

MAC Binder Section 2 – Letters to CMS

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Located online at <http://chfs.ky.gov/dms/mac.htm>

1 – CMS-Ltr from LL to JG re MCD Reimb CMHC_dte072215:

CHFS letter outlining potential options for the Medicaid reimbursement methodologies for Community Mental Health Centers (CMHC).

2 – CMS-Ltr from LL to AMD re request ext MC 1915b_dte072315:

CHFS submission requesting a temporary extension for the Kentucky Medicaid Managed Care 1915(b) waiver.

3 – CMS-Ltr from LL to JG re KY ICD-10 IAPDU#5 request funds_dte073015:

CHFS request for review and approval of funds for the Implementation Advanced Planning Document Update (IAPDU) #5 for transitioning the Medicaid Information Management System (MMIS) from ICD-9 to ICD-10.

4 – CMS-Ltr from LL to JG re KY ICD-10 IAPDU#5 carryfwd app funds_dte081015:

CHFS request for review and approval to carry forward the remaining approved funding and an extension of our period of use to support a post implementation period.

5 – CMS-Ltr from LL to JG re FFP PBM Ops_dte081515:

Commonwealth of Kentucky intends to claim Federal Financial Participation (FFP) at the 75-percent matching rate for operations of the Kentucky Medicaid Pharmacy Benefits Manager (PBM) system.

6 – CMSF-Ltr from NW to FHO re KY MCD CHIP Rnd2 Elig Rvw_dte082815:

Kentucky's Medicaid and CHIP Round 2 eligibility review pilot results; testing conducted in the UAT environment of the KHBE system.

7 – CMS-Ltr from LL to JK DA re KY MCD E&E System 2016 IAPDU_dte090115:

CHFS, DMS, and DCBS request for review and approval of Kentucky's Annual Implementation and Advanced Planning Document Update (IAPDU). KY submitted this IAPDU to report to their Federal partners of Kentucky's budgetary request for FFY16.



to J.H.

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

Steven L. Beshear
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Audrey Tayse Haynes
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Lawrence Kissner
Commissioner

July 22, 2014

Ms. Jackie Glaze
Associate Administrator for Medicaid
and Children's Health Operations
Atlanta Federal Center
61 Forsyth Street, Room 5B95
Atlanta, GA 30303-8909

RE: Potential Medicaid Reimbursement Methodologies for Community Mental Health Centers

Dear Ms. Glaze:

As you know, the Kentucky Department for Medicaid Services (DMS) and Kentucky's Community Mental Health Centers (CMHCs) have been working collaboratively to update and innovate the current Medicaid reimbursement methodology applicable to Kentucky's CMHCs. This letter outlines where we are in the process and what the next steps will be. As before, we seek guidance from the Centers for Medicare and Medicaid Services (CMS) on the overall direction and timing,

On Friday, July 18th, we met with all of the CMHC's and their respective CEO and CFO to discuss all of our correspondence we have traded back and forth. As it stands today, there are two options on the table. **Option A is a cost based report** path using a CMS approved cost report. **Option B is aligning the fee schedules to be 100%** of the 2015 Medicare Fee Schedule. The CMHC's, through the two CMHC associations that represent them, will meet and make a final decision (on option A or B) by August 1, 2014. We will submit our SPA relative to this decision as soon as possible after their decision is reached.

Should they choose option B, I think the path is pretty straightforward. However, if they choose option A, I would like to know if the following timeline is acceptable.

First, the fiscal year of our CMHC's mirrors that of our state running from July 1 through June 30 each year. Given all the MAJOR changes we have made in membership expansion and services to mental health and substance abuse treatment, the cost environment is rapidly changing. Consequently, we believe the most appropriate fiscal year to determine 2015 costs is the year that began after 1/1/14. Therefore, if the CMHC's decide to move forward with Option A, we propose the following outline:

1. We keep the 2014 rates active into 2015 with the understanding that they will be settled to final rates sometime in the future.
2. We collect the 7/1/14 – 6/30/15 cost reports approximately 90 days after the close of the state fiscal year (target 10/1/15).



3. We run the cost reports through Myers and Stauffer, our local accounting firm, prior to sending them in to CMS, Review targeted for 60 days (target 12/1/15).
4. We send the audited cost reports to you for final review and look for a 60 – 90 day turnaround (target 2/1/16 to 3/1/16).
5. CMS approves final costs and rates, DMS re-prices the claims back to 1/1/15 with the appropriate changes, and final rates are published.

In addition, one of the CMHC's is planning on being a test subject for the cost report. Consequently, they will send us a cost report for period of 7/1/13 through 6/30/14 and we will run it through M&S and then CMS for review. This is to determine A) the format of the cost report, B) the allowable costs incurred by a sample CMHC, and C) what the overall impact is relative to this specific CMHC. It also gives us a dry run on the process of working up a cost report, how much time is needed, etc.

I believe this is a solid plan, depending on the two possible options. Please let us know your thoughts.

Sincerely,



Lawrence Kissner
Commissioner

CC: Neville Wise, Deputy Commissioner
Lisa Lee, Deputy Commissioner



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DEPARTMENT FOR MEDICAID SERVICES**

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July 23, 2015

Alissa Mooney DeBoy, Acting Director
Disabled and Elderly Health Programs Group
Centers for Medicare and Medicaid Services
7500 Security Blvd
Mail Stop S2-01-16
Baltimore, MD 21244-1850

Dear Ms. Mooney DeBoy,

Please consider this letter as an official request for a temporary 90 day extension to Kentucky's Medicaid Managed Care 1915(b) waiver denoted as KY 07.0. The temporary extension is necessary for CMCS to have sufficient time to review Kentucky's Waiver Renewal Request. Baring currently unforeseen circumstances, Kentucky plans to submit the 1915 (b) waiver renewal request to CMCS through the waiver portal by Close of Business July 31st, 2015. This extension would allow Kentucky to continue to work with CMCS on any additional information or steps we may need to take to finalize the waiver renewal. This extension request would run through October, 2015.

This waiver is the most vital part of Kentucky's on-going plan to control costs, while enhancing the coordination of quality care provided to our members. Your favorable consideration of this temporary extension is greatly appreciated. If you have additional questions please contact Neville Wise or Lisa Lee at 502-564-4321.

Sincerely,

Lisa D. Lee, Commissioner

c: Shantrina Roberts, Atlanta Regional Office
Jackie L. Glaze, Atlanta Regional Office



**CABINET FOR HEALTH AND FAMILY SERVICES
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30 July 2015

DHHS/CMS
Atlanta Regional Office
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 ICD-10 Implementation Strategy – Implementation Advanced Planning Document Update #5
– Review Request**

Dear Ms. Glaze:

The Kentucky Cabinet for Health and Family Services (CHFS) requests your review and approval of the attached Implementation Advanced Planning Document Update (IAPDU) #5 for transitioning the Commonwealth's Medicaid Information Management System (MMIS) from ICD-9 International Classifications of Diseases-9 (ICD-9) to ICD-10.

The total cost of this IAPDU is \$598,620 (Federal share equaling \$520,164 and the Commonwealth share equaling \$78,456). The funding summary is divided as follows:

- \$552,136 at a 90% Federal match rate (Federal share equaling \$496,922 and the Commonwealth share equaling \$55,214).
- \$46,484 at a 50% Federal match rate (Federal share equaling \$23,242 and the Commonwealth share equaling \$23,242).

This IAPDU will fund the testing phase through close-out preceding the launch of ICD-10 in 2015. Please contact John Hoffmann at (502) 564-5183, ext. 2077, if you have any questions.

