



**CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES**

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July 21, 2014

DHHS/CMS
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Attn: Jackie Glaze, Associate Regional Administrator
Division of Medicaid & Children's Health Operations
61 Forsyth Street SW, Suite 4T20
Atlanta, GA 30303 8909

RE: Kentucky's Medicaid Management Information System Implementation Advance Planning Document Update – Review Request

The Kentucky Department for Medicaid Services (DMS) is requesting approval of the attached Implementation Advance Planning Document Update (IAPDU) for the Automated Data Processing (ADP) activities and enhancement projects relevant to the Kentucky (KY) Medicaid Management Information System (MMIS). This IAPDU outlines the Commonwealth's funding request to support the following projects:

- Renewal of the Kentucky Health Card (KY Health Card) contract with Hewlett Packard Enterprise Services (HPES);
- MMIS system changes necessary to accommodate the Commonwealth's decision to expand Medicaid membership under the Affordable Care Act (ACA).

Additionally, the Commonwealth is requesting to expand the scope of this IAPDU to support activities for Phase III of the ACA 1104 project (Section 1104 of the Patient Protection and Affordable Care Act or ACA), and system changes necessary to support the integration between the MMIS and the new Kentucky Medicaid Eligibility and Enrollment (E&E) system.

The total cost of this IAPDU is \$7,481,590 with the total federal share equaling \$5,909,136 and the Commonwealth share equaling \$1,572,454. DMS is requesting funding as follows:

- \$2,212,958 for contract personnel, conferences, and the KY MMIS/E&E Systems Integration Project at the 90/10 match rate with the total federal share equaling \$1,991,662 and the Commonwealth share equaling \$221,296.
- \$5,132,632 for contract personnel, state personnel, infrastructure services, Kentucky Health Card contract, and additional modification hours for Medicaid expansion at the 75/25 match rate with the total federal share equaling \$3,849,474 and the Commonwealth share equaling \$1,283,158.

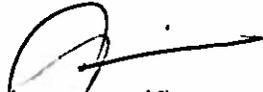


- \$136,000 for Kentucky Health Card postage at the 50/50 match rate with the total federal share equaling \$68,000 and the Commonwealth share equaling \$68,000.

At a minimum, the IAPDU will be updated annually.

Please contact Jennifer Harp at (502) 564-0105, extension 2076, if you have any questions or wish to discuss.

Sincerely,



Lawrence Kissner,
Commissioner



**KY MMIS
IMPLEMENTATION ADVANCE PLANNING DOCUMENT UPDATE #13**

July 21, 2014

Version 1.2

**COMMONWEALTH OF KENTUCKY
CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES**

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Commonwealth share);

- Request \$136,000 at 50% Federal match (\$68,000 Federal share and \$68,000 Commonwealth share).

KY Health Card

A Vendor is responsible for issuing Medicaid cards to members enrolled in the Kentucky Medicaid program. This contract expired on May 5, 2013, at which time the Commonwealth chose to exercise the first of two available option years to continue issuing Medicaid cards. The Commonwealth is submitting this request for funding in order to exercise the last option year of this contract and to develop and issue a RFP for a new KY Health Card contract. The total cost of this contract is \$408,000. A breakdown of the FFP rates for this contract is as follows:

- \$272,000 at the 75% Federal match rate to cover the cost of the KY Health cards;
- \$136,000 at the 50% Federal match rate to cover postage expenses associated with mailing the KY Health cards to Kentucky Medicaid members.

ACA 1104 Phase III

The Commonwealth is also expanding the scope of this IAPDU to request FFP necessary for supporting Phase III of the ACA 1104 project. Funding for Phase I and Phase II of the ACA 1104 project was awarded to the Commonwealth by CMS under the Medicaid Enterprise Management System (MEMS) IAPD. Details regarding progress for ACA 1104 Phase I and Phase II, along with a cost estimate for ACA 1104 Phase III are included in this IAPDU.

