



RICK SCOTT
GOVERNOR

JUSTIN M. SENIOR
SECRETARY

December 8, 2017

Ms. Shantrina Roberts
Acting Associate Regional Administrator
Centers for Medicare & Medicaid Services
Division of Medicaid & Children's Health Operations
61 Forsyth Street, SW, Suite 4T20
Atlanta, Georgia 30303-8909

Dear Ms. Roberts:

Please find attached a Planning Advance Planning Document (PAPD) for Florida Medicaid. This PAPD revises a previous request for enhanced Federal Financial Participation (FFP) funding for the initiation of Phase II of the Florida Medicaid Enterprise System (MES) procurement strategy. This PAPD includes an updated timeline, as well. The Agency anticipates submitting an Implementing APD for Phase II in the spring of 2018, prior to releasing solicitations for the Phase II vendors.

If you have any questions regarding this request, please contact Angela Ramsey at (850) 412-3440 or Angela.Ramsey@ahca.myflorida.com.

Sincerely,

Beth Kidder
Deputy Secretary for Medicaid

BK/gm/ar
Enclosure

cc: John R. Allison, MMIS Coordinator





Enclosure 1 (2)

The Director of the
Acting Secretary of the
Department of Health and
Human Services
615 North Capitol Street, Room 3130
Atlanta, Georgia 30333

Dear Mr. [Name]:

Please find attached 1. A copy of the
The RFP is a request for proposals for
for the purpose of [purpose].
The RFP is available for review at
[location]. The RFP is also available
electronically at [website].
If you have any questions regarding
the RFP, please contact [contact info].

[Signature]
Deputy Secretary for [Title]

Respectfully,
[Name]
[Title]



U.S. Department of Health and
Human Services
615 North Capitol Street, Room 3130
Atlanta, Georgia 30333

U.S. Department of Health and
Human Services
615 North Capitol Street, Room 3130
Atlanta, Georgia 30333

PLANNING ADVANCE PLANNING DOCUMENT (PAPD)

MES-003

**Florida Medicaid Enterprise System Procurement
Phase II**



**State of Florida
Agency for Health Care Administration
Division of Medicaid**

December 2017

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A. Executive Summary

The purpose of this Advance Planning Document is to confirm Florida Medicaid's intent to transition from the current monolithic Florida Medicaid Management Information System (FMMIS), Decision Support System (DSS), and fiscal agent and to revise the estimated costs for Phase II of Florida's transition plan. The Agency intends for the resulting solution to include contracts to a series of modular systems that will provide the State of Florida and the Centers for Medicare and Medicaid Services (CMS) a modular, interoperable solution to the required functions of the FMMIS, DSS and fiscal agent contract. This project was initially approved by CMS in Letter FL-17-003, dated December 21, 2016.

The Florida Medicaid Enterprise Systems (MES) Procurement Strategy defines the Florida MES as the business, data, services, technical processes, and systems necessary for the administration of the Florida Medicaid program. The FMMIS has historically been the central system within the Florida Medicaid Enterprise as the single, integrated system of claims processing and information retrieval. As the Medicaid program has grown more complex, the systems needed to support the Florida Medicaid Enterprise have grown in number and complexity. The current Florida MES includes the FMMIS as well as separate systems that function to support Florida Medicaid and the Agency. Such Agency systems include, but are not limited to, the enrollment broker system, third party liability, pharmacy benefits management, fraud and abuse case tracking, prior authorization, home health electronic visit verification, provider data management system, and Health Quality Assurance licensure systems. The Florida MES also includes interconnections and touch points with systems that reside outside the Agency such as systems hosted by the Department of Children and Families, Department of Health, Department of Elder Affairs, Agency for Persons with Disabilities, Florida Healthy Kids, Department of Financial Services, Florida Department of Law Enforcement, Department of Juvenile Justice, and Vital Statistics.

The Agency presented the MES Procurement Strategy to CMS in the November 2016, Implementation Advance Planning Document Update (IAPDU) and proposed a phased approach to replace the current functions of the FMMIS based on the CMS conditions and standards. The MES procurement strategy will ultimately transition the FMMIS solution to an interoperable and unified Medicaid Enterprise System where individual processes, modules, sub-systems and systems work together to support the Medicaid program. This approach provides the most efficient and cost-effective long-term solution for the MES while complying with federal regulations, achieving federal certification, and obtaining enhanced federal funding.

B. Statement of Need and Objectives

The objectives of **Phase I** of the Florida MES procurement project included procurement of a Strategic Enterprise Advisory Services (SEAS) Vendor and an

Independent Verification and Validation (IV&V) vendor. Additional objectives of Phase I include operating an interim PMO using existing Agency resource in the Bureau of Medicaid Fiscal Agent Operations in advance of the SEAS vendor. The Agency and the SEAS vendor executed a contract September 29, 2017; the IV&V vendor contract execution is anticipated by November 2017. These activities will complete Phase I of the MES Procurement Strategy.

The objectives of **Phase II** of the Florida MES procurement project include procurement(s) of a Systems Integrator (SI), Enterprise Service Bus (ESB), and an Enterprise Data Warehouse (EDW). Work on the solicitations for these resulting contracts will start by December 2017. The SI will provide the technical expertise to ensure the integrity and interoperability of the MES by performing technical systems integration in coordination with multiple vendors providing the technology solutions. The ESB platform will provide a standards-based integration platform to connect diverse applications and enable a common information exchange process between systems. The EDW will provide data warehousing and data integration capabilities for data to be shared across systems, and will replace the current DSS. The Agency needs a comprehensive EDW solution to provide greater information sharing, broader and easier access, enhanced data integration, increased security and privacy, and strengthened query and analytic capability by building a unified data repository for reporting and analytics.

