

UHIP Implementation Advance Planning Document (IAPD)

On May 25, 2017, the State submitted a revised Implementation Advance Planning Document (IAPD) for the Unified Health Infrastructure Project (UHIP) to federal partners. An IAPD is a required document for federally funded information technology projects that presents all prior year development and maintenance expenses and estimates future project expenses through the current and following federal fiscal year (FFY). Federal approval of this document authorizes the State to draw down federal funds for project expenses, and it must be regularly updated over time.

Recent IAPD Chronology

The last fully approved IAPD (FFY16), projecting total project expenses of \$364M through FFY17, was submitted in July 2015. In the fall of 2016, CMS partially approved the state's FFY 17 IAPD submission projecting total project expenses of \$487M through FFY18 which was submitted in July 2016. This document has now been updated to account for less spending than originally projected in FFY16, additional maintenance costs and recovery expenses related to the UHIP stabilization effort through FFY 2018, as well as the \$27 million credit that the State recently received from Deloitte. The full version of the IAPD submission is available online on the UHIP transparency portal at (<http://www.transparency.ri.gov/uhip/>).

Details of project costs in the current IAPD submission

The previously approved FFY 16 IAPD submission projected total project costs of \$364 million through FFY17 (\$80.9M State funds) for Design, Development, and Implementation (DDI) activities as well as Maintenance and Operations (M&O). **Through April 30, \$332.5 million (\$50M in State funds) of these planned expenses have been disbursed.**

The updated submission projects costs through FFY18, and includes the following notable changes:

- \$25 million (\$5.7M State funds) in M&O expenses have been added to account for an additional year of ongoing system maintenance costs per IAPD standard budget procedures. As with any technology system, UHIP has ongoing maintenance costs that are split between the State and federal government. These expenses must be updated with every new IAPD submission.
- \$50 million (\$8M State funds) has been added for contracted services and State personnel costs for system recovery and stabilization. The Governor has indicated that the State expects Deloitte to pay for unanticipated expenses, and the State has already received a \$27 million credit from Deloitte that covers these expenses through September 2017. The State anticipates that negotiations on additional pending expenses will resume at a later date.

With these changes included, the revised IAPD submission totals \$443.5M (\$81.3M State Funds). UHIP project costs reflected in the IAPD will continue to change each year as additional years of maintenance are included and as other needs arise (e.g., as federal functionality requirements change).

The IAPD as a means of measuring costs

To date, the IAPD proposed budget document has been customarily cited as the benchmark of UHIP project costs, as it is the standard federal project budget and estimate document that is used to acquire authorization for spending federal funds. There are, however, many different ways to evaluate costs for a project of this scale and complexity, such as:

- Design & Development expenses as opposed to Maintenance & Operations expenses.
- State expenses as opposed to federal expenses.
- Phase 2 expenses as opposed to Phase I (HealthSource RI and Medicaid expansion) expenses.
- IAPD expenses as opposed to non-IAPD expenses, including roughly \$70 million in federal grants that the State received for the launch of HealthSource RI in compliance with the Affordable Care Act.

To ensure that the public has a clear and objective way to track UHIP expenses over time, the State will continue to use the IAPD submission as the benchmark for projected costs.

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