ACA Section 1104, specifically the Administrative Simplification provisions, defines requirements, costs and solutions for augmenting Kentucky's MMIS to adopt and comply with standardized operating rules. In ACA 1104 Phase III, the rules are limited to two processes: 1) Electronic Funds Transfer (EFT) transactions and 2) Health care payment and Electronic Remittance Advice (ERA, 835) transactions.

ACA 1104 Phase III requires adherence to the Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules for Information Exchange (CORE) Phase III operating rules. The CAQH CORE Phase III rules focus on:

- Building on the connectivity and security foundation established in Phase I and II
- Rules spanning Financial and Health Care industries
- The EFT and ERA (835) enrollment processes and electronic transactions

ACA Medicaid Expansion Project

Prior to the Commonwealth's decision to expand Medicaid under the ACA, the Kentucky Medicaid Program and the Kentucky Children's Health Insurance Program (KCHIP) provided health care coverage to approximately 815,000 eligible members. With the Commonwealth's decision to expand Medicaid under the ACA in May 2013, an additional 253,737 eligible Kentuckians have enrolled in Medicaid, equating to 1,068,737 Kentucky Medicaid members as of May 12, 2014. The number of new Medicaid members is on track to meet pre-expansion projections of 308,000 new members. The following areas have been affected by this increase:

- Managed Care has increased to approximately 947,970 or 88.7% of the total Medicaid population.
- Fee-for-service (FFS) has increased to approximately 120,767 or 11.3% of the total Medicaid population.

5. Policy and Operations
6. Program and Quality Outcomes

Technical support is provided to DMS by the Office of Administrative and Technology Services (OATS). OATS administers a broad range of CHFS programs and services, from information technology to facilities management.

The number of members enrolled in the Kentucky Medicaid program under expansion is on track with projections. The Commonwealth also expects additional eligible Kentuckians to enroll in the Medicaid program as ACA outreach and enrollment activities continue during 2014. DMS provides Medicaid services through Managed Care Organizations (MCOs) and special programs for those eligible. As noted above, 88.7% of Kentucky's Medicaid eligible population is enrolled in an MCO.

Under the shift to Managed Care by the Kentucky Medicaid Program, 11.3% of the Kentucky Medicaid population remains under the FFS care delivery model. The MCOs receive a capitated rate for each eligible member enrolled in the managed care plan, regardless of the services provided. DMS receives Encounter data from the MCOs for the Medicaid population served by the MCOs. Encounters differ from FFS Claims, as the Encounter data has previously undergone financial processing by the MCO sending the processed claim, which includes edits and audits, prior to being logged into the Decision Support System (DSS) by DMS.

The KY MMIS is a claims processing and retrieval system. The current KY MMIS is comprised of an interChange (iC) system. The iC system is a rules-based system that supports both FFS reimbursement as well as Managed Care programs. The system is hosted on a combination of UNIX and Windows environments. The UNIX environment comprises SUN e25k with SPARC processors operating on Sun Solaris platform. The Windows environment runs on servers with Windows Server 2003 and 2008 R2 operating systems. The current KY MMIS vendor, HPES, is responsible for operations, maintenance, modifications, and maintaining CMS certification of the KY MMIS. HPES is also responsible for printing and issuing the KY Health Cards to Medicaid Members in the Commonwealth under a separate contract.

Medicaid modernization remains a high priority for the Commonwealth. Kentucky's vision is to implement a Web-based, flexible and modular, real-time MMIS that aligns with present-day MITA requirements. While the Commonwealth is currently in the process of developing a strategy for implementing replacement system, developing an interface between the legacy MMIS and the KHBE capable of exchanging data in real-time is essential until a new MMIS can be developed. This interface will provide the ability to process encounters and interface in real-time with systems such as the new E&E system, KHBE, Kentucky Health Information Exchange (KHIE), and the Pharmacy Benefits Manager (PBM). The future replacement system will also include this interface and be able to exchange data in real-time with the systems listed above.

