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July 11, 2022

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-2022-06-06-MMIS-IAPDU-MES FX Program

Dear Mr. Wallace:

This letter is in response to the Florida Agency for Health Care Administration's (AHCA's) submission dated June 6, 2022, requesting that the Centers for Medicare & Medicaid Services (CMS) review and approve the State's Medicaid Management Information System (MMIS) Implementation Advance Planning Document Update (IAPDU) in support of the Florida Health Care Connections (FX) Program. Via the FX Program, AHCA is incrementally replacing legacy MMIS technology with flexible, interoperable Medicaid Enterprise System (MES) modules and infrastructure. Supplemental information was received on July 6, 2022.

Florida is implementing multiple FX modules and components using a phased approach to replace the State's current Fiscal Agent services, Florida MMIS (FMMIS), Decision Support System (DSS), and other Medicaid solutions. Ultimately, the systems will transition to an interoperable and unified FX enterprise where individual processes, modules, sub-systems, and systems work together to support Florida Medicaid.

In Phase I of the FX Program, Florida procured professional service partners to support strategic planning and independent evaluation of the FX transformation. During this phase, the State onboarded a Strategic Enterprise Advisory Services (SEAS) contractor, whose scope includes an Enterprise Program Management Office (EPMO), as well as an Independent Verification and Validation (IV&V) services contractor.

In Phase II of the FX Program, Florida is establishing the technical foundation of modular transformation. In this phase, AHCA contracted with a Systems Integrator to provide an Integration Services / Integration Platform (IS/IP) solution. The IS/IP solution, which went live in March 2021, serves as the conduit through which all FX data is requested and returned, and will facilitate interoperability throughout the emerging FX enterprise. Florida's other principal Phase II acquisition was an Enterprise Data Warehouse (EDW) contract awarded in December 2020. The EDW project, which is still in the development stage, will allow the State to conduct complex analysis of Medicaid program data, and enable improved data integration across the MES ecosystem.

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. This includes the FX Core module, which will

adjudicate fee-for-service claims for Medicaid reimbursement, process managed care encounter transactions, maintain recipient system functionality, and support all Medicaid financial activity. The FX Core module represents the most essential functionality required for Medicaid program transformation and subsequent operations.

In addition to a Provider Services module and Pharmacy Benefits Management (PBM) module, Phase III also includes acquisition of the Unified Operations Center (UOC), which will encompass the systems and infrastructure necessary to support inbound and outbound multi-channel communications between AHCA and its stakeholders across the breadth of the FX Program, and will replace multiple contact centers, vendors, and supporting software platforms. The State is fully engaged in the procurement process for Phase III modules.

Finally, Phase IV of the FX program involves implementing 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 supporting Third Party Liability (TPL), Plan Management, Enterprise Case Management, and Contractor Management. Phase IV constitutes future projects.

In the IAPDU, Florida requests \$316,365,264 in new FX Program funding for Federal fiscal years (FFYs) 2022 through 2024, including the Federal financial participation (FFP) outlined in Appendix A. The funding requested will support procurement and development of the modular projects and services identified in the table below, as well as operations for those FX solutions going live prior to the end of FFY 2024.

FX Module or Services	New FX Program Costs (both DDI and Operations) for FFYs 2022 - 2024		
	FFY 2022	FFY 2023	FFY 2024
FX Core (Claims / Encounters / Financial / Recipient)	\$177,408	\$28,671,697	\$35,207,792
Enterprise Data Warehouse (EDW)	\$3,589,183	\$18,703,799	\$26,355,742
Integration Services / Integration Platform (IS/IP)	\$5,552,200	\$21,070,559	\$21,775,849
Unified Operations Center (UOC)	\$476,080	\$17,163,383	\$29,291,548
Strategic Enterprise Advisory Services (SEAS) / EPMO	\$2,436,665	\$9,746,661	\$9,746,661
Provider Services Module	\$290,908	\$12,532,794	\$6,671,995
Legacy FMMIS Transition Support	\$1,484,283	\$7,034,108	\$9,645,325
Pharmacy Benefits Management	\$0	\$834,480	\$9,970,824
IV&V Services	\$807,749	\$3,230,996	\$3,230,996
FX Contracted Services (Staff Augmentation, etc.)	\$850,914	\$3,080,556	\$3,579,000
Third Party Liability	\$0	\$0	\$1,952,120
State Staff, Office Space, Other Administrative	\$4,349,496	\$6,455,455	\$3,728,725
Other Software, Integration, MCO Plan Mgmt, Case Mgmt	\$899,907	\$1,425,255	\$4,344,151
<b>TOTAL</b>	<b>\$20,914,793</b>	<b>\$129,949,743</b>	<b>\$165,500,728</b>

