

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

February 28, 2024

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) "FY2024 vs. YTD (year to date)" provides expenditures in the current year through the quarter ending on 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 2024, ending December 31, 2023. Of particular note:

1. DHS received federal approval for an as-needed update to the METS APD with an effective date of 11/9/23. As a result, Tables 1 & 2 reflect an increase of nearly \$9M to the development budget compared to last quarter's report. DHS is currently preparing a second as-needed update, which will be added to a future quarterly report upon federal approval.
2. Further down on Table 2, we are projecting the operations budget to be overspent by 5% at the end of FY24. In large part, that overspend is reflective of unplanned work completed within the METS system to unwind policies and changes put in place during the Public Health Emergency. DHS received legislative funding to pay for these changes, which will be shifted into the METS Operations budget and reflected on the next quarterly report.

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

Dave Greeman

Dave Greeman, Co-Chair METS
Chief Financial Officer, DHS

Jon Eichten

Jon Eichten, Co-Chair METS
Deputy Commissioner, MNIT

Minnesota Eligibility Technology System

Fiscal Report for QE 12/31/2023

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: actual expenses for FY 2022, estimated actuals for FY 2023, budget for FY 2024 and a preliminary budget for FY 2025. The preliminary operations budgets are assumed to continue at the same level as the current year, but are 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 12/31/2023

TABLE 1: Overall Budget View	FY 2022 Actual	FY 2023 Est. Actual Spend	FY 2024 Budget	FY 2025 Preliminary
Expenditures				
Development	31,342,100	20,619,721	27,542,128	5,711,408
State Personnel	11,030,381	5,187,041	5,575,909	968,058
Staff Augmentation	4,264,770	1,163,248	776,000	0
Service Contracts	8,906,792	7,448,541	14,641,219	4,323,350
Hardware/Software	5,174,612	6,008,430	5,736,000	0
MNIT Central Services	545,197	455,158	550,900	420,000
General Administration	1,420,347	357,303	262,100	0
Operations	34,250,133	35,441,510	38,749,980	38,482,688
State Personnel	12,316,989	15,078,879	14,001,298	13,782,006
Staff Augmentation	1,514,673	1,273,835	863,628	815,628
Service Contracts	7,035,607	6,038,025	7,919,554	7,919,554
Hardware/Software	4,732,457	5,747,562	7,350,500	7,350,500
MNIT Central Services	8,005,444	6,578,401	7,900,000	7,900,000
General Administration	644,963	724,808	715,000	715,000
Total Expenditures	65,592,233	56,061,231	66,292,108	44,194,096
State Personnel	23,347,370	20,265,920	19,577,207	14,750,064
Staff Augmentation	5,779,443	2,437,083	1,639,628	815,628
Service Contracts	15,942,399	13,486,565	22,560,773	12,242,904
Hardware/Software	9,907,069	11,755,992	13,086,500	7,350,500
MNIT Central Services	8,550,641	7,033,559	8,450,900	8,320,000
General Administration	2,065,310	1,082,111	977,100	715,000
Financing				
Development	31,342,100	20,619,721	27,542,128	5,711,408
Federal Share	26,809,554	16,224,268	14,524,783	0
CCIIO/ARPA	288,486	471,338	20,600	0
Medicaid	26,521,068	15,752,930	14,504,183	0
Non-Federal Share	4,532,546	4,395,453	13,017,345	5,711,408
MNsure	53,000	0	9,439,528	5,711,408
DHS	4,479,546	4,395,453	3,577,817	0
Operations	34,250,133	35,441,510	38,749,980	38,482,688
Federal Share	22,832,537	19,944,165	22,792,544	22,622,286
CCIIO/ARPA	0	0	0	0
Medicaid	22,832,537	19,944,165	22,792,544	22,622,286
Non-Federal Share	11,417,596	15,497,345	15,957,436	15,860,402
MNsure	3,292,525	5,199,642	5,657,877	5,657,877
DHS	8,125,071	10,297,703	10,299,559	10,202,525
Total Financing	65,592,233	56,061,231	66,292,108	44,194,096
Federal Share	49,642,091	36,168,433	37,317,327	22,622,286
CCIIO/ARPA	288,486	471,338	20,600	0
Medicaid	49,353,605	35,697,095	37,296,727	22,622,286
Non-Federal Share	15,950,142	19,892,798	28,974,781	21,571,810
MNsure	3,345,525	5,199,642	15,097,405	11,369,285
DHS	12,604,617	14,693,156	13,877,376	10,202,525

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.