Section 1104 of the ACA establishes new requirements for administrative transactions that will improve the utility of the existing Health Insurance Portability and Accountability Act of 1996 (HIPAA) transactions and reduce administrative costs. ACA Section 1104 applies to HIPAA-covered entities and business associates engaging in HIPAA standard transactions on behalf of covered entities. The legislation requires that the standards and associated operating rules will:

- Enable the determination of an individual's eligibility and financial responsibility for specific services prior to, or at the point of care;
- Be comprehensive, requiring minimal augmentation by paper or other communications;
- Provide for timely acknowledgment, response, and status reporting that supports a transparent claims and denial management process (including adjudication and appeals); and

3.3 PAPDU/IAPDU Status Table

In October 2012, the Commonwealth requested \$57,831,577 at 75% Federal match (\$43,373,682 and \$14,457,894 Commonwealth share) for the continuation of the KY MMIS. This award covers operational expenses of the Commonwealth FA, HPES, from December 1, 2012 through November, 2014. The Commonwealth also requested \$2,000,000 at 50% Federal match (\$1,000,000 Federal share and \$1,000,000 Commonwealth share) for a hardware refresh needed to operate the MMIS under the new contract. CMS approved funding for hardware refresh expenses at the 50% Federal match rate. Presently, the Commonwealth is working with HPES to determine a final timeframe for completion of the hardware refresh.

The Commonwealth has not previously received funding for expenses directed toward modifying the KY MMIS for Medicaid Expansion and integration of the legacy claims processing system with the new E&E. This IAPDU contains estimates for these expenses and the details regarding the implementations of both projects, which are being completed by utilizing modification hours beyond the 12,000 modification hours Kentucky typically uses to perform system maintenance on the KY MMIS.

Funding for the KY Health Card contract was originally approved in May of 2010 on KY MMIS IAPDU #7 at the 75% Federal match rate. Expenses for this contract, in addition to other KY MMIS expenses accrued since that time, are reflected in the table below. These expenses have been aggregated under the last KY MMIS IAPDU (KY MMIS IAPDU#12) to capture the most current KY MMIS expenditure data to date. A request for FFP necessary to support the last option year of the KY Health Card contract is included in this IAPDU.

The Commonwealth received funding for ACA 1104 Phase I and Phase II through the MEMS IAPD approved by CMS on February 28, 2013. These system changes applied to the KY MMIS are complete and the Commonwealth is requesting funding for ACA 104 Phase III. The expenditures for this solution are contained in the MMIS Continued Operations, IAPDU Expenditures columns in the table below as the ACA 1104 system changes are associated with the KY MMIS.

The table below reflects expenditures for the KY MMIS from 2010 through early April 2014. These expenditures are for continued operations of the KY MMIS and federally mandated MMIS enhancement projects associated with the implementation of the ACA. Authority for these expenditures was approved by CMS under the Kentucky MMIS IAPDU #12 (submitted to CMS on June 10, 2010) and the Kentucky MMIS PAPDU (submitted to CMS on October 19, 2012).

Table 1: APD Status Table

KYMMIS- IAPDU STATUS										
IAPDU Submitted	ACTIVITY TYPE	APPROVED IAPDU			IAPDU EXPENDITURES			REMAINING IAPD		
		State	Federal	Total	State	Federal	Total	State	Federal	Total
June 10, 2010	MMIS IAPDU #12	\$81,660,149.80	\$237,517,980.44	\$319,178,130.24	\$81,660,149.80	\$237,517,980.44	\$319,178,130.24	\$0.00	\$0.00	\$0.00
October 19, 2012	PAPDU	\$210,091.00	\$1,890,821.00	\$2,100,912.00	\$198,969.81	\$1,790,728.26	\$1,989,698.07	\$11,121.19	\$100,092.74	\$111,213.93
	MMIS Continued Operations	\$19,277,192.00	\$57,831,577.00	\$77,108,769.00	\$7,049,981.34	\$19,387,682.25	\$26,437,663.59	\$12,227,210.66	\$38,443,894.75	\$50,671,105.41
	Hardware Refresh	\$1,000,000.00	\$1,000,000.00	\$2,000,000.00				\$1,000,000.00	\$1,000,000.00	\$2,000,000.00
	PROGRAM TOTAL	\$100,147,432.80	\$298,240,378.44	\$400,387,811.24	\$88,909,100.95	\$258,696,390.95	\$347,605,491.90	\$13,238,331.85	\$39,543,987.49	\$52,782,319.34

4 Statement of Needs and Objectives

4.1 KY Health Card

The vendor contract for Kentucky Health Cards ended May 6, 2013. The Commonwealth is currently in the first year of two option years. This first option year expired May 6, 2014. Available to the

the contract have been expended on the Medicaid expansion project. An additional 400 modification hours are projected to be expended to complete further modifications required for this project. The Commonwealth is requesting reimbursement in this IAPDU for costs for these modification hours.

