

S-14 Attachment 2: Enhanced Federal Funding

To assist with these changes, the Centers for Medicare and Medicaid Services (CMS) have provided an opportunity for states to build or upgrade their eligibility systems utilizing enhanced federal funding. In April 2011, CMS announced the availability of enhanced federal funding for new or upgraded Medicaid eligibility systems with CMS providing 90% of the development cost, often referred to 90/10 federal funding. This enhanced federal funding is available through December 2015. (Source: Medicaid Program; Federal Funding for Medicaid Eligibility Determination and Enrollment Activities, final CMS rule issued April 19, 2011)

This enhanced federal funding is available if upgrades to CBMS meet seven conditions and standards as issued by CMS. These conditions and standards have been established to streamline the eligibility and enrollment process, improve user experiences, increase administrative efficiencies, and support with greater effectiveness the ability to manage care and produce improved health outcomes for Medicaid beneficiaries. Through the 18-month plan, CBMS will be upgraded and modernized to correspond with these seven conditions and standards:

1. **Modularity Standard** – This condition requires the use of a modular, flexible approach to systems development, including the use of open interfaces and exposed application programming interfaces; the separation of business rules from core programming; and the availability of business rules in both human and machine-readable formats.
2. **Medicaid Information Technology Architecture (MITA)** – This condition requires states to align to and advance increasingly in MITA maturity for business, architecture, and data. These investments by federal, state, and private partners will allow systems to make important incremental improvements to share data and reuse business models, applications, and components.
3. **Industry Standards Condition** – This condition requires that infrastructure and information system investments are made with the assurance that timely and reliable adoption of industry standards and productive use of those standards are part of the investments. Industry standards promote reuse, data exchange, and reduction of administrative burden on patients, providers, and applicants.
4. **Leverage Condition** – This condition requires the sharing, leveraging, and reusing of technologies and systems within and among states. States can benefit substantially from the experience and investments of other states through the reuse of components and technologies already developed, consistent with a service-oriented architecture, from publicly available or commercially sold components and products, and from the use of cloud technologies to share infrastructure and applications.
5. **Business Results Condition** – This condition requires accurate and timely processing of claims (including claims of eligibility), adjudications, and effective communications with providers, beneficiaries, and the public.
6. **Reporting Condition** – This condition requires that system solutions produce transaction data, reports, and performance information that would contribute to program evaluation, continuous improvement in business operations, and transparency and accountability. Systems should be able to produce and to expose electronically the accurate data that are necessary for oversight, administration, evaluation, integrity, and transparency.

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7. Interoperability Condition – This condition requires that eligibility systems must ensure seamless coordination and integration with the Exchange (whether run by the state or federal government), and allow interoperability with health information exchanges, public health agencies, human services programs, and community organizations providing outreach and enrollment assistance services. (Source: Enhanced Funding Requirements: Seven Conditions and Standards, Medicaid IT Supplement (MITS-11-01-v1.0), issued April 2011.)

Because other federally funded human services programs can benefit from the changes being made to create a modern infrastructure to determine eligibility for Medicaid the federal government is allowing states an exception to OMB Circular A-87. The exception allows human services programs (including, but not limited to, Temporary Assistance for Needy Families (TANF), and the Supplemental Nutrition Assistance Program (SNAP)) to utilize systems designed specifically for determining a person's eligibility for certain health coverage programs (Medicaid and CHP+) without sharing in the common system development costs, so long as those costs would have been incurred anyway to develop systems for the Medicaid, and CHP+. However, incremental costs for additional requirements needed for the inclusion of those programs, whether they are added to those projects at initial or later stages, must be charged entirely to the benefitting program. Therefore, the CBMS changes related to only the financial programs administered by DHS will not qualify for enhanced funding. (Source: Tri-Agency Letter on Cost Allocation of Information Technology Systems, issued August 10, 2011.)

HCPF has taken the initial step to receive the enhanced federal funding to upgrade and modernize CBMS. On December 30, 2011, HCPF received approval of a Planning Advanced Planning Document which authorizes the Department to receive enhanced federal funding to develop an implementation plan to receive enhanced federal funding related to the system change provided in the 18-month plan. If funding is approved by the General Assembly, HCPF will integrate the components that are eligible for enhanced federal funding into a comprehensive and detail Implementation APD for CMS to review. Through this plan, CMS will allocate enhanced federal funding to HCPF. Since federal approve is not expected to be received until June 2012, funding from the General Assembly has been requested as the standard federal match rates. Through the supplemental budget process, the appropriation will be adjusted to account to the additional federal funds which will reduce General Fund expenditure.