Sincerely,

Lisa Lee
Commissioner



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

ICD-10 IMPLEMENTATION STRATEGY

**IMPLEMENTATION ADVANCED PLANNING DOCUMENT
IMPLEMENTATION DEADLINE EXTENSION**



**Version 1.0
UPDATE #5**

July 30, 2015



**Kentucky ICD-10 Project
IAPDU #5**

VERSION CONTROL LOG

Version Number	Date	Reviewer	Comments
FINAL	07/30/2015	CMS	Draft review of IAPDU #5 1.0

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1 EXECUTIVE OVERVIEW

The Commonwealth of Kentucky, hereafter referred to as the Commonwealth, Cabinet for Health and Family Services (CHFS) is submitting this Implementation Advance Planning Document Update (IAPDU) to the Centers for Medicare & Medicaid Services (CMS) in accordance with Federal regulations to request funding for Automated Data Processing (ADP) activities and enhancement projects relevant to the Kentucky Department for Medicaid Services (DMS) implementation of the International Classification of Diseases (ICD) 10th Revision (ICD-10).

This is the fifth update to an initial Implementation Advance Planning Document (IAPD) approved by CMS on June 28, 2012. This IAPDU outlines the Commonwealth's funding request to support the following activities:

- Facilitate a post implementation phase as a final step in implementing ICD-10;
- Describe plans to implement the ICD-10 Test Plan with external trading partners and sister agencies after the October 1, 2015 implementation date;
- Monitor and address post implementation issues;
- Continue ICD-10 awareness and training activities as necessary post implementation; Conduct ICD-10 project closeout activities.

The completion of these activities through this IAPDU will allow CHFS to fully implement the ICD-9 to ICD-10 conversion as outlined in the attached project plan and in IAPDUs previously approved by CMS.

1.1 PURPOSE (UPDATED)

The administrative agent for the Kentucky Medicaid and Children's Health Insurance Program (CHIP) for the Commonwealth is DMS.

DMS is submitting this IAPDU to CMS to request \$598,620 (Federal share equaling \$520,164 and the Commonwealth share equaling \$78,456).

The funding summary is segmented as follows:

- Request at 90% Federal match rate - \$552,136 (Federal share equaling \$496,922 and the Commonwealth share equaling \$55,214).
- Request at 50% Federal match rate - \$46,484 (\$23,242 Federal share and the Commonwealth share equaling \$23,242).

Any indirect costs are authorized through the cabinet's indirect cost plan and are recorded on line 49 of the CMS 64 report, separate from the costs outlined above.

1.2 BACKGROUND (UPDATED)

The mission of the Kentucky Medicaid Program is to maintain the health of its members and to improve the quality of and access to needed health services. Medicaid pays for the costs of covered health care services for its eligible members. Since initiation of the ICD-10 project, the Commonwealth has implemented a statewide-managed care delivery system with the exception of Long Term Care (LTC) and Waiver recipients. The Managed Care Organizations (MCOs) and Kentucky Medicaid providers are responsible for remediating their claims processing and billing systems for the transition from ICD-9 to ICD-10. Due to the Commonwealth's decision to expand Medicaid under the Affordable Care Act (ACA) in 2013, the Kentucky Medicaid Program now serves 1,284,193 members.

The Commonwealth is implementing its original plan for a minimum upgrade strategy for ICD-10 and is now in the Testing Phase. Funding from the initial IAPD and subsequent IAPDUs approved by CMS has enabled the delivery of internal and external impact assessments of the Kentucky Medicaid Management Information System (KY MMIS), remediation of DMS policies and procedures, development of provider manuals, remediation activities and all other collateral materials connected to the transition from ICD-9 to ICD-10. Collectively, these activities enable the Commonwealth to complete the Remediation Phase of the project and enter the Testing Phase.

Hewlett-Packard Enterprise System (HPES), the current KY MMIS vendor for the Commonwealth, completed the Assessment Phase that began in March 2013 and concluded in August 2013. The Remediation Phase began the mapping of the Diagnosis and Surgical Procedure Code utilizing an Edifecs solution funded through the ICD-10 IAPDU approved by CMS on May 1, 2013. Mapping began December 2013 and concluded in May 2014 upon final approval by DMS. The planning for the Testing Phase of the project began November 2013 and End to End testing started on the solution during August 2014.

1.3 IAPDU CURRENT ENVIRONMENT (UPDATED)

As a result of this project, the Commonwealth and HPES continue conducting extensive internal and external end to end testing of the ICD-10 code set in KY MMIS test environment. These testing activities include the global implementation of the ICD-10 remediation of the ICD-10 KY MMIS. DMS is responsible for remediating the KY MMIS to enable it to process and accept ICD-10 claims for the DMS FFS population in the Waiver programs, transitory FFS members, and to accept encounters from the MCOs. The KY MMIS has also been able to handle ICD-10 in reporting, SUR, and TPL activities.

From October 1, 2015 through March 31, 2016 Kentucky will monitor ICD-10 implementation for issues with claims processing. To ensure a smooth transition to the new code set, DMS will conduct additional testing as necessary with trading partners, including potential new MCOs beginning services during December 2015 under a new contract with DMS. Having a post implementation period is particularly helpful given the scope of the ICD-9 to ICD-10 conversion and various testing schedules of CHFS trading partners. Additional testing with new MCOs

coming onboard after December 1, 2015 will be conducted through the DMS Change Order Control Process and follow KY MMIS regular Testing Plan activities for MMIS system changes.

CHFS continues to monitor MCOs, track their transition from ICD-9 to ICD-10, and effectively communicate awareness information and testing plans. MCOs are required to submit work plans to CHFS outlining their transition to the new code set. All DMS vendors and DMS trading partners operating under contract with CHFS are canvassed with regard to transition plans and status throughout the post implementation period.

The Commonwealth is proposing to continue ICD-10 outreach and awareness activities under this IAPDU. The CHFS ICD-10 website continues to link providers to notices, training opportunities, and webinars to aid in code transition. The ICD-10 website sends automatic alerts to providers via electronic messages carrying important notices regarding the DMS ICD-10 implementation.

Upon completion of the ICD-10 project, the KY MMIS will support both ICD-9 and ICD-10 code sets based on the claim date of service. The table below provides a high-level overview and timeline of the activities the Commonwealth has undertaken to date to complete the ICD-10 project.

High Level ICD-10 Activities	Progress to Date
Technical Implementation <ul style="list-style-type: none"> • Providing Project Management and Medicaid Enterprise Core Teams to work with HPES and DMS for enabling KY MMIS to accept the ICD-10 code set 	04/2010–10/2014
Awareness <ul style="list-style-type: none"> • Maintaining internal CHFS project teams to conduct awareness and training activities • Providing ICD-10 awareness training to CHFS Leadership and all appropriate DMS staff • Maintaining internal/external website dedicated to promoting ICD-10 awareness 	04/2010–Ongoing

High Level ICD-10 Activities	Progress to Date
<p>Internal Business Rules Assessment</p> <ul style="list-style-type: none"> • Office of Administrative and Technology Services (OATS) and DMS staff members developed tools and processes to complete the following preliminary assessment activities: <ul style="list-style-type: none"> ○ Identification of DMS policies potentially affected by ICD-10 ○ Identification of DMS business processes that may be affected by ICD-10 ○ Identification of DMS systems affected by ICD-10 ○ Identification of DMS trading partners (providers, contractors and vendors) affected by the conversion from ICD-9 to ICD-10 ○ Findings from the Business Rule Assessment documented and communicated to internal project stakeholders for broader project planning purposes 	<p>09/2010–12/2010</p>
<p>Develop Remediation Strategy and Develop Remediation Plan</p> <ul style="list-style-type: none"> • Determined approach for ICD-10 implementation strategy • Retained vendor to perform three phase minimum upgrade strategy 	<p>01/2011-12/2013</p>
<p>Implement Remediation Plan</p> <ul style="list-style-type: none"> • Receive approval of remediation strategy • Policy and systems remediation <ul style="list-style-type: none"> ○ Edifecs deployment • HPES to continue updating and maintaining ICD-10 portion of KY MMIS technical library 	<p>12/2013–09/2015</p>
<p>External Awareness, Communication, and Training</p> <ul style="list-style-type: none"> • ICD-10 Communications Team began outreach to sister agencies and other State entities, trading partners and providers • Communication Plan developed • Internal ICD-10 training for DMS staff (systems and policy) • Monitoring of trading partners ICD-10 transition statuses started 	<p>11/2011-03/2016</p>
<p>Risk Mitigation and Contingency Planning</p> <ul style="list-style-type: none"> • Developed Risk Mitigation and Contingency Plan • Updating Risk Mitigation and Contingency Plan based on implementation activities (mapping, testing, etc.) • Applying IV&V to Risk Mitigation and Contingency Plan <ul style="list-style-type: none"> ○ Incorporating IV&V recommendations 	<p>12/2013-09/2015</p>