4.4 KY MMIS/Eligibility and Enrollment Systems Integration Project

Kentucky is in the process of modifying the KY MMIS to accommodate the interface and Electronic Data Interchange (EDI) requirements of the Commonwealth's new E&E system. This systems integration project is necessary to facilitate interoperability between the legacy KY MMIS and the new E&E system. This new interface enables data migration between the KY MMIS, the legacy E&E and the new E&E. Completion of this project includes the development of an interface that will result in these systems being able to exchange eligibility transaction data in near real-time. The project is being developed in three phases and this IAPDU addresses Phases I and II. The Commonwealth will request funding for work to be performed during Phase III in the next KY MMIS IAPDU. An estimated 16,080 vendor hours are necessary to complete both Phase I and Phase II of this project. The cost estimate for these two phases is \$1,385,292.

5 Statement of Requirements and Alternative Considerations

5.1 KY Health Card

Requirements

Given approval to exercise the second and last optional extension year, the contract will run May 7, 2014, through May 6, 2015. This option year will conclude the contract and the Commonwealth plans to develop a RFP for procuring Medicaid member health cards. The Commonwealth will develop the KY Health Card RFP in-house for release in the fall of 2014 and will send to CMS for review and approval prior to release.

The need for the number of Health Cards has increased significantly with the expansion of the Medicaid program under ACA. Approximately 308,000 new members in Medicaid will need Kentucky Health Cards in order to receive care under Medicaid. With the advent of the HBE, CHFS currently issues approximately 3,400 cards on a weekly basis for new Medicaid members.

Alternatives

- Not issue KY Health Cards to Medicaid members – Doing so would result in members being unable to identify themselves to providers, disruption within the KY Medicaid program workflow, and breakdown of business continuity with agency trading partners.
- Utilize vendor services to develop the KY Health Card RFP – The Commonwealth has the capabilities to produce this RFP in-house at significant time and cost savings instead of procuring the services of a vendor to develop the RFP.

5.2 ACA 1104 Phase III

Requirements

ACA Section 1104, specifically the Administrative Simplification provisions, defines requirements, costs and solutions for augmenting Kentucky's MMIS to adopt and comply with standardized operating rules.

- Phase III Operating Rules apply to Electronic Funds Transfer (EFT) transactions and Health care payment and remittance advice (835) transactions and build on the Phase I and Phase II rules.

Alternatives

The Commonwealth could have opted not to expand Medicaid eligibility under ACA. Without expansion, system changes would not have been required. Additionally, if these system changes were not made, the Commonwealth would not be able to conduct business transactions with trading partners. The decision Kentucky made to expand Medicaid has enabled an additional 253,000 Kentuckians to receive access to healthcare through the Medicaid program. These citizens would not have access to coverage without the expansion of the Kentucky Medicaid program and the IT system changes required to accommodate the expansion population.

5.4 KY MMIS/Eligibility and Enrollment Systems Integration Project

Requirements

The integration of the KY MMIS and the new E&E system is a three phase project which enables Medicaid member eligibility data to be transferred between the KY MMIS, the legacy E&E and the new E&E system in near real-time through the development of a new interface. Phase I consists of defining and implementing a new eligibility transaction layout from the E&E to the KY MMIS. This layout has been derived from using the existing F3 record layout from the legacy E&E system. The modified legacy E&E F3 record layout also includes extended DSS fields. A list of transactions the Commonwealth is modifying through this project is listed below:

- Transaction data
- Member demographic information
- Member case information
- Eligibility information
- Managed care information
- Response transaction information
- Error information

The XML schema for this project is validated using general rules for XML schema validation. For example, if the XML validation fails, it is a hard error from the parser. It will happen before the transaction reaches the application (mostly at the XML gateway). All data elements must be present and must follow the validation rules.

