CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES

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Audrey Tayse Haynes
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March 12, 2014

Jessica Kahn, Acting Director
CMS Division of State Systems
7500 Security Boulevard, Mail Stop S2-26-14
Baltimore Maryland 21244-1850

RE: Kentucky Medicaid E&E System APD-U (RAI)

Dear Ms. Kahn:

Kentucky received the Request for Additional Information (RAI) January 28, 2014 requesting clarification of a few items stated within our Medicaid E&E APD-U submitted December 4, 2013. In addition to providing responses to the RAI, we are also including in this letter the additional information CMS requested in the conference call between CMS and the Commonwealth on February 19.

- Kentucky indicates on page 58 of their APD-U that the contact center costs are not being allocated to Medicaid or CHIP since Kentucky had an existing contact center that would still be used, yet on page 65 there is an allocation to Medicaid and CHIP for the contact center deployment. Can the Kentucky team please clarify why this allocation exists?

  Response: Page 58 of Kentucky's APD-U states "The Contact Center IT team is responsible for the coordination, planning, development, integration and implementation activities related to the KHBE Contact Center. The staff is allocated 100% to the exchange grant for development activities as Medicaid has an existing call center that will eventually be coordinated with and become tier 2 of the contact center." This category is reported under "The KHBE Technology Staffing – Office of Administrative and Technology Services" which begins on page 57. The additional staff required is not cost allocated because the Contact Center staff referenced here work closely with the vendor and are responsible for the coordination, planning and organization of development and implementation activities related to the HBE Contact Center. The Contact Center budget is divided into 2 parts, Development which is charged 100% to the exchange because the development pieces are related to HBE requirements and deployment of the Contact Center which is allocated across HBE, Medicaid, CHIP and State because deployment of the developed call center will interact with both Medicaid and HBE.

- The Miscellaneous budget category includes equipment expenses allocated to Medicaid and CHIP at 90%. CMS believe this category should be allocated at 75% since it appears to be related to maintenance and operation (M&O) of said equipment. See page 68 of the APD-U. Can the Kentucky team please clarify why this allocation is shown as 90%?

  Response: The Miscellaneous budget category includes equipment expenses allocated to Medicaid at a 90% match rate because the equipment continues to be used for the design, development and installation or enhancement of Kentucky's Medicaid Eligibility and Enrollment system. As the Federal Register 42 CFR Part 433 reads, "financial participation (FFP) at a 90 percent match rate is available for the design, development and installation or enhancement of Medicaid eligibility determination system until December 31, 2015." Kentucky's equipment budget includes items required to support the exchange through the current design, development, installations and enhancements in which Kentucky is pursuing through Release 4,4a and 5. Installation and Roll Out of 150 KIOSKS, office and PC equipment would be included within this budget.

- The Other Overhead budget category includes expenses for email service, data lines, storage, VPN fees and server space allocated to Medicaid and CHIP at 90% CMS believes this category should be allocated at 75% since these charges would also be considered M&O rather than development costs. See page 68 of the ADP-U. Can the Kentucky team please clarify why this allocation is shown as 90%?

  Response: The Other Overhead budget category which includes expenses for email service, data lines, storage, VPN fees and server space are allocated to Medicaid at a 90% match rate because all costs continue to aide in the design, development and installation or enhancement of Kentucky's Medicaid Eligibility and Enrollment system. As the Federal Register 42 CFR Part 433 reads, "financial participation (FFP) at a 90 percent match rate is available for the design, development and installation or enhancement of Medicaid eligibility determination system until December 31, 2015." Kentucky's Other Overhead budget includes email service, data lines, storage, Virtual Private Network (VPN) fees and Commonwealth data center server space, etc. all of which support the current design, development, installations and enhancements in which Kentucky is pursuing through Release 4,4a and 5.

- CMS asked for clarification during the February 19th conference call pertaining to the low amount of expenditures claimed on the CMS 64 report versus the approved funding amounts.

  Response: As explained in the conference call, Kentucky will clarify future approval requests so the previously approved amount that was unspent will be defined as being rolled over to the following year's request. In the past, any unspent balance that was previously approved was rolled forward and included in the current funding request. The overall project amount did not change (unless otherwise specifically noted) but there have been times when contracts were late being finalized, deliverables were delayed, staff hiring was delayed, etc. which would result in approved funding not being completely expended within the fiscal year. Kentucky would take the unspent amount and roll forward to the next request. These actions will be better defined in the future.

- CMS requested the Medicaid detailed budget table be completed and submitted with this APD-U.

