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

March 22, 2018

Eric Beane
Secretary, Executive Office of Health and Human Services
3 West Road
Virks Building, Fourth Floor
Cranston, RI 02920

RE: RI-2018-03-12-EE-IAPDU

Dear Mr. Beane,

The Centers for Medicare & Medicaid Services (CMS) remain committed to partnership with the State of Rhode Island as work continues on the Unified Health Infrastructure Project (UHIP/RIBridges). We previously approved the State's annual Implementation Advance Planning Document (APD) update describing Design, Development and Implementation (DDI) and Maintenance & Operations (M&O) activities for Federal Fiscal Year (FFY) 2018; we also approved Medicaid Federal Financial Participation (FFP) for the first quarter of FFY 2018 and subsequently extended that approval through January 2018 based on an as-needed update submitted by the State on November 30, 2017.

We have noted repeatedly that access to enhanced FFP for the remainder of FFY 2018 and beyond depends on improved system functionality and more effective project governance, as well as demonstrated compliance with Federal regulations and other relevant directives. On January 24, 2018, we further extended funding through the second quarter of FFY 2018 despite continued concerns with the State's progress; our letter also instructed the State to submit a formal project update with revised budgets for the third and fourth quarters no later than March 1, 2018. The State's update was to include the list of changes/fixes that the State believed was necessary to achieve a "fully compliant" system, its latest plan for addressing that list, and its responses to CMS's comments on the State's second quarter budget request as well as other outstanding CMS requests not previously addressed. The State did not comply.

The APD update and revised budgets were submitted on March 12, 2018; CMS acknowledges the separate submission of multiple slide decks and other working materials related to the State's UHIP release plans but many of our questions/requests from the prior update are still outstanding. The latest update also introduces a number of new budgetary questions/concerns, which must be addressed via revisions/additions/supplements to ensure access to enhanced FFP past the current funding expiration date of March 31, 2018. Your immediate attention is required to the following:

- Section 10: Table 6 has not been updated to match the APD update narrative or its attachments, and the splits in the DDI personnel narrative between the 'Integrated Solution' and 'Allocated Medicaid' lines are inconsistent with those in Attachment C. Please update/reconcile.

- Section 10: Table 7 was updated in the State's responses to CMS comments on the November 2017 APD update, although it was removed from the current submission. Please make any additional updates and restore it to the document (Section 8 may be a better location).

- Section 10.1.1 / 'State Personnel – All Other': CMS acknowledges the removal of eligibility technicians and customer service personnel from the current request, although we would also ask the state to affirm that the remaining positions identified as 100% committed to UHIP (or nearly so) in Attachment C are indeed working full-time on projectwide issues. Section 11 suggests that this is the case, but even if assigned full-time to UHIP activities someone working solely on Medicaid or SNAP should be charged to that program versus the integrated cost allocation (i.e., an 'Allocated SNAP' category).

- Section 10.1.1 / 'State Personnel – All Other': CMS questions whether the entirety of the DHS Chief Administrative Officer's time, nearly all of the EOHHS Deputy Director's time and 83% of the EOHHS Chief Financial Officer's time are dedicated to UHIP DDI-related activities in accordance with the lists in State Medicaid Director's Letter/SMDL #16-004). Enhanced FFP may not be claimed for administrative activities, and non-UHIP departmental/secretariat activities cannot be charged to UHIP at all.

- Section 10.1.1 / 'State Personnel – All Other': CMS acknowledges not raising this concern during earlier reviews, but the 'Clinical Training Specialist' positions are likely only eligible for 75% FFP – the cost of creating and delivering system training is a legitimate DDI expense per SMDL #16-004, but at a lower FFP rate than the cost of system development itself. Please revise the request or justify the higher rate in accordance with Federal regulations and the SMDL.

- Section 10.1.1: Please specify how the 'Allocated Medicaid' positions were identified and why the state believes charging the listed percentages to Medicaid versus the integrated allocation is appropriate (particularly the HealthSource Rhode Island/HSRI and Department of Information Technology/DOIT positions in light of our prior comment on the inclusion criteria for 'State Personnel – All Other'). CMS also requests clarification in regards to the State's Chief Digital Officer, Chief Enterprise Architect and Chief of Vendor Management, which are identified as 100% UHIP/Medicaid positions while the costs appear to be fractional (as noted above, the former would be highly questionable while the latter would only be acceptable upon State attestation that their time spent on UHIP activities is in accordance with the activities listed in SMDL #16-004).

- Section 10.1.2: The APD states explicitly that PCG support ended on December 31, 2017, and the amount listed in Attachment A for Oct-Dec 2017 is generally consistent with the pricing in Contract Amendment #6 for the same period, but Attachment A also requests a similar amount beginning in January 2018. Please justify the additional expenses.