Alternatives

The integration of the KY MMIS and the new E&E system enables the Commonwealth to exchange Medicaid eligibility information between the two systems electronically. If these system changes were not performed, the Kentucky Medicaid program would have to resort to a manual verification process due to the absence of interoperability between the KY MMIS and the new E&E. A manual verification process would not afford Kentucky the opportunity to serve the citizens of the Commonwealth in an efficient manner.

6 Cost Benefit Analysis

The proposed expenditures for the projects outlined in this IAPDU are necessary due to federal requirements and the need for the Commonwealth to continue operating the KY MMIS until a schedule and approach for a replacement MMIS is developed and operational. The Commonwealth recently issued a RFP that was cancelled and anticipates utilizing the KY MMIS until a strategy for a replacement system is developed and implemented.

Table 3: Combined State and Contractor Staffing Teams

KYMMIS Project Teams	FTE	Resources	Hours	Rate	Estimated Cost
KYMMIS Technical Team					
Business Objects/Senior System Architect - MCAPS and Change Orders	0.75	1	2,187	\$73	\$159,651
Chief Technology Officer	0.50	1	1,458	\$89	\$129,762
System Architect - MCAPS	1.00	1	2,916	\$69	\$201,204
Senior Developer - MCAPS	1.00	1	2,916	\$65	\$189,540
Senior Developer - Website	2.00	2	5,832	\$65	\$379,080
BA: Change Orders	1.00	1	2,916	\$59	\$172,044
System Architect/Developer interfaces (MCAPS/DSS)	1.00	1	2,916	\$72	\$209,952
System Architect/Reporting Specialist: Data Conversion & DSS (ACA1104/SAS/ESRI)	1.00	1	2,916	\$72	\$209,952
PM: SAS	0.25	1	729	\$59	\$43,011
BA: Technical Writer	1.00	1	2,916	\$59	\$172,044
BA: Budget Analyst	1.00	1	2,916	\$59	\$172,044
Subtotal KYMMIS Technical Team	10.50	12	30,618		\$2,038,284
KYMMIS Core Team					
Assistant Director, OATS Division of Medicaid Systems	0.90	1	2,633	\$53	\$138,575
Branch Manager, OATS Division of Medicaid Systems	0.20	1	585	\$39	\$22,978
BA: Systems Consultant	0.30	2	1,755	\$25	\$43,774
Subtotal KYMMIS Core Team	1.40	4	4,973		\$205,327
KYMMIS Operational Team					
Branch Manager, OATS Division of Medicaid Systems	0.60	1	1,755	\$37	\$65,004
Resource Management Analyst III	1.00	1	2,925	\$39	\$113,576
BA: Resource Management Analyst II	0.35	2	2,048	\$28	\$57,798
BA: Resource Management Analyst III	0.80	1	2,340	\$36	\$83,314
Administrative Branch Manager	0.20	2	1,170	\$23	\$42,722
Medicaid Specialist II	0.20	8	4,680	\$17	\$127,403
Medicaid Specialist III	0.20	1	585	\$20	\$18,088
Health Care Data Administrator	0.20	1	585	\$35	\$31,842
Internal Policy Analyst III	0.20	1	585	\$19	\$17,597
BA: Edit and Audit	3.00	8	8,748	\$59	\$516,132
BA: Reporting Specialist/System Maintenance/Updates	1.00	3	2,916	\$59	\$172,044
BA: Change Orders	2.00	4	5,832	\$59	\$344,088
Subtotal KYMMIS Operational Team	9.75	33	34,169		\$1,589,608
KYMMIS Team Totals	21.65	49	69,759		\$3,833,219

