

Exhibit 300 (BY2008)

PART ONE	
OVERVIEW	
1. Date of Submission:	2007-02-05
2. Agency:	009
3. Bureau:	38
4. Investment Name:	CMS Part B Claims Processing
5. UPI:	009-38-01-06-01-1140-00
6. What kind of investment will this be in FY2008?	
Operations and Maintenance	
7. What was the first budget year this investment was submitted to OMB?	
FY2001 or earlier	
8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap.	
<p>The CMS Part B Fee-for-Service claims processing is in the Control Phase of the CPIC process. The investment was reviewed by the ITIRB in May 2006. The FFS claims processing environment is distributed across four claims processing modules and one integrated testing module. Software changes for the Part B claims processing operations are managed in quarterly releases developed through a change control process that begins with the Medicare Change Control Board (MCCB) review and prioritization of pending change requests. The quarterly release is approved by the Fee-For-Service (FFS) Operations Board with oversight by the Fee-For-Service (FFS) Governance Council. The objective of the Fee-For-Service Operations Board is to manage and integrate the day-to-day operations of the FFS program across CMS. The systems environment for Medicare fee-for-service was built on the private sector health insurance contractor environment in the 1960s. As a result there were multiple, unique modules that were developed and used by Medicare FFS contractors with fiscal intermediaries performing claims processing & benefit payment functions for institutional providers under Pts A and B of the Medicare program and carriers performing the same functions for physicians under Pt B. CMS recognized the inefficiency of maintaining these multiple separate modules and has transitioned all carriers to the Multi-Carrier System (MCS) as the selected shared system for processing all Pt B claims.</p>	
9. Did the Agency's Executive/Investment Committee approve this request?	
yes	
9.a. If "yes," what was the date of this approval?	
2006-06-23	
10. Did the Project Manager review this Exhibit?	
yes	
12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for this project.	
yes	
12.a. Will this investment include electronic assets (including computers)?	
no	
12.b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only)	
no	
13. Does this investment support one of the PMA initiatives?	
yes	
<i>If yes, select the initiatives that apply:</i>	
Financial Performance	
13.a. Briefly describe how this asset directly supports the identified initiative(s)?	
This investment directly supports the Financial Performance PMA initiative since Pt B claims processing system is an essential component for ensuring that accurate payments are made for only medically necessary services, provided to	

eligible Medicare beneficiaries by qualified providers of care.	
14. Does this investment support a program assessed using OMB's Program Assessment Rating Tool (PART)?	
no	
15. Is this investment for information technology (See section 53 for definition)?	
yes	
16. What is the level of the IT Project (per CIO Council's PM Guidance)?	
Level 3	
17. What project management qualifications does the Project Manager have? (per CIO Council's PM Guidance)	
(1) Project manager has been validated as qualified for this investment	
18. Is this investment identified as high risk on the Q4 - FY 2006 agency high risk report (per OMB's high risk memo)?	
no	
19. Is this a financial management system?	
no	
19.a.1. If yes, which compliance area:	
Not Applicable.	
19.a.2. If no, what does it address?	
Claims Processing.	
19.b. If yes, please identify the system name(s) and system acronym(s) as reported in the most recent financial systems inventory update required by Circular A11 section 52.	
Not Applicable.	
20. What is the percentage breakout for the total FY2008 funding request for the following? (This should total 100%)	
Hardware	0
Software	0
Services	100
21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?	
n/a	
22. Contact information of individual responsible for privacy related questions.	
<i>Name</i>	
Maribel Franey	
<i>Phone Number</i>	
410-786-0757	
<i>Title</i>	
Director, Division of Privacy Compliance	
<i>Email</i>	
Maribel.Franey@cms.hhs.gov	
23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?	
yes	
SUMMARY OF SPEND	
1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated Government FTE Cost, and should be excluded from the amounts shown for Planning, Full Acquisition, and Operation/Maintenance. The total estimated annual cost of the investment is the sum of costs for Planning, Full Acquisition, and Operation/Maintenance. For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.	

All amounts represent Budget Authority

(Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions)

	PY-1 & Earlier	PY	CY	BY
	-2005	2006	2007	2008
Planning Budgetary Resources	0.000	0.000	0.000	0.000
Acquisition Budgetary Resources	0.000	0.000	0.000	0.000
Maintenance Budgetary Resources	28.602	13.980	19.746	16.470
Government FTE Cost	0.800	0.820	0.850	0.883
# of FTEs	2	2	2	2

Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies).

Government FTE Costs should not be included as part of the TOTAL represented.

2. Will this project require the agency to hire additional FTE's?

no

2.a. If "yes," how many and in what year?

Not Applicable.

3. If the summary of spending has changed from the FY2007 President's budget request, briefly explain those changes.

Not Applicable.

PERFORMANCE

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.

