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#### **Chris Steller**

From:	Konesky, Mari C (DHS) <mari.konesky@state.mn.us> on behalf of Johnson, Charles E (DHS) <chuck.johnson@state.mn.us></chuck.johnson@state.mn.us></mari.konesky@state.mn.us>
Sent:	Friday, March 15, 2019 10:44 AM
То:	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

#### Minnesota Department of Human Services PO Box 64998

St. Paul, MN 55164-0998 O: 651-431-2921 F: 651-431-7442 mn.gov/dhs





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## DEPARTMENT OF HUMAN SERVICES MINNESOTA

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:

- 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,

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

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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.

<u>Table 2: Budget vs Est. YTD (expenditures & est. remaining encumbrances)</u> 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:

<u>Development v. Operations</u>. 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.						

<u>Financing Categories</u>. 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

1: Overall Budget View		FY 2018	FY 2019	FY 2020	FY 2021		
DLE 1. Overall Duuget View		Actual	Budget	Preliminary	Preliminary		
		 45,620,094	45,446,942	11,114,512	0		
		12,382,333	14,435,437	3,671,946	0		
ion		10,882,047	9,975,676	2,711,252	C		
5		17,592,645	16,229,605	3,639,470	C		
are	<b>,</b>	2,147,730	1,754,296	378,994	C		
vic	es	916,436	1,503,011	417,670	C		
General Administration		1,698,903	1,548,917	295,180	0		
		 27,227,413	29,992,251	29,992,251	29,992,251		
		 8,719,910	10,126,768	10,126,768	10,126,768		
ion		2,618,956	4,774,558		4,774,558		
5		993,081	1,660,000	-	1,660,000		
, are		6,148,204	4,341,575	4,341,575	4,341,575		
vic		 7,876,110	8,297,100		8,297,100		
	tion	871,152	792,250	792,250	792,250		
liui	1011	0/1,132	792,230	792,230	792,230		
es		72,847,507	75,439,193	41,106,763	29,992,251		
		21,102,243	24,562,205	13,798,714	10,126,768		
ion		13,501,003	14,750,234	7,485,810	4,774,558		
5		18,585,726	17,889,605	5,299,470	1,660,000		
are	<b>,</b>	8,295,934	6,095,871	4,720,569	4,341,575		
vic	es	8,792,546	9,800,111	8,714,770	8,297,100		
trat	tion	2,570,055	2,341,167	1,087,430	792,250		
		45,620,094	45,446,942	11,114,512	C		
ım '	Withhold	3,702,718	6,411,641	0	C		
	CIIO	2,698,912	0	0	0		
	caid	35,285,468	35,131,771	10,003,061	C		
opr	riation	3,932,996	3,903,530		(		
		27,227,413	29,992,251	29,992,251	29,992,251		
m	Withhold	3,889,702	3,133,359	3,133,359	3,133,359		
	CIIO	0	0	0	5,155,555		
		17,185,080	19,894,738	_	19,894,738		
DHS - Federal Medicaid DHS - State Appropriation		6,152,632	6,964,154	6,964,154	6,964,154		
opi		 0,132,032	0,504,154	0,504,154	0,504,154		
		72,847,507	75,439,193	41,106,763	29,992,251		
Im	Withhold	7,592,419	9,545,000	3,133,359	3,133,359		
I CO	CIIO	2,698,912	0	0	(		
edio	caid	52,470,548	55,026,509	29,897,799	19,894,738		
opr	riation	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 allocaton methodology that is generally applicable to each fiscal year (i.e. the report reflects a reasonable matching of expenditures and revenue).

