
December 1, 2021

Mr. Thomas Wallace
Deputy Secretary for Medicaid
State of Florida, Agency for Health Care Administration
2727 Mahan Drive, Mail Stop 8
Tallahassee, FL 32308

RE: FL-2021-10-13-MMIS-MES-APDU-FX Project

Dear Mr. Wallace:

This letter is in response to the Florida Agency for Health Care Administration's (AHCA) submission dated October 13, 2021, requesting that the Centers for Medicare & Medicaid Services (CMS) review and approve the State's Medicaid Management Information System (MMIS) Annual Advance Planning Document Update (APDU) for the Florida Health Care Connections (FX) Program, including an updated project activity report and procurement/implementation roadmap. Via the FX Program, AHCA is incrementally replacing legacy technology with flexible, interoperable Medicaid Enterprise System (MES) modules and infrastructure.

Florida submitted supplemental information on October 15, 2021, and a revised APDU on November 16, 2021.

Florida's MES environment includes the business, data, services, technical processes, and systems necessary for the administration of Medicaid business functions. The FX Program provides a framework to interconnect modules that will modernize legacy MMIS functionality and other MES activities. Systems that are pertinent to this program include but are not limited to the Florida MMIS (FMMIS), Decision Support System (DSS), Third Party Liability (TPL), Pharmacy Benefits Management (PBM), Fraud and Abuse Case Tracking System (FACTS), Home Health Electronic Visit Verification (EVV), Enrollment Broker System, Prior Authorization, and other systems. The scope of the FX Program also extends to interconnections and touch points with systems that reside outside of AHCA.

In the Annual APDU, AHCA reiterates the State's previously approved project budget of \$178,032,356 for Federal fiscal years (FFYs) 2021 through 2022, including the Federal financial participation (FFP) outlined in Appendix A. The approved funding supports implementation of FX technical infrastructure and modules via a phased approach. The legacy FMMIS will interface with new FX solutions until all FMMIS functionality has been replaced, and the current Fiscal Agent contract can be retired. The FX Program budget for FFYs 2021 and 2022 has not changed since Florida's last FX APDU. The State is requesting no new federal funding via the current Annual APDU.

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 – Transition from the legacy FMMIS and Fiscal Agent contract, and acquisition and integration of new functional modules

Florida completed the Phase I acquisitions in late 2017. Phase II objectives establish the technical foundation for FX modular transformation. In support of Phase II, the State engaged an IS/IP vendor in November 2019 to provide the Integration Platform, and awarded a contract for the EDW in December 2020. AHCA's data governance framework is supported by the EDW project, and includes enterprise-wide standards for data quality, metadata management, and data architecture.

Florida's primary goal for Phase III is to transition away from the legacy FMMIS and Fiscal Agent contract, while procuring and integrating new modules for Provider Services, Claims-Encounters-Financial Management, and Pharmacy Benefit Management. Phase III also includes acquisition of a Unified Operations Center, which will encompass the systems and infrastructure to support inbound and outbound multi-channel communications between AHCA and its stakeholders across the breadth of the FX Program. The State has released several Invitations to Negotiate (ITNs) in support of Phase III procurements.

The objective of Phase IV is to implement the remaining functional modules necessary to accomplish the FX vision, including solutions that are not part of the current Fiscal Agent contract, such as those for Plan Management, Enterprise Case Management, and Contractor Management. For existing systems that reside outside of the FMMIS but within the Medicaid Enterprise, such as the Prior Authorization subsystem, Phase IV will address integration of such solutions with the FX infrastructure as Florida moves to a modular environment.

This funding request also includes a specific focus on CMS-required outcomes for the following MES modules: Claims Processing, Financial Management, Enterprise Data Warehouse, Encounter Processing System, Member Management, Provider Management, and Pharmacy Benefit Management.

CMS previously approved Florida's APDU for the FX Program on September 2, 2020.

CMS approves Florida's Annual APDU effective October 13, 2021, in accordance with Section 1903(a)(3) of the Social Security Act, 42 CFR 433, Subpart C, 45 CFR 95, Subpart F, and the State Medicaid Manual, Part 11. CMS is authorizing expenditures under this APD, in an amount not to exceed the approved Project Medicaid Detailed Budget Table (MDBT) in Appendix A. Authorization of federal funding for this project will expire on September 30, 2022. This approval letter supersedes any prior FX APD for the Federal fiscal years approved within Appendix A.