High Level ICD-10 Activities	Progress to Date
ICD-10 Test Plan Implementation <ul style="list-style-type: none"> • Develop ICD-10 Test Plan • Implement Test Plan (end to end with internal systems and external trading partners) • Continue testing solution with external trading partners in preparation for October 1, 2015 compliance date • Reinforce both DMS and HPES Call Centers to support Medicaid Provider inquiries for the October 1, 2015 ICD-10 implementation date 	11/2013-03/2016
Code Implementation <ul style="list-style-type: none"> • Load ICD-10 into the KY MMIS production environment for ongoing testing purposes <ul style="list-style-type: none"> ○ NOTE: DMS will not be accepting claims in ICD-10 until 10/1/2015 ○ KY MMIS system maintenance and coding modifications will be frozen from mid-September through mid-October • Monitor federal regulations for additional updates impacting implementation 	10/2014-09/2015
Post Compliance Date implementation Activities <ul style="list-style-type: none"> • CHFS will ensure appropriate claims adjudication by: <ul style="list-style-type: none"> ○ Monitoring customer service calls through HPES and DMS call centers ○ Monitoring KY MMIS claims reports • Conduct project closeout activities <ul style="list-style-type: none"> ○ Evaluate project for any additional modifications to the KY MMIS required for operations ○ Transfer ownership to KY MMIS operations team ○ Close out the ICD-10 IAPDU • Monitor federal regulations for additional updates impacting implementation 	10/2015-03/2016

Table 1: ICD-10 Activities Funded Under PAPD

Table 2 describes the funds expended by the Commonwealth on the ICD-10 project.

ICD-10 Project IAPDU Status through July 3, 2015										
Submission Date	FFP Rate	Approved IAPD*			IAPD Expenditures			Remaining IAPD		
		Federal	State	Total	Federal	State	Total	Federal	State	Total
5/4/2012	ICD-10 Project: FFP 90%	\$1,885,130	\$209,459	\$2,094,589	\$1,060,660	\$117,851	\$1,178,511	\$824,470	\$91,608	\$916,077
	ICD-10 Project: FFP 75%	\$137,845	\$45,946	\$183,793	\$807	\$269	\$1,076	\$137,038	\$45,679	\$182,717
	ICD-10 Project: FFP 50%	\$132,173	\$132,173	\$264,346	\$16,553	\$16,553	\$33,105	\$115,620	\$115,620	\$231,241
4/1/2013	ICD-10 Project: FFP 90%	\$4,449,525	\$494,392	\$4,943,917	\$2,891,814	\$321,313	\$3,213,127	\$1,557,711	\$173,079	\$1,730,790
	ICD-10 Project: FFP 50%	\$29,262	\$29,262	\$58,524	\$21,210	\$21,210	\$42,419	\$8,053	\$8,053	\$16,105
2/13/2014	ICD-10 Project: FFP 90%	\$7,755,029	\$861,670	\$8,616,699	\$3,674,504	\$408,278	\$4,082,782	\$4,080,525	\$453,392	\$4,533,917
	ICD-10 Project: FFP 75%	\$275,690	\$91,897	\$367,587	\$0	\$0	\$0	\$275,690	\$91,897	\$367,587
	ICD-10 Project: FFP 50%	\$277,295	\$277,295	\$554,590	\$13,436	\$13,436	\$26,872	\$263,859	\$263,859	\$527,718
11/3/2014	ICD-10 Project: FFP 90%	\$1,193,326	\$132,592	\$1,325,918	\$22,857	\$2,540	\$25,396	\$1,170,469	\$130,052	\$1,300,521
	ICD-10 Project: FFP 90% CFWD*	\$3,767,400	\$418,600	\$4,186,000	\$2,700,900	\$300,100	\$3,001,000	(\$2,700,900)	(\$300,100)	(\$3,001,000)
	ICD-10 Project: FFP 50%	\$69,726	\$69,726	\$139,452	\$524	\$524	\$1,048	\$69,202	\$69,202	\$138,404
	Total*	\$16,205,001	\$2,344,413	\$18,549,414	\$10,403,264	\$1,202,073	\$11,605,337	\$5,801,737	\$1,142,340	\$6,944,077

* To avoid duplication from the Carry forward (CFWD), the Approved IAPD amounts associated with the CFWD line is excluded from both the remaining balance for that line and the total Approved IAPD.

Table 2: ICD-10 Program: IAPD Status

Table 3 provides a high-level overview of the ICD-10 APD history and project activities accomplished by the Commonwealth to date.

APD History and Project Activities

Date	Key Events
04/2009	The Commonwealth submitted a PAPD to CMS for approval. This PAPD covered Utilization Management, Independent Verification & Validation, 5010, ICD-10, and KY MMIS Planning for a period of three years.
05/2012	The Commonwealth submitted first IAPD requesting additional funding for ICD-10 activities and a 180-day extension to complete ICD-10 activities approved in the PAPD.
08/2012	The Commonwealth submitted IAPDU #1 requesting the establishment of a budget line item for "Other Costs." The proposed "Other Costs" line item was budget neutral and has been used to begin training DMS coding staff.
03/2013	The Commonwealth submitted IAPDU #2 to request funding for the continued implementation of ICD-10 project. These costs included the Edifecs software and ongoing staff coding training costs.
12/2013	The Commonwealth submitted IAPDU #3 to request funding for the Remediation phase of ICD-10 implementation.
8/2014	The Commonwealth submits IAPDU #4 to request additional funding for the ICD-10 implementation deadline extension from 10/1/2014 to 10/1/2015 and project closeout activities.

Date	Key Events
7/2015	The Commonwealth submits IAPDU #5 to request funding for supporting a six-month post implementation phase. This six-month phase will enable Kentucky DMS to address post implementation issues and support a smooth transition between ICD-9 and ICD-10.

Table 3: APD History

1.4 IAPDU ORGANIZATION (UPDATED)

This section describes the organization of the Commonwealth’s IAPDU, summarizing each major section.

- **Section 2: Needs and Objectives.** This section outlines the Commonwealth’s need for additional funding to support additional testing and staffing of the ICD-10 upgrade strategy.
- **Section 3: Requirements Analysis and Alternative Considerations.** This section provides a discussion of the alternatives considered.
- **Section 4: Cost Benefit Analysis.** This section examines the assumptions, cost basis and methodologies related to cost and benefit goals.
- **Section 5: Project Management Plan.** This section details the nature and scope of activities and the proposed activity schedule.
- **Section 6: Proposed Budget and Cost Allocation.** This section presents implementation costs, including a breakout by State and Federal shares.
- **Section 7: Assurances.** This section presents the Commonwealth’s assurances to CMS.
- **Section 8: Period of Use Statement.** This section defines the length of time for use of this IAPDU.
- **Section 9: Security Statement.** This statement outlines safeguards for confidential information.
- **Section 10: Conclusion.** This section provides a brief conclusion of the IAPDU.
- **Section 11: Agency Contact Information.** This section provides contact information for DMS staff with knowledge of this IAPDU.
- **Appendices:** This section includes Appendix A, High-level Project Plan and Appendix B, Project Organizational Chart.

