

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



October 6, 2015

Marie Zimmerman
Medicaid Director
Minnesota Department of Human Services
PO Box 64983
St. Paul, MN 55164-0983

RE: MN-2015-08-20-EE-APD; MN-2015-08-20-EE-APDb; MN-2015-08-28-EE-APD

Dear Ms. Zimmerman:

Thank you for your letter dated August 20, 2015 requesting that the Centers for Medicare & Medicaid Services (CMS) approve Minnesota's Implementation Advance Planning Document (APD) Update for its Health Insurance Exchange (MNSure). This Implementation APD Update requests additional funding for work related to its integrated service delivery system, which includes both MNSure and the Medicaid Eligibility Determination System (MEDS), including stabilizing the MNSure system, implementing Phase 1 of the State Medicaid Review Team (SMRT) project, and implementing a replacement appeals system. CMS has completed its review of this APD, including supplemental information submitted on September 29, 2015.

CMS approves the scope described in Minnesota's APD. CMS also approves the Medicaid/CHIP Federal Financial Participation (FFP) for Federal fiscal year(s) 2016 as described in the tables in Appendix A, covering October 1, 2015 through September 30, 2016.

This letter also represents approval of the scope of work and FFP for Federal fiscal year 2016 as described in the tables in Appendix A, covering October 1, 2015 through September 30, 2016 for the following Implementation APD Updates:

- MnCHOICES (submitted to CMS on August 20, 2015) -- This Implementation APD Update will support the addition of required security enhancements to enable Managed Care Organizations (MCO) to use this comprehensive assessment and support planning tool, and the development of Phase 2 of the project, which will create an electronic person-centered plan.
- IAM (submitted to CMS on August 28, 2015) -- This Implementation APD Update supports the replacement of the IAM component of MEDS to allow for a single sign on for the enterprise system.

Lastly, this letter provides for a correction to the approval letter dated September 17, 2015, regarding the Operational APD Update for MEDS. Appendix A of that letter did not include the approved FFP for maintenance and operations; therefore, this letter includes CMS approval of Medicaid/CHIP FFP for Federal fiscal year 2015 as described in the tables in Appendix A, covering July 1, 2015 through September 30, 2015.

This approval letter supersedes any previous letters that may have been issued for the approval period noted above. This letter includes all previously approved funds covering the approval period for Medicaid/CHIP eligibility and enrollment funding. Appendix B contains additional information about Federal guidance and the state's responsibilities concerning the APD.

For Federal fiscal year 2016, design, development and implementation (DDI) funding is currently being approved for Quarter 1 of 2016 only. CMS published in the Federal Register on April 14, 2015 a proposed rule that will extend access to enhanced 90/10 FFP for Medicaid eligibility and enrollment systems on an on-going basis, rather than the current regulatory deadline of December 31, 2015. This enhanced funding is only available for state projects that adhere to certain standards and conditions which are also being updated by this proposed rule. The proposed rule is available online at <https://federalregister.gov/a/2015-08754>. All other lines are approved through Quarter 4 of 2016.

Please plan on submitting an Annual APD Update within 10 months of the date of your state's last Annual APD Update approval letter outlining budget and implementation activities for the future Federal Fiscal year so that the future year's funding may be approved. CMS has 60 days to review and respond to a state's APD submission. Failure to timely submit an Annual APD Update may put the state at risk for not having FFP for future Federal fiscal years.

Medicaid Eligibility and Enrollment (E&E) APDs, RFPs, and contracts should be sent to the CMS dedicated mailbox: MedicaidE&E_APD@cms.hhs.gov and the cover letter should be addressed to the Division of State Systems (DSS) Division Director. If you have any questions or concerns regarding this letter, please contact Kia Banton, at (410) 786-2416, or by e-mail at Kia.Banton@cms.hhs.gov.

Sincerely,

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

Cc:

Christine Gerhardt, CMS
Angela Urbane, MN
Debra Meier, MN
Lisa Koenig, MN

Christine Derry, MN

Ruth Hughes, CMS

Kia Banton, CMS

John Maynard, CMS

Nikoleta Lelis, CMS

Michelle Baldi, CMS

Mara Siler-Price, CMS

Doris Ross, CMS

Monica Perkins, CMS

Appendix A

Minnesota Medicaid/CHIP Detailed Budget Table

Covers Federal Fiscal Years (FFY) 2014 and 2016 (ending September 30, 2016)

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 (For Federal fiscal year 2016, design, development and implementation (DDI) funding is currently being approved for Quarter 1 of 2016 only. All other lines are approved through Quarter 4 of 2016.)