Please note: CMS is approving this state Medicaid IT project and the associated funding; however, this APD approval does not constitute approval of any Medicaid program policies. Medicaid program policies must be reviewed and approved through the appropriate state plan amendment or waiver processes.

Per regulations at 42 CFR 433.116, FFP is available at 75 percent of expenditures for operation of a Medicaid Enterprise System (MES) module or solution approved by CMS in accordance with CMS' MES certification requirements. The State can claim 75 percent FFP from the first day of the calendar quarter after the date the system met the conditions of initial approval, as established by CMS. This may include a retroactive adjustment of FFP if necessary to provide the 75 percent rate beginning on the first day of that calendar quarter. As outlined in the State Medicaid Manual (SMM), Section 11255, FFP for the operation of a non-certified MES is at 50 percent, pending system certification and CMS approval of retroactive operational funding.

If the State's project deviates from the CMS approved APD, FFP for project activities could be suspended and/or disallowed as provided for in federal regulations at 45 CFR 95.611(c)(3) and 95.612.

CMS' Consolidated MDBT in Appendix B includes approved funding for all MMIS Planning, Implementation, and Operational APDs for the listed FFYs.

This project is subject to all the requirements specified under Appendix C, which includes federal regulations and additional information about the State's responsibilities concerning activities described in the APD. The funding and scope of work approved in the APD are subject to these requirements. **Failure to comply with the federal requirements and State responsibilities in Appendix C is subject to FFP disallowance.**

The State must submit monthly status reports for the project. These reports should measure progress against the approved APD. Status reports must be submitted to the MES State Officer by the last day of each month, continuing through project completion.

Transformed Medicaid Statistical Information System (T-MSIS) Compliance

On August 10, 2018, CMS issued State Health Official (SHO) Letter 18-008, outlining T-MSIS data reporting requirements for state Medicaid and CHIP programs (<https://www.medicaid.gov/Federal-Policy-Guidance/downloads/SHO18008.pdf>). As discussed in the CMCS Informational Bulletin (CIB) dated March 18, 2019 (<https://www.medicaid.gov/federal-policy-guidance/downloads/cib031819.pdf>) and subsequent T-MSIS guidance, Florida is required to maintain monthly production submissions of T-MSIS data files and continue to resolve T-MSIS data issues.

As of the August 1, 2021 T-MSIS reporting period, Florida is compliant with T-MSIS requirements. Specifically, Florida has data quality issues in two T-MSIS Priority Items (TPIs), which meets the requirement to reduce data quality issues to no more than two TPI categories.

Timely, accurate, and complete T-MSIS data submission continues to be a CMS priority and is even more critical to national analyses of Medicaid and CHIP services, activities, and expenditures during the COVID-19 Public Health Emergency. To comply with T-MSIS Data Quality Assessment criteria,

CMS requests that States continue to submit monthly T-MSIS data and continue, as much as possible, to work towards the recommended timelines for resolving TPIs. CMS will continue to measure and report on T-MSIS data quality issues, and provide ongoing technical assistance to states. Please review Appendix C (T-MSIS) of this APD response, which further details ongoing requirements for T-MSIS Data Quality compliance.

The State must obtain CMS' 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 or APD Update in a timely manner may put the State at risk of having a gap in approved FFP. The State is reminded that funding for each FFY expires on September 30 of the corresponding FFY. An Annual APD or APD Update can be submitted at any time, however it must be approved by CMS before the funding expires to ensure there is no gap in approved FFP.

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

If you have any questions, please contact the Medicaid Enterprise Systems (MES) State Officer, John Allison at 828-513-1323 or John.Allison@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dzung Hoang', written over a circular stamp or seal.

Dzung Hoang, Director
Division of HITECH and MMIS

CC:

Edward Dolly, CMS/CMCS

Nicolas Aretakis, CMS/CMCS

Kia Banton, CMS/CMCS

CAPT Willie Tompkins (USPHS), CMS/CMCS

Debbie Simon, CMS/CMCS

Sidney Staton, CMS/CMCS

Appendix A

Florida – MMIS – “MES” (FX Program) – Project Medicaid Detailed Budget Table*
 Covers Federal Fiscal Years (FFYs) 2021-2022 (ending September 30, 2022)
 FFYs 2021 & 2022 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 2021	\$57,526,823	\$6,391,869	\$3,592,445	\$1,197,482	\$0	\$0	\$61,119,268	\$7,589,351	\$68,708,619
FFY 2022	\$89,265,032	\$9,918,337	\$7,492,776	\$2,497,592	\$0	\$0	\$96,757,808	\$12,415,929	\$109,173,737