2 STATEMENT OF NEED AND OBJECTIVES (UPDATED)

The transition to ICD-10 will affect every DMS system, process and transaction that uses, retains or references a patient diagnosis or procedure code. The transition affects the regulations, policies and processes governing these items. Some direct impacts to Kentucky Medicaid policies are listed below:

- Compliance with the Federal ICD-10 implementation mandate;
- Detailed coverage determinations, enhanced information on condition, severity, comorbidities, complications and location;
- Detailed payment determinations.
- Ability to leverage universal ICD-10 codes to medically manage the Medicaid population in Kentucky by the following:
 - Accurate processing of payments and reimbursements;
 - Furnish patient incidence and history details to providers, improving case management and medical review;
 - Understanding risk-based reimbursement rates and measuring the quality, safety and efficacy of care.
- Ability to use ICD-10 codes to measure and plan future Kentucky Medicaid opportunities by taking advantage of the following:
 - Operational efficiencies;
 - Statistical reporting;
 - Quality health care outcomes;
 - Actuarial projections;
 - Fraud and abuse monitoring.

In this IAPDU, all references to ICD-10 refer to all requirements contained in 45 CFR Part 162.

3 REQUIREMENTS ANALYSIS AND ALTERNATIVE CONSIDERATIONS (UPDATED)

3.1 COMMUNICATION PLAN AND AWARENESS ACTIVITIES (UPDATED)

The Commonwealth is submitting this IAPDU to request enhanced funding to further support the Communication Plan and Awareness Activities by facilitating a post implementation phase as a final step in implementing the ICD-10 project. HPES continues to coordinate with outside entities that interface with the KY MMIS to determine any impact from the implementation of the ICD-10 project. These impacts include interfaces and files received by and sent to third parties and KY MMIS processes used to create system generated files.

Continuing ICD-10 ongoing awareness efforts is generating interest among both internal stakeholders and external trading partners as the implementation deadline is approaching. These activities are gaining momentum and are key to keeping sister agencies and trading partners informed of project status and DMS testing plans.

Requirements

The Commonwealth has begun conducting billing workshops to cover the changes in Kentucky Medicaid billing. The billing workshops continue after the October 1, 2015 implementation deadline as necessary. Operational training will continue during the post implementation period as necessary. The purpose of these activities is to ensure a smooth internal transition from ICD-9 to ICD-10 for DMS business staff.

A one page "Fact Sheet" will be used as a reference when providers contact the Call Center. This Fact Sheet will also be shared with legislators.

3.2 TEST PLAN (UPDATED)

Requirements

A well-structured test plan that defines testing expectations early in the project ensures that the business needs, requirements and expectations associated with the project are met. The Commonwealth is taking an approach that reduces the likelihood of rework being required and supports completion of testing activities in a timely manner. The Commonwealth continues following approved testing protocols throughout the post implementation phase with trading partners as described below:

- Requirement identification (ID) from the requirements document;
- Test Scenario description and ID;
- Dependency/Applicability of Test Scenario to other Subsystem(s);
- Test Case description and ID;
- Test data input;
- Expected test results;
- Actual test results;
- Testing Comments.

Other testing activities may also include the following as necessary:

- Ensuring the KY MMIS accurately processes claims based on ICD-9 and ICD-10 codes according to the dates of service thereby achieving revenue neutral payments according to the ICD-10 mapping delivered by DMS/OATS;
- Confirming additional ICD-10 project changes have been reviewed and approved by DMS/OATS in order to be implemented in production.

All MCOs have completed the testing phase and will be compliant by October 1, 2015. MCOs coming onboard after December 1, 2015 will go through the DMS Change Order Control Process and follow KY MMIS regular Testing Plan activities for system changes.

Figure 1 provides a detailed timeline of the project Testing Plan activities.

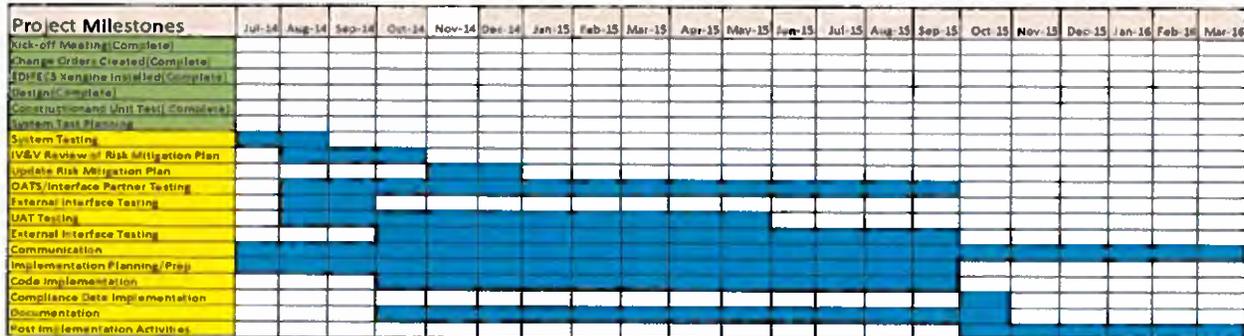


Figure 1: Test Plan Timeline

4 COST BENEFIT ANALYSIS (UPDATED)

4.1 COMMUNICATION PLAN AND AWARENESS ACTIVITIES (UPDATED)

Supporting the Communication Plan and Awareness Activities by facilitating a post implementation phase as a final step in implementing the ICD-10 project enables Kentucky to continue coordinating with outside entities that interface with the KY MMIS and determine any impact from the implementation of the ICD-10 project. Maintaining a high degree of coordination and communication among agency trading partners and stakeholders during the post implementation period positions Kentucky DMS to proactively respond to issues instead of react to them. Given the size and role of Kentucky DMS as a leading payer in the Commonwealth healthcare system, the ability to rapidly respond to claims process issues is of high value from both business and policy perspectives.

4.2 TESTING PLAN (UPDATED)

Currently, a comprehensive plan for testing the KY MMIS ICD-10 coding and mapping changes is in the final stage of implementation. The Commonwealth is utilizing this collaborative testing approach between DMS and HPES to verify the system is performing according to requirements and specifications approved for the deliverables outlined in HIPAA Final Rule Remediation (45 CFR Part 162) HIPAA Administrative Simplification: Modifications to Medical Data Code Set Standards to Adopt ICD-10-CM and ICD-10-PCS. Kentucky will submit a request for additional funding through the KY MMIS IAPDU instead of the ICD-10 IAPDU to manage costs and activity schedules for post implementation issues rather than update the ICD-10 IAPDU. As previously noted, all MCOs have completed the testing phase and will be compliant by October 1, 2015. MCOs coming onboard after December 1, 2015 will go through the DMS Change Order Control Process and follow KY MMIS regular Testing Plan activities for system changes.

5 PROJECT MANAGEMENT PLAN (UPDATED)

This section details the project organization, major tasks, schedules and staffing.

5.1 PERSONNEL RESOURCE STATEMENT

DMS has established a sound organizational structure and management plan to oversee the Medicaid Enterprise implementation processes. Managers and operational staff from DMS and OATS are providing management, administrative, operational and logistical support to the project. Subject matter experts from various business units and program areas within DMS are participating on an as-needed basis to provide specialized input and expertise. Table 4, *Project Organization*, presents the organizational resources for the project.

Resource	Project Organization Description
Executive Sponsorship	This project will be under the overall direction of Lisa D. Lee, Commissioner of DMS. Direct responsibility for the project rests with the OATS Division of Medicaid Systems Director. The OATS Division of Medicaid Systems will provide project management and support.
Steering/Executive Committee	An Executive Committee oversees the overall management, administration and budget of the project. The Executive Committee consists of representatives from all major business areas. The Executive Committee reviews all key management, budget and technical decisions.
Project Management	The Project Management team will develop and maintain the project schedule, report status and manage issue identification and resolution. To ensure maintenance of open communications and proper escalation of appropriate issues on a timely basis the Steering Committee will act as liaison between the Steering Committee, upper levels of management, and the core teams.
Medicaid Enterprise Core Team(s)	The Medicaid Enterprise Core Team(s) consists of Medicaid policy and functional experts and KY MMIS users. The Core team brings its expertise to all phases of the project from remediation through the policy development and training processes.

