

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

September 30, 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 vears.
- 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 fourth quarter, ending June 30, 2019. Of particular note:

- 1. DHS submitted a FFY20 METS Implementation Advanced Planning Document (IAPD) to the Centers for Medicare and Medicaid Services (CMS) to request development funding through 9/30/2020.
- 2. The FY2020 Development budget in Table 1 reflects the final quarter of the FFY19 METS IAPD. The next quarterly financial report will include three quarters of the FFY20 METS IAPD, as well as the FY20 QHP Development budget. The FY2020 Operations budget is currently being finalized and will also be presented for approval with the next financial report.
- 3. In Table 2, we are projecting to finish the year with the development budget approximately 96% spent, and the operations budget approximately 94% spent. We are in the process of balancing out the individual categories, applying available funding in some areas to cover pressure in other areas.

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

Charles E. Johnson, Co-Chair METS

Deputy Commissioner, DHS

Gregory Poehling, Co-Chair METS

Chief Business Technology Officer, MNIT

## Minnesota Eligibility Technology System

## Fiscal Report for QE 6-30-2019

## 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:

<u>Table 1: Overall View of METS Budget</u>. 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. The FY2020 preliminary budget for development reflects the last quarter of the current federal award. Future development budget dollars will be added to the report as they are approved. FY2020 & FY2021 preliminary operations budgets are assumed to continue at the current levels, but are re-evaluated annually.

<u>Table 2: Budget vs Est. YTD (expenditures & est. remaining encumbrances)</u> Table 2 addresses FY 2019 and shows the recently closed 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 6-30-2019