Response: The Medicaid detailed budget table CMS requested has been attached to this letter.

Kentucky is excited and currently working vigorously for implementation of Release 5 in December of 2015. We still have a lot of work to do and are thankful for the support CMS has provided to Kentucky.

Please contact Tammy Bullock at (502)564-7940 ext. 2932 or Shannon MacDonald at (502)564-0105 ext. 2880 if you have any questions.

Sincerely

Lawrence Kissner, Commissioner
Department of Medicaid Services

Attachment: Medicaid Detailed Budget Table

cc: Donald Arnette, HHS/USDA
Kathy Tankersley, HHS/USDA
Peggy Haire, HHS/CMS
Nicole Comeaux, HHS/CMS
Carlos-Borges-Martinez, HHS/CMS
David Hinson, HHS/CMS
Clarence Lewis, HHS/CMS
James Blackie, HHS/ACF
Tammy Bullock, KHBE
Shannon MacDonald, KHBE

FY 14 Approved 10/1/14												
	Medicaid Share (90% FFP)		State Medicaid Share (10%)	Medicaid Share (75% FFP)		State Medicaid Share (25%)	Medicaid Share (50% FFP)	State Medicaid Share (50%)	CHIP Share (78.88% FFP)	State CHIP Share (21.12%)	Medicaid/CHIP FFP Total	State Share Total
	28A	28B	—	28C	28D	—	29	—	33	—		
Q1	$ 599,615	$ 13,231,991	$ 1,383,161	$ 3,496	$ -	$ 874	$ 22,042	$ 11,021	$ 630,506	$ 133,163	$ 14,487,650	$ 1,528,218
Q2	$ 676,391	$ 12,479,899	$ 1,315,629	$ 5,243	$ -	$ 1,311	$ 5,377	$ 2,689	$ 573,264	$ 121,073	$ 13,740,174	$ 1,440,702
Q3	$ 599,610	$ 12,021,319	$ 1,262,093	$ 5,243	$ -	$ 1,311	$ 55,835	$ 27,918	$ 551,467	$ 116,470	$ 13,233,474	$ 1,407,791
Q4	$ 606,513	$ 11,841,852	$ 1,244,837	$ 5,243	$ -	$ 1,311	$ 5,374	$ 2,687	$ 533,329	$ 112,639	$ 12,992,311	$ 1,361,473
FFY 2014	$ 2,482,129	$ 49,575,061	$ 5,205,719	$ 19,225	$ -	$ 4,806	$ 88,628	$ 44,314	$ 2,288,566	$ 483,345	$ 54,453,609	$ 5,738,184

FY 14 to include Allotment Extension from FY12/13												
	Medicaid Share (90% FFP)		State Medicaid Share (10%)	Medicaid Share (75% FFP)		State Medicaid Share (25%)	Medicaid Share (50% FFP)	State Medicaid Share (50%)	CHIP Share (78.88% FFP)	State CHIP Share (21.12%)	Medicaid/CHIP FFP Total	State Share Total
	28A	28B	—	28C	28D	—	29	—	33	—		
Q1	$ 599,615	$ 13,231,991	$ 1,383,161	$ 3,496	$ -	$ 874	$ 22,042	$ 11,021	$ 630,506	$ 133,163	$ 14,487,650	$ 1,528,218
Q2	$ 676,391	$ 12,479,899	$ 1,315,629	$ 5,243	$ -	$ 1,311	$ 5,377	$ 2,689	$ 573,264	$ 121,073	$ 13,740,174	$ 1,440,702
Q3	$ 599,610	$ 12,021,319	$ 1,262,093	$ 5,243	$ -	$ 1,311	$ 55,835	$ 27,918	$ 551,467	$ 116,470	$ 13,233,474	$ 1,407,791
Q4	$ 634,627	$ 21,758,288	$ 2,239,292	$ 30,017	$ -	$ 7,504	$ 265,630	$ 132,815	$ 995,220	$ 210,190	$ 23,683,782	$ 2,589,801
FFY 2014	$ 2,510,243	$ 59,491,497	$ 6,200,174	$ 43,999	$ -	$ 11,000	$ 348,884	$ 174,442	$ 2,750,457	$ 580,897	$ 65,145,080	$ 6,966,512

Cabinet for Health and Family Services IAPD 12/13		Extension Request
Line 28A	$ 6,198,827	$ 28,114
Line 28B	$ 16,427,939	$ 9,916,436
Line 28C	$ 120,001	$ 24,774
Line 29 Now 49	$ 260,256	$ 260,256
Line 33	$ 1,233,095	$ 461,891