The Agency proposes to extend the current DXC Technology / Enterprise Services, LLC. (formerly HPE) fiscal agent contract, currently scheduled to end June 30, 2018, to June 30, 2020, and not pursue a FMMIS takeover procurement. The Agency envisions the need for “emergency extensions” of the DXC contract after June 2020, which will be fully described in IAPDUs submitted separately. Florida must ensure a fully functional FMMIS, Fiscal Agent (FA), and DSS to support Medicaid operations during the interim planning and development periods for the future state of the MES. Extending the current fiscal agent contract will allow for continued operations without a takeover procurement. This plan will save state and federal money and eliminate the need for intense participation of Agency Subject Matter Experts (SMEs) for the takeover effort. In preparation of the transition of the current monolithic DXC system to a modular system, the Agency is asking for funding in this PAPD for the hardware and staff needed to “decouple” parts of the current system and provide for a smooth transition to the modular system as the modules are developed and installed. Part of the negotiation with DXC is to allow a pricing model that will facilitate decreases in DXC’s operation of FMMIS components and a corresponding reduction in payment.

As the MES project progresses, the state will issue Implementation Advance Planning Documents and will keep CMS informed of progress and changes through regular updates. The Agency anticipates that as the strategy is implemented, the functions currently performed in the fiscal agent contract, the FMMIS or the DSS will be

replaced with a robust, modern group of modules that will provide a greater cost benefit and the flexibility of choice of vendors, enhancing the operations of the Medicaid Enterprise.

1. Project Objectives and Business Benefits

The MES Procurement Project will operate according to the objectives that will result in corresponding business benefits in Exhibit 1—Project Objectives.

| Project Objective | Business Benefit |
|--|--|
| Produce solicitation document(s) that will encourage free and open competition. | Competition allows the state to benefit from lower costs and better value solutions from vendors. |
| Identify the best solution for obtaining a federally certifiable MES that is designed to operate a managed care centric system, instead of a solely fee-for-service centric system. | Federal certification allows the state to receive enhanced federal funding for the operations of Medicaid Enterprise systems, saving Florida funds for other needs. The new system functions needed to manage in a managed care centric system are imperative for future budget forecasting and rate setting activities. |
| Improve the scope and quality of data for MES program management. | Data used in managing the MES must be complete and error free. |
| Expand automated processes, with a focus on communications, workflow, and electronic records. | Automation creates more efficient and effective work results and tends to decrease the overall cost of doing business. |
| Expand flexibility for integrating with Agency enterprise initiatives, as well as statewide and regional hubs. | The ability to share data across all social service agencies and other entities with additional data provides more complete and accurate data to use in making program management decisions. |
| Deploy innovative solutions that allow for efficient and rapid response to ongoing industry and federal mandates. | The MES solution must be in a position to take advantage of advances in emerging technology and adapt to industry and federal mandates to take full advantage of more effective and efficient business processes. |
| Create a Single Source of Truth (SSOT) across the Medicaid Enterprise through data normalization, elimination of complex interfaces prone to data redundancy, information delays, and data incompatibility issues, and establish the required architecture | System interfaces through the exchange of data files become more complex and costly as the number of systems and applications increase. A SSOT will improve data integrity, security, analytics, accessibility, and reporting. The ESB will enable a common information exchange process to eliminate point-to-point communication between |

| Project Objective | Business Benefit |
|--|--|
| and standards for further modular development. | individual systems. The ESB will route and manage all business logic interacting across the enterprise. The ESB will integrate services across disparate systems and allow services to remain platform and technology independent. |
| Develop agility in processes, organizations, and systems by developing the MES governance structure, developing an enhanced testing capability, developing an enterprise-level integrated change management process, and developing enhanced system documentation tools. | Improvement in transparency, communications, and processes to facilitate success in projects, and development of decisions based on strategic alignment. |
| Optimize Federal Financial Participation (FFP) to maximize impact of State of Florida funding through Federal match. | Optimizing FFP allows the Agency to meet the strategic goals of the MES within cost constraints. |

Exhibit 1 – Project Objectives

2. Critical Success Factors

This section describes the factors or characteristics that are deemed critical to the success of the project, such that, in their absence the project will fail or generate critically deficient outcomes.

Critical Success Factor 1: SEAS contract execution and vendor on boarding.

Critical Success Factor 2: IV&V contract execution and vendor on boarding.

Critical Success Factor 3: Initial strategic domain deliverables are developed by the SEAS vendor, which include the enterprise governance plan, strategic planning training, enterprise systems strategic plan, and the strategic project portfolio management plan.

Critical Success Factor 4: Initial programmatic domain deliverables are developed by the SEAS vendor, which include the revised Medicaid Information and Technology Architecture (MITA) State Self-Assessment (SS-A), MES project management standards and toolkit, and the Medicaid Enterprise certification management plan.

Critical Success Factor 5: Initial technical domain deliverables are developed by the SEAS vendor, which include the data and technical management strategies, information and technical architecture, data and technology standards, design and implementation management standards, and enterprise data security plan.

