

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Atlanta Regional Office  
61 Forsyth Street, Suite 4T20  
Atlanta, Georgia 30303



**DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS**

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June 22, 2017

FL-17-011 / FL-17-012

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

Dear Ms. Kidder:

The Centers for Medicare & Medicaid Services (CMS) approves the Implementation Advance Planning Document-Update (IAPD-U) and the Request for Quote (RFQ) submitted by the Florida Agency for Health Care Administration (AHCA) on May 24, 2017, and June 8, 2017, respectively. In the IAPD-U, AHCA requests federal funding for Independent Verification and Validation (IV&V) services in support of the state's modular Medicaid Enterprise System (MES) project. The purpose of the RFQ is to procure IV&V services from a qualified vendor under the Florida State Term Contract.

On December 21, 2016, CMS approved Florida's IAPD-U for a Strategic Enterprise Advisory Services (SEAS) contractor to support the state's MES procurement project (FL-17-003). That IAPD-U described at a high level the state's multi-phase MES project strategy. The selected SEAS vendor will provide strategic, technical, and programmatic advisory services for the MES project, including project management services and support for the certification of each MES module in accordance with the CMS Medicaid Enterprise Certification Toolkit.

Phase I of AHCA's modular acquisition strategy includes the onboarding of the SEAS and IV&V contractors. Florida will submit another IAPD-U detailing the state's plans to develop the MES infrastructure, including procurement of a Systems Integrator, Enterprise Service Bus (ESB), Enterprise Data Warehouse (EDW), and other modular solutions.

As described in the current IAPD-U, the selected IV&V vendor will be precluded from competing for other MES project contracts, including those for the SEAS vendor, MES infrastructure development, Medicaid Management Information System (MMIS) modules, Medicaid Information Technology Architecture (MITA) business-aligned modules, and testing services.

Florida has incorporated into the RFQ the IV&V contract language mandated by the Medicaid Enterprise Certification Toolkit. This language stipulates activities that are the minimum required by CMS during MMIS project planning, design, development, implementation, and certification, as well as prohibitions against the IV&V contractor performing certain activities that would represent conflicts of interest with the IV&V role, such as project management, quality assurance, and software development services.

The RFQ further aligns to the Medicaid Enterprise Certification Toolkit via requirements for the IV&V contractor to produce periodic MMIS IV&V Progress Reports that illustrate the strengths and weaknesses of the project, and provide recommendations for correcting any identified issues. The MMIS IV&V Progress Reports will be submitted on a quarterly basis, as well as before all MMIS milestone reviews during the certification life cycle.

To obtain IV&V services, AHCA plans to release the RFQ for response from prequalified vendors under the Florida State Term Contract. In accordance with federal regulations at 45 CFR § 75.328, the state should confirm that the Florida State Term Contract includes enough qualified sources to ensure maximum open and free competition, and must not preclude potential bidders from qualifying during the solicitation period.

In the IAPD-U approved by CMS on December 21, 2016, AHCA requested an exception to the requirement at 45 CFR § 95.626(b) specifying that IV&V services must be conducted by an entity that is independent from the state. Per regulation at 45 CFR § 95.627, a state may apply for a waiver of any requirement in 45 CFR Part 95, subpart F, by presenting an alternative approach.

As part of the state's justification for AHCA oversight of the IV&V contract, Florida notes that IV&V contract deliverable documents are not edited in any way by AHCA in accordance with the mutually agreed-upon Deliverable Expectation Document (DED), and such artifacts are provided simultaneously not only to AHCA and CMS, but also to the State Legislature and the Florida Agency for State Technology (AST). The state contends that these other oversight bodies provide additional assurance that AHCA is not modifying IV&V deliverables.

Additionally, Florida notes the lack of Medicaid program and systems knowledge outside of AHCA, as well as the additional workload to another state agency, and uncertainty concerning how interagency funding would flow to support the IV&V contract. In the next IAPD-U for the MES project, please address whether the Florida Department of Children and Families (DCF), which manages the state's Integrated Eligibility System, has appropriate Medicaid program and systems expertise to administer the IV&V contract for the MES project, as well as the capacity to do so. Are there other barriers to such an interagency agreement (e.g., approval by the State Legislature)?

Florida's IAPD-U and RFQ for IV&V services in support of the state's modular MES project is approved by CMS in accordance with Section 1903(a)(3) of the Social Security Act, 42 CFR Part 433, subpart C, 45 CFR Part 95, subpart F, 45 CFR Part 75, subpart D, and the State Medicaid Manual, Part 11. As presented in Appendix A, CMS approves \$7,849,964 for IV&V services for federal fiscal years (FFYs) 2017 through 2021, including 90 percent federal financial participation (FFP) at \$7,064,970.

The amounts shown in Appendix A cannot be reallocated to other federal fiscal years without the submission and approval of another IAPD-U. Funding authority under this IAPD-U expires on September 30, 2021.

