

June 4, 2019

Ms. Beth Kidder
Deputy Secretary for Medicaid
State of Florida, Agency for Health Care Administration
2727 Mahan Drive, Mail Stop 8
Tallahassee, FL 32308

RE: FL-2019-04-29-MMISPAPDU-FX-003

Dear Ms. Kidder:

This letter is in response to the Florida Agency for Health Care Administration's (AHCA's) request that the Centers for Medicare & Medicaid Services (CMS) review and approve the State's Medicaid Management Information System (MMIS) Planning Advance Planning Document-Update (PAPD-U). The State submitted the PAPD-U to provide a status update, schedule changes, and budget revisions for the Florida Health Care Connections (FX) Program, which was formerly known as the Medicaid Enterprise System (MES) procurement project. This submission was received on April 29, 2019.

The rebranding of Florida's MES procurement project reflects that the FX Program is more expansive than a single project. The FX Program will leverage Medicaid infrastructure to improve overall AHCA and Medicaid enterprise functionality, and enhance connections to additional data sources and programs. CMS approved Florida's PAPD for this initiative on February 1, 2018 (FL-18-003).

The FX Program includes the business, data, services, technical processes, and systems necessary for the administration of AHCA's business functions. Systems that are pertinent to this program include but are not limited to the Florida MMIS (FMMIS), Third Party Liability (TPL), Pharmacy Benefits Management (PBM), Fraud and Abuse Case Tracking System (FACTS), Provider Data Management System, Home Health Electronic Visit Verification (EVV), Enrollment Broker System, Prior Authorization, and other systems. The scope of the FX Program also includes interconnections and touch points with systems that reside outside of AHCA.

The FX Program is organized into four phases:

- Phase I – Procurement of professional services
 - Strategic Enterprise Advisory Services (SEAS), including Project Management Office (PMO)
 - Independent Verification and Validation (IV&V) services
- Phase II – Procurement of key FX infrastructure components
 - Integration Services and Integration Platform (IS/IP)
 - Enterprise Data Warehouse (EDW)
- Phases III and IV – Enterprise services integration and module acquisition

Florida completed the Phase I acquisitions in late 2017. In support of Phase II objectives, Florida released the Invitation to Negotiate (ITN) for the IS/IP sub-project, which includes Systems Integrator services and Enterprise Service Bus technology, on January 8, 2019. The State is concluding evaluation of vendor responses to this ITN, and preparing to begin vendor negotiations. Florida expects to release the ITN for the EDW sub-project in July 2019.

Phases III and IV are planned to occur concurrently, after implementation of the Integration Platform and related components. Phase III addresses integration of existing modules with the new infrastructure components. Similarly, FX modules procured during Phase IV will connect through the Integration Platform and EDW to ensure interoperability and data integration. Florida anticipates that Phases III and IV will continue into FFY 2023.

The PAPD-U requests Federal Financial Participation (FFP) for Federal fiscal years (FFYs) 2019 and 2020 for updates to FX Program planning and procurement efforts, and a revised project budget. These updates include continuation of SEAS planning activities and IV&V oversight services, ongoing Integration Platform and EDW acquisition efforts, transition costs for integration of existing solutions, and initial procurement activities for new modules.

Florida's PAPD-U is approved in accordance with the provisions of 45 CFR § 95.611 and the State Medicaid Manual (SMM) Part 11. CMS is approving additional FFP under this PAPD-U in an amount not to exceed \$895,041, for a new FX Program total of \$72,653,766 (Federal share \$65,228,389). Funding approved for this PAPD-U and the appropriate FFP rates are specified, by Federal fiscal year, in Appendix A. Authorization of Federal funding for this project will expire on September 30, 2020. This approval supersedes all previous APD approvals issued for the FX Program for the period identified in Appendix A.

CMS's Consolidated Medicaid Detailed Budget Table in Appendix B includes approved funding for all Florida MMIS Planning, Implementation, and Operational APDs for the Federal fiscal years listed.

This PAPD-U is subject to Federal requirements and State responsibilities as specified in Appendix C. **Failure to comply with the Federal requirements and State responsibilities in Appendix C puts approved FFP at risk.**

The State must submit monthly status reports for the project. These reports should measure progress against the approved PAPD-U. Status reports must be submitted to the Medicaid Enterprise Systems state officer by the last day of each month, continuing through project completion.

The State must obtain CMS's prior approval for APDs, Requests for Proposals (RFPs), contracts, and contract amendments as specified in regulations at 45 CFR § 95.611. Per 45 CFR § 95.611(d), CMS has 60 days to review and respond to a State's APD submission. Failure to submit an Annual APD-Update in a timely manner may put the State at risk of having a gap in approved FFP. Please plan on submitting an Annual APD-Update within 10 months of the date of this approval letter.

MMIS APDs, RFPs, contracts, and other requests for official approval should be sent to the CMS dedicated electronic mailbox at MedicaidMMIS@cms.hhs.gov, with a cover letter addressed to: Dzung Hoang, Director, Division of HITECH and MMIS.

