*

Executive Aide | Commissioner's Office
Deputy Commissioner Charles E. Johnson

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

March 12, 2019

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 years.
- Table 2 (page 3) "FY 2019 Budget vs. YTD (year to date)" provides spending in the current year through the quarter ending with the current report.

All current year 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 2019 expenditures through the second quarter, ending December 31, 2018. Of particular note:

1. The years shown on Table 1 have shifted to include the future biennium. FY16-17 actuals were removed and FY20-21 was added. The last quarter of the FFY19 IAPD is included in the FY20 development budget.
2. In Table 2, we are projecting a negative balance in development through the end of the year. This is a technical issue due to the timing of the federal grant period and how we are reporting the assignment of expenditures in the accounting system. It will be resolved on the next quarterly report.
3. Further down on Table 2, we are projecting the operations budget to be fully spent in 2019. We are in the process of balancing out the individual categories, applying available funding in some areas to cover pressure in other areas.

4. DHS is currently working with the Centers for Medicare and Medicaid Services (CMS) on cost allocation changes that will go into effect starting January 1, 2019.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'C. Johnson', with a stylized flourish at the end.

Charles E. Johnson, Co-Chair METS
Deputy Commissioner, DHS

A handwritten signature in blue ink, appearing to read 'Gregory Poehling', with a stylized flourish at the end.

Gregory Poehling, Co-Chair METS
Chief Business Technology Officer, MNIT

Minnesota Eligibility Technology System

Fiscal Report for QE 12-31-2018

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 2018, current FY 2019 budget, and preliminary FY 2020 and FY 2021.

Table 2: Budget vs Est. YTD (expenditures & est. remaining encumbrances) Table 2 addresses FY 2019 and 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 12-31-2018				
TABLE 1: Overall Budget View	FY 2018 Actual	FY 2019 Budget	FY 2020 Preliminary	FY 2021 Preliminary
Expenditures				
Development	45,620,094	45,446,942	11,114,512	0
State Personnel	12,382,333	14,435,437	3,671,946	0
Staff Augmentation	10,882,047	9,975,676	2,711,252	0
Service Contracts	17,592,645	16,229,605	3,639,470	0
Hardware/Software	2,147,730	1,754,296	378,994	0
MNIT Central Services	916,436	1,503,011	417,670	0
General Administration	1,698,903	1,548,917	295,180	0
Operations	27,227,413	29,992,251	29,992,251	29,992,251
State Personnel	8,719,910	10,126,768	10,126,768	10,126,768
Staff Augmentation	2,618,956	4,774,558	4,774,558	4,774,558
Service Contracts	993,081	1,660,000	1,660,000	1,660,000
Hardware/Software	6,148,204	4,341,575	4,341,575	4,341,575
MNIT Central Services	7,876,110	8,297,100	8,297,100	8,297,100
General Administration	871,152	792,250	792,250	792,250
Total Expenditures	72,847,507	75,439,193	41,106,763	29,992,251
State Personnel	21,102,243	24,562,205	13,798,714	10,126,768
Staff Augmentation	13,501,003	14,750,234	7,485,810	4,774,558
Service Contracts	18,585,726	17,889,605	5,299,470	1,660,000
Hardware/Software	8,295,934	6,095,871	4,720,569	4,341,575
MNIT Central Services	8,792,546	9,800,111	8,714,770	8,297,100
General Administration	2,570,055	2,341,167	1,087,430	792,250
Financing				
Development	45,620,094	45,446,942	11,114,512	0
MNSure - Premium Withhold	3,702,718	6,411,641	0	0
MNSure - Federal CCIIO	2,698,912	0	0	0
DHS - Federal Medicaid	35,285,468	35,131,771	10,003,061	0
DHS - State Appropriation	3,932,996	3,903,530	1,111,451	0
Operations	27,227,413	29,992,251	29,992,251	29,992,251
MNSure - Premium Withhold	3,889,702	3,133,359	3,133,359	3,133,359
MNSure - Federal CCIIO	0	0	0	0
DHS - Federal Medicaid	17,185,080	19,894,738	19,894,738	19,894,738
DHS - State Appropriation	6,152,632	6,964,154	6,964,154	6,964,154
Total Financing	72,847,507	75,439,193	41,106,763	29,992,251
MNSure - Premium Withhold	7,592,419	9,545,000	3,133,359	3,133,359
MNSure - Federal CCIIO	2,698,912	0	0	0
DHS - Federal Medicaid	52,470,548	55,026,509	29,897,799	19,894,738
DHS - State Appropriation	10,085,628	10,867,684	8,075,605	6,964,154
Notes:				
- Development includes federally defined and applicable work, and MNSure development contributions. All other expenses considered operations.				
- 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).				

Fiscal Report for QE 12-31-2018

Notes:

- *Development* includes federally defined and applicable work, and MNsure development contributions. All other expenses considered *operations*.
- *Expended* includes actual fiscal year expenditures. Due to normal processing and invoicing time, some expenditure 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 expenditures may be recognized after June 30th.