MINUTES

JOINT COMMITTEE ON INFORMATION TECHNOLOGY

January 6, 2006
Room 526-S—Statehouse

Members Present

Representative John Faber, Chairperson
Senator Tim Huelskamp, Vice-Chairperson
Senator Mike Petersen
Senator Vicki Schmidt
Representative Nile Dillmore
Representative Harold Lane
Representative Joe McLeland
Representative Jim Morrison

Staff

Don Heiman, Legislative Chief Information Technology Officer
Julian Efird, Kansas Legislative Research Department
Matt Spurgin, Kansas Legislative Research Department
Diana Lee, Office of the Revisor of Statutes
Gary Deeter, Committee Secretary

Conferees

Denise Moore, Executive Chief Information Technology Officer
Randy Tongier, Audit Manager, Legislative Division of Post Audit
Marilyn Jacobson, Interim Director, Division of Accounts and Reports, Kansas Department of
    Administration
Scott Brunner, Division of Health Policy and Finance, Kansas Department of Administration

        Randy Tongier, Audit Manager, Legislative Division of Post Audit, reviewed the process of
annual statewide single audits (Attachment 1). Noting that audits are conducted under contract by
a certified public accounting firm to meet state and federal requirements, he said audits evaluate
financial documents prepared by the Division of Accounts and Reports that include selected federal
programs, to assure agencies are complying with generally accepted accounting principles (GAPP)
and with state and federal regulations, and are exercising adequate internal controls. Answering a
question, he said contracts are awarded through a bid process.

Marilyn Jacobson, Interim Director, Division of Accounts and Reports, Kansas Department of Administration, briefed the Committee on the State Accounting and Reporting System (STARS), the state's financial management system (Attachment 2). She commented that the current system was implemented in 1990 and, because of its age and consequent shortcomings in providing comprehensive information, has been supplemented by agency "shadow" systems. She noted that in 2002, the consulting firm Accenture performed a state needs assessment, which found the system inadequate for current agency needs. Members posed a number of queries, to which the following answers were given:

- Mr. Tongier replied that the Regents institutions were included in the audit but were not directly audited;

- Ms. Jacobson stated that until agencies are surveyed, it is not known whether new shadow systems are presently under development;

- Denise Moore, Executive Chief Information Technology Officer, replied that the Kansas Department of Transportation is developing a new shadow system. Representative McLeland recommended the project be put on hold;

- Mr. Tongier said that a statewide audit does not examine systems in detail and does not always identify shadow systems or reveal the level of compliance with STARS;

- Ms. Jacobson commented that agencies are required to provide certain information to STARS, but there is no statutory mandate regarding interface compliance.

Senator Huelskamp recommended that the request for proposal to obtain a consultant include the 300 school districts, noting that such inclusion could provide opportunity for savings and would enhance transparency in districts' budgetary reports.

Ms. Moore provided written responses to members' questions from a previous meeting (Attachment 3).   She stated that the Kansas Department of Administration conducted a needs assessment in 2002, concluding that a new statewide financial management system would eliminate the need for many agency shadow systems, further noting that the Governor's FY 2007 budget includes funding to update the feasibility study.

A motion was made by Representative Morrison and seconded by Senator Huelskamp to approve the December 12-13 Committee minutes as amended. Motion carried.

Scott Brunner, Division of Health Policy and Finance (DHPF), Kansas Department of Administration, reviewed two current Medicaid Management Information System (MMIS) updates (Attachments 4, 5, and 6). Regarding the National Provider Identifier (NPI) project, he said that NPI is intended to uniquely identify a healthcare provider in healthcare transactions, prescriptions, and patient medical record systems, noting that Phase I of the project (capturing and storing NPI) will be completed in August 2006, and the second phase (end-to-end processing of transactions) will meet the federal deadline of May 23, 2007, modifying current software to identify providers and process their payments accordingly. The proposed budget for Phase I of the project ($2.5 million) includes

$254,022 in state funds; Phase II is estimated to cost $4.7 million in all funds. He commented that the project is somewhat delayed but is within budget parameters.

Senator Schmidt expressed concern that DHPF had begun collecting Drug Enforcement Administration identifiers to use for clinical profiling, then abandoned the capture process and concentrated on developing NPI, in the process creating confusion for pharmacists and eliminating any possibility for identifying fraud or abuse of prescription drugs. Mr. Brunner said he would provide more information to the Committee regarding identifying fraud and regarding Medicaid reimbursement for the Indian Health Service.

Commenting on the new Medicare Part D prescription drug benefit, Mr. Brunner said DHPF is working with the Center for Medicare and Medicaid Services and Z-Tech to validate claims, assure "dual-eligibles" are identified, and facilitate their enrollment in the plan. Mr. Brunner noted that an interim payment mechanism was created. The total cost of the project is $325,537, with $32,554 coming from the State General Fund.

Mr. Brunner also commented on the agency reorganization that brought about DHPF, the changes required in the Medicaid Management Information System, and the work required by contractor Electronic Data Systems to make the changes. He outlined a pilot program in response to a proviso in 2005 HB 2482 to implement a community health record system through FirstGuard, the vendor for the HealthWave program, commenting that national discussion of standards for electronic prescriptions and health records is ongoing. Senator Schmidt stated that a "gold standard" study in 2001 showed a five-to-one return on investment for e-prescribing, recommending that electronic prescription be advanced more quickly in Kansas; she invited members to read the study at www.gsm.com.

The Chairperson invited suggestions about meetings during the 2006 Legislative Session. A member suggested meeting at least once a month. Another member recommended hearings on off-site backup security systems.

Prepared by Gary Deeter
Edited by Julian Efird

Approved by Committee on:

    January 12, 2006
        (date)

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