Table 4: ICD-10 Project Organization

5.2 SUMMARY OF SPECIFIC ROLES AND RESPONSIBILITIES (UPDATED)

Steering Committee – provides overall direction for the project

- Approves standards assessments, analysis and recommendations
- Ensures both IT and business affects have been identified and properly addressed
- Ensures business partners actively participate as needed
- Provides consistency in analysis and testing of all standards
- Ensures resources are available for the project activities

Project Management Team – oversees all day-to-day aspects of the project

- Develops and maintains project schedule
- Reports project status and manages issue identification and resolution
- Requests appropriate resources as needed
- Verifies teams are properly trained (based on project expectations)
- Escalates critical issues to the Project Steering Committee
- Conducts regular status meetings and produces appropriate status reports
- Assists in the identification of risks and documents mitigation options
- Measures and reports team performance against expected results, schedules and milestones

Medicaid Enterprise Core Team(s) – provides support to the Project Management Team

- Recommends standards, provides analysis and recommendations
- Develops risk assessment and recommends mitigation
- Carries out daily technical activities
- Supports lower level project teams

Project Teams – completes project activities and produces deliverables

The project teams act as members of the identified Core Teams and are a combination of employees and consultants who currently maintain the affected systems. Existing competitively bid contracts will determine consultants who augment Commonwealth staff.

DMS staff will transition into and out of the project teams depending upon the project phase and expertise and requirements (see section 6.3 for the specific team compositions). In general, the Commonwealth will be using two types of labor: Table 5 illustrates the involvement of Commonwealth Staff and Contract Employees by Labor Category.

Involvement by Labor Category		
Work Product	Commonwealth Staff	Contract Employees
IAPD Development	X	X
Internal Program Updates for ICD-10	X	X
Training Plan Development	X	X

Table 5: Labor Involvement Categories

5.3 SUMMARY OF KEY MILESTONES AND SCHEDULE (UPDATED)

Appendix A contains the high-level project plan. The project plan includes the major activities and targeted completion dates for the IAPDU and allows for DMS and Federal review of all planning documents.

6 PROPOSED BUDGET AND COST ALLOCATION (UPDATED)

This section presents the Commonwealth's estimated project budget by major project components and a summary of the allocation of costs by funding source and FFP level (see tables 6 through 10).

6.1 SUMMARY OF ESTIMATED COSTS (UPDATED)

FFP Rate	Budget Item	Estimated Cost
90/10	Commonwealth Personnel Costs (In-house)	\$340,457
90/10	Personnel Costs - SDS Contractors	\$186,679
90/10	Training/Conference Costs	\$25,000
50/50	Personnel Costs - Indirectly engaged with MMIS coding	\$46,484
Grand Total		\$598,620

Table 6: Cost Summary Estimate

6.2 MEDICAID DETAILED BUDGET TABLE (UPDATED)

The following table contains the Medicaid Detailed Budget Table (MDBT) for this IAPDU.

Estimated Cost by FFY							
	Medicaid Share (90% FFP) MMIS DDI 2A & 2B	State Share (10%) --	Medicaid Share (75% FFP) MMIS Operations 4A & 4B	State Share (25%) --	Medicaid ENHANCED FUNDING FFP Total	State Share Total	Medicaid ENHANCED FUNDING (TOTAL COMPUTABLE)
FFY 2016	\$496,922	\$55,214	\$0	\$0	\$496,922	\$55,214	\$552,136
Total	\$496,922	\$55,214	\$0	\$0	\$496,922	\$55,214	\$552,136

Table 7: MDBT

	Medicaid Share (50% FFP) General 2A & 2B	State Share (50%) --	Medicaid NOT ENHANCED FUNDING FFP Total	State Share Total	Medicaid NOT ENHANCED FUNDING (TOTAL COMPUTABLE)
FFY 2016	\$23,242	\$23,242	\$23,242	\$23,242	\$46,484
Total	\$23,242	\$23,242	\$23,242	\$23,242	\$46,484

Table 7: MDBT Continued

	Medicaid ENHANCED FUNDING FFP Total	Medicaid NOT ENHANCED FUNDING FFP Total	TOTAL FFP	State Share Total	APD TOTAL (TOTAL COMPUTABLE)
FFY 2016	\$496,922	\$23,242	\$520,164	\$78,456	\$598,620
Total	\$496,922	\$23,242	\$520,164	\$78,456	\$598,620

Table 7: MDBT Continued

6.3 COST METHODOLOGY (UPDATED)

The Commonwealth developed teams based on prior experience with the Commonwealth's existing Medicaid Enterprise. The team costs derive from current staffing rates and cost of resources used by the Commonwealth and DMS to operate the Medicaid Enterprise. Time estimates (including percent of time dedicated to the project) were then applied using the information contained in the project plan to develop estimated cost based upon FFQ.

Staffing rates derive from Benefits as an average percentage of salary and wages and the team-based compensation rates in Tables 8 through 10:

Executive Steering Committee Staffing Rates											
Position	Monthly Salary	Benefit Ratio	Monthly Adjusted Salary	Rate	# Staff	% Time	% Fed	Federal Portion	State Portion	Monthly Cost	
Division of Program and Quality Outcomes AD	\$4,891.89	63.62%	\$8,004.00	\$49.20	1	5%	90%	\$449.19	\$49.91	\$400.20	
OATS, Division of Medicaid Systems, Director	\$5,833.34	63.62%	\$9,544.51	\$58.74	1	5%	90%	\$429.51	\$47.72	\$477.23	
Division of Policy and Operations AD	\$8,300.00	63.62%	\$10,308.08	\$63.43	1	5%	90%	\$463.96	\$51.54	\$515.40	
Division of Fiscal Management, Director	\$4,681.24	63.62%	\$7,650.51	\$47.14	1	5%	90%	\$344.68	\$38.30	\$382.98	
Division of Provider and Member Services, Director	\$7,103.37	63.62%	\$11,622.63	\$71.52	1	5%	90%	\$523.02	\$58.11	\$581.13	
Division of Program Integrity AD	\$5,861.18	63.62%	\$9,590.03	\$59.03	1	5%	90%	\$431.66	\$47.96	\$479.50	
Division of Community Alternatives, AD	\$8,363.09	63.62%	\$10,411.14	\$64.07	1	5%	90%	\$468.60	\$52.00	\$520.58	
OATS, Division of Medicaid Systems, AD	\$6,257.76	63.62%	\$8,902.75	\$62.94	1	25%	90%	\$1,935.82	\$215.07	\$2,150.69	
OATS, Division of Medicaid Systems, Branch Mgr	\$4,352.73	63.62%	\$7,121.94	\$43.83	1	5%	90%	\$320.49	\$35.61	\$356.10	
Executive Steering Team Totals								\$5,386.42	\$596.27	\$5,983.79	

Table 8: Executive Steering Committee Staffing Rates

Medicaid Enterprise Core Team											
Position	Monthly Salary	Benefit Ratio	Monthly Adjusted Salary	Rate	# Staff	% Time	% Fed	Federal Portion	State Portion	Monthly Cost	
Communications Sub-team members	\$2,705.69	63.62%	\$4,427.05	\$27.24	7	25%	50%	\$3,873.67	\$3,873.67	\$7,747.34	
Testing Team	\$8,500.00	63.62%	\$10,835.30	\$65.48	16	25%	90%	\$23,929.43	\$2,658.83	\$26,588.25	
Call Center Staffing	\$3,400.00	63.62%	\$5,563.08	\$34.23	3	100%	90%	\$15,020.32	\$1,668.92	\$16,689.24	
Call Center Manager	\$5,833.33	63.62%	\$9,544.50	\$58.74	1	50%	90%	\$4,295.03	\$477.22	\$4,772.25	
Call Center Director	\$8,918.67	63.62%	\$11,317.05	\$69.64	1	25%	90%	\$2,546.33	\$282.93	\$2,829.26	
Medicaid Enterprise Core Team Totals								\$49,664.77	\$6,961.57	\$56,626.34	

