

Minnesota Department of Human Services  
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March 15, 2023

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 for the attached quarterly update:

- 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) "FY2023 vs. YTD (year to date)" provides expenditures 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 actual expenditures through the second quarter of fiscal year 2023, ending December 31, 2022. Of particular note:

1. In Table 2, we are projecting a small underspend in development through the end of the year. However, DHS is currently preparing an as-needed update to request additional funding for APD development. When approved, the budget and projected spend will be reflected in future quarterly reports.
2. Further down on Table 2, we are projecting the operations budget to be 99% spent in 2023. As we get closer to year end, we will balance out the individual categories, applying available funding in some areas to cover pressures in other areas.
3. Per federal guidance, both the Public Health Emergency and continuous coverage of medical assistance are set to expire within the next two months. METS enhancement work may be slowed or stopped in order to prioritize system modifications needed as a result of these COVID-related policy changes.

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



Gregory Poehling, Co-Chair METS  
Chief Services Transformation Officer, DHS



Jon Eichten, Co-Chair METS  
Deputy Commissioner, MNIT

# Minnesota Eligibility Technology System

## Fiscal Report for QE 12/31/2022

### 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 for FY 2021, estimated actual for FY 2022, budget for FY 2023 and preliminary budget for FY 2024. The FY 2024 preliminary budget for development reflects the last quarter of the current federal award. The FY 2024 preliminary operations budgets are assumed to continue at the current level, but will be re-evaluated annually.

Table 2: Budget vs Est. YTD (expenditures & est. remaining encumbrances) Table 2 shows the fiscal year budgets, quarterly actual expenditures, and estimated encumbrances. Note that these tables include 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 12/31/2022

TABLE 1: Overall Budget View	FY 2022 Est. Actual Spend	FY 2023 Budget	FY 2024 Preliminary	FY 2025 Preliminary
<b>Expenditures</b>				
<b>Development</b>	<b>31,405,845</b>	<b>22,489,732</b>	<b>5,754,500</b>	<b>0</b>
State Personnel	11,030,381	5,761,705	867,000	0
Staff Augmentation	4,264,770	2,195,000	329,000	0
Service Contracts	8,906,792	6,557,510	1,370,000	0
Hardware/Software	5,238,361	6,968,614	3,060,000	0
MNIT Central Services	545,197	306,000	58,000	0
General Administration	1,420,343	700,903	70,500	0
<b>Operations</b>	<b>34,387,214</b>	<b>36,573,622</b>	<b>35,361,645</b>	<b>35,094,203</b>
State Personnel	12,316,989	15,017,322	14,269,091	14,051,649
Staff Augmentation	1,514,673	1,367,221	1,367,221	1,317,221
Service Contracts	7,035,607	6,262,547	5,798,801	5,798,801
Hardware/Software	4,869,539	5,205,500	5,205,500	5,205,500
MNIT Central Services	8,005,444	8,006,032	8,006,032	8,006,032
General Administration	644,963	715,000	715,000	715,000
<b>Total Expenditures</b>	<b>65,793,059</b>	<b>59,063,354</b>	<b>41,116,145</b>	<b>35,094,203</b>
State Personnel	23,347,370	20,779,027	15,136,091	14,051,649
Staff Augmentation	5,779,443	3,562,221	1,696,221	1,317,221
Service Contracts	15,942,399	12,820,057	7,168,801	5,798,801
Hardware/Software	10,107,899	12,174,114	8,265,500	5,205,500
MNIT Central Services	8,550,641	8,312,032	8,064,032	8,006,032
General Administration	2,065,307	1,415,903	785,500	715,000
<b>Financing</b>				
<b>Development - TOTAL</b>	<b>31,405,845</b>	<b>22,489,732</b>	<b>5,754,500</b>	<b>0</b>
Federal Share	24,202,557	17,703,782	4,462,115	0
CCIIO/ARPA	288,486	351,338	0	0
Medicaid	23,914,072	17,352,444	4,462,115	0
Non-Federal Share	7,203,287	4,785,950	1,292,385	0
MNsure	53,000	0	0	0
DHS	7,150,287	4,785,950	1,292,385	0
<b>Operations - TOTAL</b>	<b>34,387,214</b>	<b>36,573,622</b>	<b>35,361,645</b>	<b>35,094,203</b>
Federal Share	19,812,972	20,312,401	19,832,152	19,664,643
CCIIO/ARPA	0	0	0	0
Medicaid	19,812,972	20,312,401	19,832,152	19,664,643
Non-Federal Share	14,574,242	16,261,221	15,529,493	15,429,560
MNsure	5,527,710	5,642,782	5,642,782	5,642,782
DHS	9,046,532	10,618,439	9,886,711	9,786,778
<b>TOTAL FINANCING</b>	<b>65,793,059</b>	<b>59,063,354</b>	<b>41,116,145</b>	<b>35,094,203</b>
Federal Share	44,015,529	38,016,182	24,294,267	19,664,643
CCIIO/ARPA	288,486	351,338	0	0
Medicaid	43,727,043	37,664,844	24,294,267	19,664,643
Non-Federal Share	21,777,530	21,047,172	16,821,878	15,429,560
MNsure	5,580,710	5,642,782	5,642,782	5,642,782
DHS	16,196,820	15,404,390	11,179,096	9,786,778