Critical Success Factor 6: Fiscal agent contract amendment to extend the contract beyond the current end date of June 30, 2018.

Critical Success Factor 7: Timely release of procurement(s) for a Systems Integrator, Enterprise Service Bus, and Enterprise Data Warehouse.

Critical Success Factor 8: Completion of CMS milestone reviews throughout the Medicaid Enterprise Certification Life Cycle using the current Medicaid Enterprise Certification Toolkit (MECT), achievement of CMS certification for Medicaid Enterprise Systems, and approval for enhanced FFP.

3. Key Dates

The key dates of the first year of the MES Procurement project are as follows in Exhibit 2 – Key Dates.

| Key Date* | Importance and Relevance to the Project |
|----------------|---|
| September 2017 | Strategic Enterprise Advisory Services (SEAS) contract execution and vendor on-boarding |
| November 2017 | IV&V contract execution in order to ensure oversight of the MES project |
| December 2017 | Solicitation Development Activities begin for the Systems Integrator, Enterprise Service Bus and Enterprise Data Warehouse (SI/ESB/EDW) |
| February 2018 | MES Strategic Plan is approved which will outline the transition plan that best meets the Agency’s needs |
| May 2018 | SI/ESB/EDW solicitation is released |

Exhibit 2 – Key Dates

*Key Dates are subject to change.

C. Project Management Plan

The successful implementation and execution of the MES Procurement project, Project Management Office is based on three guiding principles:

- Implement standardized, lean, and effective project management processes across the Agency and Vendor project teams and stakeholders.
- Employ the right project management tools commensurate with the scale and complexity of the project.
- Utilize best practice approaches and establish a culture of continuous improvement.

The project guiding principles support the following critical aspects of a large-scale, long-term project such as the MES project:

- Decision-Making – Effective project management processes, tools and practices provide the team with information needed to make informed decisions that allow them to proactively keep the project on track and on schedule.
- Alignment – Employing the proper tools and processes ensures that the project activities and outcomes are aligned with objectives defined in the planning phase, reducing re-work and increasing acceptance.
- Control – Proper application of project management processes, tools, and practices allows the PMO to maintain control of the scope, schedule, cost, and quality of the project.
- Support – Well-designed processes, practices, and tools support all of the project management activities, and support the team in reaching project objectives, including timeliness.
- Tracking – Effective project management relies on timely and accurate information. The PMO processes, tools and practices are focused on tracking critical aspects of the project to help ensure that the team has information needed to proactively correct problems that could affect timely delivery of the project.
- Consistency – Given the complexity of the MES Procurement Project, project management processes, tools, and practices must lead to consistency in the operation of the PMO and the overall project in order to achieve successful and timely delivery.
- Predictive modeling – The use of tracking data, experience, and trend analysis to identify risks and roadblocks before they happen. This allows corrective actions to be implemented before issues and project delays occur.
- Continuous Improvement – The use of performance metrics, quality checklists and lessons learned to identify and address process inefficiencies and gaps in a timely manner.

The SEAS vendor will develop a Project Management Plan, which will consist of best practices and guidelines promoted by the Project Management Institute in its Project Management Body of Knowledge (PMBOK®) by which to manage the MES procurement and implementation. This plan will establish the project management processes and controls to manage the MES project work effort, including the management processes for deliverables review and evaluation, risk identification and management, change control management, and tracking work plan progress against the project schedule.

1. Business Process Organizational Change Management Plan

The MES project will develop a Communication Plan that guides the communication development and delivery process to ensure that affected stakeholders receive appropriate information in a timely manner through the most effective channels/methods. The

Organizational Change Management (OCM) program will be part of the SEAS Vendor activities and will include a broad range of stakeholders, communication strategies, communications collateral, and communication activities designed to ensure stakeholder acceptance of the MES concept, end-user adoption of the enterprise, and rapid return to productivity during the transition to the new environment.

2. Project Risk Management Plan

A more detailed description of the project's risk management processes will be contained in the Risk Management Plan, which is part of the initial deliverables of the SEAS contract.