Table 9: Medicaid Enterprise Core Team Staffing Rates

Project Management Team											
Position	Monthly Salary	Benefit Ratio	Monthly Adjusted Salary	Rate	# Staff	% Time	% Fed	Federal Portion	State Portion	Monthly Cost	
ICD-10 Project Manager	\$13,000.00	0.00%	\$13,000.00	\$75.00	1	100%	90%	\$11,700.00	\$1,300.00	\$13,000.00	
Business Analyst/PM	\$9,533.33	0.00%	\$9,533.33	\$55.00	1	50%	90%	\$4,290.00	\$476.67	\$4,766.67	
Business Analyst	\$9,013.18	0.00%	\$9,013.18	\$52.00	1	50%	90%	\$4,055.92	\$450.66	\$4,506.58	
Business Analyst	\$9,013.18	0.00%	\$9,013.18	\$52.00	1	50%	90%	\$4,055.92	\$450.66	\$4,506.58	
Project Manager - Technical Writer	\$9,013.18	0.00%	\$9,013.18	\$52.00	1	10%	90%	\$811.19	\$90.13	\$901.32	
Business Analyst - Budget Analyst	\$10,919.79	0.00%	\$10,919.79	\$66.00	1	10%	90%	\$982.78	\$109.20	\$1,091.98	
Interface and Reporting Consultant	\$10,400.00	0.00%	\$10,400.00	\$60.00	1	10%	90%	\$536.00	\$104.00	\$1,040.00	
Enterprise Architect	\$13,000.00	0.00%	\$13,000.00	\$75.00	1	10%	90%	\$1,170.00	\$130.00	\$1,300.00	
Project Management Team Totals								\$28,001.82	\$3,111.31	\$31,113.13	
Staffing Grand Totals										\$96,603.26	

Table 10: Project Management Team Staffing Rates

Notes:

- The composition of the teams may change depending upon changes in circumstances during the period of this IAPDU.
- The percentage of time dedicated by the teams to the work identified in this IAPDU will vary depending upon the work phase.
- The Commonwealth is a direct time coding State, therefore the costs will reflect actual staff time that has been coded to the IAPDU work effort and will vary from the estimates.

7 ASSURANCES

7.1 STATUTORY REQUIREMENTS

This IAPDU submission to CMS is in accordance with Part 11 of the State Medicaid Manual and 45 CFR, Subpart F in order to provide the necessary information to approve enhanced FFP.

In accordance with the requirements set forth in 42 CFR 433.112 (b) (5) through (9), the Commonwealth agrees to the following:

- To inform CMS of the direction DMS will take in the near future to increase its effectiveness in the delivery of Medicaid services and the cost containment initiatives pursued to reduce program costs.
- That the Commonwealth owns any software that is designed, developed, installed or enhanced with ninety percent (90%) FFP.
- That the Department of Health and Human Services has a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use and authorize others to use, for Federal government purposes, software, modifications to software, and documentation that is designed, developed, installed or enhanced with ninety percent (90%) FFP.
- That the costs of the system are determined in accordance with 42 CFR 433, Subpart C, 45 CFR 95, Subpart F and the State Medicaid Manual.
- That the Medicaid agency agrees in writing to use the system for the period specified in this IAPDU approved by the Administrator or for any shorter period that the Administrator determines justifies the Federal funds invested.
- That the Medicaid agency agrees in writing that the information in the system will be safeguarded in accordance with 45 CFR Part 205.50 and 42 CFR 431 Subpart F, and 45 CFR Parts 160, 162 and 164.

8 PERIOD OF USE STATEMENT (UPDATED)

The term of this IAPDU is from the approval date through March 31, 2016. CHFS will submit additional IAPDUs for this project as necessary.

9 SECURITY STATEMENT

In order to protect the Commonwealth, CMS and Medicaid eligible members, the Commonwealth will ensure continuation of safeguards on all confidential information in accordance with 42 CFR, Subpart F, Part 431 and with the HIPAA Security and Privacy Rules.

10 CONCLUSION (UPDATED)

In this project DMS is utilizing all available resources and expertise necessary to support mandated code changes and to improve efficiencies in the Kentucky Medicaid Program. This enhancement is in line with the MITA Framework as we move from manual processes to automated processes. This enhancement will also assist us by streamlining processes and improving outcomes. The Commonwealth's primary objective in preparing this IAPDU is to request FFP for this project at funding levels and federal match rates below:

The funding summary is segmented as follows:

- Request 90% Federal match rate of - \$552,136 (Federal share equaling \$496,922 and the Commonwealth share equaling \$55,214).
- Request 50% Federal match rate of - \$46,484 (Federal share equaling \$23,242 and the Commonwealth share equaling \$23,242).

The total cost of this IAPDU request is \$598,620 (Federal share equaling \$520,164 and the Commonwealth share equaling \$78,456).

The Commonwealth will be diligent in keeping CMS informed and involved throughout the project and subsequent activities. The Commonwealth will seek CMS approval of all documents and activities as required. Kentucky has taken great care to ensure that this project is the following:

- Planned effectively
- Managed effectively
- Technically sound
- Cost effective
- Compliant with all Federal and Commonwealth procurement requirements

Therefore, the Commonwealth is requesting approval of this IAPDU by the CMS Regional Office.

11 AGENCY CONTACT INFORMATION (UPDATED)

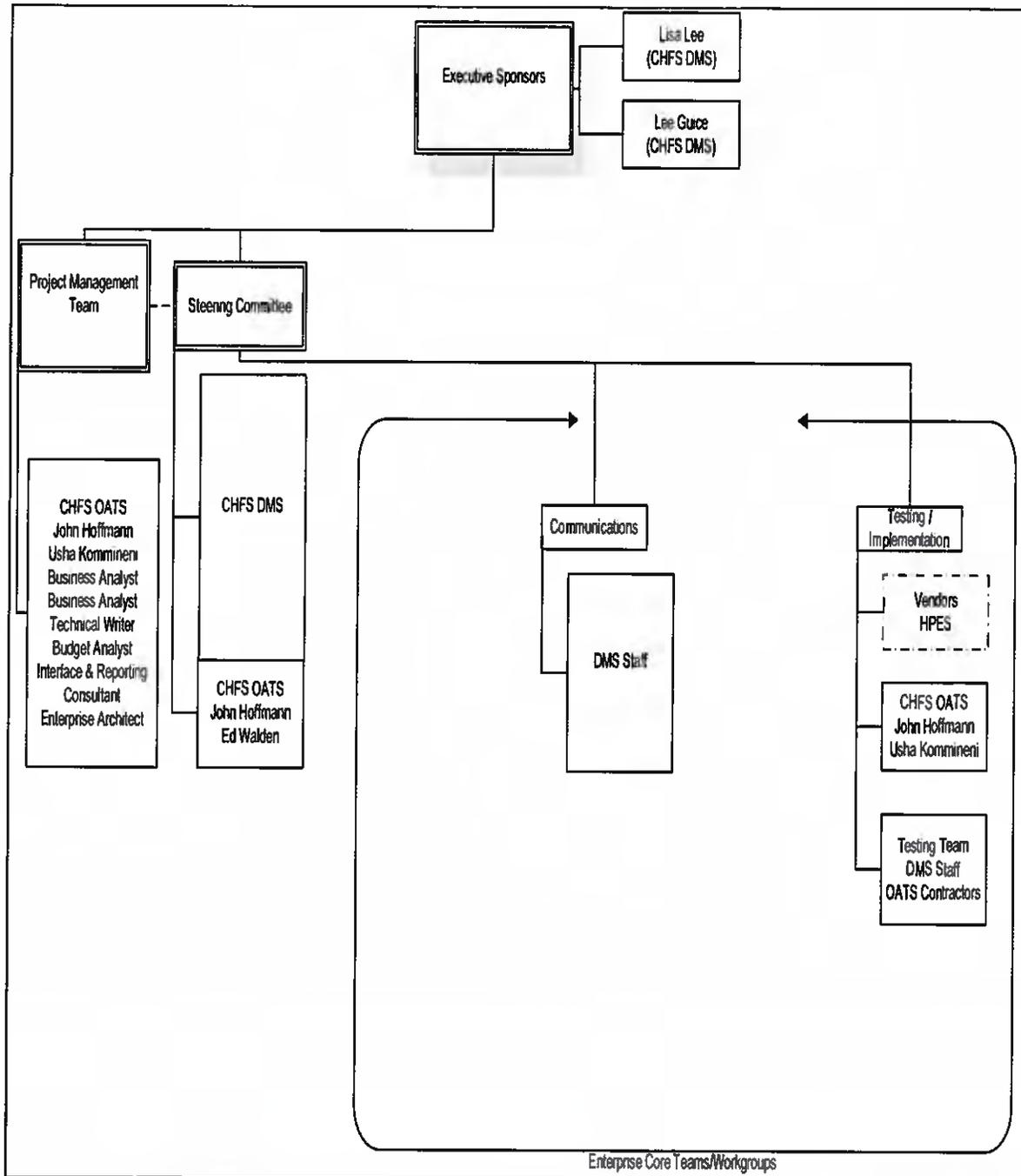
Stacy Fish, Director
Division of Medicaid Systems
Office of Administrative and Technology Services
(502) 564-0105 Ext. 2925
StacyD.Fish@ky.gov