The total new funding request detailed in the IAPDU represents an increase of \$20,914,793 to previously approved FX Program funding for FFY 2022, and new project funding in the amounts of \$129,949,743 and \$165,500,728 for FFYs 2023 and 2024, respectively.

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.

A critical component of the FX initiative is the FMMIS Transition Program, which will prepare the MES environment for the gradual conversion to FX modules, and the connection of these new solutions to the FX infrastructure until all legacy FMMIS functionality and Fiscal Agent services are replaced. The Fiscal Agent will coordinate with the successor FX module vendors, other contractors, and AHCA in the planning and transfer of system functionality and related operational functions, and will perform iterative phases of turnover activities for each FX module, including training, documentation transfer, and resource support. The existing Fiscal Agent contract has been extended to December 31, 2024, to allow sufficient time for this transition.

CMS previously approved Florida's FX IAPDU on December 10, 2021.

CMS approves Florida's FX IAPDU effective June 6, 2022, 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, 2024. This approval letter supersedes any prior FX APD for the Federal fiscal years (FFYs) approved within Appendix A.

As the FX modular projects advance into implementation and operations phases, Florida must evaluate the benefits and risks of tracking each key FX system via a stand-alone APD. AHCA must consider whether contract management, expense tracking, and budget forecasting could be conducted with greater efficiency using an approach that relies on multiple APDs, each of which is dedicated to a specific FX system, rather than an enterprise APD addressing all FX modules and solutions.

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 May 2022 T-MSIS reporting period, Florida is not compliant with T-MSIS data submission currency and Data Quality requirements. Specifically, Florida is current on T-MSIS data submissions, but has not met the target for at least one of three underlying Outcomes Based Assessment (OBA) criteria for critical priority Data Quality checks, high priority Data Quality checks, or the expenditure data content category.

Timely, accurate, and complete T-MSIS data submission continues to be a CMS priority and is 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 data quality issues observed in T-MSIS data submissions. 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](mailto: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](mailto:John.Allison@cms.hhs.gov).

Sincerely,

A handwritten signature in black ink, appearing to read 'Dzung Hoang', written in a cursive style.

Dzung Hoang, Director  
Division of HITECH and MMIS

CC:

Edward Dolly, CMS/CMCS

Eugene Gabriyelov, CMS/CMCS

Kia Banton, CMS/CMCS

John Allison, 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) 2022-2024 (ending September 30, 2024)

	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 2022	\$105,738,732	\$11,748,748	\$0	\$0	\$9,272,588	\$2,497,592	<b>\$115,011,319</b>	\$14,246,340	\$129,257,660
FFY 2023	\$104,437,024	\$11,604,114	\$0	\$0	\$10,386,904	\$3,462,301	<b>\$114,823,928</b>	\$15,066,415	\$129,890,343
FFY 2024	\$108,233,792	\$12,025,977	\$0	\$0	\$33,930,719	\$11,310,240	<b>\$142,164,511</b>	\$23,336,217	\$165,500,728

	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 2022	\$193,800	\$193,800	\$0	\$0	<b>\$193,800</b>	\$193,800	\$387,600
FFY 2023	\$29,700	\$29,700	\$0	\$0	<b>\$29,700</b>	\$29,700	\$59,400
FFY 2024	\$0	\$0	\$0	\$0	<b>\$0</b>	\$0	\$0

