

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



September 29, 2017

Eric Beane
Secretary, Executive Office of Health and Human Services
Hazard Building
74 West Road
Cranston, RI 02920

RE: RI-2017-05-25-EE-APD / RI-2017-08-18-25-EE-APD

Dear Mr. Beane,

On August 18, 2017, Rhode Island submitted responses to the Request for Additional Information (RAI) issued by the Centers for Medicare & Medicaid Services (CMS) in regards to the state's May 2017 as-needed Implementation Advance Planning Document (APD) update. The APD described revised activities and funding requests for the RIBridges/Unified Health Infrastructure Project (UHIP) in Federal Fiscal Year (FFY) 2017; it was accompanied by a separate APD describing planned activities and associated funding requests for FFY 2018. The state's RAI responses referred extensively to narrative revisions in the FFY 2018 APD, which also incorporated further revised funding requests for FFY 2017.

CMS has completed its review of both documents, which were accompanied by requests for approval of several related contract amendments. CMS commends the state for its efforts to reduce its application backlogs and to improve operational effectiveness/efficiency; we remain concerned with the overall UHIP trajectory and the system's ability to meet the needs of the state's population but we also recognize the need to support existing functionality as the state continues working with its vendors/partners to better manage the myriad governance, business and technical challenges it faces.

CMS therefore approves the state's proposed Design, Development and Implementation (DDI) and Maintenance & Operations (M&O) activities; Medicaid Federal Financial Participation (FFP) for FFY 2017 and the first quarter of FFY 2018 are also approved as described in the tables in Appendix A, effective the date of this letter through December 31, 2017. This letter supersedes the prior FFY 2017 approval issued on May 9, 2017.

Please note that enhanced funding is only authorized through December 31, 2017, in accordance with both the FFY 2018 APD and the first quarter budget submitted on September 22, 2017. Funding for the remainder of FFY 2018 is dependent on meaningful progress toward system stabilization (as envisioned by the state in the APD and other working documents), continued delivery of outstanding functionality, implementation of the target operating/governance model under development and further validation of specific costs/cost allocation methodologies described in the APD.

CMS additionally reminds the state that unspent FFY 2017 funds and/or funds authorized for the first quarter of FFY 2018 do not carry over to subsequent periods or between line items; Appendix B contains additional information about Federal guidance and the state's responsibilities concerning the APD.

CMS also approves the following contract amendments, effective the date of this letter, in accordance with Federal regulations at 45 CFR 95.611(b)(2)(iv):

- Amendment 43 to the agreement between the state and Deloitte Consulting LLP, which was received on September 22, 2017, extends the end date of the agreement from September 30, 2017, to November 30, 2017. The amendment also extends the deadline for Deloitte to deliver fully functional non-MAGI Medicaid and human services eligibility determination capabilities to November 30, 2017, with warranty periods of 30 days from deployment or through December 31, 2017 (whichever is later) for all software deployed since September 13, 2016. There are no specific costs associated with Amendment 43; Deloitte has agreed to waive charges for a specific subset of M&O services for the period of the extension while charges for additional M&O services during the same period will be subject to future negotiation.
- Amendment 4 to the contract between the state and Faulkner Consulting Group LLC (PO3439815; RFP7549765), which was received on September 18, 2017, extends Faulkner's period of performance from October 1, 2017, through September 30, 2018. Faulkner will continue to provide the state with implementation and operational support services during this time at a cost not to exceed \$4,695,868 (inclusive of work outside the APD; amounts subject to FFP shall not exceed the \$4,353,357 requested and shall be in accordance with those allowable under Federal regulations and State Medicaid Director Letter [SMDL] 16-004).
- Amendment 1 to the state's agreement with KBMakers Inc. (Vendor 3505796), which was received on August 25, 2017, continues the firm's IT project management services through October 20, 2017 at an additional cost not to exceed \$120,000. The agreement was initially executed in January 2017 but was not identified in the state's APD until the current submission; only costs incurred after the effective date above are eligible for FFP.
- Amendment 16 to the state's agreement with Conduent State Healthcare LLC, formerly Xerox State Healthcare LLC and ACS State Healthcare LLC (ACSHCTS11113-001; RFP7323650), continues the data reconciliation activities identified in the APD from October 1, 2017, through December 31, 2018. These activities are part of a larger body of work tasked to Conduent; associated costs in FFY 2018 are not to exceed \$346,125. The firm's work was not identified in prior APDs; only costs incurred after the effective date above and in accordance with regulations and SMDL 16-004 are eligible for FFP.

Please submit an as-needed APD update addressing the state's progress, updating costs/cost allocations and requesting funding further into FFY 2018 no later than November 30, 2017. Additionally, a formal annual APD update outlining budget and implementation activities for FFY 2019 is due no later than July 31, 2018. CMS has 60 days to review and respond to a state's APD submission, and failure to timely submit an annual APD update may put the state at risk for not having FFP for future Federal fiscal years.

We look forward to our continued work together on your Medicaid Eligibility and Enrollment (E&E) modernization project. Copies of the above contract amendments once fully executed, along with future APD updates and any other E&E requests for proposals or contract actions, should be sent to CMS's dedicated E&E mailbox (MedicaidE&E_APD@cms.hhs.gov) with a cover letter addressed to the Director, Division of State Systems (DSS).

