



## PUBLIC SECTOR SERVICES

# The Implementation of Medicaid Enterprise Systems Environment – Challenges and Opportunities

States routinely need to rethink their strategy for Medicaid Enterprise Systems due to the landscape of changing regulations; the need to offer a superior, wider set of services through vehicles, such as waivers and state plan amendments; the demand for better analytics to evaluate policies and inform interventions; and the instance of emergency events, such as health pandemics and disease outbreaks.

States developed large monolithic Medicaid Management Information Systems (MMIS) decades ago to manage Medicaid operations. These systems support all aspects of Medicaid administration, including provider enrollment, program integrity, and claims adjudication and payments. While these systems are crucial in supporting complex Medicaid operations, required modifications to functionality over time have transformed them into unwieldy and costly systems. In 2016 the Centers for Medicare and Medicaid Services (CMS) began encouraging states to replace these burdensome systems with smaller modules that support discrete business functions, such as provider management and claims management.

States are now in various stages of procuring and implementing modular systems. These initiatives are complex and completing the transition will take years. During development of a modular MMIS, most states rightfully take the opportunity to reengineer business processes and use industry best practices in technology and systems development processes to meet changing user needs and evolving policies.

## Shift From MMIS to Medicaid Enterprise Systems (MES)

In addition to the modular MMIS transition, we are seeing a shift from the traditional MMIS to the concept of Medicaid Enterprise Systems (MES), which endeavors to tie the entire Medicaid enterprise together. MES allows for a holistic view of Medicaid beneficiaries across the health and human services spectrum, including programs such as SNAP, TANF and Child Welfare. Creating an enterprise view would also link data and enable impact analysis for other social service programs used by Medicaid beneficiaries like health and human services, education, housing, transportation and the courts.

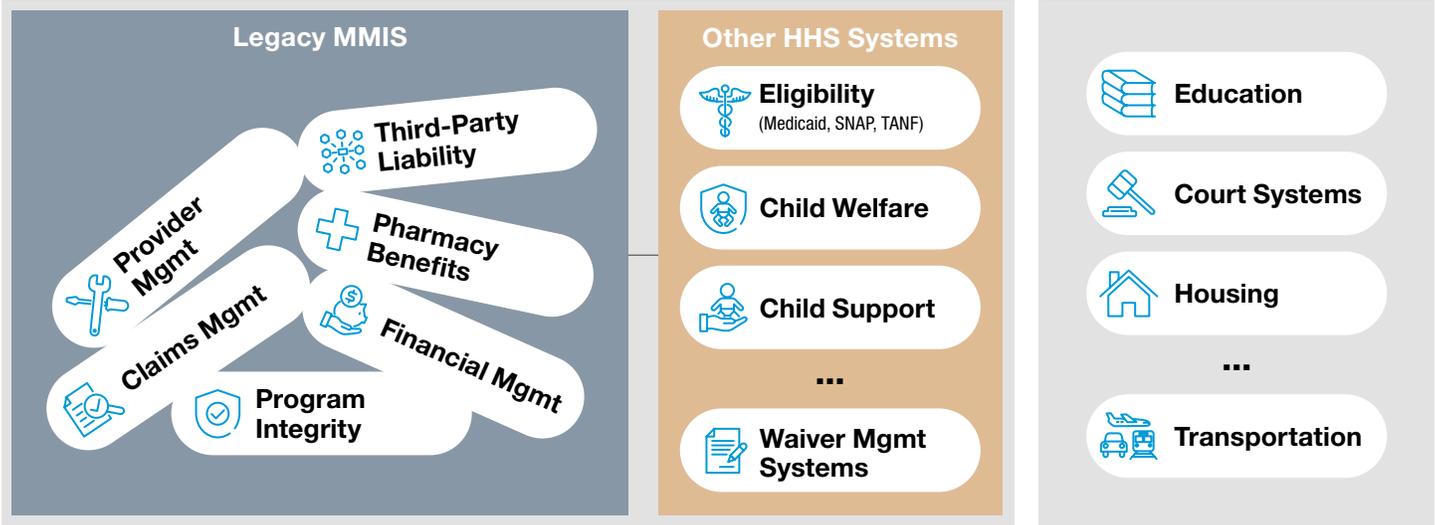
MES is more than just another acronym. If done correctly, the MES vision supports a new enterprise and an integrated system architecture where all systems work together to offer a single “truth,” where data governance and data integration are paramount and where analytics and reporting are performed at the person level as well as the program level. In the MES world, there is no system inside or outside MES; all required systems work in unison with no duplication or data inconsistency. Designing an MES and reimagining business processes requires stakeholder engagement, user-centered design, system architecture, design patterns, data integration, data quality and analytics. MES conceptualization and implementation constitutes a true digital transformation for the business of a Medicaid agency. Successful MES implementation requires:

- Developing a system that is adaptable to user needs by adding flexibilities to business rules and workflow
- Developing systems that are driven by business needs and business users by implementing industry best practices in systems development and management
- Connecting data sources to obtain a more complete picture of the services a person receives and the effect on quality of life
- Developing a scalable and flexible technical architecture that loosely connects enterprise components
- Designing a comprehensive data architecture that maps data across data sources
- Maintaining a high degree of data quality to perform data analytics at the enterprise level
- Developing strong data governance that promotes data sharing across departments and agencies
- Developing comprehensive security architecture that maintains the highest levels of privacy while allowing data sharing

# Transition from Fragmented Systems to Medicaid Enterprise System

## Health and Human Services

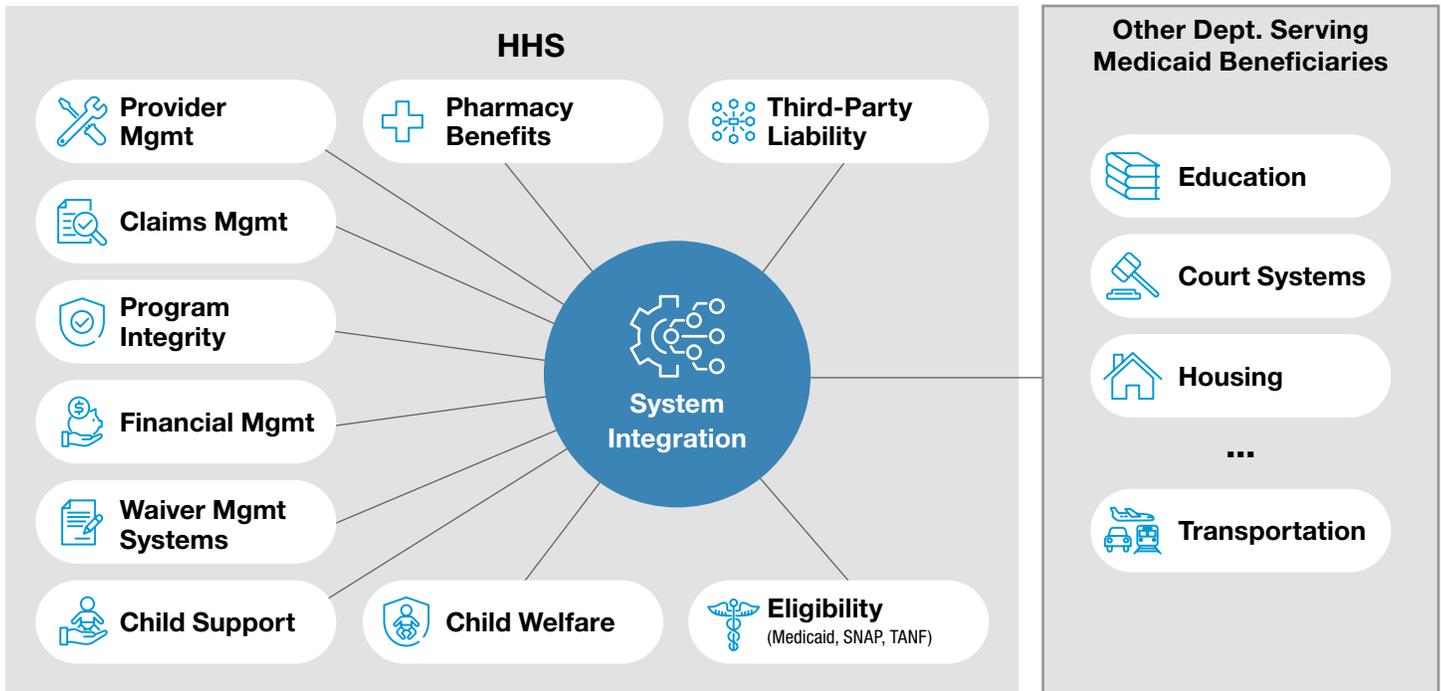
## Other Dept. Serving Medicaid Beneficiaries