Florida anticipates that the IV&V services contract resulting from the RFQ will begin in August 2017, and remain in effect until June 2021. In accordance with Florida Statutes, the resulting contract could be renewed for a period not to exceed three years or the term of the original contract, whichever is longer. Onsite reviews may be conducted to assure that the intentions for which FFP was approved are being accomplished. Specifically, the objective is to validate that automated data processing (ADP) equipment or services are being efficiently and effectively utilized to support the approved programs or projects as provided under 45 CFR § 95.621 and the State Medicaid Manual. As provided by the State Medicaid Manual Section 11200 and by 45 CFR § 95.611, all subsequent revisions and amendments to the IAPD-U will require CMS prior written approval to qualify for FFP.

In accordance with 45 CFR § 95.623, state acquisition of ADP equipment and services without prior approval could result in disallowance of FFP. Only actual costs incurred are reimbursable. The state must provide adequate support for all costs claimed in addition to providing detailed records and proper audit trails.

As described in regulation at 45 CFR § 95.611 and the State Medicaid Manual Section 11200, Requests for Proposals (RFPs) or contracts that the state procures with funding from the IAPD-U must be approved by CMS prior to release of the RFP or prior to execution of the contract. Failure to comply with prior approval requirements may result in either ineligibility for the enhanced federal match or disallowance for those activities.

If there are any questions concerning this information, please contact John Allison at (828) 513-1323 or via e-mail at [John.Allison@cms.hhs.gov](mailto:John.Allison@cms.hhs.gov).

Sincerely,



Jackie Glaze

Associate Regional Administrator

Division of Medicaid & Children's Health Operations

Enclosure

## Appendix A:

### MMIS Detailed Budget Table

Covers federal fiscal years 2017 through 2021, ending September 30, 2021

DDI	MMIS CMS Share (90% FFP)	State Share (10%)	MMIS CMS Share (75% FFP)	State Share (25%)	MMIS CMS Share (50% FFP)	State Share (50%)	MMIS FUNDING FFP Total 2A	State Share Total
	2A†	--	2A†	--	2A†	--		
FFY 2017	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2018	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL for FFYs 2017 – 2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

DDI	MMIS CMS Share (90% FFP)	State Share (10%)	MMIS CMS Share (75% FFP)	State Share (25%)	MMIS CMS Share (50% FFP)	State Share (50%)	MMIS FUNDING FFP Total 2B	State Share Total
	2B†	--	2B†	--	2B†	--		
FFY 2017	\$180,900	\$20,100	\$0	\$0	\$0	\$0	\$180,900	\$20,100
FFY 2018	\$1,806,635	\$200,737	\$0	\$0	\$0	\$0	\$1,806,635	\$200,737
FFY 2019	\$1,846,340	\$205,148	\$0	\$0	\$0	\$0	\$1,846,340	\$205,148
FFY 2020	\$1,846,340	\$205,148	\$0	\$0	\$0	\$0	\$1,846,340	\$205,148
FFY 2021	\$1,384,755	\$153,861	\$0	\$0	\$0	\$0	\$1,384,755	\$153,861
TOTAL for FFYs 2017 – 2021	\$7,064,970	\$784,994	\$0	\$0	\$0	\$0	\$7,064,970	\$784,994

M&O	MMIS CMS Share (75% FFP)	State Share (25%)	MMIS CMS Share (75% FFP)	State Share (25%)	MMIS ENHANCED FUNDING 75% FFP Total	State Share Total
	4A†	--	4B†	--		
FFY 2017	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2018	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2019	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2020	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2021	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL for FFYs 2017 – 2021	\$0	\$0	\$0	\$0	\$0	\$0

	MMIS CMS Share	State Share	MMIS CMS Share	State Share	TOTAL FFP	STATE SHARE TOTAL	APD TOTAL (TOTAL COMPUTABLE)
	2A&B†	--	4A&B†	--			
FFY 2017	\$180,900	\$20,100	\$0	\$0	\$180,900	\$20,100	\$201,000
FFY 2018	\$1,806,635	\$200,737	\$0	\$0	\$1,806,635	\$200,737	\$2,007,372
FFY 2019	\$1,846,340	\$205,148	\$0	\$0	\$1,846,340	\$205,148	\$2,051,488
FFY 2020	\$1,846,340	\$205,148	\$0	\$0	\$1,846,340	\$205,148	\$2,051,488
FFY 2021	\$1,384,755	\$153,861	\$0	\$0	\$1,384,755	\$153,861	\$1,538,616
TOTAL for FFYs 2017 – 2021	\$7,064,970	\$784,994	\$0	\$0	\$7,064,970	\$784,994	\$7,849,964

†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	Operation Approved MMIS – Cost of In-House Activities
4B	Operation Approved MMIS – Private Sector Contractors

FFP rates for specific MMIS activities and costs can be found at the State Medicaid Manual, Chapter 11, available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Paper-Based-Manuals-Items/CMS021927.html>