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).  
 - CCIIO/ARPA category within the Financing section represents federal grants used to fund METS development. The CCIIO grant was used to set up the METS system and concluded on 12/31/17. Beginning March 15, 2021, The American Rescue Plan Act (ARPA) is being used for system enhancements related to COVID-19 response.

TABLE 2: FY 2023 Budget vs YTD Expenditures	FY 2023 Budget	QE 9/30/22 Expenditures	QE 12/31/22 Expenditures	QE 3/31/23 Expenditures	QE 6/30/23 Expenditures	Expenditures After FY End	YTD Expenditures	%	Estimated Encumbrances	Est. FY Exp & Enc	%	Estimated Balance	%
<b>Development - Total</b>	<b>22,489,732</b>	<b>4,063,293</b>	<b>6,637,450</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,700,742</b>	<b>48%</b>	<b>10,585,915</b>	<b>21,286,657</b>	<b>95%</b>	<b>1,209,075</b>	<b>5%</b>
State Personnel	5,761,705	306,297	2,571,577	0	0	0	2,877,874	50%	2,698,113	5,575,987	97%	189,418	3%
Staff Augmentation	2,195,000	0	668,889	0	0	0	668,889	30%	1,181,855	1,850,744	84%	344,256	16%
Service Contracts	6,557,510	33,024	2,585,587	0	0	0	2,618,611	40%	3,938,899	6,557,510	100%	0	0%
Hardware/Software	6,968,614	3,563,986	470,324	0	0	0	4,034,310	58%	2,149,259	6,183,569	89%	785,045	11%
MNIT Central Services	306,000	0	179,690	0	0	0	179,690	59%	250,255	429,945	141%	(121,645)	-40%
General Administration	700,903	159,986	161,382	0	0	0	321,368	46%	367,534	688,902	98%	12,001	2%
<b>Operations - Total</b>	<b>36,573,622</b>	<b>4,940,591</b>	<b>11,035,605</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,976,196</b>	<b>44%</b>	<b>20,096,646</b>	<b>36,072,842</b>	<b>99%</b>	<b>500,780</b>	<b>1%</b>
State Personnel	15,017,322	0	5,836,143	0	0	0	5,836,143	39%	8,977,674	14,813,816	99%	203,506	1%
Staff Augmentation	1,367,221	59,542	602,894	0	0	0	662,436	48%	481,884	1,144,320	84%	222,901	16%
Service Contracts	6,262,547	634,052	1,375,235	0	0	0	2,009,286	32%	3,662,502	5,671,788	91%	590,759	9%
Hardware/Software	5,205,500	4,098,369	361,263	0	0	0	4,459,631	86%	1,280,626	5,740,257	110%	(534,757)	-10%
MNIT Central Services	8,006,032	0	2,706,852	0	0	0	2,706,852	34%	5,354,250	8,061,102	101%	(55,070)	-1%
General Administration	715,000	148,629	153,220	0	0	0	301,849	42%	339,710	641,559	90%	73,441	10%
<b>Total Expenditures</b>	<b>59,063,354</b>	<b>9,003,884</b>	<b>17,673,055</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,676,938</b>	<b>45%</b>	<b>30,682,561</b>	<b>57,359,499</b>	<b>97%</b>	<b>1,709,855</b>	<b>3%</b>
State Personnel	20,779,027	306,297	8,407,719	0	0	0	8,714,016	42%	11,675,787	20,389,803	98%	392,924	2%
Staff Augmentation	3,562,221	59,542	1,271,783	0	0	0	1,331,325	37%	1,663,739	2,995,064	84%	567,157	16%
Service Contracts	12,820,057	667,076	3,960,822	0	0	0	4,627,898	36%	7,601,401	12,229,298	95%	590,759	5%
Hardware/Software	12,174,114	7,662,354	831,586	0	0	0	8,493,941	70%	3,429,885	11,923,826	98%	250,288	2%