# Minnesota Eligibility Technology System Fiscal Report for QE 12-31-2018

TABLE 2: FY 2019 Budget vs YTD	FY 2019 Budget	QE 9/30/18 Expenditures	QE 12/31/18 Expenditures	QE 3/31/19 Expenditures	QE 6/30/19 Expenditures	Expenditures After FY End	YTD Expenditures	%	Estimated Encumbrances	Est. FY Exp & Enc	%	Estimated Balance	%
Expenditures													
Development	45,446,942	5,929,350	10,618,614	0	0	0	16,547,963	36%	31,135,400	47,683,363	105%	(2,236,421)	-5
State Personnel	14,435,437	2,018,618	3,546,429	0	0	0	5,565,046	30%	8,425,000	13,990,046	97%	445,391	-3
Staff Augmentation	9,975,676	1,123,291	2,427,575	0	0	0	3,550,866	39%	9,495,000	13,045,866	97%	(3,070,190)	-31
Service Contracts	9,975,676	1,123,291	4,321,521	0	0	0	6,291,627	36%	9,495,000	16,691,627	131%	(462,022)	-31
Hardware/Software	1,754,296	567,315	4,321,321	0	0	0	589,247	39%	1,005,000	1,594,247	91%	160,049	
MNIT Central Services	1,503,011	0	37.078	0	0	0	37.078	2%	1,140,000	1,177,078	78%	325,933	22
General Administration	1,503,011	250,020	264,079	0	0	0	514,099	33%	670,400	1,177,078	78%	364,418	24
General Administration	1,548,517	230,020	204,073	0	0	0	514,033	33%	070,400	1,184,433	70%	304,418	24
Operations	29,992,251	2,793,653	7,179,532	0	0	0	9,973,185	33%	19,929,500	29,902,685	100%	89,566	
State Personnel	10,126,768	1,089,599	2,562,717	0	0	0	3,652,316	36%	6,317,000	9,969,316	98%	157,452	2
Staff Augmentation	4,774,558	287,177	1,035,749	0	0	0	1,322,926	28%	2,550,000	3,872,926	81%	901,632	19
Service Contracts	1,660,000	93,604	607,291	0	0	0	700,895	42%	2,400,000	3,100,895	187%	(1,440,895)	-87
Hardware/Software	4,341,575	1,163,856	40,477	0	0	0	1,204,333	28%	2,470,000	3,674,333	85%	667,242	15
MNIT Central Services	8,297,100	0	2,747,134	0	0	0	2,747,134	33%	5,795,500	8,542,634	103%	(245,534)	-3
General Administration	792,250	159,417	186,164	0	0	0	345,581	44%	397,000	742,581	94%	49,669	6
	,			-	_	_	0.0,001			,		,	-
Total Expenditures	75,439,193	8,723,003	17,798,146	0	0	0	26,521,149	35%	51,064,900	77,586,049	103%	(2,146,856)	-3
State Personnel	24,562,205	3,108,217	6,109,146	0	0	0	9,217,362	38%	14,742,000	23,959,362	98%	602,843	2
Staff Augmentation	14,750,234	1,410,468	3,463,324	0	0	0	4,873,792	33%	12,045,000	16,918,792	115%	(2,168,558)	-15
Service Contracts	17,889,605	2,063,710	4,928,812	0	0	0	6,992,522	39%	12,800,000	19,792,522	111%	(1,902,917)	-11
Hardware/Software	6,095,871	1,731,171	62,409	0	0	0	1,793,580	29%	3,475,000	5,268,580	86%	827,291	14
MNIT Central Services	9,800,111	0	2,784,212	0	0	0	2,784,212	28%	6,935,500	9,719,712	99%	80,399	1
General Administration	2,341,167	409,437	450,243	0	0	0	859,680	37%	1,067,400	1,927,080	82%	414,087	18
Financing													
Development	45,446,942	5,929,350	10,618,614	0	0	0	16,547,963		31,135,400	47,683,363		(2,236,421)	
MNsure - Premium Withhold	6,411,641	624,588	952,867	0	0	0	1,577,455		4,162,500	5,739,955		671,686	
MNsure - Federal CCIIO	0	0	0	0	0	0	0		0	0		0	
DHS - Federal Medicaid	35,131,771	4,774,285	8,699,171	0	0	0	13,473,456		24,275,610	37,749,066		(2,617,295)	
DHS - State Appropriation	3,903,530	530,477	966,575	0	0	0	1,497,052		2,697,290	4,194,342		(290,812)	
Operations	29,992,251	2,793,653	7,179,532	0	0	0	9,973,185		19,929,500	29,902,685		89,566	
MNsure - Premium Withhold	3,133,359	360,927	879,276	0	0	0	1,240,203		1,592,115	2,832,318		301,041	
MNsure - Federal CCIIO	0	0	0	0	0	0	0		0	0		0	-
DHS - Federal Medicaid	19,894,738	1,796,226	4,700,744	0	0	0	6,496,970		13,702,632	20,199,602		(304,864)	
DHS - State Appropriation	6,964,154	636,500	1,599,512	0	0	0	2,236,012		4,634,753	6,870,765		93,389	
Total Financing	75,439,193	8,723,003	17,798,146	0	0	0	26,521,149		51,064,900	77,586,049		(2,146,856)	
MNsure - Premium Withhold	9,545,000	985,515	1,832,143	0	0	0	2,817,658		5,754,615	8,572,273		972,727	
MNsure - Federal CCIIO	0	0	0	0	0	0	0		0	0		0	
DHS - Federal Medicaid	55,026,509	6,570,511	13,399,915	0	0	0	19,970,426		37,978,242	57,948,668		(2,922,159)	
DHS - State Appropriation	10,867,684	1,166,977	2,566,088	0	0	0	3,733,064		7,332,043	11,065,107		(197,423)	
												-	

Notes: - Development includes federally defined and applicable work, and MNsure development contributions. All other expenses considered operations. - 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.