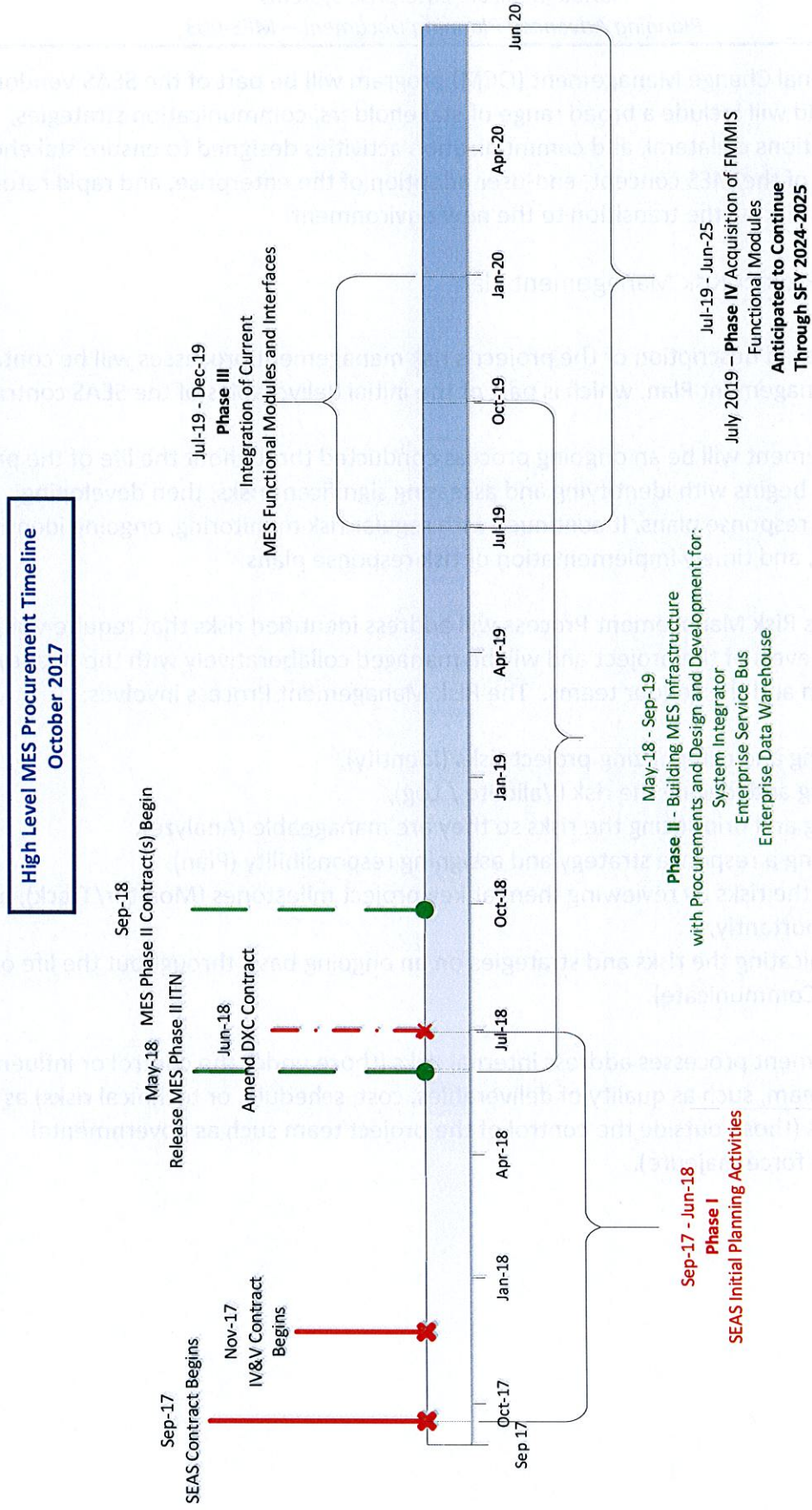
Risk management will be an ongoing process conducted throughout the life of the project. The process begins with identifying and assessing significant risks, then developing appropriate response plans. It continues with regular risk monitoring, ongoing identification of new risks, and timely implementation of risk response plans.

The project's Risk Management Process will address identified risks that require visibility at the highest levels of the project and will be managed collaboratively with the Agency Project Team and the vendor teams. The Risk Management Process involves:

- Identifying and categorizing project risks (Identify),
- Validating and logging the risk (Validate / Log),
- Assessing and prioritizing the risks so they are manageable (Analyze),
- Developing a response strategy and assigning responsibility (Plan),
- Tracking the risks by reviewing them at key project milestones (Monitor/Track), and most importantly,
- Communicating the risks and strategies on an ongoing basis throughout the life of the project (Communicate).

Risk management processes address internal risks (those under the control or influence of the project team, such as quality of deliverables, cost, schedule, or technical risks) as well as external risks (those outside the control of the project team such as governmental legislation or force majeure).

3. Timeline for Phase II of the MES Procurement Project



D. Proposed Project Budget and Cost Distribution

1. Contracted Services Budget Request Variance

An Implementation Advanced Planning Document will be submitted to CMS as the MES modular solicitations begin. The budget amounts may be refined over time to reflect costs more in line with solutions and industry norms.

Contracted services include the Strategic Enterprise Advisory Services (SEAS) Vendor, the Independent Validation and Verification Vendor (IV&V) and Legal Counsel funds. The revised budget for contracted services is in Exhibit 3 – Comparison of Initial Contracted Services Request and Revised Budget, which reflect these changes:

- expanded scope for the SEAS contractor and for the IV&V contractor to include specified activities,
- updated estimated amounts

| Federal Fiscal Year | MES Phase II Contracted Services -SEAS, IV&V and Legal Counsel | | | | | | |
|---------------------|--|--------------|-----------------------------|----------------------|----------------------|---------------------|-------------------|
| | Initial Request | | | Revised Request | | | |
| | Total | FFP 90% | State 10% | Total | FFP 90% | State 10% | |
| 2017-2018 | \$ 5,000,000 | \$ 4,500,000 | \$ 500,000 | \$ 7,496,308 | \$ 6,521,677 | \$ 724,631 | |
| 2018-2019 | \$ 5,000,000 | \$ 4,500,000 | \$ 500,000 | \$ 9,301,488 | \$ 7,696,339 | \$ 855,149 | |
| 2019-2020 | \$ 5,000,000 | \$ 4,500,000 | \$ 500,000 | \$ 7,801,488 | \$ 6,796,339 | \$ 755,149 | |
| | | | Initial 3 Year Total | \$ 24,599,284 | \$ 21,014,356 | \$ 2,334,928 | |
| | | | | | | | \$ 625,000 |
| | | | | | | | \$ 125,000 |
| | | | | | | | \$ 375,000 |
| | | | | | | | \$ 125,000 |
| | | | | | | | \$ 625,000 |