- Section 10.1.5: The APD narrative indicates that CSG's Independent Validation & Verification (IV&V) role was terminated as of December 31, 2017, although the contract was subsequently renewed and the budget increased accordingly. Please reconcile.

- Section 10.1.6: CMS appreciates the additional descriptions of each supporting vendor's activities in Section 6, although it is still unclear why Northrup Grumman's costs have more than tripled from the prior APD update.

- Section 10.1.8.1: CMS has no inherent objections to this request, although we note that it is inconsistent with the budget in the separate Medicaid Management Information System (MMIS) contract extension. Please ensure that any changes to the APD update align with your responses to the questions sent on March 15 by the CMS regional office's MMIS analyst.

- Section 10.1.8.2: CMS's prior question about how the organization of the budget in KPMG Amendment 2 aligns with the APD as well as with the slide showing 5-6+ FTEs for operating model implementation also remains outstanding.

- Section 10.1.8.4: The current update removes one of the KPMG User Acceptance Testing (UAT) support instances from this section, although the activities still appear to overlap with those under Section 10.1.8.2 and the State's December 2017 comments were not entirely responsive. Please clarify the differences, consolidate or remove.

- Section 10.1.8.4: Please justify the significant increase in IBM costs from the prior APD update.

- Section 10.1.8.4: When submitting the MWC contract for CMS review/approval, please ensure that the travel allowances have been thoroughly justified, modified or removed per our prior discussions.

- Section 10.1.12: For consistency, please update Commercial/Off-The-Shelf (COTS) costs to the integrated solution allocation as discussed.

- Section 10.2.1: The costs presented here and in Attachment C are inconsistent with those in Section 11/Table 11. Please clarify.

- Section 10.2.1.1: The administrative/financial positions identified in this section are ineligible for enhanced FFP, per the list of qualifying M&O activities in SMDL #16-004. Please remove.

- Section 10.2.2: The list of proposed expenses includes mailing costs; the State has not responded to CMS's request for affirmation that postage has not and will not be claimed at the enhanced FFP rate.

- Section 10.2.3: Please specify the amount requested for each vendor and how the State/DXC will ensure that work is not charged to both the UHIP and MMIS budgets (if not addressed in your responses to the question above or to the underlying questions from the regional MMIS analyst); CMS would also appreciate the State adding the language clarifying DXC's responsibilities under the DDI and M&O lines from its December 2017 responses to CMS questions on the November 2017 APD update. (Where appropriate, integrating additional responses from that document may provide clarity and help minimize repeated questioning.)

- Section 10.2.3: CMS remains unclear on the nature of Conduent's specific duties and whether/how they align with the list of activities eligible for enhanced FFP in SMDL #16-004 (the APD's bullet for 'Review data for the purpose of federal claiming' is somewhat vague, and the December 2017 response document's statement that the firm is 'providing implementation support to Medicaid Reconciliation and RiteShare efforts' is potentially more in accordance with DDI activities than M&O as requested). Please clarify.

- Section 10.2.4: The description of Freedman's M&O responsibilities has changed from the prior APD update and the firm's DDI work has been shifted to the integrated cost allocation as previously discussed, but the M&O portion is still charged solely to Medicaid/HSRI. Please justify or correct.

- Section 10.2.5: Please specify the amount requested for each vendor. Additionally, CMS remains unclear of the specifics of Northrup Grumman's project management/business analysis activities and how they are distinct from similar responsibilities of other vendors (the State's December 2017 responses suggested that the firm's duties are more related to security).

- Section 10.2.7: When does the state anticipate being able to break down AHS call volumes between activities eligible for enhanced vs. non-enhanced FFP, and has the state explored allocating costs by the nature of calls (i.e., Medicaid vs. HSRI) received versus program enrollment?

Finally, CMS is concerned that the number of misspellings, inconsistent references to years and other typographic errors in the update are indicative of a broader inattention to detail. Please ensure these issues are corrected in the resubmission.

CMS will make every effort to expedite review of your responses, but the State will likely still experience a gap in access to enhanced funding between April 1 and the date of any eventual approval. Additionally, funding for the fourth quarter of FFY 2018 and beyond will depend on the State providing or otherwise demonstrating the following no later than April 30, 2018 (or as otherwise indicated):

- Specific details related to each of the March/April 2018 UHIP releases within one week of go-live, with similar reports for the pending May/June releases:

    - Complete lists of tickets intended for each release (organized by theme and identified as problems, incidents, change requests or service requests, as applicable), along with the disposition of each ticket (successfully deployed into production, deployed but subsequently found to be defective, removed after failing user acceptance testing, removed after failing system integration testing, removed after failing initial unit/system testing, removed prior to development for bandwidth or other constraints, etc.).