If you have any questions or concerns regarding this letter, please contact CDR Terry Lew, USPHS, at (206) 615-2336 or by e-mail at Terrence.Lew1@cms.hhs.gov.

Sincerely,

Martin H. Rice
Director, Division of State Systems
Data & Systems Group

Cc:

Greg McGuigan, CMS/CMCS
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John Bonin, Rhode Island/EOHHS
Courtney Hawkins, Rhode Island/DHS
Jennifer Renegar, USDA/FNS
Dawn Bartolomeo, USDA/FNS

Appendix A

Rhode Island Medicaid Detailed Budget Table

Covers Federal Fiscal Year (FFY) 2017 and the first quarter of FFY 2018 (ending December 31, 2017)

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

	Medicaid Share (90% FFP) DDI	State Share (10%)	Medicaid Share (75% FFP) DDI (COTS)	State Share (25%)	Medicaid Share (75% FFP) M&O	State Share (25%)	Medicaid Share (75% FFP) M&O E&E Staff	State Share (25%)	Medicaid ENHANCED FUNDING FFP Total	State Share Total	Medicaid ENHANCED FUNDING (TOTAL COMPUTABLE)
	28A & 28B†	--	28A & 28B†	--	28C & 28D†	--	28E & 28F†	--			
FFY 2017	\$30,700,135	\$3,411,126	\$0	\$0	\$11,261,771	\$3,753,924	\$2,353,157	\$784,386	\$44,315,063	\$7,949,435	\$52,264,498
FFY Q1 2018	\$11,591,903	\$1,287,989	\$562,500	\$187,500	\$4,674,053	\$1,558,018	\$1,275,328	\$425,109	\$18,103,784	\$3,458,616	\$21,562,400

	Medicaid Share (50% FFP) M&O E&E Staff	State Share (50%)	Medicaid NOT ENHANCED FUNDING FFP Total	State Share Total	Medicaid NOT ENHANCED FUNDING (TOTAL COMPUTABLE)
	28G & 28H†	--			
FFY 2017	\$0	\$0	\$0	\$0	\$0
FFY Q1 2018	\$0	\$0	\$0	\$0	\$0

	Medicaid ENHANCED FUNDING FFP Total	Medicaid NOT ENHANCED FUNDING FFP Total	TOTAL FFP	STATE SHARE TOTAL	APD TOTAL (TOTAL COMPUTABLE)
FFY 2017	\$44,315,063	\$0	\$44,315,063	\$7,949,435	\$52,264,498
FFY Q1 2018	\$18,103,784	\$0	\$18,103,784	\$3,458,616	\$21,562,400

†MBES Line Item	
28A	E&E - Title 19 (Medicaid) DDI- In-house Activities
28B	E&E - Title 19 (Medicaid) DDI- Contractors
28C	E&E - Title 19 (Medicaid) Software/Services/Ops- In-house Activities
28D	E&E - Title 19 (Medicaid) Software/Services/Ops- Contractors
28E	E&E – Title 19 (Medicaid) Eligibility Staff- Cost of In-house Activities (staff who makes eligibility determinations)
28F	E&E – Title 19 (Medicaid) Eligibility Staff- Cost of Private Sector (staff who makes eligibility determinations)
28G	E&E – Title 19 (Medicaid) Eligibility Staff- Cost of In-house Activities (staff whose duties are related to eligibility, such as outreach, plan enrollment, etc.)
28H	E&E – Title 19 (Medicaid) Eligibility Staff- Cost of Private Sector (staff whose duties are related to eligibility, such as outreach, plan enrollment, etc.)

FFP rates for specific activities and costs can be found at 76 FR 21949, available at <https://federalregister.gov/a/2011-9340>

Appendix B

CMS approval of this APD is in accordance with Federal regulations at 42 CFR § 433, subpart C, “Mechanized Claims Processing and Information Retrieval Systems,” 45 CFR § 95, subpart F, “Automatic Data Processing Equipment and Services - Conditions for Federal Financial Participation,” and 42 CFR § 457.230, “FFP for State ADP expenditures.”

The amounts allocated per Federal fiscal year in Appendix A 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.

Please refer to Federal regulations at 42 CFR § 433 for specific FFP rates for the variety of activities supporting proper matching rates. Specifically, please note that commercial off the shelf (COTS) licenses are matched at 75 percent FFP and training is matched at 50 percent FFP.

Also, states may claim 75 percent FFP for the costs of certain staff time spent on mechanized eligibility determination systems. Please note that continued access to the enhanced match for the staff positions as outlined in the State Medicaid Director Letter from March 31, 2016 on Medicaid.gov.

CMS will be monitoring progress of the state’s eligibility and enrollment modernization project using the Enterprise Life Cycle (ELC) model. This approach supports the high degree of interaction that will be required between Medicaid, and the Health Insurance Marketplace, and the use of a shared eligibility service among the programs. Based on the state’s project management plan, CMS will be working with the state to schedule the next Medicaid IT review.

As part of the ELC model, the state should submit to CMS monthly status reports as well as participate in regular monitoring calls. Monthly status reports should include, at a minimum, the status of the project as well as risks, issues, and planned mitigations.

As described in regulation at 45 CFR § 95.611, Requests for Proposals (RFPs) or contracts that the state procures with funding from the herein approved APD, must be approved by CMS prior to release of the RFP or prior to execution of the contract.