Exhibit 3 – Comparison of Initial Contracted Services Request and Revised Budget

2. State Agency Staff Costs Detail

Florida claims 50% administrative match FFP for the existing State positions assigned to this project. This PAPD requests an additional 40% FFP to be added to the current 50% bringing the total FFP to 90% for these positions for the time allocations that are indicated. These state Agency staff will perform critical activities for this project. Exhibit 4 – State Agency Staff Increased FFP reflects this shift on a Federal Fiscal Year basis.

| State Agency Staff Costs for FFY 2017-2018 | | | | Quarter | | | | FFP for Oct 2017 through Sept 2018 | | | | |
|---|---------|----------------------------|----------------|------------------|-------------------------|----------------------------|-----------------------|------------------------------------|------------|----------------------|---------------|-----------------|
| Position (currently established Medicaid staff) | No. FTE | Time Allocation to Project | Cost Per Month | Cost Per Quarter | Current 50% FFP/Quarter | 40% additional match/Quart | FFP Total 10%/Quarter | Current FFP | 50% FFP | 40% additional match | FFP Total 90% | State Match 10% |
| Project Sponsor | 1 | 25% | \$ 2,125 | \$ 6,375 | \$ 3,188 | \$ 2,550 | \$ 638 | \$ 12,750 | \$ 10,200 | \$ 22,950 | \$ 2,550 | |
| Project Director | 1 | 100% | \$ 6,537 | \$ 19,611 | \$ 9,806 | \$ 7,844 | \$ 1,961 | \$ 39,222 | \$ 31,378 | \$ 70,600 | \$ 7,844 | |
| Deputy Project Director | 1 | 100% | \$ 6,537 | \$ 19,611 | \$ 9,806 | \$ 7,844 | \$ 1,961 | \$ 39,222 | \$ 31,378 | \$ 70,600 | \$ 7,844 | |
| Senior Management Analyst | 6 | 100% | \$ 36,000 | \$ 108,000 | \$ 54,000 | \$ 43,200 | \$ 10,800 | \$ 216,000 | \$ 172,800 | \$ 388,800 | \$ 43,200 | |
| Subtotals | | | \$ 51,199 | \$ 153,597 | \$ 76,799 | \$ 61,439 | \$ 15,360 | \$ 307,194 | \$ 245,755 | \$ 552,949 | \$ 61,439 | |
| Work Groups | | | | | | | | | | | | |
| Information and Technical Support | 4 | 25% | \$ 5,500 | \$ 16,500 | \$ 8,250 | \$ 6,600 | \$ 1,650 | \$ 33,000 | \$ 26,400 | \$ 59,400 | \$ 6,600 | |
| Claims Processing | 4 | 10% | \$ 5,500 | \$ 16,500 | \$ 8,250 | \$ 6,600 | \$ 1,650 | \$ 33,000 | \$ 26,400 | \$ 59,400 | \$ 6,600 | |
| Provider Services | 3 | 10% | \$ 1,650 | \$ 4,950 | \$ 2,475 | \$ 1,980 | \$ 495 | \$ 9,900 | \$ 7,920 | \$ 17,820 | \$ 1,980 | |
| Member Services | 3 | 10% | \$ 1,650 | \$ 4,950 | \$ 2,475 | \$ 1,980 | \$ 495 | \$ 9,900 | \$ 7,920 | \$ 17,820 | \$ 1,980 | |
| Quality Assurance | 2 | 10% | \$ 1,100 | \$ 3,300 | \$ 1,650 | \$ 1,320 | \$ 330 | \$ 6,600 | \$ 5,280 | \$ 11,880 | \$ 1,320 | |
| TPL | 2 | 10% | \$ 1,100 | \$ 3,300 | \$ 1,650 | \$ 1,320 | \$ 330 | \$ 6,600 | \$ 5,280 | \$ 11,880 | \$ 1,320 | |
| DSS/Management Reporting | 4 | 50% | \$ 12,000 | \$ 36,000 | \$ 18,000 | \$ 14,400 | \$ 3,600 | \$ 72,000 | \$ 57,600 | \$ 129,600 | \$ 14,400 | |
| Financial Accounting | 3 | 10% | \$ 1,650 | \$ 4,950 | \$ 2,475 | \$ 1,980 | \$ 495 | \$ 9,900 | \$ 7,920 | \$ 17,820 | \$ 1,980 | |
| Encounter Processing | 4 | 10% | \$ 2,200 | \$ 6,600 | \$ 3,300 | \$ 2,640 | \$ 660 | \$ 13,200 | \$ 10,560 | \$ 23,760 | \$ 2,640 | |
| Totals | | | \$ 83,549 | \$ 250,647 | \$ 125,324 | \$ 100,259 | \$ 25,065 | \$ 501,294 | \$ 401,035 | \$ 902,329 | \$ 100,259 | |

Exhibit 4 – State Agency Staff Increased FFP

Florida Medicaid Enterprise Systems
Planning Advanced Planning Document – MES-003