ABLE 1: Overall Budget View	FY 2018 Actual	FY 2019 Budget	FY 2020 Preliminary	FY 2021 Preliminary	
penditures					
Rpenditures					
Development	45,621,894	45,446,942	15,707,736		
State Personnel	12,382,333	14,435,437	4,826,074		
Staff Augmentation	10,885,345	9,975,676	3,968,690		
Service Contracts	17,592,645	16,229,605	5,990,169		
Hardware/Software	2,147,730	1,754,296	394,865		
MNIT Central Services	916,436	1,503,011	602,779		
General Administration	1,697,405	1,548,917	(74,841)		
Operations	27,213,959	29,992,251	29,992,251	29,992,25	
State Personnel	8,719,910	10,126,768	10,126,768	10,126,76	
Staff Augmentation	2,620,429	4,774,558	4,774,558	4,774,55	
Service Contracts	993,081	1,660,000	1,660,000	1,660,00	
Hardware/Software	6,148,204	4,341,575	4,341,575	4,341,57	
MNIT Central Services	7,876,110	8,297,100	8,297,100	8,297,10	
General Administration	856,225	792,250	792,250	792,25	
Total Expenditures	72,835,853	75,439,193	45,699,987	29,992,25	
State Personnel	21,102,243	24,562,205	14,952,842	10,126,76	
Staff Augmentation	13,505,774	14,750,234	8,743,248	4,774,55	
Service Contracts	18,585,726	17,889,605	7,650,169	1,660,00	
Hardware/Software	8,295,934	6,095,871	4,736,440	4,341,57	
MNIT Central Services	8,792,546	9,800,111	8,899,879	8,297,10	
General Administration	2,553,630	2,341,167	717,409	792,25	
	_V				
nancing					
nancing  Development - TOTAL	45,621,894	45,446,942	15,707,736		
	<b>45,621,894</b> 37,983,031	<b>45,446,942</b> 31,967,750	<b>15,707,736</b> 11,616,970		
Development - TOTAL					
Development - TOTAL Federal Share	37,983,031	31,967,750	11,616,970		
Development - TOTAL Federal Share CCIIO	37,983,031 2,698,912	31,967,750 0	11,616,970 0		
Development - TOTAL Federal Share CCIIO Medicaid	37,983,031 2,698,912 35,284,119	31,967,750 0 31,967,750	11,616,970 0 11,616,970		
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share	37,983,031 2,698,912 35,284,119 7,638,863	31,967,750 0 31,967,750 13,479,192	11,616,970 0 11,616,970 4,090,766		
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure	37,983,031 2,698,912 35,284,119 7,638,863 3,706,016	31,967,750 0 31,967,750 13,479,192 6,411,641	11,616,970 0 11,616,970 4,090,766 0	29,992,25	
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS	37,983,031 2,698,912 35,284,119 7,638,863 3,706,016 3,932,847	31,967,750 0 31,967,750 13,479,192 6,411,641 7,067,551	11,616,970 0 11,616,970 4,090,766 0 4,090,766		
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  Operations - TOTAL	37,983,031 2,698,912 35,284,119 7,638,863 3,706,016 3,932,847 27,213,959	31,967,750 0 31,967,750 13,479,192 6,411,641 7,067,551 29,992,251	11,616,970 0 11,616,970 4,090,766 0 4,090,766 29,992,251		
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  Operations - TOTAL Federal Share	37,983,031 2,698,912 35,284,119 7,638,863 3,706,016 3,932,847 27,213,959 17,175,878	31,967,750 0 31,967,750 13,479,192 6,411,641 7,067,551 <b>29,992,251</b> 18,092,149	11,616,970 0 11,616,970 4,090,766 0 4,090,766 29,992,251 16,579,824	16,579,82	
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  Operations - TOTAL Federal Share CCIIO	37,983,031 2,698,912 35,284,119 7,638,863 3,706,016 3,932,847 27,213,959 17,175,878	31,967,750 0 31,967,750 13,479,192 6,411,641 7,067,551 <b>29,992,251</b> 18,092,149 0	11,616,970 0 11,616,970 4,090,766 0 4,090,766 29,992,251 16,579,824	16,579,82 16,579,82	
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  Operations - TOTAL Federal Share CCIIO Medicaid	37,983,031 2,698,912 35,284,119 7,638,863 3,706,016 3,932,847 27,213,959 17,175,878 0	31,967,750 0 31,967,750 13,479,192 6,411,641 7,067,551 <b>29,992,251</b> 18,092,149 0 18,092,149	11,616,970 0 11,616,970 4,090,766 0 4,090,766 29,992,251 16,579,824 0 16,579,824	<b>29,992,25</b> 16,579,82 16,579,82 13,412,42	