Typically, tightly-coupled systems with batch and often proprietary interfaces with no unifying interface or data architecture



## Medicaid Enterprise Systems (MES)



Loosely-coupled systems with real-time and batch interfaces using SOA architecture and well-defined data architecture

## But It's Not Just About Systems

Digital transformation is a complicated and challenging venture that is typically managed by the IT department. However, characterizing MES implementations exclusively as IT projects fails to recognize the human component. Developing MES affects people, operations, standard operating procedures and organizational processes just as much as it affects systems. Below are several important considerations to support real benefits of these digital transformations:

- Establish the Vision: Organizations must establish a clear vision and translate the vision into a set of objectives. There are several frameworks for achieving this step, such as objectives and key results. These objectives are operationalized at all levels of the organization to drive the work performed by every member of the organization.
- Identify and Apply Executive Sponsorship: Change is not easy for anyone, and undoubtedly, there will be resistance to change. A strong executive sponsor who will stay active and engaged throughout the transformation ensures appropriate buy-in at all levels.
- Be Empathetic Toward People: Large transformations affect employees in a variety of ways. For example, employees may feel their jobs are threatened, the daily tasks they have been performing for years will change or the new transformation requires skills they do not possess. If staff feel pessimistic about a new environment, the negativity can permeate the entire organization, resulting in an organization-wide morale problem. The application of comprehensive organizational change practices using frameworks such as Prosci© can address these factors and lead to staff acceptance, buy-in and enthusiasm for the transformation.
- Communicate: The MES transformation will take years. People will spend time and effort to build the enterprise environment, and without frequent reminders about the nature and benefits of the change, employees may begin to ask, "Why am I spending all this time on this initiative when I still have my day job?" Staff members need constant and consistent reminders to maintain motivation and dedication to the end goal. Project sponsors for large transformation projects must be transparent and convey project progress, challenges, risks and success stories, as well as celebrate wins.



- **Establish Strong Governance Structure:** In a large organization with tens of thousands of stakeholders and beneficiaries, the decision-making process can be slow or, worse yet, undefined. MES program development requires numerous decisions that typically involve people in various divisions. It is therefore an essential ingredient of the MES initiative to establish a governance process that strengthens the decision-making process.
- **Establish a Culture of Collaboration Across Divisions:** For years, departments operated independently, resulting in systems and processes developed in isolation of one another. The result was redundancy, cost inefficiency and an inability to share data. In an MES environment, Medicaid operations and systems should operate as a single enterprise. This transformation begins with breaking down silos between departments and fostering a culture of collaboration, as well as developing processes and tools to facilitate this collaboration.
- **Procurement Strategy:** A full MMIS modular implementation includes procurement of about 15 systems. Given the prolonged duration of the state procurement process, implementing 15 modules requires substantial overhead and results in an unnecessarily elongated timeline. Creative states minimize the number of procurements while achieving the benefits of a modular implementation. One creative approach is to bundle systems to purchase two or more modules under the same contract.

A&M staff members possess deep expertise in enabling large digital transformations for public and private clients. Our team stands ready to work with you in:

- Developing your modularity roadmap
- Building an integrated and efficient MES environment that enhances the efficiency of your operations
- Employing the necessary organizational change management to enable a positive culture that embraces the transformation

A&M's staff brings deep expertise in program management, program governance, organizational change management, business architecture, technical architecture, security architecture, data architecture and governance, procurement strategies and performance management. We look forward to working with states to develop and modernize their Medicaid environment.

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