If you have any questions regarding this letter, please contact your Medicaid Enterprise Systems state officer, John Allison, at 828-513-1323, or by e-mail at John.Allison@cms.hhs.gov.

Sincerely,



Dzung A. Hoang, Director
Division of HITECH and MMIS

Cc:

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MMIS mailbox; MedicaidMMIS@cms.hhs.gov

Appendix A

Florida FX Program MMIS Medicaid Detailed Budget Table Covers Federal Fiscal Years (FFYs) 2018-2020 (ending September 30, 2020)

Funding amounts described below are summarized by FFY; however funding is only approved to be used in accordance with the approval dates described in this letter.

Please note: The amounts provided for FFY 2018 reflect State-reported expenditures, and are for informational purposes only.

	MMIS CMS Share (90% FFP) DDI	State Share (10%)	MMIS CMS Share (75% FFP) DDI	State Share (25%)	MMIS CMS Share (75% FFP) M&O	State Share (25%)	MMIS ENHANCED FUNDING FFP Total	State Share Total	MMIS ENHANCED FUNDING TOTAL COMPUTABLE
	2A† + 2B†	--	2A† + 2B†	--	4A† + 4B†	--			
FFY 2018	\$10,908,915	\$1,212,013	\$0	\$0	\$0	\$0	\$10,908,115	\$1,212,013	\$12,120,128
FFY 2019	\$21,369,309	\$2,374,368	\$0	\$0	\$0	\$0	\$21,369,309	\$2,374,368	\$23,743,677
FFY 2020	\$32,750,965	\$3,638,996	\$0	\$0	\$0	\$0	\$32,750,965	\$3,638,996	\$36,389,961

	MMIS CMS Share (50% FFP) DDI	State Share (50%)	MMIS CMS Share (50% FFP) M&O	State Share (50%)	MMIS NOT ENHANCED FUNDING FFP Total	State Share Total	MMIS NOT ENHANCED FUNDING TOTAL COMPUTABLE
	2A† + 2B†	--	5A†+5B†+5C†	--			
FFY 2018	\$125,000	\$125,000	\$0	\$0	\$125,000	\$125,000	\$250,000
FFY 2019	\$18,750	\$18,750	\$0	\$0	\$18,750	\$18,750	\$37,500
FFY 2020	\$56,250	\$56,250	\$0	\$0	\$56,250	\$56,250	\$112,500

	MMIS ENHANCED FUNDING FFP Total	MMIS NOT ENHANCED FUNDING FFP Total	TOTAL FFP	STATE SHARE TOTAL	APD TOTAL COMPUTABLE
FFY 2018	\$10,908,115	\$125,000	\$11,033,115	\$1,337,013	\$12,370,128
FFY 2019	\$21,369,309	\$18,750	\$21,388,059	\$2,393,118	\$23,781,177
FFY 2020	\$32,750,965	\$56,250	\$32,807,215	\$3,695,246	\$36,502,461

Appendix B

Florida Consolidated (All Projects) MMIS Medicaid Detailed Budget Table
 Covers Federal Fiscal Years (FFYs) 2018-2021 (ending September 30, 2021)

Funding amounts described below are summarized by FFY; however funding is only approved to be used in accordance with the approval dates described in this letter.
 Please note: The amounts provided for FFY 2018 reflect State-reported expenditures, and are for informational purposes only.

	MMIS CMS Share (90% FFP) DDI	State Share (10%)	MMIS CMS Share (75% FFP) DDI	State Share (25%)	MMIS CMS Share (75% FFP) M&O	State Share (25%)	MMIS ENHANCED FUNDING FFP Total	State Share Total	MMIS ENHANCED FUNDING TOTAL COMPUTABLE
	2A† + 2B†	--	2A† + 2B†	--	4A† + 4B†	--			
FFY 2018	22,946,336	\$2,549,593	\$1,687,349	\$562,450	\$49,894,803	\$16,631,601	\$74,528,488	\$19,743,644	\$94,272,132
FFY 2019	\$33,177,700	\$3,686,411	\$440,827	\$146,942	\$47,522,011	\$15,840,670	\$81,140,538	\$19,674,023	\$100,814,561
FFY 2020	42,384,654	\$4,709,406	\$697,086	\$232,362	\$38,241,010	\$12,747,003	\$81,322,750	\$17,688,771	\$99,011,521
FFY 2021	\$5,884,755	\$653,862	\$0	\$0	\$1,148,796	\$382,932	\$7,033,551	\$1,036,794	\$8,070,345

	MMIS CMS Share (50% FFP) DDI	State Share (50%)	MMIS CMS Share (50% FFP) M&O	State Share (50%)	MMIS NOT ENHANCED FUNDING FFP Total	State Share Total	MMIS NOT ENHANCED FUNDING TOTAL COMPUTABLE
	2A† + 2B†	--	5A†+5B†+5C†	--			
FFY 2018	\$536,962	\$536,962	\$0	\$0	\$536,962	\$536,962	\$1,073,924
FFY 2019	\$18,750	\$18,750	\$0	\$0	\$18,750	\$18,750	\$37,500
FFY 2020	\$56,250	\$56,250	\$0	\$0	\$56,250	\$56,250	\$112,500
FFY 2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	MMIS ENHANCED FUNDING FFP Total	MMIS NOT ENHANCED FUNDING FFP Total	TOTAL FFP	STATE SHARE TOTAL	APD TOTAL COMPUTABLE
FFY 2018	\$74,528,488	\$536,962	\$75,065,450	\$20,280,606	\$95,346,056
FFY 2019	\$81,140,538	\$18,750	\$81,159,288	\$19,692,773	\$100,852,061
FFY 2020	\$81,322,750	\$56,250	\$81,379,000	\$17,745,021	\$99,124,021
FFY 2021	\$7,033,551	\$0	\$7,033,551	\$1,036,794	\$8,070,345