Minnesota Eligibility Technology System

Fiscal Report for QE 12/31/2023

TABLE 2: FY 2024 Budget vs YTD	FY 2024 Budget	QE 9/30/23 Expenditures	QE 12/31/23 Expenditures	QE 3/31/24 Expenditures	QE 6/30/24 Expenditures	Expenditures After FY End	YTD Expenditures	%	Estimated Encumbrances	Est. FY Exp & Enc	%	Estimated Balance	%
Expenditures													
Development	27,542,128	1,705,798	5,030,313	0	0	0	6,736,111	24%	17,347,290	24,083,401	87%	3,458,727	13%
State Personnel	5,575,909	23,022	739,605	0	0	0	762,627	14%	3,915,458	4,678,084	84%	897,825	16%
Staff Augmentation	776,000	3,107	20,069	0	0	0	23,176	3%	708,551	731,727	94%	44,273	6%
Service Contracts	14,641,219	392,112	2,103,907	0	0	0	2,496,019	17%	10,127,046	12,623,065	86%	2,018,154	14%
Hardware/Software	5,736,000	1,277,772	2,133,488	0	0	0	3,411,259	59%	2,066,938	5,478,197	96%	257,803	4%
MNIT Central Services	550,900	8,193	32,770	0	0	0	40,963	7%	267,348	308,310	56%	242,590	44%
General Administration	262,100	1,593	475	0	0	0	2,068	1%	261,950	264,018	101%	(1,918)	-1%
Operations	38,749,980	6,471,693	12,970,709	0	0	0	19,442,403	50%	21,060,679	40,503,081	105%	(1,753,101)	-5%
State Personnel	14,001,298	0	5,069,978	0	0	0	5,069,978	36%	9,458,400	14,528,377	104%	(527,079)	-4%
Staff Augmentation	863,628	157,077	440,954	0	0	0	598,031	69%	529,343	1,127,374	131%	(263,746)	-31%
Service Contracts	7,919,554	1,931,290	1,937,103	0	0	0	3,868,392	49%	4,972,643	8,841,035	112%	(921,481)	-12%
Hardware/Software	7,350,500	4,038,152	2,287,130	0	0	0	6,325,282	86%	1,159,119	7,484,401	102%	(133,901)	-2%
MNIT Central Services	7,900,000	198,432	3,056,598	0	0	0	3,255,029	41%	4,560,548	7,815,577	99%	84,423	1%
General Administration	715,000	146,743	178,948	0	0	0	325,691	46%	380,626	706,317	99%	8,683	1%
Total Expenditures	66,292,108	8,177,491	18,001,023	0	0	0	26,178,514	39%	38,407,969	64,586,483	97%	1,705,625	3%
State Personnel	19,577,207	23,022	5,809,582	0	0	0	5,832,604	30%	13,373,857	19,206,462	98%	370,745	2%
Staff Augmentation	1,639,628	160,184	461,022	0	0	0	621,206	38%	1,237,895	1,859,101	113%	(219,473)	-13%
Service Contracts	22,560,773	2,323,402	4,401,010	0	0	0	6,364,411	28%	15,099,689	21,464,100	95%	1,096,673	5%
Hardware/Software	13,086,500	5,315,924	4,420,618	0	0	0	9,736,541	74%	3,226,057	12,962,598	99%	123,902	1%
MNIT Central Services	8,450,900	206,624	3,089,368	0	0	0	3,295,992	39%	4,827,895	8,123,887	96%	327,013	4%
General Administration	977,100	148,336	179,423	0	0	0	327,759	34%	642,576	970,335	99%	6,765	1%
Financing													
Development	27,542,128	1,705,798	5,030,313	0	0	0	6,736,111		17,347,290	24,083,401		3,458,727	
Federal Share	14,524,783	1,358,889	2,859,569	0	0	0	4,218,458		9,239,995	13,458,453		1,066,331	
CCIO/ARPA	20,600	12,000	8,600	0	0	0	20,600		0	20,600		0	
Medicaid	14,504,183	1,346,889	2,850,969	0	0	0	4,197,858		9,239,995	13,437,853		1,066,331	
Non-Federal Share	13,017,345	346,909	2,170,744	0	0	0	2,517,653		8,107,295	10,624,948		2,392,396	
MNSure	9,439,528	0	1,457,623	0	0	0	1,457,623		5,803,804	7,261,427		2,178,101	
DHS	3,577,817	346,909	713,121	0	0	0	1,060,030		2,303,491	3,363,521		214,296	
Operations	38,749,980	6,471,693	12,970,709	0	0	0	19,442,403		21,060,679	40,503,081		(1,753,101)	
Federal Share	22,792,544	3,768,432	7,868,294	0	0	0	11,636,725		12,384,612	24,021,337		(1,228,793)	
CCIO/ARPA	0	0	0	0	0	0	0		0	0		0	
Medicaid	22,792,544	3,768,432	7,868,294	0	0	0	11,636,725		12,384,612	24,021,337		(1,228,793)	
Non-Federal Share	15,957,436	2,703,262	5,102,416	0	0	0	7,805,677		8,676,067	16,481,744		(524,308)	
MNSure	5,657,877	1,003,799	1,538,297	0	0	0	2,542,096		3,103,795	5,645,891		11,986	
DHS	10,299,559	1,699,463	3,564,119	0	0	0	5,263,581		5,572,272	10,835,853		(536,294)	
Total Financing	66,292,108	8,177,491	18,001,023	0	0	0	26,178,514	0	38,407,969	64,586,483		1,705,625	
Federal Share	37,317,327	5,127,320	10,727,863	0	0	0	15,855,183	0	21,624,607	37,479,790		(162,463)	
CCIO/ARPA	20,600	12,000	8,600	0	0	0	20,600	0	0	20,600		0	
Medicaid	37,296,727	5,115,320	10,719,263	0	0	0	15,834,583	0	21,624,607	37,459,190		(162,463)	
Non-Federal Share	28,974,781	3,050,171	7,273,159	0	0	0	10,323,331	0	16,783,362	27,106,693		1,868,088	
MNSure	15,097,405	1,003,799	2,995,290	0	0	0	3,999,719	0	8,907,599	12,907,319		2,190,086	
DHS	13,877,376	2,046,372	4,277,239	0	0	0	6,323,611	0	7,875,763	14,199,374		(321,998)	

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.