

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



September 28, 2018

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

RE: RI-2018-07-31-EE-IAPDU

Dear Mr. Beane,

The Centers for Medicare & Medicaid Services (CMS) remains committed to partnership with the State of Rhode Island as work continues to stabilize the Unified Health Infrastructure Project (UHIP/RIBridges) Eligibility and Enrollment (E&E) system. We have completed review of the State's Implementation Advance Planning Document (APD) update describing anticipated UHIP activities and expenses in Federal Fiscal Years (FFYs) 2019 and 2020, which was received on July 31, 2018, along with clarifications and budgetary revisions submitted by the State on September 20, 2018.

As noted in earlier correspondence, CMS is keenly interested in the State's progress toward system acceptance as well as the sustainability of your governance and operational improvements. Our letter approving enhanced Federal Financial Participation (FFP) for the fourth quarter of FFY 2018 emphasized these concerns while outlining a number of specific requirements for continued approvals; our expectations included – but were not limited to – the following:

- Affirmation that the State and Deloitte have reached a shared awareness of outstanding functionality/defects as well as realistic timelines for completion/mitigation.
- Updated plans and demonstrated progress toward the ability to monitor and enforce the State's contractual Key Performance Indicators (KPIs) and related operational measures.
- A plan for identifying appropriate long-term third-party support levels, ensuring clear vendor objectives/accountability metrics, and aligning contracts accordingly.
- Finalization of the State's eligibility mitigation plan, as well as demonstrated progress toward agreed-upon compliance milestones.

When considered together, the July 31 APD submission, the subsequent clarifications and the information shared before/during/after our in-person meeting in Baltimore earlier this month are broadly responsive to CMS's requests. However, we continue to await the State's final development roadmap as well as further details of its expected implications for the State's contractual relationship with Deloitte. The details of the State's approach to identifying and procuring appropriate long-term third-party support levels remain unclear as well.

With that said, we appreciate the State's efforts to meet CMS expectations and to further strengthen its program management practices. We are therefore approving the majority of the spending requested for UHIP Design, Development and Implementation (DDI) and Maintenance and Operations (M&O) activities in the first quarter of FFY 2019, although Deloitte DDI and M&O expenses are specifically excluded at this time. This approval is for a total of \$16,741,457 (\$14,254,119 Federal share) of enhanced E&E funds, as detailed in Appendix A.

The following conditions apply to this approval, which will expire on December 31, 2018:

- The State must revise its proposed cost allocation plan for January-September 2019 in a way that is materially responsive to the concerns raised by CMS and the U.S. Department of Agriculture's Food and Nutrition Service (FNS). The revised plan is due to both agencies no later than November 1, 2018.
- The State must also address remaining concerns with the APD as identified and separately communicated by CMS/FNS, including affirmation of intended full compliance with Federal requirements for E&E systems.

**CMS has 60 days to respond to submissions pursuant to Federal regulations at 45 CFR 95.611(d); our ability to expedite reviews cannot always be assured and failure to submit the required information may further jeopardize the State's access to enhanced FFP.**

Additionally, future approvals (whether for Deloitte expenses or otherwise) will depend on the following:

- Deloitte must successfully deliver releases in accordance with the "Short-Term Delivery Track" extending through December 2018 (i.e., adhering to the State's expectations for both schedule and quality).
- The State must supply the final comprehensive UHIP stabilization/completion release plan, as agreed to by the State and Deloitte as the basis for contract negotiations. Any future updates must be communicated to CMS immediately.
- The State must keep CMS apprised of the status of those contract negotiations, including any financial or non-financial concessions that may impact the release plan or the activities/expenses described in the APD. (As a reminder, any resulting contract amendments are subject to CMS review and approval.)
- The State and Deloitte must agree on measurement approaches for the contractual KPIs identified in the APD as remaining under discussion (i.e., specific tables/fields/queries to be used in validating eligibility transaction and application processing success rates, regulatory compliance, and accuracy of system-generated eligibility determinations and notices) no later than November 1, 2018.
- The State and Deloitte must also agree on measurement approaches for the 14 key business outcomes identified to CMS in the September 11 meeting, or comparable metrics at the State's discretion, no later than November 1, 2018.
- Deloitte must provide the State with acceptable measurement capabilities for each KPI and business outcome, preferably on an automated basis, no later than December 31, 2018.