Lisa Lee, Commissioner
Department for Medicaid Services
(502) 564-4321 Ext. 2002
Lisa.Lee@ky.gov

APPENDIX A (UPDATED) High Level Project Plan

ID	Task Name	Duration	Start	Finish	Predecessors	% CPT
1	Critical Dependencies	88.34 days	Wed 8/11/10	Sat 1/11/11		100%
2	Track 8010 (Compliance Date: January 1, 2012)	0 days	Sat 1/11/11	Sat 1/11/11		100%
3	Milestone: Start Program	0 days	Wed 8/11/10	Wed 8/11/10		100%
5	Proposed Kentucky State Medicaid Agency ICD-10 Implementation	1633.79 days	Wed 8/11/10	Fri 12/31/16		61%
6	Awareness	1373 days	Wed 8/11/10	Fri 12/31/16		16%
7	Internal Awareness, Communication, and Education/Training	1179 days	Wed 8/11/10	Mon 3/29/15		28%
8	Provide Awareness Training to ICD-10 Leadership and ICD-10 Team	3 errors	Wed 8/11/10	Tue 11/30/10	3	100%
14	Assessment	1633.79 days	Wed 8/11/10	Fri 12/31/16		89%
15	High-level planning for ICD-10 activities	1633.34 days	Wed 8/11/10	Tue 9/28/14		100%
16	Establish an Executive Sponsorship ICD-10 Steering Committee ICD-10 Point of Co	1 error	Wed 8/11/10	Fri 10/11/10	3	100%
17	Establish and Organize Impact Assessment Team	1 error	Wed 8/11/10	Fri 10/11/10	1633	100%
18	Review/Establish Program Management Office and Governance Structure	1 error	Fri 10/11/10	Sun 10/31/10	16	100%
19	Establish and Organize Remediation Team	47.68 errors	Sun 10/31/10	Tue 9/30/14	18	100%
20	Develop Tools/Processes to Facilitate Assessment Activities	3 errors	Wed 8/11/10	Tue 11/30/10	1655, 1755	100%
21	Perform Impact Assessment	279 days	Fri 1/6/11	Wed 10/26/11		100%
22	Identify Policies Impacted by ICD-10	9 errors	Fri 10/11/10	Tue 6/28/11	17	100%
23	Identify Processes Impacted by ICD-10	9 errors	Fri 10/11/10	Tue 6/28/11	17	100%
24	Identify Systems Impacted by ICD-10	9 errors	Fri 10/11/10	Tue 6/28/11	17	100%
25	Identify Impacts of ICD-10 on Trading Partners, Providers, Contractors, Vendors, Retail	9 errors	Fri 10/11/10	Tue 6/28/11	17	100%
26	Document and Communicate Impact Assessment Findings	9 errors	Thu 12/30/10	Mon 9/26/11	2553+3 errors	100%
27	Milestone: Impact Assessment Completed	0 days	Mon 9/26/11	Mon 9/26/11	26, 22, 23, 24, 25	100%
28	Determine Administrable Budget for OOI and O&M	1 error	Mon 9/26/11	Wed 10/26/11	27	100%
29	Develop Remediation Strategy Plan	1423.78 days	Tue 6/22/11	Fri 12/31/16		89%
30	Create and Receive Approval of Remediation Strategy for Policies, Processes, and Sy	111 errors	Thu 10/10/13	Tue 11/12/13	22, 23, 24, 25	100%
31	Create End-to-End Testing Strategy	35.84 errors	Mon 12/30/13	Fri 12/9/16	3053+3 errors	100%
32	Milestone: Core ICD-10 Strategies Developed	0 days	Fri 8/22/12	Fri 8/22/12	51, 30	100%
33	Develop Financial Plans	1112.94 days	Tue 6/22/11	Thu 10/11/15		89%
34	Develop and Execute Resource Acquisition Plan	49.01 errors	Tue 6/22/11	Tue 7/7/15	3055	100%
36	Remediation	1122.34 days	Tue 6/22/11	Thu 10/1/15		99%
37	Develop Updates to Policies	49.78 errors	Tue 6/22/11	Tue 6/30/15	22	100%
38	Develop Updates to Processes	49.71 errors	Tue 6/22/11	Fri 10/31/14	23	100%
39	IT Changes	721.94 days	Tue 6/22/11	Wed 4/21/14		100%
40	Develop System Requirements/Change Requests	12 errors	Tue 6/22/11	Fri 6/22/12	24	100%
41	Develop System Changes	6 errors	Fri 6/22/12	Wed 12/19/12	40	100%
42	Develop System Changes	12 errors	Sun 4/7/13	Wed 4/2/14	41	100%
44	Testing	493 days	Sun 11/16/13	Wed 9/30/15		90%
45	Create Testing Strategy	5 errors	Sun 11/10/13	Tue 7/6/14	4552	100%
46	Develop Test Plans and Test Data	9 errors	Sun 11/10/13	Thu 8/7/14	4259-2 errors	100%
47	System Test/Sign-off and User System (Internal)	9.25 errors	Sun 11/10/13	Fri 8/16/14	4552	100%
49	Conduct External End-to-End Testing	133 errors	Mon 8/18/14	Wed 10/1/14	4776-15 days	100%
51	Code Implementation	391.94 days	Wed 10/1/14	Thu 3/31/16		84%
53	Publish Final Rule and Sub-regulatory Process Updates	0.01 errors	Wed 10/1/14	Wed 10/1/14	5374-7 errors	100%
54	Transition and Implement System Changes	12.18 errors	Wed 10/1/14	Thu 10/1/16	5374-7 errors	100%
55	Upgrade ICD-10 Implementation and Use	261.94 days	Wed 10/1/14	Thu 10/1/15		100%
56	For Transition Support	125.94 days	Mon 10/5/15	Thu 3/31/16		100%
57	Provide Customer Support	5.95 errors	Mon 10/5/15	Thu 3/31/16	5433	100%
58	Monitor Operations	2.98 errors	Mon 10/5/15	Thu 3/31/16	5433	100%
60	IP Project Management Plan	542.94 days	Wed 1/2/13	Wed 1/30/16		73%
61	Phase I - Gap Analysis, Impact Analysis & Requirements Determination	169 days	Wed 1/2/13	Wed 6/27/13		100%
62	Must begin Phase	0 days	Wed 1/2/13	Wed 1/2/13		100%
63	New ICD-10 Research Environment Begun	0 days	Wed 1/2/13	Wed 1/2/13	6253	100%
64	Technical Gap Analysis Delivered	0 days	Mon 2/11/13	Mon 4/1/13		100%
65	Impacted Programs Report Delivered	0 days	Mon 4/1/13	Mon 4/1/13		100%
66	Impacted Services Report Delivered	0 days	Mon 4/1/13	Mon 4/1/13		100%
67	Impacted Reports or IT Extracts Report Delivered	0 days	Mon 4/1/13	Mon 4/1/13		100%
68	Impacted Forms and Associated Processes Delivered	0 days	Mon 4/1/13	Mon 4/1/13		100%
69	Draft Requirements Delivered	0 days	Wed 5/1/13	Wed 5/1/13		100%
70	Project Change Order/Log Delivered	0 days	Wed 5/1/13	Wed 5/1/13		100%
71	New ICD-10 Research Environment Delivered	0 days	Mon 6/3/13	Mon 6/3/13		100%
72	Complete Phase I	0 days	Mon 6/3/13	Mon 6/3/13	62, 63, 64, 65, 66, 67, 68	100%

