

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

May 24, 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 third quarter of fiscal year 2023, ending March 31, 2023. Of particular note:

1. In Table 2, the underspend in development has increased from the prior quarter. In April, DHS decided to pause a large development project in order to focus time and effort on the end of the Public Health Emergency.
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 have expired. Beyond the large development project mentioned in point 1 above, additional 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 03/31/2023

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: estimated actual for FY 2022, budget for FY 2023 and preliminary budgets for FY 2024 and FY 2025. The FY 2024 preliminary budget for development reflects the last quarter of the current federal award. The FY 2024 and FY 2025 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 03/31/2023

TABLE 1: Overall Budget View	FY 2022 Est. Actual Spend	FY 2023 Budget	FY 2024 Preliminary	FY 2025 Preliminary
Expenditures				
Development	31,405,845	22,489,732	5,754,500	0
<i>State Personnel</i>	11,030,381	5,761,705	867,000	0
<i>Staff Augmentation</i>	4,264,770	2,195,000	329,000	0
<i>Service Contracts</i>	8,906,792	6,557,510	1,370,000	0
<i>Hardware/Software</i>	5,238,361	6,968,614	3,060,000	0
<i>MNIT Central Services</i>	545,197	306,000	58,000	0
<i>General Administration</i>	1,420,343	700,903	70,500	0
Operations	34,387,214	36,573,622	35,361,645	35,094,203
<i>State Personnel</i>	12,316,989	15,017,322	14,319,091	14,051,649
<i>Staff Augmentation</i>	1,514,673	1,367,221	1,317,221	1,317,221
<i>Service Contracts</i>	7,035,607	6,262,547	5,798,801	5,798,801
<i>Hardware/Software</i>	4,869,539	5,205,500	5,205,500	5,205,500
<i>MNIT Central Services</i>	8,005,444	8,006,032	8,006,032	8,006,032
<i>General Administration</i>	644,963	715,000	715,000	715,000
Total Expenditures	65,793,059	59,063,354	41,116,145	35,094,203
<i>State Personnel</i>	23,347,370	20,779,027	15,186,091	14,051,649
<i>Staff Augmentation</i>	5,779,443	3,562,221	1,646,221	1,317,221
<i>Service Contracts</i>	15,942,399	12,820,057	7,168,801	5,798,801
<i>Hardware/Software</i>	10,107,899	12,174,114	8,265,500	5,205,500
<i>MNIT Central Services</i>	8,550,641	8,312,032	8,064,032	8,006,032
<i>General Administration</i>	2,065,307	1,415,903	785,500	715,000
Financing				
Development - TOTAL	31,405,845	22,489,732	5,754,500	0
Federal Share	24,202,557	17,703,782	4,462,115	0
CCIO/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
Operations - TOTAL	34,387,214	36,573,622	35,361,645	35,094,203
Federal Share	19,812,972	20,312,401	19,863,469	19,664,643
CCIO/ARPA	0	0	0	0
Medicaid	19,812,972	20,312,401	19,863,469	19,664,643
Non-Federal Share	14,574,242	16,261,221	15,498,176	15,429,560
MNSure	5,527,710	5,642,782	5,642,782	5,642,782
DHS	9,046,532	10,618,439	9,855,394	9,786,778
TOTAL FINANCING	65,793,059	59,063,354	41,116,145	35,094,203
Federal Share	44,015,529	38,016,182	24,325,584	19,664,643
CCIO/ARPA	288,486	351,338	0	0
Medicaid	43,727,043	37,664,844	24,325,584	19,664,643
Non-Federal Share	21,777,530	21,047,172	16,790,561	15,429,560
MNSure	5,580,710	5,642,782	5,642,782	5,642,782
DHS	16,196,820	15,404,390	11,147,779	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).
- CCIO/ARPA category within the Financing section represents federal grants used to fund METS development. The CCIO 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.