Please note: The amounts provided for Federal fiscal years 2011, 2012, 2013 and 2015 are for informational purposes only

	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 2011	\$5,691,321	\$632,369	\$0	\$0	\$0	\$0	\$0	\$0	\$5,691,321	\$632,369	\$6,323,690
FFY 2012	\$ 50,637,045	\$5,626,338	\$8,176,207	\$2,725,402	\$0	\$0	\$0	\$0	\$58,813,252	\$8,351,740	\$67,164,992
FFY 2013	\$ 54,295,750	\$6,032,861	\$12,920,343	\$4,306,781	\$0	\$0	\$0	\$0	\$67,216,093	\$10,339,641	\$77,555,734
FFY 2014	\$27,576,844	\$3,064,093	\$5,421,692	\$1,807,231	\$750,000	\$250,000	\$80,292,258	\$26,764,086	\$114,040,794	\$31,885,410	\$145,926,204
FFY 2015	\$94,735,345	\$10,526,149	\$18,977,834	\$6,325,945	\$6,062,932	\$2,020,977	\$74,363,418	\$24,787,806	\$194,139,529	\$43,660,877	\$237,800,406
FFY 2016	\$68,600,792	\$7,622,310	\$15,336,658	\$5,112,219	\$11,217,375	\$3,739,125	\$74,147,762	\$24,715,921	\$169,302,587	\$41,189,575	\$210,492,162

	Medicaid Share (50% FFP) M&O E&E Staff	State Share (50%)	Medicaid Share (50% FFP) General	State Share (50%)	Medicaid NOT ENHANCED FUNDING FFP Total	State Share Total	Medicaid NOT ENHANCED FUNDING (TOTAL COMPUTABLE)
	28G & 28H†	--	49†	--			

FFY 2011	\$0	\$0	\$453,681	\$453,681	\$453,681	\$453,681	\$907,362
FFY 2012	\$0	\$0	\$1,915,831	\$1,915,831	\$1,915,831	\$1,915,831	\$3,831,662
FFY 2013	\$0	\$0	\$1,914,336	\$1,914,336	\$1,914,336	\$1,914,336	\$3,828,672
FFY 2014	\$28,749,408	\$28,749,408	\$1,471,274	\$1,471,274	\$30,220,682	\$30,220,682	\$60,441,364
FFY 2015	\$29,198,619	\$29,198,619	\$3,533,069	\$3,533,069	\$32,731,688	\$32,731,688	\$65,463,376
FFY 2016	\$29,113,944	\$29,113,944	\$2,557,924	\$2,557,924	\$31,671,868	\$31,671,868	\$63,343,736

	CHIP FFP %	STATE %	CHIP FFP Share	State Share	CHIP Total
			33†	--	
FFY 2011	65.00%	35.00%	\$13,199	\$7,107	\$20,306
FFY 2012	65.00%	35.00%	\$1,867,383	\$1,005,514	\$2,872,897
FFY 2013	65.00%	35.00%	\$144,611	\$77,867	\$222,478
FFY 2014	65.00%	35.00%	\$76,349	\$41,111	\$117,460
FFY 2015	65.00%	35.00%	\$263,188	\$141,717	\$404,905
FFY 2016	88.00%	12.00%	\$578,039	\$78,824	\$656,863

	Medicaid ENHANCED FUNDING FFP Total	Medicaid NOT ENHANCED FUNDING FFP Total	CHIP FFP Total	TOTAL FFP	STATE SHARE TOTAL	APD TOTAL (TOTAL COMPUTABLE)
FFY 2011	\$5,691,321	\$453,681	\$13,199	\$6,158,201	\$1,093,157	\$7,251,358
FFY 2012	\$58,813,252	\$1,915,831	\$1,867,383	\$62,596,466	\$11,273,086	\$73,869,552
FFY 2013	\$67,216,093	\$1,914,336	\$144,611	\$69,275,040	\$12,331,845	\$81,606,885
FFY 2014	\$114,040,794	\$30,220,682	\$76,349	\$144,337,825	\$62,147,203	\$206,485,028
FFY 2015	\$194,139,529	\$32,731,688	\$263,188	\$227,134,405	\$76,534,282	\$303,668,687
FFY 2016	\$169,302,587	\$31,671,868	\$578,039	\$201,552,494	\$72,940,267	\$274,492,761

†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.)
33	E&E - Title 21 (CHIP) Administration
49	E&E - Title 19 (Medicaid) Other Financial Participation

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 CMS Frequently Asked Questions (FAQ) from April 25, 2013 on Medicaid.gov, is contingent upon the state’s execution of the approved mitigation plan, verification plan, and transition plan.

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, CHIP, 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.