

DRAFT FOR DISCUSSION ONLY

SHORT DOYLE 3 PROJECT FEASIBILITY AND DEVELOPMENT STEERING COMMITTEE OPPORTUNITY

Chris Cruz, the Chief Information Officer (CIO) for DHCS, recently attended and presented at the CiMH/CMHDA Information Technology Conference in San Diego. During his presentation he indicated that DHCS has determined that they need to begin the process of transition from the Short Doyle 2 claims system to a new platform and system, which could be Short Doyle 3 or possibly an alternative. He also emphasized the need to fully engage the counties in this process, to assure that the new system meets our mutual needs for timely payment and encounter reporting.

The CMHDA Financial Services and IT Committee members and staff have proposed an alternative to a centralized state-operated claims adjudication system. Instead of a SD 3, we have proposed the migration from the state-operated SD 2 system to HIPAA-compliant county based encounter data systems that use certified vendors/systems to collect and store encounter information in a HIPAA-compliant format locally. The county would use this information to support a quarterly Certified Public Expenditure (CPE) claim to be submitted to DHCS for the purposes of federal interim payment. As required by federal regulation, this interim payment would be reconciled and settled annually, consistent with the CMS-approved cost reporting and Upper Payment Limit (UPL) protocols specified in our 1915(b) waiver and state plans. This reimbursement structure would remain in place until an actuarially sound case rate or capitation protocol was developed and approved by DHCS and CMS.

In addition to simplifying the federal reimbursement process for the state and counties, this would allow counties and their vendors to fully implement the federal information coding and exchange requirements associated with HIPAA, HL7, meaningful use, and the Healthcare Information Technology Standards required for information exchange with the health plans and their contractors.

Chris Cruz has invited the counties, through CMHDA, to participate as partners in the feasibility and project development process for this transition. He has developed a preliminary cost estimate for the feasibility study of \$250,000. He has asked if the counties, as full partners, could contribute to this cost, and participate in the steering committee. CMHDA staff recommends that counties consider this request, and the opportunity that it represents, to collaboratively develop an alternative to SD 2.