MNIT Central Services	8,312,032	0	2,886,542	0	0	0	2,886,542	35%	5,604,505	8,491,047	102%	(176,715)	-2%
General Administration	1,415,903	308,615	314,602	0	0	0	623,217	44%	707,245	1,330,462	94%	85,441	6%
<b>Financing - Development</b>													
<b>Development - TOTAL</b>	<b>22,489,732</b>	<b>4,063,293</b>	<b>6,637,450</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,700,742</b>		<b>10,585,915</b>	<b>21,286,657</b>		<b>1,209,075</b>	
<b>Federal Share</b>	<b>17,703,782</b>	<b>3,068,365</b>	<b>5,170,511</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,238,877</b>		<b>8,528,141</b>	<b>16,767,018</b>		<b>936,764</b>	
CCIIO/ARPA	351,338	0	9,898	0	0	0	9,898		341,440	351,338		0	
Medicaid	17,352,444	3,068,365	5,160,613	0	0	0	8,228,979		8,186,702	16,415,680		936,763	
<b>Non-Federal Share</b>	<b>4,785,950</b>	<b>994,927</b>	<b>1,466,938</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,461,865</b>		<b>2,057,774</b>	<b>4,519,639</b>		<b>272,311</b>	
MNsure	0	0	0	0	0	0	0		0	0		6,000	
DHS	4,785,950	994,927	1,466,938	0	0	0	2,461,865		2,057,774	4,519,639		266,311	
<b>Operations - TOTAL</b>	<b>36,573,622</b>	<b>4,940,591</b>	<b>11,035,605</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,976,196</b>		<b>20,096,646</b>	<b>36,072,842</b>		<b>500,780</b>	
<b>Federal Share</b>	<b>20,312,401</b>	<b>2,697,086</b>	<b>6,142,189</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,839,275</b>		<b>11,173,059</b>	<b>20,012,334</b>		<b>300,067</b>	
CCIIO/ARPA	0	0	0	0	0	0	0		0	0		0	
Medicaid	20,312,401	2,697,086	6,142,189	0	0	0	8,839,275		11,173,059	20,012,334		300,067	
<b>Non-Federal Share</b>	<b>16,261,221</b>	<b>2,243,505</b>	<b>4,893,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,136,921</b>		<b>8,923,587</b>	<b>16,060,508</b>		<b>200,713</b>	
MNsure	5,642,782	988,130	1,456,223	0	0	0	2,444,353		3,073,768	5,518,121		124,661	
DHS	10,618,439	1,255,375	3,437,193	0	0	0	4,692,568		5,849,820	10,542,388		76,052	
<b>TOTAL FINANCING</b>	<b>59,063,354</b>	<b>9,003,884</b>	<b>17,673,055</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,676,938</b>	<b>0</b>	<b>30,682,561</b>	<b>57,359,499</b>		<b>1,709,855</b>	
<b>Federal Share</b>	<b>38,016,182</b>	<b>5,765,451</b>	<b>11,312,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,078,152</b>	<b>0</b>	<b>19,701,200</b>	<b>36,779,352</b>		<b>1,236,831</b>	
CCIIO/ARPA	351,338	0	9,898	0	0	0	9,898	0	341,440	351,338		0	
Medicaid	37,664,844	5,765,451	11,302,802	0	0	0	17,068,254	0	19,359,761	36,428,014		1,236,830	
<b>Non-Federal Share</b>	<b>21,047,172</b>	<b>3,238,432</b>	<b>6,360,355</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,598,787</b>	<b>0</b>	<b>10,981,361</b>	<b>20,580,148</b>		<b>473,024</b>	
MNsure	5,642,782	988,130	1,456,223	0	0	0	2,444,353	0	3,073,768	5,518,121		130,661	
DHS	15,404,390	2,250,302	4,904,131	0	0	0	7,154,433	0	7,907,593	15,062,027		342,363	

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.