	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 2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2022	\$75,000	\$75,000	\$0	\$0	\$75,000	\$75,000	\$150,000

	MMIS ENHANCED FUNDING FFP Total	MMIS NOT ENHANCED FUNDING FFP Total	TOTAL FFP	STATE SHARE TOTAL	APD TOTAL COMPUTABLE
FFY 2021	\$61,119,268	\$0	\$61,119,268	\$7,589,351	\$68,708,619
FFY 2022	\$96,757,808	\$75,000	\$96,832,808	\$12,490,929	\$109,323,737

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

Appendix B
 Florida – MMIS – Consolidated Detailed Budget Table*
 Covers Federal Fiscal Years (FFYs) 2021-2023 (ending September 30, 2023)
 FFYs 2021 – 2023 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 2021	\$72,918,330	\$8,102,037	\$3,937,445	\$1,312,482	\$50,729,926	\$16,909,975	\$127,585,701	\$26,324,494	\$153,910,195
FFY 2022	\$104,361,561	\$11,595,729	\$7,837,776	\$2,612,592	\$51,225,127	\$17,075,042	\$163,424,464	\$31,283,363	\$194,707,827
FFY 2023	\$1,088,559	\$120,951	\$0	\$0	\$709,180	\$236,393	\$1,797,739	\$357,344	\$2,155,083

	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 2021	\$379,396	\$379,396	\$0	\$0	\$379,396	\$379,396	\$758,792
FFY 2022	\$454,396	\$454,396	\$0	\$0	\$454,396	\$454,396	\$908,792
FFY 2023	\$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 2021	\$127,585,701	\$379,396	\$127,965,097	\$26,703,890	\$154,668,987
FFY 2022	\$163,424,464	\$454,396	\$163,878,860	\$31,737,759	\$195,616,619
FFY 2023	\$1,797,739	\$0	\$1,797,739	\$357,344	\$2,155,083

*Consolidated funding amounts described above are summarized by FFY; funding is only approved to be used in accordance with the approval dates described in this letter.

†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.

Per 45 CFR 95.617, the Department reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use for Federal Government purposes, such software, modifications, and documentation.

Data Safeguarding and Data Breach Reporting

The State’s MES 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 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, or fails to do so under a subsequent compliance plan, FFP may be reduced, suspended or disallowed as provided for in Federal regulations at 45 CFR § 95.612. Per the State Health Official (SHO) Letter 18-008 dated August 10, 2018¹ and subsequent T-MSIS guidance, the State must:

- Maintain monthly production submissions of T-MSIS data files, and
- Work in good faith to resolve data quality issues as defined by the T-MSIS Priority Items or other alternative Data Quality criteria established and communicated by CMS.
 - States assessed as Red (6 or more open TPI categories), will target Data Quality issues in fewer than two TPI categories across TPIs 1-32.
 - States assessed as Yellow (two or more open TPI categories), will target Data Quality issues in fewer than two categories across TPIs 1-32.
 - States assessed as Blue (0-2 open TPI categories), will work with CMS to set reasonable targets for improved Data Quality.

All states are expected to collaborate with CMS to improve the landscape of T MSIS data quality, if the categories listed here do not apply.

Throughout this project, the State should ensure that any changes implemented within Medicaid Enterprise System(s) (MES) would not result in any degradation in the level of accuracy, completeness or timeliness of the State’s T-MSIS data submissions. Product delivery timelines should incorporate impacts from ongoing maintenance of T-MSIS, Large System Enhancements and/or other system changes (i.e. a software code freeze, to ensure there are no delays in T-MSIS Data Quality work. For States and Territories implementing large system enhancements and other projects with system implementations that may impact T-MSIS reporting, CMS provides guidelines to ensure there is no data degradation:

<https://tmsis2.atlassian.net/wiki/spaces/STATE/pages/476676323/Projects+that+Impact+T-MSIS+Reporting+-+Standard+Operating+Procedure>. The State is expected to complete parallel testing with CMS before implementation of new system capabilities.

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.

¹ <https://www.medicare.gov/Federal-Policy-Guidance/downloads/SHO18008.pdf>