3. Proposed Budget

| PLANNING TASKS | FLORIDA MEDICAID ENTERPRISE SYSTEMS (MES) INITIAL PLANNING BUDGET | | | | | | | | | | | |
|---|---|------------|---------|------------------|------------|------------|------------------|--------------|--------------|--------------|------------|------------|
| | SFY 2017-2018 | | | SFY 2018-2019 | | | SFY 2019-2020 | | | | | |
| | FFP 90% | STATE 10% | FFP 75% | State 25% | FFP 50% | State 50% | FFP 90% | STATE 10% | FFP 75% | State 25% | FFP 50% | State 50% |
| Strategic Enterprise Advisory Services (SEAS) Tasks | | | | | | | | | | | | |
| Establish PMO and Initial Planning Deliverables | \$4,500,000 | \$500,000 | | | | | | | | | | |
| Task Orders for MES Vendor Solicitations | \$ 540,000 | \$ 60,000 | | | | | \$ 4,950,000 | \$ 550,000 | | | | |
| Infrastructure Phase | | | | | | | | | | | | |
| System Integrator | | | | | | | | | | | | |
| Enterprise Service Bus - DDI | | | | | | | \$ 4,500,000 | \$ 500,000 | | | | |
| Enterprise Service Bus - Transition | | | | | | | \$ 2,250,000 | \$ 250,000 | | | | |
| Enterprise Data Warehouse - DDI | | | | | | | \$ 4,500,000 | \$ 500,000 | | | | |
| Enterprise Data Warehouse - Transition | | | | | | | \$ 900,000 | \$ 100,000 | | | | |
| Enterprise Data Warehouse - Operations | | | | | | | | | \$ 2,250,000 | \$ 750,000 | | |
| Legal Counsel | | | | | | | | | \$ 5,250,000 | \$ 1,750,000 | | |
| FMMIS Support - Key Bus, Area Decoupling-DDI | | | | | \$ 125,000 | \$ 125,000 | | | | | \$ 125,000 | \$ 125,000 |
| FMMIS Support-Key Bus, Area Decoupling-Hardware | | | | | | | \$ 1,350,000 | \$ 150,000 | | | | |
| FMMIS Support-DCF Replacement System Interfaces | | | | | | | \$ 180,000 | \$ 20,000 | | | | |
| | | | | | | | \$ 207,000 | \$ 23,000 | | | | |
| Integration Phase | | | | | | | | | | | | |
| Enrollment Broker | | | | | | | | | | | | |
| TPL | | | | | | | | | | | | |
| Utilization Management | | | | | | | | | | | | |
| Module Acquisition Phase | | | | | | | | | | | | |
| Module #1 DDI (provider) | | | | | | | | | | | | |
| IV&V Tasks | | | | | | | | | | | | |
| Monitor State and SEAS activities and report to CMS and the Agency for State Technology | \$ 1,481,677 | \$ 164,631 | | | | | \$ 1,846,339 | \$ 205,149 | | | | |
| State Agency Staff Costs | | | | | | | | | | | | |
| Additional 40% FFP for existing FTEs | \$ 902,329 | \$ 100,259 | | | | | \$ 902,329 | \$ 100,259 | | | | |
| PAPD Total Request by FFP | \$ 7,424,006 | \$ 824,890 | \$ - | \$ - | \$ 125,000 | \$ 125,000 | \$ 26,148,668 | \$ 2,905,408 | \$ 7,500,000 | \$ 2,500,000 | \$ 125,000 | \$ 125,000 |
| PAPD Total Request by SFY | \$ 8,498,896.00 | | | \$ 26,234,076.00 | | | \$ 39,304,076.00 | | | | | |

Exhibit 5 – Summary Florida MES Procurement Revised Budget

Explanation of the budget items follows:

- 1) Strategic Advisor vendor: \$5,000,000 core contract, these costs will be eligible for 90% FFP (these costs are recurring over the life of project and will fluctuate according to the tasks required for the FMMIS transition);
- 2) Development of the MES infrastructure for Phase II:
 - a) System Integrator: \$4,000,000, these costs will be eligible for 90% FFP (these costs are recurring over the life of the contract for the System Integrator);
 - b) Enterprise Service Bus: \$3,000,000, development and transition costs* will be eligible for 90% FFP (these costs will decline over the life of the contract for the Enterprise Service Bus), operations cost in this time period of \$2,000,000 will be eligible for 75% FFP; (these costs will recur over the life of the contract for the Enterprise Service Bus);
 - c) Enterprise Data Warehouse/Analytics: \$12,000,000 development and transition costs* will be eligible for 90% FFP (these costs will decline over the life of the contract for the Enterprise Data Warehouse), operations cost in this time period of \$7,000,000;
- 3) Independent Validation and Verification (IV&V) Services: \$2,051,488, these costs will be eligible for 90% FFP (these costs are recurring over the life of project);
- 4) Outside legal counsel funding: \$750,000, these costs will be eligible for 50% FFP (these costs are recurring relative to the planned procurements in a state fiscal year).

*transition costs are included during operational years to allow for enhancements to the MES infrastructure as Florida moves from the current system to a modular system. As modules are moved to the MES, this funding will allow vendor activities for maintenance and operations to continue without interruption at the same time the enhancement work is required. Enhancement costs are eligible for 90% FFP.