    - Evidence that each release passed through the defined governance gates.

    - System integration and user acceptance testing exit reports for each release, including identification of any defects that were downgraded (with or without explicit State approval) to meet entrance/exit criteria and any unmet environmental readiness criteria (along with the steps that are being taken to prevent recurrence).

    - Whether fixes deployed individually or cumulatively are expected to prevent most newly created cases of inappropriately commingling beneficiary information, and whether the State has a plan for systematically identifying any existing cases that have not yet been brought to its attention.

- Specific details on progress toward being able to measure the state's Key Performance Indicators, as well as progress toward achieving the objectives for each indicator, intervals for reassessment (as noted in our earlier comments, some of the accuracy measures proposed in Deloitte Contract Amendments #45/46 could be interpreted as one-time requirements), and actions the State is taking to add meaningful consequences to Deloitte's contract for performance failures. CMS acknowledges the design documents sent on March 10, but the dashboards appear to reflect operational/management metrics versus the overview measures being used with Deloitte and more broadly at the executive level (i.e., the 'executive scorecard' referenced in Section 7.F).

- Weekly reporting of application, renewal and appeals processing data, based on the measures defined in the reporting template to be provided under separate cover. CMS will continue to monitor progress on these and additional key policy and operational issues/milestones in the mitigation plan, which is being finalized.

- Specific plans for reducing the backlog of UHIP tickets pending triage (particularly those blocking benefit access and/or open for more than 90 days), for improving the quality/depth of Deloitte's root cause analyses, and for monitoring/preventing premature ticket closure. Please also provide further detail on how Deloitte's "Command Center 2.0" is expected to facilitate the above (e.g., the "tight interlock between existing "Tier 2" escalation units in the field and the Command Center") compared to prior approaches to incident/problem management, along with specifics on involvement by IBM, KPMG and/or other vendors.

- Specific details on how Deloitte is addressing ongoing concerns with the quality and comprehensiveness of its requirements elicitation, coding and unit/system/integration/regression testing, as well as its progress toward such. Your response should also address any further Deloitte leadership changes and whether the State sees those changes as a net positive or negative (CMS notes the assignment of a new project director since our December 2017 site visit and that one of the two then-newly-assigned project executives has left or been removed).

- Affirmation that the system documentation refresh project is complete, along with assurances that Deloitte will maintain the library's currency going forward.

- A full, detailed accounting of utilization of the initial/second Deloitte credits as well as the hourly labor pools (to be provided on an ongoing monthly basis).

- Specific details on how the current IT/project/program governance structure aligns with the target operating model developed last year, as well as the State's progress toward implementation given the work's near-complete removal from the APD. Your response should also include copies of the previously requested KPMG governance deliverables as well as current committee charters, procedures, rosters (by name/role/employer) and meeting cadences.

- Specific details on how the IV&V vendor's observations are reviewed and acted upon by State/ Deloitte leadership. Please also provide the current UHIP risk register and any subsequent updates.

- Specific plans for extending, reprocuring or allowing expiration of the IBM, Northrup Grumman, Redwing, MWC, AHS, KPMG, Freedman and/or Faulkner contracts scheduled to expire in the next six months. CMS reminds the State that access to enhanced FFP for contract actions not meeting the time/cost exemptions in 45 CFR 95.611(b)(2) is dependent on our prior review and approval.

CMS acknowledges that some of the above information has been reported previously, but inconsistent reporting intervals/formats have complicated interpretation and monitoring over time. We understand that the State's reporting processes/capabilities are evolving and we will remain flexible to accommodate both technical limitations and competing priorities, but we also trust that the State understands the importance of the requested information to our oversight responsibilities.

Finally, CMS reminds the State that we are still awaiting responses to the questions on Deloitte Contract Amendments #45/46 issued by e-mail on March 9, 2018. The 60-day review period established for those amendments pursuant to Federal regulations at 45 CFR 95.611(d) ends on March 31; this letter constitutes a formal Request for Additional Information that officially stops the 60-day clock until your responses have been received. A new review period will commence at that time, although CMS is aware of the current contract expiration date and will make every effort to complete a timely review.

Your responses should be sent to the dedicated Medicaid Eligibility & Enrollment (E&E) mailbox (MedicaidE&E_APD@cms.hhs.gov) with a cover letter addressed to Martin Rice, Director of the Division of State Systems. 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,

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Acting Director
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