Project	Activities
ACA 1104 Phase III	Action(s) required: <ul style="list-style-type: none"> • Planning requirements/analysis • Construction and unit test • System test planning/testing • UAT/interface partner testing • Communication • Implementation planning/prep • Implementation • Post implementation activities
ACA Medicaid Expansion Project	Action(s) required: <ul style="list-style-type: none"> • Requirements collection/analysis • Requirements approval and change order creation/approval • System testing • Presumptive Eligibility Panel Implementation • Post implementation activities
KY MMIS/Eligibility and Enrollment Systems Integration Project	Action(s) required: <ul style="list-style-type: none"> • Phase I <ul style="list-style-type: none"> ○ Detailed System's Planning, Design, Construction and Testing ○ Systems Integration ○ Reporting ○ Sub-system changes ○ Systems maintenance ○ Post implementation activities • Phase II <ul style="list-style-type: none"> ○ Detailed System's Planning, Design, Construction and Testing ○ Systems Integration ○ Reporting ○ Sub-system changes ○ Systems maintenance ○ Post implementation activities

9 Proposed Budget

Table 7 reflects a breakdown of cost estimates for Commonwealth Personnel actively working on the KY MMIS. Cost estimates for MMIS conference and travel is also included in this table.

Table 7: Proposed State IAPDU Budget

State Cost	90% Federal	75% Federal	50% Federal	State	Total
State Personnel - MMIS Program Administration		\$572,003		\$190,668	\$762,671
COT IT Infrastructure Services		\$375,000		\$125,000	\$500,000
Conferences	\$40,500			\$4,500	\$45,000
Grand Total	\$40,500	\$947,003		\$320,168	\$1,307,671

Table 8 reflects a breakdown of cost estimates for Contractor Personnel working on the KY MMIS and related projects and also includes Vendor costs for the KY MMIS modifications outlined in this IAPDU.

M&O	MMIS CMS Share (75% FFP)	State Share (25%)	MMIS CMS Share (75% FFP)	State Share (25%)	MMIS ENHANCED FUNDING 75% FFP Total	State Share Total
	4A	--	4B	--		
FFY 2014						
FFY 2015						
Total FFY 2014 - 2015						

M&O	MMIS CMS Share (50% FFP)	State Share (50%)	MMIS CMS Share (50% FFP)	State Share (50%)	MMIS CMS Share (50% FFP)	State Share (50%)	MMIS ENHANCED FUNDING 50% FFP Total	State Share Total
	5A	--	5B	--	5C			
FFY 2014								
FFY 2015								
Total FFY 2014 - 2015								

	MMIS CMS Share (50% FFP)	State Share (10%)	MMIS CMS Share (75% FFP)	State Share (25%)	MMIS CMS Share (50% FFP)	State Share (50%)	TOTAL FFP	STATE SHARE TOTAL	APD TOTAL (TOTAL COMPUTABLE)
	2A&B	--	4A&B		5A,B&C				
FFY 2014	\$1,069,712	\$524,151					\$1,069,712	\$524,151	\$2,493,863
FFY 2015	\$3,939,424	\$1,048,303					\$3,939,424	\$1,048,303	\$4,987,727
Total FFY 2014 - 2015	\$5,009,136	\$1,572,454					\$5,009,136	\$1,572,454	\$7,491,590

*Rounding has been applied to Table 9. As a result the following amounts reflect a \$1 cost variation:

- 2B State Share (25%) Total
- 2B State Share Total, FFY 2015
- 2A&B – State Share (10%) for both FFY 2014 and FFY 2015, also reflected in STATE SHARE TOTAL for FFY 2014 and FFY 2015

11 Assurances, Security Interface Requirements & Disaster Recovery Procedures

Please indicate by checking "yes" or "no" whether or not the State will comply with the Code of Federal Regulations (CFR) and the State Medicaid Manual (SMM) citations.

Table 10: KY MMIS IAPDU Assurances

Category	Citation	
Procurement Standards	SMM Section 11267	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	45 CFR Part 95 Subpart F §95.615	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	45 CFR Part 74	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	SMD Letter of Dec. 4, 1995	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	42 CFR 433.122(5) and (6)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Access to Records	42 CFR Part 433.112(b)(5) – (9)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	45 CFR Part 95 Subpart F §95.615	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	SMM Section 11267	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Software & Ownership Rights, Federal Licenses, Information Safeguarding, HIPAA	The State shall own any software, procedures, or publications that are designed, developed, installed, or improved with 90 percent FFP. The State shall retain the right to sign, extend, and cancel any licenses for software used in operation of the eligibility system.	