	MMIS ENHANCED FUNDING FFP Total	MMIS NOT ENHANCED FUNDING FFP Total	TOTAL FFP	STATE SHARE TOTAL	APD TOTAL COMPUTABLE
FFY 2022	<b>\$115,011,319</b>	<b>\$193,800</b>	<b>\$115,205,119</b>	\$14,440,140	\$129,645,260
FFY 2023	<b>\$114,823,928</b>	<b>\$29,700</b>	<b>\$114,853,628</b>	\$15,096,115	\$129,949,743
FFY 2024	<b>\$142,164,511</b>	<b>\$0</b>	<b>\$142,164,511</b>	\$23,336,217	\$165,500,728

\*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) 2022-2024 (ending September 30, 2024)

	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%)	<b>MMIS ENHANCED FUNDING FFP Total</b>	State Share Total	MMIS ENHANCED FUNDING TOTAL COMPUTABLE
	2A† + 2B†	--	2A† + 2B†	--	4A† + 4B†	--			
FFY 2022	\$120,835,261	\$13,426,140	\$345,000	\$115,000	\$60,497,715	\$20,165,905	<b>\$181,677,976</b>	\$33,707,045	\$215,385,021
FFY 2023	\$105,525,583	\$11,725,065	\$0	\$0	\$11,096,084	\$3,698,695	<b>\$116,621,667</b>	\$15,423,760	\$132,045,427
FFY 2024	\$108,233,792	\$12,025,977	\$0	\$0	\$33,930,719	\$11,310,240	<b>\$142,164,511</b>	\$23,336,217	\$165,500,728

	MMIS CMS Share (50% FFP) DDI	State Share (50%)	MMIS CMS Share (50% FFP) M&O	State Share (50%)	<b>MMIS NOT ENHANCED FUNDING FFP Total</b>	State Share Total	MMIS NOT ENHANCED FUNDING TOTAL COMPUTABLE
	2A† + 2B†	--	5A†+5B†+5C†	--			
FFY 2022	\$573,196	\$573,196	\$0	\$0	<b>\$573,196</b>	\$573,196	\$1,146,392
FFY 2023	\$29,700	\$29,700	\$0	\$0	<b>\$29,700</b>	\$29,700	\$59,400
FFY 2024	\$0	\$0	\$0	\$0	<b>\$0</b>	\$0	\$0

	<b>MMIS ENHANCED FUNDING FFP Total</b>	<b>MMIS NOT ENHANCED FUNDING FFP Total</b>	<b>TOTAL FFP</b>	STATE SHARE TOTAL	APD TOTAL COMPUTABLE
FFY 2022	<b>\$181,677,976</b>	<b>\$573,196</b>	<b>\$182,251,172</b>	\$34,280,241	\$216,531,413
FFY 2023	<b>\$116,621,667</b>	<b>\$29,700</b>	<b>\$116,651,367</b>	\$15,453,460	\$132,104,827
FFY 2024	<b>\$142,164,511</b>	<b>\$0</b>	<b>\$142,164,511</b>	\$23,336,217	\$165,500,728

\*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
- SMD Letter #22-001 Re: Updated Medicaid Information Technology Systems Guidance: Streamlined Modular Certification for Medicaid Enterprise Systems

### 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](mailto: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 fail 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. 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 Outcomes Based Assessment (OBA) or other alternative Data Quality criteria established and communicated by CMS.
  - States assessed as Red (did not meet target for critical priority), will target Data Quality issues to meet the OBA criteria for critical priority Data Quality checks, high priority Data Quality checks, and the expenditure data content category.
  - States assessed as Yellow (did not meet at least one of the targets for high priority and expenditure data content category), will target Data Quality issues to meet the OBA criteria for critical priority Data Quality checks, high priority Data Quality checks, and the expenditure data content category.
  - States assessed as Blue (met the targets for critical priority Data Quality checks, high priority Data Quality checks, and the expenditure data content category), 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](mailto: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.