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  Operations - TOTAL Federal Share CCIIO Medicaid Non-Federal Share	37,983,031 2,698,912 35,284,119 7,638,863 3,706,016 3,932,847 27,213,959 17,175,878 0 17,175,878 10,038,081	31,967,750 0 31,967,750 13,479,192 6,411,641 7,067,551 <b>29,992,251</b> 18,092,149 0 18,092,149 11,900,102	11,616,970 0 11,616,970 4,090,766 0 4,090,766 29,992,251 16,579,824 0 16,579,824 13,412,427	29,992,25 16,579,82 16,579,82 13,412,42 4,921,94 8,490,47	
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  Operations - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure	37,983,031 2,698,912 35,284,119 7,638,863 3,706,016 3,932,847 27,213,959 17,175,878 0 17,175,878 10,038,081 3,889,815	31,967,750 0 31,967,750 13,479,192 6,411,641 7,067,551 29,992,251 18,092,149 0 18,092,149 11,900,102 4,201,438	11,616,970 0 11,616,970 4,090,766 0 4,090,766 29,992,251 16,579,824 0 16,579,824 13,412,427 4,921,948	29,992,25 16,579,82 16,579,82 13,412,42 4,921,94	
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  Operations - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS	37,983,031 2,698,912 35,284,119 7,638,863 3,706,016 3,932,847 27,213,959 17,175,878 0 17,175,878 10,038,081 3,889,815 6,148,267	31,967,750 0 31,967,750 13,479,192 6,411,641 7,067,551 29,992,251 18,092,149 0 18,092,149 11,900,102 4,201,438 7,698,664	11,616,970 0 11,616,970 4,090,766 0 4,090,766 29,992,251 16,579,824 0 16,579,824 13,412,427 4,921,948 8,490,479	29,992,25 16,579,82 16,579,82 13,412,42 4,921,94 8,490,47 29,992,25	
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  Operations - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  TOTAL FINANCING	37,983,031 2,698,912 35,284,119 7,638,863 3,706,016 3,932,847 27,213,959 17,175,878 0 17,175,878 10,038,081 3,889,815 6,148,267	31,967,750 0 31,967,750 13,479,192 6,411,641 7,067,551 29,992,251 18,092,149 0 18,092,149 11,900,102 4,201,438 7,698,664	11,616,970 0 11,616,970 4,090,766 0 4,090,766 29,992,251 16,579,824 0 16,579,824 13,412,427 4,921,948 8,490,479	29,992,25 16,579,82 16,579,82 13,412,42 4,921,94 8,490,47	
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  Operations - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  TOTAL FINANCING Federal Share	37,983,031 2,698,912 35,284,119 7,638,863 3,706,016 3,932,847  27,213,959 17,175,878 0 17,175,878 10,038,081 3,889,815 6,148,267  72,835,853 55,158,909	31,967,750 0 31,967,750 13,479,192 6,411,641 7,067,551 29,992,251 18,092,149 0 18,092,149 11,900,102 4,201,438 7,698,664 75,439,193 50,059,899	11,616,970 0 11,616,970 4,090,766 0 4,090,766 29,992,251 16,579,824 0 16,579,824 13,412,427 4,921,948 8,490,479 45,699,987 28,196,794	29,992,25 16,579,82 16,579,82 13,412,42 4,921,94 8,490,47 29,992,25 16,579,82	
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  Operations - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  TOTAL FINANCING Federal Share CCIIO	37,983,031 2,698,912 35,284,119 7,638,863 3,706,016 3,932,847  27,213,959 17,175,878 0 17,175,878 10,038,081 3,889,815 6,148,267  72,835,853 55,158,909 2,698,912	31,967,750 0 31,967,750 13,479,192 6,411,641 7,067,551 29,992,251 18,092,149 0 18,092,149 11,900,102 4,201,438 7,698,664 75,439,193 50,059,899 0	11,616,970 0 11,616,970 4,090,766 0 4,090,766 29,992,251 16,579,824 0 16,579,824 13,412,427 4,921,948 8,490,479 45,699,987 28,196,794 0	29,992,25 16,579,82 16,579,82 13,412,42 4,921,94 8,490,47 29,992,25 16,579,82	
Development - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  Operations - TOTAL Federal Share CCIIO Medicaid Non-Federal Share MNsure DHS  TOTAL FINANCING Federal Share CCIIO Medicaid	37,983,031 2,698,912 35,284,119 7,638,863 3,706,016 3,932,847  27,213,959 17,175,878 0 17,175,878 10,038,081 3,889,815 6,148,267 72,835,853 55,158,909 2,698,912 52,459,997	31,967,750 0 31,967,750 13,479,192 6,411,641 7,067,551 29,992,251 18,092,149 0 18,092,149 11,900,102 4,201,438 7,698,664 75,439,193 50,059,899 0 50,059,899	11,616,970 0 11,616,970 4,090,766 0 4,090,766 29,992,251 16,579,824 0 16,579,824 13,412,427 4,921,948 8,490,479 45,699,987 28,196,794 0 28,196,794	16,579,82 16,579,82 13,412,42 4,921,94 8,490,47 <b>29,992,25</b> 16,579,82	