- The State must provide CMS with baseline measurements for each KPI and business outcome no later than January 2, 2019. Subsequent measurements, due to CMS on a schedule to be determined by mutual agreement, must demonstrate achievement of the target for each metric or material progress thereto.
- The State must immediately communicate any proposed changes to the KPIs or business outcomes being measured, along with any potential barriers to meeting the above deadlines.
- The State must achieve the interim and final compliance milestones in the State's mitigation plan on or before the specified dates; CMS also expects the State to review/revise the plan with CMS's Children and Adults Health Programs Group on a regular schedule to be determined by mutual agreement.

Finally, this letter conveys CMS approval of the following two contract actions:

- Amendment #4 to the State's contract with MWC Consulting, LLC, which was received on August 23, 2018, extended the firm's UHIP-related technical leadership and project management support at a cost not to exceed \$283,800 for the period of August 2, 2018, to February 1, 2019. Although the work was described in prior APDs, expenses incurred prior to formal CMS contract approval (i.e., the date of this letter) are ineligible for FFP.
- Amendment #9 to the State's contract with Automated Health Systems, Inc., which was received on September 7, 2018, is for call center support related to the termination of the Rhody Health Options (RHO) program. The information and referral activities described in the amendment are at a cost of \$1,026,713, beginning immediately and extending through August 31, 2019. CMS acknowledges that the RHO work is unrelated to UHIP and will not be supported by E&E funds; this approval is issued due to the State's use of an otherwise E&E-funded vehicle.

We look forward to our continued work together on behalf of all Rhode Islanders. Executed copies of the above contract actions, the State's revised cost allocation plan and related updates to the FFY 2019 APD, and any future as-needed APD updates, requests for proposals or contract actions, should be sent to CMS's dedicated E&E mailbox ([MedicaidE&E\\_APD@cms.hhs.gov](mailto: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](mailto:Terrence.Lew1@cms.hhs.gov).

Sincerely,

Carrie Feher  
Deputy Director, Division of State Systems  
Data & Systems Group

Cc:

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Dawn Bartolomeo, USDA/FNS  
Matt Henschel, USDA/FNS

## Appendix A

**Rhode Island Medicaid Detailed Budget Table**  
**Covers Federal Fiscal Year (FFY) 2019 through December 31, 2018**

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%)	<b>Medicaid ENHANCED FUNDING FFP Total</b>	State Share Total	Medicaid ENHANCED FUNDING (TOTAL COMPUTABLE)
	28A & 28B†	--	28A & 28B†	--	28C & 28D†	--	28E & 28F†	--			
FFY 2019 (Quarter 1 only)	\$10,188,157	\$1,132,017	\$45,038	\$15,013	\$617,154	\$205,718	\$3,403,770	\$1,134,590	<b>\$14,254,119</b>	\$2,487,338	\$16,741,457

	Medicaid Share (50% FFP) M&O E&E Staff	State Share (50%)	<b>Medicaid NOT ENHANCED FUNDING FFP Total</b>	State Share Total	Medicaid NOT ENHANCED FUNDING (TOTAL COMPUTABLE)
	28G & 28H†	--			
FFY 2019 (Quarter 1 only)	\$0	\$0	<b>\$0</b>	\$0	\$0

	Medicaid ENHANCED FUNDING FFP Total	Medicaid NOT ENHANCED FUNDING FFP Total	<b>TOTAL FFP</b>	STATE SHARE TOTAL	APD TOTAL (TOTAL COMPUTABLE)
FFY 2019 (Quarter 1 only)	\$14,254,119	\$0	<b>\$14,254,119</b>	\$2,487,338	\$16,741,457

†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.

CMS requires the State to be in conformance with the technical documentation in the T-MSIS State Support Site in Confluence, the CMS collaboration tool, (<https://tmsis2.atlassian.net/wiki/spaces/STATE/pages/380895588/T-MSIS+Technical+Compliance+Documentation> [[tmsis2.atlassian.net](https://tmsis2.atlassian.net)]) and in the T-MSIS Coding Blog on Medicaid.gov (<https://www.medicaid.gov/medicaid/data-and-systems/macbis/tmsis/tmsis-blog/index.html> [[medicaid.gov](https://www.medicaid.gov)]). 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](mailto:T-MSIS_Helpdesk@cms.hhs.gov). CMS expects the State to consider and incorporate T-MSIS requirements in every phase of the SDLC as applicable for any changes to state system that impacts T-MSIS data reporting. The State is required to keep T-MSIS production data current until the State has been able to demonstrate successfully the changes to be implemented and continue to meet T-MSIS data reporting requirements. Data to be submitted must not result in any degradation in the level of accuracy, completeness, or timeliness of the State’s T-MSIS production data submissions. CMS expects the State to successfully complete implementation deliverables that validate comparability of data submissions and share these results with CMS.

Should the new or enhanced system fail to maintain and produce all federally required program management data and information, including the required 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.