- 5) DXC/FMMIS Modularity Service Bus – The strategic goal of the Medicaid Enterprise System Procurement is modularity of FMMIS system functions and moving away from the traditional monolithic FMMIS. In order to support this strategic modularity goal, it is critical that preliminary modifications to the FMMIS are made in order to prepare the FMMIS with the capability to decouple key business areas to receive core information outside of the FMMIS (for example provider enrollment). A new DXC/FMMIS Service Bus and begin decoupling key business areas of the FMMIS, according to the Strategic Plan developed by the Agency.
- 6) Enhanced Interface to Department of Children and Families (DCF) Replacement System – DCF is replacing their current antiquated system with a new system. As part of this transition, the current interfaces based on outdated COBOL based transaction file structures will be modernized and ultimately moved to real-time transactions. In addition, a new DCF/FMMIS interface acceptance test region will be created to support the transition and ongoing operations. The recipient interface with DCF is key to the administration of the Medicaid program and as a result, it will be critical that the tool(s) to thoroughly test are available to the state. The Agency will facilitate coordination with

DCF and the FMMIS regarding the business needs of the new interface; modify the FMMIS to accept and process the new interfaces with DCF and create a new DCF/FMMIS acceptance test region that will test the new interface and parallel test against the older COBOL version.

E. Cost Allocation Plan and/or Methodology

Distribution of FFP as described in this PAPD is in accordance with Part 11 of the State Medicaid Manual and federal regulations at 45 CFR 95.612.

F. Cost Benefit Analysis

There is financial benefit in making the most appropriate decisions in the modernization of Medicaid's systems and operation of fiscal agent services. It is the intent of this project that the Agency, with the aid of consultants, identifies ways to reduce cost through project management, minimizing manual processes, enhancing data analytics to prevent fraud, improving appropriate programmatic decision making by utilizing advanced statistical analytics, incorporating the use of modular system components, and sharing systems with other state agencies.

With thorough research, independent assessment, and appropriate project management the state will issue a procurement document soliciting contractors that can develop and implement solutions that provide the most modern and effective system and operations with the highest cost savings.

G. Statement of Security/Interface and Disaster Recovery Requirements

This PAPD is providing evidence of declaration, indicated by the checked boxes below, that the Agency will meet these requirements.

The Agency will implement and/or maintain an existing comprehensive ADP security and interface program for ADP systems and installations involved in the administration of the Medicaid program.

The Agency will have disaster recovery plans and procedures available.

H. CMS Required Assurances

This PAPD is providing evidence of declaration, indicated by the checked boxes below, that Florida Medicaid will meet these requirements.

- 1. Security/Interface and Disaster Recovery/Business Continuity Requirements Statement.**

- The State Agency will implement and/or maintain an existing comprehensive Automated Data Processing (ADP) security and interface program for ADP systems and installations involved in the administration of the Medicaid program.
- The State Agency will have disaster recovery plans and procedures available.

Specifically, the Agency will comply with the following Federal Regulations:

- 42 CFR 431, Subpart F (Safeguarding Information on Applicants and Beneficiaries)
- 42 CFR 435.960 (Standardized formats for furnishing and obtaining information to verifying income and eligibility)
- 45 CFR 95.617 (Software and Ownership Rights in Specific Conditions for FFP);
- 45 CFR 95.601 (Scope and Applicability)
- 45 CFR 205.50 (Safeguarding Information for the Financial Assistance Programs)
- 45 CFR 303.21 (Safeguarding and disclosure of Confidential Information)

2. Required assurances of compliance with cited Code of Federal Regulations (CFR) and CMS MITA Conditions and Standards attestation.

In its Medicaid IT supplement (*MITA-11-01-v1.0 Enhanced Funding Requirements: Seven Conditions and Standards*) and final rule, “Mechanized Claims Processing and Information Retrieval Systems (90/10), CMS issued conditions and standards to be met by states to be eligible for enhanced match funding. As indicated in **Exhibit 6: CMS MITA Conditions and Standards Compliance Matrix** below, the State of Florida Agency for Health Care Administration attests that the project will comply with the CMS MITA Conditions and Standards.

| # | MITA Condition Name and Description | Compliance | |
|---|--|------------|----|
| | | Yes | No |
| 1 | <u>Modularity Standard</u> Use a modular, flexible approach to systems development, including the use of open interfaces and exposed application programming interfaces (API); the separation of business rules from core programming; and the availability of business rules in both human and machine-readable formats. | X | |

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| # | MITA Condition Name and Description | Compliance | |
|---|---|------------|----|
| | | Yes | No |
| 2 | <u>MITA Condition</u> Align to and advance increasingly in MITA maturity for business, architecture, and data. Complete and continue to make measurable progress in implementing MITA roadmaps. | X | |
| 3 | <u>Industry Standards Condition</u> Ensure alignment with, and incorporation of, industry standards: the Health Insurance Portability and Accountability Act of 1996 (HIPAA) security, privacy, and transaction standards; accessibility standards established under section 508 of the Rehabilitation Act, or standards that provide greater accessibility for individuals with disabilities, and compliance with federal civil rights law; standards adopted by the Secretary under section 1104 of the Affordable Care Act; and standards and protocols adopted by the Secretary under section 1561 of the Affordable Care Act. | X | |
| 4 | <u>Leverage Condition</u> Promote sharing, leverage, and reuse of Medicaid technologies and systems within and among states. | X | |
| 5 | <u>Business Results Condition</u> Support accurate and timely processing of claims (including claims of eligibility), adjudications, and effective communications with providers, beneficiaries, and the public. | X | |
| 6 | <u>Reporting Condition</u> Produce transaction data, reports, and performance information that would contribute to program evaluation, continuous improvement in business operations, and transparency and accountability. | X | |
| 7 | <u>Interoperability Condition</u> Ensure seamless coordination and integration with the Exchange (whether run by the state or federal government, and allow interoperability with health information exchanges, public health agencies, human services programs, and community organizations providing outreach and enrollment assistance services. | X | |