Agencies must use Table 1 below for reporting performance goals and measures for all non-IT investments and for existing IT investments that were initiated prior to FY 2005. The table can be extended to include measures for years beyond FY 2006.

Table 1

	Fiscal Year	Strategic Goal(s) Supported	Performance Measure	Actual/baseline (from Previous Year)	Planned Performance Metric (Target)	Performance Metric Results (Actual)
1	2005	Design and maintain payment processes that pay claims only for covered, medically necessary services, at correct payment amounts, and	Implement changes that support better management of our Current Medicare FFS claims processing environment. Modernize systems that support Medicare claims processing operations in order to be more	85 % claims processed & paid within 30 days. CMS policy areas determine covered Items. Medically necessary services are determined by CMS in conjunction with Medicare FFS Contractor Medical Directors. These are put into the system,	95% of clean electronic claims shall be processed and paid within 30 days; 2) Contractor shall improve error rate by as much as 20%.	Contractors are monitored using the Contractor Performance Evaluation (CPE) process & Comprehensive error rate testing (CERT). Claims are pulled to ensure they were paid accurately & a CERT score is

		in a timely manner.	responsive to program changes and achieve business efficiencies.	updated & maintained		calculated. Corrective Action plans are issued.
2	2005	Strengthen program safeguards	Minimize waste, fraud, abuse, and error in the administration of CMS programs.	Performance metrics - Business Integrity & fraud & abuse are addressed in each contractor's contract. Edits are maintained in the system that ensure claims are paid accurately, performed by the correct entity & provided to an eligible Medicare Bene.	Performance metrics - Business Integrity & fraud & abuse are addressed in each contractor's contract. Edits are maintained in the system that ensure claims are paid accurately, performed by the correct entity & provided to an eligible Medicare Bene.	Contractors are monitored using the Contractor Performance Evaluation (CPE) process and CERT as described above
3	2005	Ensure that programs and services respond to the health care needs of beneficiaries.	Implement program demonstrations of more flexible delivery, payment, and coverage approaches to better meet beneficiaries' needs.	Center for Beneficiary Choices establishes its baseline for beneficiary needs.	Ensure that programs and services respond to the health care needs of beneficiaries by conducting several demonstrations.	Quarterly demonstrations conducted in the regions.
4	2005	Improve quality of care and health outcomes for the beneficiaries of CMS programs.	Support quality improvement initiatives by collaborating with HHS agencies and other purchasers creative customer service strategies for CMS's programs.	Center for Beneficiary Choices establishes its baseline for beneficiary quality of care.	Accuracy and timeliness of Medicare claims processing and payment. Flexibility to add new functions and legislation.	Multiple analyses were initiated beginning in 1999 to improve the Medicare claims processing and payment environment.
5	2006	Protect and improve beneficiary health and satisfaction	Operations and maintenance costs; Contingency planning; and testing	Projected claims processing costs	15% savings in claims processing costs achieved	15% savings in claims processing cost achieved.
6	2006	Effectively manage CMS' information systems and technology	Prevent technology obsolescence	Efficiency and availability of systems	Accomplishment of 4 planned releases.	All 4 releases were implemented/ accomplished
7	2006	Effectively manage CMS' information systems and technology	Increase Standardization	Efficiency and availability of systems	Ensure that contract award fee plans and services level agreements are put in place for 100% of cost plus award fee contracts	Award fee plans are established for 100% of option years and all new contracts.
8	2007	Effectively manage CMS' information systems and technology	Prevent technology obsolescence	Efficiency and availability of systems	Accomplishment of 4 planned software releases	TBD

9	2007	Effectively manage CMS' information systems and technology	Increase Standardization	Efficiency and availability of systems	Ensure that contract award fees and services level agreements are put in place on 100% for option years and new cost plus award fee contracts	TBD
10	2007	Modernize and effectively manage CMS' information systems technology.	Decreases Admin/Program Costs by minimizing the number of claims for "non-entitled" beneficiaries going through the system.	Incrementally modernize and improve the accuracy and efficiency of Medicare FFS claims processing systems.	Reduce number of software errors in releases by 5% through rigorous testing program.	TBD
11	2007	Modernize and effectively manage CMS' information systems and technology.	Decreases Admin/Program Costs by creating one standard, national HCPCS/Pricing/payment instructions file for use by all contractors.	Redesign and maintain payment processes that pay only for covered, medically necessary services, at correct payment amounts, and in a timely manner.	Reduce contractor FTE usage for HCPCS activities, more consistent application of pricing and payment rules.	TBD

All new IT investments initiated for FY 2005 and beyond must use Table 2 and are required to use the FEA Performance Reference Model (PRM). Please use Table 2 and the PRM to identify the performance information pertaining to this major IT investment. Map all Measurement Indicators to the corresponding "Measurement Area" and "Measurement Grouping" identified in the PRM. There should be at least one Measurement Indicator for at least four different Measurement Areas (for each fiscal year). The PRM is available at www.egov.gov.

