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Some lawmakers question Medicaid contract

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Some lawmakers say a computer company has West Virginia "over a barrel" after the developer of the state's one-of-a-kind Medicaid claims processing system was able to more than double its contract rate with the Department of Health and Human Resources.

UniSys signed a one-year contract earlier this year that increases its fee from the agency to \$14 million, said agency spokesman John Law.

The company came to the agency last year and asked to modify the contract because it had miscalculated its expenses and was losing money, Secretary Martha Walker told lawmakers Wednesday.

The company charges the state a "per-member per-month" fee based on the number of people using the Medicaid system. Under the previous contract, the fee was \$2.07 per member per month. Starting April 1, it increased to \$5.82.

The state's original four-year contract was for \$68 million to design, build and run the system. The system is designed to be more accurate and pay bills faster than the previous system, which was built in 1978.

Walker told legislators that UniSys has been losing money on the deal for four years. The computer system had been plagued with problems early on, but Walker said most of those have been ironed out.

"We've ended up with a very good system," she said.

It's a system unique to West Virginia, though, which put the state in a difficult spot when it came time to negotiate a contract renewal. Since UniSys designed the system, and only UniSys is trained and certified in using it, Walker said it could take three years to hire another company.

"It appears to me that UniSys, to some extent, has the state of West Virginia over a barrel," said Senate Minority Leader Don Caruth, R-Mercer.

Senate President Earl Ray Tomblin, D-Logan, was skeptical, saying the company is able to sell the system it designed in West Virginia to other states.

"It's not like it's been a total loss for them in West Virginia," he said.

Senate Finance Committee Chairman Walt Helmick, D-Pocahontas, asked whether the agency could negotiate such a large change order without legislative approval.

"We think we did it properly," Walker told lawmakers at a meeting at the Capitol. "We went through the channels, we did our due diligence."

Walkers said a potential advantage of the system is the state can reduce its costs by using it to take on similar work from other departments or even other states.

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