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 6-30-2019

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	10,388,959	9,885,086	10,264,242	0	36,784,944	81%	7,063,500	43,848,444	96%	1,598,498	4%
State Personnel	14,435,437	2,335,925	3,314,012	2,791,510	2,293,396		10,734,843	74%	1,843,000	12,577,843	87%	1,857,594	139
Staff Augmentation	9,975,676	1,123,291	2,427,575	1,989,950	2,536,397		8,077,213	81%	2,505,000	10,582,213	106%	(606,537)	-69
Service Contracts	16,229,605	1,970,106	4,321,521	3,952,680	4,674,595		14,918,902	92%	2,110,000	17,028,902	105%	(799,297)	-59
Hardware/Software	1,754,296	567,315	21,932	532,240	298,772		1,420,259	81%	55,000	1,475,259	84%	279,037	169
MNIT Central Services	1,503,011	0	37,078	373,571	140,467		551,116	37%	500,000	1,051,116	70%	451,895	309
General Administration	1,548,917	250,020	266,841	245,135	320,615		1,082,611	70%	50,500	1,133,111	73%	415,806	279
Operations	29,992,251	2,793,653	7,179,532	8,989,940	4,220,464	0	23,183,589	77%	5,028,100	28,211,689	94%	1,780,562	69
State Personnel	10,126,768	1,089,599	2,562,717	2,535,821	2,118,496		8,306,633	82%	1,435,000	9,741,633	96%	385,135	49
Staff Augmentation	4,774,558	287,177	1,035,749	1,020,619	787,645		3,131,190	66%	895,000	4,026,190	84%	748,368	169
Service Contracts	1,660,000	93,604	607,291	1,191,321	42,252		1,934,468	117%	295,000	2,229,468	134%	(569,468)	-34
Hardware/Software	4,341,575	1,163,856	40,477	1,886,546	347,110		3,437,989	79%	85,000	3,522,989	81%	818,586	199
MNIT Central Services	8,297,100	0	2,747,134	2,200,421	720,387		5,667,942	68%	2,350,000	8,017,942	97%	279,158	39
General Administration	792,250	159,417	186,164	155,212	204,574		705,367	89%	(31,900)	673,467	85%	118,783	159
Total Expenditures	75,439,193	8,723,003	17,568,492	18,875,026	14,484,706	0	59,651,226	79%	12,091,600	72,060,134	96%	3,379,059	45
State Personnel	24,562,205	3,108,217	5,876,730	5,327,331	4,411,892		18,724,169	76%	3,278,000	22,319,477	91%	2,242,728	99
Staff Augmentation	14,750,234	1,410,468	3,463,324	3,010,569	3,324,042		11,208,403	76%	3,400,000	14,608,403	99%	141,831	19
Service Contracts	17,889,605	2,063,710	4,928,812	5,144,001	4,716,847		16,853,370	94%	2,405,000	19,258,370	108%	(1,368,765)	-89
Hardware/Software	6,095,871	1,731,171	62,409	2,418,786	645,882		4,858,248	80%	140,000	4,998,248	82%	1,097,623	189
MNIT Central Services	9,800,111	0	2,784,212	2,573,992	860,854		6,219,058	63%	2,850,000	9,069,058	93%	731,053	79
General Administration	2,341,167	409,437	453,005	400,347	525,189		1,787,978	76%	18,600	1,806,578	77%	534,589	239
Financing									1				
Development - TOTAL	45,446,942	5,929,350	10,388,959	9,885,086	10,264,242	0	36,784,944		7,063,500	43,848,444	-	1,598,498	
Federal Share	31,967,750	5,059,862	8,492,483	7,452,702	6,958,755	0	27,963,802		4,258,490	32,222,292		(254,542)	
Medicaid	31,967,750	5,059,862	8,492,483	7,452,702	6,958,755	0	27,963,802		4,258,490	32,222,292		(254,542)	
Non-Federal Share	13,479,192	869,488	1,896,476	2,432,384	3,305,487	0	8,821,142	3	2,805,010	11,626,152		1,853,040	
MNsure	6,411,641	624,588	952,867	695,169	894,911	0	3,167,535		1,305,500	4,473,035		1,938,606	
DHS	7,067,551	244,900	943,609	1,737,215	2,410,576	0	5,653,607		1,499,510	7,153,117		(85,566)	
Operations - TOTAL	29,992,251	2,793,653	7,179,532	8,989,940	4,220,464	0	23,183,589		5,028,100	28,211,689		1,780,562	
Federal Share	18,092,149	1,796,226	4,700,744	5,552,150	2,390,712	0	14,439,832		2,973,662	17,413,494		678,655	
Medicaid	18,092,149	1,796,226	4,700,744	5,552,150	2,390,712	0	14,439,832		2,973,662	17,413,494		678,655	
Non-Federal Share	11,900,102	997,427	2,478,788	3,437,790	1,829,752	0	8,743,757		2,054,438	10,798,195		1,101,907	
MNsure	4,201,438	360,927	879,276	1,125,938	634,091	0	3,000,232		619,326	3,619,558		581,880	
DHS	7,698,664	636,500	1,599,512	2,311,852	1,195,661	0	5,743,525		1,435,112	7,178,637		520,027	
TOTAL FINANCING	75,439,193	8,723,003	17,568,492	18,875,026	14,484,706	0	59,968,534		12,091,600	72,060,134		3,379,059	-
Federal Share	50,059,899	6,856,088	13,193,227	13,004,852	9,349,467	0	42,403,634		7,232,152	49,635,786		424,113	
Medicaid	50,059,899	6,856,088	13,193,227	13,004,852	9,349,467	0	42,403,634		7,232,152	49,635,786		424,113	
Non-Federal Share	25,379,294	1,866,915	4,375,265	5,870,174	5,135,239	0	17,564,900		4,859,448	22,424,348		2,954,946	
MNsure	10,613,079	985,515	1,832,143	1,821,107	1,529,002	0	6,167,767		1,924,826	8,092,593		2,520,486	
DHS	14,766,215	881,400	2,543,121	4,049,067	3,606,237	0	11,397,132		2,934,622	14,331,754		434,461	

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.