Table 2

	Fiscal Year	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results
1	2006	Mission and Business Results	Health Care Administration	Number of errors per software release	4 software releases per year	Reduce number of software errors per release by 2%	TBD
2	2006	Customer Results	Response Time	Accuracy of Service	Pricing and payment rules not always consistent	Standardization of content in 4 software releases	TBD
3	2006	Processes and Activities	Errors	Response Time	Risk of continuing with current systems	Replacement of aging systems underway with a redesigned system.	TBD
4	2006	Technology	Accessibility	Service Efficiency	Minimal testing process	Strengthen testing process to ensure that errors are not introduced into the claims process are reduced by 2%	TBD
5	2007	Mission and Business Results	Health Care Administration	Number of errors per software release	4 software releases per year	Reduce number of software errors per release by 2%	TBD

6	2007	Customer Results	Response Time	Accuracy of Service	Pricing and payment rules not always consistent	Standardization of content in 4 software releases	TBD
7	2007	Processes and Activities	Errors	Response Time	Risk of continuing with current systems	Replacement of aging systems underway with a redesigned system.	TBD
8	2007	Technology	Accessibility	Service Efficiency	Minimal testing process	Strengthen testing process to ensure that errors are not introduced into the claims process are reduced by 2%	TBD

EA

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

1. Is this investment included in your agency's target enterprise architecture?

yes

1.a. If no, please explain why?

Not Applicable.

2. Is this investment included in the agency's EA Transition Strategy?

yes

2.a. If yes, provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment.

CMS Fee-for-Service Claims Processing - Operations. In order to provide HHS more detail and insight into our investments, last year's major initiative was split out into a separate investment.

2.b. If no, please explain why?

Not Applicable.

3. Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to <http://www.whitehouse.gov/omb/egov/>.

Component: Use existing SRM Components or identify as NEW. A NEW component is one not already identified as a service component in the FEA SRM.

Reused Name and UPI: A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

Internal or External Reuse?: Internal reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. External reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.

Funding Percentage: Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

	Agency Component Name	Agency Component Description	Service Type	Component	Reused Component Name	Reused UPI	Internal or External Reuse?	Funding %
1	Data Exchange	The exchange of information to	Data Management	Data Exchange			No Reuse	50

		ensure that appropriate claim payments have been made.						
2	Information Retrieval	Processing claims involves the retrieval of information.	Knowledge Management	Information Retrieval			No Reuse	25
3	Information Sharing	The sharing of information through the processing of claims for the coordination of benefits.	Knowledge Management	Information Sharing			No Reuse	25

4. To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component: Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications.

Service Specification: In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.

	SRM Component	Service Area	Service Category	Service Standard	Service Specification (i.e., vendor and product name)
1	Data Exchange	Component Framework	Data Interchange	Data Exchange	Connect:Direct, FTP File Transfer Protocol
2	Data Exchange	Component Framework	Data Management	Database Connectivity	MDCN
3	Information Retrieval	Component Framework	Data Interchange	Data Exchange	Connect:Direct, FTP File Transfer Protocol
4	Information Retrieval	Component Framework	Data Management	Database Connectivity	MDCN
5	Information Sharing	Component Framework	Data Interchange	Data Exchange	Connect:Direct, FTP File Transfer Protocol
6	Information Sharing	Component Framework	Data Management	Database Connectivity	MDCN

5. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)?

yes

5.a. If yes, please describe.

At this time, this investment has no plans to leverage existing components or applications across the government. In the future, it is anticipated that CMS infrastructure will integrate with E-Gov initiatives as they are identified. CMS plans on taking advantage of the eAuthentication Service Component when it is capable of meeting all of the business needs of the MMS.

6. Does this investment provide the public with access to a government automated information system?

no

6.a.1. If yes, provide the specific product name(s) and version number(s) of the required software and the date when the public will be able to access this investment by any software (i.e. to ensure equitable and timely access of government information and services).

Not Applicable.

PART THREE

RISK

You should perform a risk assessment during the early planning and initial concept phase of the investment's life-cycle, develop a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.

Answer the following questions to describe how you are managing investment risks.

1. Does the investment have a Risk Management Plan?

yes

1.a. If yes, what is the date of the plan?

2005-10-01

1.b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?

no

1.c. If yes, describe any significant changes:

Not Applicable.

2.b. If no, what is the strategy for managing the risks?

Not Applicable.

COST & SCHEDULE

1. Was operational analysis conducted?

yes

1.a. If yes, provide the date the analysis was completed.

2006-12-10

What were the results of your operational analysis?

The most recent analysis determined that this investment is continuing to achieve its milestones within budget and on-time. Contract performance metrics were reviewed to ensure that investment continues to meet customer needs and that actual operations and maintenance costs were the ones planned.

1.c. If no, please explain why it was not conducted and if there are any plans to conduct operational analysis in the future.

Not Applicable.