Appendix A: Alignment with Seven Standards and Conditions

The Commonwealth is working to procure a new MMIS that will fully comply with the Seven Conditions and Standards. These efforts will occur outside of the scope of this IAPD, and DMS anticipates the future system to demonstrate full compliance against all seven of the CMS standards and conditions through adherence to the directives and underlying industry standards associated with the seven conditions. The Commonwealth's detailed system requirements, proactive product leverage analysis and shared services opportunity assessment, and commitment to a solution that is modular, service-oriented, and business results driven positions the Commonwealth for success in meeting the CMS guiding conditions and fulfilling requirements necessary to obtain enhanced federal funding.

DMS will apply the SDLC process in future planning, designing, developing, and implementing the KY MMIS, extensible applications as possible and future MEMS.

The table below illustrates the commitment to the Seven Standards and Conditions by CHFS DMS.

Table 11: CHFS DMS Commitment Seven Standards and Conditions

Condition/Standard	Addressed or Not Addressed in APD
1. Modularity Condition	1. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Modularity Condition. Use of a modular, flexible approach to systems development, including the use of open interfaces and exposed application programming interfaces; the separation of business rules from core programming; and the availability of business rules in both human and machine readable formats.
2. MITA Condition	2. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No MITA Condition. Align to and advance increasingly in MITA maturity for business, architecture, and data.
3. Industry Standards Condition	3. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Industry Standards Condition. Ensure alignment with, and incorporation of, industry standards: the Health Insurance Portability and Accountability Act of 1996 security, privacy and transaction standards; accessibility standards established under section 508 of the Rehabilitation Act, or standards that provide greater accessibility for individuals with disabilities, and compliance with Federal civil rights laws; standards adopted by the Secretary under section 1104 of the Affordable Care Act; and standards and protocols adopted by the Secretary under section 1561 of the Affordable Care Act.
4. Leverage Condition	4. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Leverage Condition. Promote sharing, leverage, and reuse of Medicaid technologies and systems within and among States.
5. Business Results Condition	5. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Business Results Condition. Support accurate and timely processing of claims (including claims of eligibility), adjudications, and effective communications with providers, beneficiaries, and the public.
6. Reporting Condition	6. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Reporting Condition. Produce transaction data, reports, and performance information that would contribute to program evaluation, continuous improvement in business operations, and transparency and accountability.
7. Interoperability Condition	7. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Interoperability Condition. Ensure seamless coordination and integration with the Exchange (whether run by the State or federal government), and allow interoperability with health information exchanges, public health agencies, human services programs, and community organizations providing outreach and enrollment assistance services.

IT	Information Technology
KCHIP	Kentucky Children's Health Insurance Program
KHBE	Kentucky Health Benefits Exchange
KHIE	Kentucky Health Information Exchange
KY	Kentucky
KY MMIS	Kentucky Medicaid Management Information System
LIHEAP	Low Income Heating Assistance Program
MAR	Management and Administrative Reporting
MCO	Managed Care Organization
MDBT	Medicaid Detailed Budget Table
MEMS	Medicaid Enterprise Management System
MITA	Medicaid Information Technology Architecture
MMIS	Medicaid Management Information System
MML	MITA Maturity Model
MSIS	Medicaid Statistical Information System
OATS	Office of Administrative and Technology Services
OIG	Office of the Inspector General
PAPD/U	Planning Advance Planning Document/Update
PBM	Pharmacy Benefits Manager
PI	Division of Program Integrity
PST	Project Steering Team
QHP	Qualified Health Plan
RFP	Request for Proposal
SDLC	System Development Life Cycle
SME	Subject Matter Expert
SMM	State Medicaid Manual
SNAP	Special Supplemental Nutrition Assistance Program
SS-A	State Self-Assessment
TANF	Temporary Assistance to Needy Families
UM	Utilization Management
WIC	Special Supplemental Nutrition Program for Women Infants and Children