

September 2, 2020

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

RE: FL-2020-07-28-MMIS-IAPD-FX

Dear Ms. Kidder:

This letter is in response to the Florida Agency for Health Care Administration's (AHCA's) submission dated July 28, 2020, requesting that the Centers for Medicare & Medicaid Services (CMS) review and approve the State's Medicaid Management Information System (MMIS) Implementation Advance Planning Document (IAPD) in support of the Florida Health Care Connections (FX) Program, which was formerly known as the Medicaid Enterprise System (MES) procurement project.

The FX Program includes the business, data, services, technical processes, and systems necessary for the administration of AHCA's business functions. 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), Provider Data Management System, 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.

Florida's IAPD requests \$186,489,883 for Federal fiscal years (FFYs) 2020 through 2022, including the Federal financial participation (FFP) outlined in Appendix A. The funding requested will support 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. AHCA's updated FX Strategy incorporates an outcomes-based orientation, thereby laying the groundwork for certification by CMS.

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 – Acquisition and integration of new functional modules, and transition from legacy technology and fiscal agent contract

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 plans to award a contract for the EDW by the end of FFY 2020. Other Phase II projects (implementing an Enterprise Job Scheduler solution and instituting data governance) will offer IT infrastructure and data management stability and efficiencies across the distributed Florida Medicaid Enterprise.

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 Management, Pharmacy Benefit Management, Claims/Encounters/Financial Management, and Enrollment Broker services. 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. For existing systems that reside outside of the FMMIS but within the Medicaid Enterprise, such as the TPL and Prior Authorization subsystems, Phase III will address integration of such solutions with the FX infrastructure as Florida moves to a modular environment.

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.

CMS previously approved Florida's Planning Advance Planning Document Update (PAPDU) for the FX Program on June 4, 2019 (FL-2019-04-29-MMISPAPDU-FX-003).

CMS approves Florida's IAPD effective July 28, 2020. CMS is authorizing expenditures under this IAPD, 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 Program APD for the FFYs 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.

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 Medicaid Enterprise Systems (MES) State Officer by the last day of each month, continuing through project completion.

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 over a circular stamp or watermark.

Dzung Hoang, Director  
Division of HITECH and MMIS

CC:

Angela Ramsey, Florida AHCA  
Gay Munyon, Florida AHCA  
Michael Magnuson, Florida AHCA  
Edward Dolly, CMS/CMCS  
CAPT Samuel Schaffzin (USPHS), CMS/CMCS  
Nicolas Aretakis, CMS/CMCS  
Eugene Gabriyelov, CMS/CMCS  
CAPT Willie Tompkins (USPHS), CMS/CMCS  
Debbie Simon, CMS/CMCS  
Sidney Staton, CMS/CMCS

**Appendix A**

Florida MMIS FX Program “MES” – Project Medicaid Detailed Budget Table\*  
Covers Federal Fiscal Years (FFYs) 2020 – 2022 (ending September 30, 2022)

|          | 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 2020 | \$6,391,464                  | \$710,163         | \$844,425                    | \$281,475         | \$0                          | \$0               | <b>\$7,235,889</b>                     | \$991,638         | \$8,227,527                            |
| FFY 2021 | \$57,526,823                 | \$6,391,869       | \$3,592,445                  | \$1,197,482       | \$0                          | \$0               | <b>\$61,119,268</b>                    | \$7,589,351       | \$68,708,619                           |
| FFY 2022 | \$89,265,032                 | \$9,918,337       | \$7,492,776                  | \$2,497,592       | \$0                          | \$0               | <b>\$96,757,808</b>                    | \$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%) | <b>MMIS NOT ENHANCED FUNDING FFP Total</b> | State Share Total | MMIS NOT ENHANCED FUNDING TOTAL COMPUTABLE |
|----------|------------------------------|-------------------|------------------------------|-------------------|--|-------------------|--|
|          | 2A† + 2B†                    | --                | 5A†+5B†+5C†                  | --                |  |                   |  |
| FFY 2020 | \$115,000                    | \$115,000         | \$0                          | \$0               | <b>\$115,000</b>                           | \$115,000         | \$230,000                                  |
| FFY 2021 | \$0                          | \$0               | \$0                          | \$0               | <b>\$0</b>                                 | \$0               | \$0  |
| FFY 2022 | \$75,000                     | \$75,000          | \$0                          | \$0               | <b>\$75,000</b>                            | \$75,000          | \$150,000                                  |

|          | <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 2020 | <b>\$7,235,889</b>                     | <b>\$115,000</b>                           | <b>\$7,350,889</b>  | \$1,106,638       | \$8,457,527          |
| FFY 2021 | <b>\$61,119,268</b>                    | <b>\$0</b>                                 | <b>\$61,119,268</b> | \$7,589,351       | \$68,708,619         |
| FFY 2022 | <b>\$96,757,808</b>                    | <b>\$75,000</b>                            | <b>\$96,832,808</b> | \$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) 2020 – 2022 (ending September 30, 2022)

|          | 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 2020 | \$25,685,965                 | \$2,853,996       | \$1,405,010                  | \$468,337         | \$52,010,563                 | \$17,336,854      | <b>\$79,101,538</b>                    | \$20,659,187      | \$99,760,725                           |
| FFY 2021 | \$73,431,814                 | \$8,159,090       | \$3,937,445                  | \$1,312,482       | \$50,628,751                 | \$16,876,250      | <b>\$127,998,010</b>                   | \$26,347,822      | \$154,345,832                          |
| FFY 2022 | \$102,017,794                | \$11,335,310      | \$7,837,776                  | \$2,612,592       | \$51,425,335                 | \$17,141,778      | <b>\$161,280,905</b>                   | \$31,089,680      | \$192,370,585                          |

|          | 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 2020 | \$494,396                    | \$494,396         | \$0                          | \$0               | <b>\$494,396</b>                           | \$494,396         | \$988,792                                  |
| FFY 2021 | \$379,396                    | \$379,396         | \$0                          | \$0               | <b>\$379,396</b>                           | \$379,396         | \$758,792                                  |
| FFY 2022 | \$454,396                    | \$454,396         | \$0                          | \$0               | <b>\$454,396</b>                           | \$454,396         | \$908,792                                  |

|          | <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 2020 | <b>\$79,101,538</b>                    | <b>\$494,396</b>                           | <b>\$79,595,934</b>  | \$21,153,583      | \$100,749,517        |
| FFY 2021 | <b>\$127,998,010</b>                   | <b>\$379,396</b>                           | <b>\$128,377,406</b> | \$26,727,218      | \$155,104,624        |
| FFY 2022 | <b>\$161,280,905</b>                   | <b>\$454,396</b>                           | <b>\$161,735,301</b> | \$31,544,076      | \$193,279,377        |

\*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](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 Transformed-Medicaid Statistical Information System (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, FFP may be suspended or disallowed as provided for in federal regulations at 45 CFR 95.612. The State is required to maintain monthly production submissions of T-MSIS data files and continue to resolve T-MSIS data issues associated with the Top Priority Items (TPIs) as discussed in the CMCS Informational Bulletin dated March 18, 2019 (<https://www.medicaid.gov/federal-policy-guidance/downloads/cib031819.pdf>) and subsequent T-MSIS guidance.

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.

Throughout this project, the State must continue to provide timely submission of T-MSIS data to CMS. Furthermore, the State must demonstrate to CMS that any changes implemented under this approval will not result in any degradation in the level of accuracy, completeness or timeliness of the State's T-MSIS data submissions. CMS expects the State to share results of testing of T-MSIS data production with CMS before implementation of new system capabilities.