Minnesota Eligibility Technology System

Fiscal Report for QE 03/31/2023

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	%
Expenditures													
Development - Total	22,489,732	4,063,293	6,637,450	5,260,798	0	0	15,961,540	71%	3,247,151	19,208,691	85%	3,281,041	15%
State Personnel	5,761,705	306,297	2,571,577	965,078	0	0	3,842,952	67%	860,533	4,703,484	82%	1,058,221	18%
Staff Augmentation	2,195,000	0	668,889	197,368	0	0	866,257	39%	172,618	1,038,875	47%	1,156,125	53%
Service Contracts	6,557,510	33,024	2,585,587	1,934,670	0	0	4,553,282	69%	2,062,299	6,615,581	101%	(58,071)	-1%
Hardware/Software	6,968,614	3,563,986	470,324	1,921,764	0	0	5,956,073	85%	52,357	6,008,430	86%	960,184	14%
MNIT Central Services	306,000	0	179,690	71,312	0	0	251,002	82%	(87,663)	163,339	53%	142,661	47%
General Administration	700,903	159,986	161,382	170,606	0	0	491,974	70%	187,008	678,981	97%	21,922	3%
Operations - Total	36,573,622	4,940,591	11,035,605	6,581,902	0	0	22,558,098	62%	13,817,114	36,375,212	99%	198,410	1%
State Personnel	15,017,322	0	5,836,143	2,908,953	0	0	8,745,096	58%	5,961,577	14,706,673	98%	310,649	2%
Staff Augmentation	1,367,221	59,542	602,894	178,817	0	0	841,253	62%	339,692	1,180,945	86%	186,276	14%
Service Contracts	6,262,547	634,052	1,375,235	1,342,447	0	0	3,351,733	54%	2,899,766	6,251,499	100%	11,048	0%
Hardware/Software	5,205,500	4,098,369	361,263	1,244,430	0	0	5,704,061	110%	43,501	5,747,562	110%	(542,062)	-10%
MNIT Central Services	8,006,032	0	2,706,852	720,122	0	0	3,426,974	43%	4,384,914	7,811,888	98%	194,144	2%
General Administration	715,000	148,629	153,220	187,133	0	0	488,982	68%	187,664	676,645	95%	38,355	5%
Total Expenditures	59,063,354	9,003,884	17,673,055	11,842,700	0	0	38,519,638	65%	17,064,265	55,583,903	94%	3,479,451	6%
State Personnel	20,779,027	306,297	8,407,719	3,874,032	0	0	12,588,048	61%	6,822,110	19,410,158	93%	1,368,869	7%
Staff Augmentation	3,562,221	59,542	1,271,783	376,185	0	0	1,707,510	48%	512,310	2,219,820	62%	1,342,401	38%
Service Contracts	12,820,057	667,076	3,960,822	3,277,117	0	0	7,905,015	62%	4,962,065	12,867,080	100%	(47,023)	0%
Hardware/Software	12,174,114	7,662,354	831,586	3,166,193	0	0	11,660,134	96%	95,858	11,755,992	97%	418,122	3%
MNIT Central Services	8,312,032	0	2,886,542	791,434	0	0	3,677,976	44%	4,297,251	7,975,227	96%	336,805	4%
General Administration	1,415,903	308,615	314,602	357,738	0	0	980,955	69%	374,671	1,355,627	96%	60,276	4%
Financing													
Development - TOTAL	22,489,732	4,063,293	6,637,450	5,260,798	0	0	15,961,540		3,247,151	19,208,691		3,281,041	
Federal Share	17,703,782	3,068,365	5,170,511	4,138,326	0	0	12,377,202		2,700,836	15,078,038		2,625,743	
CCIO/ARPA	351,338	0	9,898	(2,360)	0	0	7,538		343,800	351,338		0	
Medicaid	17,352,444	3,068,365	5,160,613	4,140,686	0	0	12,369,665		2,357,036	14,726,701		2,625,743	
Non-Federal Share	4,785,950	994,927	1,466,938	1,122,472	0	0	3,584,338		546,315	4,130,652		655,298	
MNSure	0	0	0	0	0	0	0		0	0		0	
DHS	4,785,950	994,927	1,466,938	1,122,472	0	0	3,584,338		546,315	4,130,652		655,298	
Operations - TOTAL	36,573,622	4,940,591	11,035,605	6,581,902	0	0	22,558,098		13,817,114	36,375,212		198,410	
Federal Share	20,312,401	2,697,086	6,142,189	3,511,420	0	0	12,350,695		8,004,965	20,355,660		(43,259)	
CCIO/ARPA	0	0	0	0	0	0	0		0	0		0	
Medicaid	20,312,401	2,697,086	6,142,189	3,511,420	0	0	12,350,695		8,004,965	20,355,660		(43,259)	
Non-Federal Share	16,261,221	2,243,505	4,893,416	3,070,482	0	0	10,207,403		5,812,150	16,019,553		241,669	
MNSure	5,642,782	988,130	1,456,223	1,101,557	0	0	3,545,910		1,935,020	5,480,930		161,852	
DHS	10,618,439	1,255,375	3,437,193	1,968,925	0	0	6,661,493		3,877,130	10,538,623		79,817	
TOTAL FINANCING	59,063,354	9,003,884	17,673,055	11,842,700	0	0	38,519,638		17,064,265	55,583,903		3,479,451	
Federal Share	38,016,182	5,765,451	11,312,700	7,649,746	0	0	24,727,897		10,705,801	35,433,698		2,582,484	
CCIO/ARPA	351,338	0	9,898	(2,360)	0	0	7,538		343,800	351,338		0	
Medicaid	37,664,844	5,765,451	11,302,802	7,652,106	0	0	24,720,360		10,362,001	35,082,361		2,582,484	
Non-Federal Share	21,047,172	3,238,432	6,360,355	4,192,954	0	0	13,791,740		6,358,465	20,150,205		896,966	
MNSure	5,642,782	988,130	1,456,223	1,101,557	0	0	3,545,910		1,935,020	5,480,930		161,852	
DHS	15,404,390	2,250,302	4,904,131	3,091,397	0	0	10,245,830		4,423,445	14,669,275		735,114	

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.