



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 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 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:

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. 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.

Table 2: Budget vs Est. YTD (expenditures & est. remaining encumbrances) 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:

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

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TABLE 1: Overall Budget View	FY 2018 Actual	FY 2019 Budget	FY 2020 Preliminary	FY 2021 Preliminary
Expenditures				
Development	45,621,894	45,446,942	15,707,736	0
State Personnel	12,382,333	14,435,437	4,826,074	0
Staff Augmentation	10,885,345	9,975,676	3,968,690	0
Service Contracts	17,592,645	16,229,605	5,990,169	0
Hardware/Software	2,147,730	1,754,296	394,865	0
MNIT Central Services	916,436	1,503,011	602,779	0
General Administration	1,697,405	1,548,917	(74,841)	0
Operations	27,213,959	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	2,620,429	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	856,225	792,250	792,250	792,250
Total Expenditures	72,835,853	75,439,193	45,699,987	29,992,251
State Personnel	21,102,243	24,562,205	14,952,842	10,126,768
Staff Augmentation	13,505,774	14,750,234	8,743,248	4,774,558
Service Contracts	18,585,726	17,889,605	7,650,169	1,660,000
Hardware/Software	8,295,934	6,095,871	4,736,440	4,341,575
MNIT Central Services	8,792,546	9,800,111	8,899,879	8,297,100
General Administration	2,553,630	2,341,167	717,409	792,250
Financing				
Development - TOTAL	45,621,894	45,446,942	15,707,736	0
Federal Share	37,983,031	31,967,750	11,616,970	0
CCIO	2,698,912	0	0	0
Medicaid	35,284,119	31,967,750	11,616,970	0
Non-Federal Share	7,638,863	13,479,192	4,090,766	0
MNSure	3,706,016	6,411,641	0	0
DHS	3,932,847	7,067,551	4,090,766	0
Operations - TOTAL	27,213,959	29,992,251	29,992,251	29,992,251
Federal Share	17,175,878	18,092,149	16,579,824	16,579,824
CCIO	0	0	0	0
Medicaid	17,175,878	18,092,149	16,579,824	16,579,824
Non-Federal Share	10,038,081	11,900,102	13,412,427	13,412,427
MNSure	3,889,815	4,201,438	4,921,948	4,921,948
DHS	6,148,267	7,698,664	8,490,479	8,490,479
TOTAL FINANCING	72,835,853	75,439,193	45,699,987	29,992,251
Federal Share	55,158,909	50,059,899	28,196,794	16,579,824
CCIO	2,698,912	0	0	0
Medicaid	52,459,997	50,059,899	28,196,794	16,579,824
Non-Federal Share	17,676,944	25,379,294	17,503,193	13,412,427
MNSure	7,595,830	10,613,079	4,921,948	4,921,948
DHS	10,081,114	14,766,215	12,581,245	8,490,479
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 6-30-2019

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.