June 4, 2019

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-2019-04-29-MMISPAPDU-FX-003

Dear Ms. Kidder:

This letter is in response to the Florida Agency for Health Care Administration’s (AHCA’s) request that the Centers for Medicare & Medicaid Services (CMS) review and approve the State’s Medicaid Management Information System (MMIS) Planning Advance Planning Document-Update (PAPD-U). The State submitted the PAPD-U to provide a status update, schedule changes, and budget revisions for the Florida Health Care Connections (FX) Program, which was formerly known as the Medicaid Enterprise System (MES) procurement project. This submission was received on April 29, 2019.

The rebranding of Florida’s MES procurement project reflects that the FX Program is more expansive than a single project. The FX Program will leverage Medicaid infrastructure to improve overall AHCA and Medicaid enterprise functionality, and enhance connections to additional data sources and programs. CMS approved Florida’s PAPD for this initiative on February 1, 2018 (FL-18-003).

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), 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 includes interconnections and touch points with systems that reside outside of AHCA.

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** – Enterprise services integration and module acquisition

Florida completed the Phase I acquisitions in late 2017. In support of Phase II objectives, Florida released the Invitation to Negotiate (ITN) for the IS/IP sub-project, which includes Systems Integrator services and Enterprise Service Bus technology, on January 8, 2019. The State is concluding evaluation of vendor responses to this ITN, and preparing to begin vendor negotiations. Florida expects to release the ITN for the EDW sub-project in July 2019.
Phases III and IV are planned to occur concurrently, after implementation of the Integration Platform and related components. Phase III addresses integration of existing modules with the new infrastructure components. Similarly, FX modules procured during Phase IV will connect through the Integration Platform and EDW to ensure interoperability and data integration. Florida anticipates that Phases III and IV will continue into FFY 2023.

The PAPD-U requests Federal Financial Participation (FFP) for Federal fiscal years (FFYs) 2019 and 2020 for updates to FX Program planning and procurement efforts, and a revised project budget. These updates include continuation of SEAS planning activities and IV&V oversight services, ongoing Integration Platform and EDW acquisition efforts, transition costs for integration of existing solutions, and initial procurement activities for new modules.

Florida’s PAPD-U is approved in accordance with the provisions of 45 CFR § 95.611 and the State Medicaid Manual (SMM) Part 11. CMS is approving additional FFP under this PAPD-U in an amount not to exceed $895,041, for a new FX Program total of $72,653,766 (Federal share $65,228,389). Funding approved for this PAPD-U and the appropriate FFP rates are specified, by Federal fiscal year, in Appendix A. Authorization of Federal funding for this project will expire on September 30, 2020. This approval supersedes all previous APD approvals issued for the FX Program for the period identified in Appendix A.

CMS’s Consolidated Medicaid Detailed Budget Table in Appendix B includes approved funding for all Florida MMIS Planning, Implementation, and Operational APDs for the Federal fiscal years listed.

This PAPD-U is subject to Federal requirements and State responsibilities as specified in Appendix C. **Failure to comply with the Federal requirements and State responsibilities in Appendix C puts approved FFP at risk.**

The State must submit monthly status reports for the project. These reports should measure progress against the approved PAPD-U. Status reports must be submitted to the Medicaid Enterprise Systems state officer by the last day of each month, continuing through project completion.

The State must obtain CMS’s 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-Update in a timely manner may put the State at risk of having a gap in approved FFP. Please plan on submitting an Annual APD-Update within 10 months of the date of this approval letter.

MMIS APDs, RFPs, contracts, and other requests for official approval should be sent to the CMS dedicated electronic mailbox at MedicaidMMIS@cms.hhs.gov, with a cover letter addressed to: Dzung Hoang, Director, Division of HITECH and MMIS.

If you have any questions regarding this letter, please contact your Medicaid Enterprise Systems state officer, John Allison, at 828-513-1323, or by e-mail at John.Allison@cms.hhs.gov.

Sincerely,

Dzung A. Hoang, Director  
Division of HITECH and MMIS
Cc:

Gay Munyon, Florida/AHCA
Angela Ramsey, Florida/AHCA
Terresa Fuller, Florida/AHCA
Suzanne Stacknik, Florida/AHCA
Julie Boughn, CMS/CMCS
Dzung Hoang, CMS/CMCS
CDR Samuel Schaffzin (USPHS), CMS/CMCS
Edward Dolly, CMS/CMCS
Eugene Gabriyelov, CMS/CMCS
Debbie Simon, CMS/CMCS
CAPT Willie Tompkins (USPHS), CMS/CMCS
Khalid Mushtaq, CMS/CCIIO
Bill Brooks, CMS/CMCS
Shantrina Roberts, CMS/CMCS
Davida Kimble, CMS/CMCS
John Allison, CMS/CMCS
Cheryl Brimage, CMS/CMCS
Sidney Staton, CMS/CMCS
Anna Dubois, CMS/CMCS
MMIS mailbox; MedicaidMMIS@cms.hhs.gov
Appendix A

Florida FX Program MMIS Medicaid Detailed Budget Table
Covers Federal Fiscal Years (FFYs) 2018-2020 (ending September 30, 2020)

Funding amounts described below are summarized by FFY; however funding is only approved to be used in accordance with the approval dates described in this letter. Please note: The amounts provided for FFY 2018 reflect State-reported expenditures, and are for informational purposes only.

<table>
<thead>
<tr>
<th></th>
<th>MMIS CMS Share (90% FFP) DDI</th>
<th>State Share (10%)</th>
<th>MMIS CMS Share (75% FFP) DDI</th>
<th>State Share (25%)</th>
<th>MMIS CMS Share (75% FFP) M&amp;O</th>
<th>State Share (25%)</th>
<th>MMIS ENHANCED FUNDING FFP Total</th>
<th>State Share Total</th>
<th>MMIS ENHANCED FUNDING TOTAL COMPUTABLE</th>
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<td><strong>FFY 2018</strong></td>
<td>$10,908,915</td>
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<td>2A† + 2B†</td>
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<th>MMIS CMS Share (50% FFP) DDI</th>
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<th>MMIS CMS Share (50% FFP) M&amp;O</th>
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<th>MMIS ENHANCED FUNDING FFP Total</th>
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Appendix B

Florida Consolidated (All Projects) MMIS Medicaid Detailed Budget Table
Covers Federal Fiscal Years (FFYs) 2018-2021 (ending September 30, 2021)

Funding amounts described below are summarized by FFY; however funding is only approved to be used in accordance with the approval dates described in this letter.

Please note: The amounts provided for FFY 2018 reflect State-reported expenditures, and are for informational purposes only.

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<td>2A† + 2B†</td>
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<td>2A† + 2B†</td>
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†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

FPP rates for specific activities and costs can be found at 76 FR 21949, available at [https://federalregister.gov/a/2011-9340](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”
- **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.

**Data Safeguarding and Data Breach Reporting**
The State’s MMIS 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, 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](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. 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.