

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

February 1, 2018

FL-18-003

Ms. Beth Kidder
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 Planning Advance Planning Document (PAPD) submitted by the Florida Agency for Health Care Administration (AHCA) on January 30, 2018. In the PAPD, AHCA requests federal funding to initiate Phase II of the Florida Medicaid Enterprise System (MES) procurement strategy. The state submitted earlier versions of the PAPD on December 7, 2017, and January 10, 2018, and January 25, 2018.

As described in the PAPD, AHCA is underway with a project to transition away from Florida's current monolith Medicaid Management Information System (MMIS) and fiscal agent services contract, and acquire loosely-coupled, best-of-breed solutions comprising a unified but flexible Medicaid Enterprise System. The state's MES strategy includes incremental acquisitions and development to occur over four phases, producing interoperable processes, modules, and systems that adhere to federal requirements described in the Medicaid Information Technology Architecture (MITA) 3.0 and the Conditions and Standards.

On December 21, 2016, CMS approved AHCA's Implementation Advance Planning Document-Update (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. As the contracted SEAS vendor, the North Highland Company's scope of work includes strategic, technical, and programmatic advisory services for the MES initiative, 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 prioritized the onboarding of the SEAS and Independent Verification and Validation (IV&V) services contractors. With the current PAPD, Florida details Phase II plans to develop the MES infrastructure, including procurement of a Systems Integrator, Enterprise Service Bus (ESB), and Enterprise Data Warehouse (EDW). Phases III and IV of the project will focus on the integration of current modules into the MES environment, as well as the procurement of other functional modules.

Florida is prepared to begin drafting solicitations to acquire the Systems Integrator, ESB, and EDW. The Systems Integrator will provide the technical expertise to ensure the integrity and interoperability of the MES. The selected vendor will perform technical systems integration in

coordination with vendors furnishing business modules and enterprise architecture components. The ESB platform will offer a standards-based integration platform to connect diverse applications, and enable a common information exchange process between systems.

The EDW will deliver data warehousing and data integration capabilities for data to be shared across systems, and will replace the current Decision Support System (DSS). The comprehensive EDW solution will provide greater information sharing, broader and easier access, enhanced data integration, increased security and privacy, and strengthened query and analytic capability via a unified data repository for reporting and analytics.

In the PAPD, Florida proposes to extend the state's current MMIS fiscal agent contract with DXC Technology Services, LLC (formerly Hewlett Packard Enterprise), which is scheduled to end June 30, 2018. The state plans to initially extend the contract through June 30, 2020. After that date, AHCA will continue the contract as needed, thereby ensuring continuity of MMIS and fiscal agent operations while MES components are implemented in an incremental fashion.

Extending the current fiscal agent contract will allow for continued system operations without the expenses of an MMIS takeover procurement. Florida requests funding in the PAPD for the hardware and staff needed to decouple parts of the current system, facilitating the transition to a best-of-breed system as modules are developed and installed. The state will negotiate a pricing model with DXC Technology Services that will enable decreases in the fiscal agent's operation of MMIS components, and a corresponding reduction in payment.

As the MES project progresses, Florida will submit IAPDs for the multi-phase development described above, and will keep CMS abreast of progress and changes through regular updates. Based on the incremental approach to MES replacement, AHCA anticipates that the final project phase will conclude by FFY 2025. Via the MES initiative, the state expects that the functions currently performed by the monolithic MMIS and fiscal agent contract will be replaced with a robust, modern group of modules delivering a greater cost benefit and increased flexibility to support the evolving business needs of the Florida Medicaid program.

Florida's PAPD requesting federal funding for Phase II of the MES procurement 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 \$74,037,054 in total project funding for federal fiscal years (FFYs) 2018 through 2020, with federal financial participation (FFP) in the amount of \$64,333,349. The amounts shown in Appendix A cannot be reallocated to other federal fiscal years without the submission and approval of a PAPD-U. Funding authority under this PAPD expires on September 30, 2020.

On November 24, 2015, CMS conditionally approved Florida's IAPD-U detailing the state's previous strategy to replace the current MMIS and DSS (FL-16-001). Per that IAPD-U, the state initially envisioned an MMIS takeover with enhancements project, built upon the current monolithic system. However, this PAPD discards the MMIS takeover project proposal in favor

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of a modular Medicaid Enterprise System replacing the existing MMIS. In line with these changes to the state's MMIS strategy, funding included in the IAPD-U approved by CMS in our letter dated November 24, 2015 (FL-16-001) is being closed out, effective with the date of this letter.

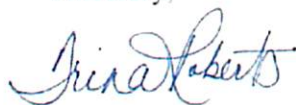
Onsite reviews may be conducted to assure that the intentions for which FFP was approved are being accomplished. Specifically, the objective is to validate that automated data processing (ADP) equipment or services are being efficiently and effectively utilized to support the approved programs or projects 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 PAPD will require CMS prior written approval to qualify for FFP.

In accordance with 45 CFR § 95.623, state acquisition of automated data processing (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 PAPD 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.

Sincerely,



Charles A. Friedrich, MPA
Acting, Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosure

Appendix A:

MMIS Detailed Budget Table

Covers federal fiscal years 2018 through 2020, ending September 30, 2020

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 2018	\$1,127,914	\$125,324	\$0	\$0	\$0	\$0	\$1,127,914	\$125,324
FFY 2019	\$902,331	\$100,259	\$0	\$0	\$0	\$0	\$902,331	\$100,259
FFY 2020	\$676,748	\$75,194	\$0	\$0	\$0	\$0	\$676,748	\$75,194
TOTAL for FFYs 2018 – 2020	\$2,706,993	\$300,777	\$0	\$0	\$0	\$0	\$2,706,993	\$300,777

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 2018	\$11,580,012	\$1,286,668	\$0	\$0	\$218,750	\$218,750	\$11,798,762	\$1,505,418
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 for FFYs 2018 – 2020	\$52,001,355	\$5,777,929	\$9,000,000	\$3,000,000	\$625,000	\$625,000	\$61,626,355	\$9,402,929

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 2018	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2019	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2020	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL for FFYs 2018 – 2020	\$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 2018	\$12,926,676	\$1,630,742	\$0	\$0	\$12,926,676	\$1,630,742	\$14,557,418
FFY 2019	\$26,076,420	\$3,925,158	\$0	\$0	\$26,076,420	\$3,925,158	\$30,001,578
FFY 2020	\$25,330,252	\$4,147,806	\$0	\$0	\$25,330,252	\$4,147,806	\$29,478,058
TOTAL for FFYs 2018 – 2020	\$64,333,349	\$9,703,705	\$0	\$0	\$64,333,349	\$9,703,705	\$74,037,054

†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>