†MBES Line Item	
2A	MMIS- Design, Development or Installation of MMIS: Cost of In-house Activities
2B	MMIS- Design, Development or Installation of MMIS: Cost of Private Contractors
4A	MMIS- Operations of MMIS: Cost of In-house Activities
4B	MMIS- Operations of MMIS: Cost of Private Contractors
5A	MMIS- Mechanized Systems, not approved under MMIS procedures: Cost of In-house Activities
5B	MMIS- Mechanized Systems, not approved under MMIS procedures: Cost of Private Contractors
5C	MMIS- Mechanized Systems, not approved under MMIS procedures: Cost of Interagency Activities

FFP rates for specific activities and costs can be found at 76 FR 21949, available at <https://federalregister.gov/a/2011-9340>

Appendix C

This APD project is subject to the Federal regulations and State responsibilities as follows:

- **42 CFR 433, Subpart C**, “Mechanized Claims Processing and Information Retrieval Systems”
- **45 CFR 75**, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards”; and **Subpart D**, “Procurement Standards”
- **45 CFR 95, Subpart F**, “Automatic Data Processing Equipment and Services—Conditions for Federal Financial Participation (FFP)”
- **42 CFR 457.230**, “FFP for State ADP expenditures”
- **State Medicaid Manual (SMM), Part 11**
- **SMD Letter #16-004** Re: Mechanized Claims Processing and Information Retrieval Systems-Enhanced Funding, and **SMD Letter #16-009** Re: Mechanized Claims Processing and Information Retrieval Systems-APD Requirements, which contain additional details on specific FFP rates for qualifying activities

Approved Funding

The amounts allocated per Federal fiscal year in Appendices A and B cannot be reallocated between Federal fiscal years, even within the period of this letter’s approval, without submission and approval of an APD-Update. Only actual costs incurred are reimbursable.

Systems Software

All software development receiving 90 percent FFP must be state-owned and in the public domain in accordance with 42 CFR 433.112(b)(5) and (6) and 45 CFR 95.617. Federal regulations under 45 CFR 95.617(c) specify that 90 or 75 percent FFP is available for the license for proprietary software, but no FFP is available for the development of that software.

Data Safeguarding and Data Breach Reporting

The State’s MMIS projects and operations are subject to Federal regulations at **42 CFR Part 431, subpart F**, “Safeguarding Information on Applicants and Beneficiaries,” and the Administrative Simplification provisions under the Health Insurance Portability and Accountability Act (HIPAA) requirements as specified in **45 CFR Part 160 and Part 164**. Further, the State is bound by the requirements in section 1902(a)(7) of the Social Security Act, which require states to provide safeguards that restrict the use or disclosure of information concerning applicants and beneficiaries to purposes directly connected with the administration of the Medicaid program.

In the event of data breach, the State must immediately report the incident to the CMS IT Service Desk by email at cms_it_service_desk@cms.hhs.gov, or call the 24/7 CMS Service Desk phone number: 1-800-562-1963.

T-MSIS

Should the State's Medicaid Enterprise Systems fail to maintain and produce all Federally required program management data and information, including the required Transformed-Medicaid Statistical Information System (T-MSIS) eligibility, provider, claim, and managed care encounter data, in accordance with all applicable regulations and sub-regulatory guidance and the approved APD for this effort, FFP may be suspended or disallowed as provided for in Federal regulations at 45 CFR § 95.612. The State is required to maintain monthly production submissions of T-MSIS data files and continue to resolve T-MSIS data issues associated with the Top Priority Items (TPIs) as discussed in the CMCS Informational Bulletin dated March 18, 2019 (<https://www.medicaid.gov/federal-policy-guidance/downloads/cib031819.pdf>) and subsequent T-MSIS guidance.

If you need access to the T-MSIS State Support Site, please contact the CMS T-MSIS Help Desk at T-MSIS_Helpdesk@cms.hhs.gov. CMS expects the State to consider and incorporate T-MSIS requirements in every phase of the Software Development Life Cycle (SDLC) as applicable for any changes to state systems that impacts T-MSIS data reporting.

Throughout this project, the State must continue to provide timely submission of T-MSIS data to CMS. Furthermore, the State must demonstrate to CMS that any changes implemented under this approval will not result in any degradation in the level of accuracy, completeness or timeliness of the State's T-MSIS data submissions. CMS expects the State to share results of testing of T-MSIS data production with CMS before implementation of new system capabilities.