Exhibit 6: CMS MITA Conditions and Standards Compliance Matrix

The Agency plans to use open and competitive procurements for all contracted work related to the design, development, and implementation of enhancements to the MES. The procurement process will be in compliance with all applicable federal regulations and provisions as indicated in Exhibit 7: Procurement Assurances.

| Procurement Standards | | Compliance | |
|---|---|-------------------|-----------|
| | | Yes | No |
| 45 CFR Part 95.613 | Procurement Standards | X | |
| 45 CFR Part 75 | Uniform Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Tribal Governments | X | |
| SMM Section 11267 | Required Assurances | X | |
| SMD Letter of 12/04/1995 | Letter to State Medicaid Directors regarding the policy on sole source procurements and prior approval requirements for certain procurements. | X | |
| Access to Records | | Compliance | |
| | | Yes | No |
| 45 CFR Part 95.615 | Access to Systems and Records | X | |
| SMM Section 11267 | Required Assurances | X | |
| Software & Ownership Rights, Federal Licenses, Information Safeguarding, HIPAA Compliance and Progress Reports | | Compliance | |
| | | Yes | No |
| 42 CFR Part 431 | Safeguarding Information on Applicants and Beneficiaries | X | |
| 42 CFR Part 433.112 (b)(1-22) | FFP for Design, Development, Installation or Enhancement of Mechanized Claims Processing and Information Retrieval Systems | X | |
| 45 CFR Part 95.617 | Software and Ownership Rights | X | |
| 45 CFR Part 164 | Security and Privacy | X | |
| SMM Section 11267 | Required Assurances | X | |
| IV&V | | Compliance | |
| | | Yes | No |
| 45 CFR Part 95.626 | Independent Verification and Validation | X | |

Exhibit 7: Procurement Assurances

Appendix A: Budget Detailed Table

Florida MES IV&V Services
 Covers Federal Fiscal Years 2017 through June 30, 2020

| MES Phase II | CMS Share (90% FFP) | State Share -10% | CMS Share (75% FFP) | State Share -25% | CMS Share (50% FFP) | State Share -50% | FUNDING FFP Total | State Share Total |
|-----------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|----------------------|----------------------|
| | 2B† | 2B† | 2B† | 2B† | 2B† | 2B | | |
| FFY 2017 | \$0 | \$0 | \$0 | \$0 | \$31,250 | \$31,250 | \$31,250 | \$31,250 |
| FFY 2018 | \$11,580,012 | \$1,286,668 | \$0 | \$0 | \$187,500 | \$187,500 | \$11,767,512 | \$1,474,168 |
| FFY 2019 | \$21,486,589 | \$2,387,399 | \$3,375,000 | \$1,125,000 | \$312,500 | \$312,500 | \$25,174,089 | \$3,824,899 |
| FFY 2020 | \$18,934,754 | \$2,103,862 | \$5,625,000 | \$1,875,000 | \$93,750 | \$93,750 | \$24,653,504 | \$4,072,612 |
| Total | \$52,001,355 | \$5,777,929 | \$9,000,000 | \$3,000,000 | \$625,000 | \$625,000 | \$61,626,355 | \$9,402,929 |

| MES Phase II | CMS Share (40% FFP) | State Share -10% | CMS Share (75% FFP) | State Share -25% | CMS Share (50% FFP) | State Share -50% | FUNDING FFP Total | State Share Total |
|-----------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|----------------------|----------------------|
| | 2A† | 2A† | 2A† | 2A† | 2A† | 2A | | |
| FFY 2017 | \$100,259 | \$25,065 | | | \$125,324 | | \$225,582 | \$25,065 |
| FFY 2018 | \$401,035 | \$100,259 | | | \$501,296 | | \$902,331 | \$100,259 |
| FFY 2019 | \$401,035 | \$100,259 | | | \$501,296 | | \$902,331 | \$100,259 |
| FFY 2020 | \$300,776 | \$75,194 | | | \$375,972 | | \$676,748 | \$75,194 |
| Total | \$1,203,106 | \$300,776 | | | \$1,503,888 | | \$2,706,993 | \$300,776 |

| MES Phase II | CMS Share | State Share | CMS Share | State Share | CMS Share | State Share | TOTAL FFP | STATE SHARE TOTAL | APD TOTAL (TOTAL COMPUTABLE) |
|-----------------|---------------------|--------------------|-----------|-------------|-----------|-------------|---------------------|-------------------------|------------------------------------|
| | 2A&B† | 2A&B† | 4A&B† | -- | 5A,B&C† | -- | | | |
| FFY 2017 | \$256,832 | \$56,315 | | | | | \$256,832 | \$56,315 | \$313,147 |
| FFY 2018 | \$12,669,843 | \$1,574,427 | | | | | \$12,669,843 | \$1,574,427 | \$14,244,270 |
| FFY 2019 | \$26,076,420 | \$3,925,158 | | | | | \$26,076,420 | \$3,925,158 | \$30,001,578 |
| FFY 2020 | \$25,330,253 | \$4,147,806 | | | | | \$25,330,253 | \$4,147,806 | \$29,478,059 |
| Total | \$64,333,348 | \$9,703,705 | | | | | \$64,333,348 | \$9,703,705 | \$74,037,054 |