APPENDIX B (UPDATED) Project Organization Chart





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

Steven L. Beshear
Governor

275 East Main Street, 6W-A
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F: (502) 564-0509
Frankfort, KY 40621
www.chfs.ky.gov

Audrey Tayse Haynes
Secretary

Lisa Lee
Commissioner

August 10, 2015

DHHS/CMS
Atlanta Regional Office
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 ICD-10 Implementation Strategy – Implementation Advanced Planning Document Update #5 – Review Request

Dear Ms. Glaze:

The Kentucky Cabinet for Health and Family Services (CHFS) requests your review and approval of the attached Implementation Advanced Planning Document Update (IAPDU) #5 for transitioning the Commonwealth's Medicaid Information Management System (MMIS) from ICD-9 International Classifications of Diseases-9 (ICD-9) to ICD-10.

We are requesting two items: carryforward of the remaining approved funding in the amounts listed below, and an extension of our period of use from October 1, 2015 to March 31, 2016 to support a post implementation period. We are not requesting new funding.

The total cost of KY ICD-10 IAPDU #5 is \$598,620 (Federal share equaling \$520,164 and the Commonwealth share equaling \$78,456). The funding summary is divided as follows:

- \$552,136 at a 90% Federal match rate (Federal share equaling \$496,922 and the Commonwealth share equaling \$55,214).
- \$46,484 at a 50% Federal match rate (Federal share equaling \$23,242 and the Commonwealth share equaling \$23,242).

Please contact Stacy Fish at (502) 564-0105, ext. 2925, if you have any questions.

Sincerely,

Neville Wise
Deputy Commissioner





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

Steven L. Beshear
Governor

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Audrey Tayse Haynes
Secretary

Lisa Lee
Commissioner

August 15, 2015

Centers for Medicare and Medicaid Services
Atlanta Regional Office
Attn: Jackie Glaze, Associate Regional Administrator
Consortium for Medicaid & Children's Health Operations
61 Forsyth Street SW, Suite 4T20
Atlanta, GA 30303 8909

Dear Ms. Glaze:

The Commonwealth of Kentucky intends to claim Federal Financial Participation (FFP) at the 75-percent matching rate for operations of the Kentucky Medicaid Pharmacy Benefits Manager (PBM) system commencing July 1, 2014. In accordance, we hereby provide assurance that:

1. The PBM meets the requirements of 42 CFR 433.117 for all periods for which the 75-percent FFP is being claimed.
2. The PBM has been assessed by the State, using the checklists in the Medicaid Enterprise Certification Toolkit, and is ready for CMS evaluation. The following checklists and areas are in use for certifying the Kentucky Medicaid PBM:
 - a. Operations Management Business Area
 - i. Reference Data Management Checklist
 - ii. Pharmacy Point of Service Checklist
 - b. Program Management Business Area
 - i. Program Management Reporting Checklist
 - ii. Financial Management Checklist
 - iii. Security and Privacy Checklist
 - c. Program Integrity Business Area
 - i. Program Integrity Checklist
3. The PBM adjudicates claims and information required for payment of services in accordance with all provisions of 42 CFR 447 and the approved State Medicaid Plan.

4. The PBM generates up-to-date and current MSIS (Medicaid Statistical Information System) data tapes in accordance with the Tape Delivery Schedules contained in CMS' *MSIS (Tape Specifications and Data Dictionary)*. (Balanced Budget Act of 1997 [Public Law 105-33, section 4753]).
5. The State exercises appropriate privacy and security controls over the system in accordance with 45 CFR 95.261, P.L. 104-191, the Health Insurance Portability and Accountability Act (HIPAA) of 1996, and 1902(a)(7) of the Social Security Act as further interpreted in regulations at 42 CFR 431.300 to 307.

The Commonwealth of Kentucky officially accepted the PBM system as fully operational on July 1, 2014. Enclosed is a copy of the approval letter addressed to the system developer Magellan Medicaid Administration, Incorporated. Also attached is a copy of the checklists from the Medicaid Enterprise Certification Toolkit, completed as specified in the Toolkit's *State Certification Readiness Protocol*. These checklists demonstrate that the MMIS is ready for the certification review.

The State contact person for matters involved in scheduling and completing the certification review is Samantha McKinley, Director of Pharmacy, who can be reached at (502) 564-6894 or by electronic mail at Samantha.Mckinley@ky.gov.

Sincerely,



Lisa Lee,
Commissioner
Kentucky Department for Medicaid Services





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

Steven L. Beshear
Governor

Veronica Cecil
Director

Division of Program Integrity
275 E Main St, 6 E-A
Frankfort, KY 40621
Phone: (502) 564-5472
Fax: (502) 564-3232
www.chfs.ky.gov

Audrey Tayse Haynes
Secretary

Lisa D. Lee
Commissioner

August 28, 2015

Department for Health and Human Services
Centers for Medicare & Medicaid Services
Office of Financial Management
Provider Compliance Group
Division of Error Rate Measurement
7500 Security Boulevard, Mail Stop C3-09-27
Baltimore, Maryland 21244-1850

Dear Federal Health Official:

This correspondence accompanies Kentucky's Medicaid and CHIP Round 2 eligibility review pilot results.

Testing for this pilot was conducted in the UAT environment of the Kentucky Health Benefit Exchange system. Eligibility for all 20 mandatory test cases was determined and the results entered in the Eligibility Outcomes Tool, as required.

As in Round 1, Kentucky continues to show variances in income computation. This is due to State specific policy which differs from that used in the Eligibility Outcomes Tool.

"I certify that this information is accurate and that the State will maintain the results reported in the reporting template for a minimum of three years from this date. I understand that this information may be subject to Federal review and that our reported results are subject to Federal audit."

Sincerely,

Neville Wise, Deputy Commissioner
The Department for Medicaid Services

NW/FM/er



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

Steven L. Beshear
Governor

275 East Main Street, 6W-A
Frankfort, KY 40621
www.chfs.ky.gov

Audrey Tayse Haynes
Secretary

Lawrence Kissner
Commissioner

September 01, 2015

Jessica Kahn, Acting Director
CMS Division of State Systems
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore Maryland 21244-1850

Martin H. Rice
CMS Division of State Systems
Data & Systems Group
7500 Security Boulevard, Mail Stop S2-26-14
Baltimore Maryland 21244-1850

Donald Arnette, Regional Administrator
USDA Food and Nutrition Service
61 Forsyth St. S.W., Room 8T36
Atlanta GA 30303-3415

RE: Kentucky Medicaid E & E System IAPDU for 2016

Dear Ms. Kahn, Mr. Rice and Mr. Arnette:

The Kentucky Cabinet for Health and Family Services (CHFS), Department for Medicaid Services (DMS) and Department for Community Based Services (DCBS) are pleased to submit Kentucky's Annual Implementation and Advanced Planning Document Update (IAPDU) for review and respectfully request expedited approval. Kentucky is submitting this IAPDU Update to report to their federal partners of Kentucky's budgetary request for FFY 16.

September 01, 2015
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Please contact Shannon MacDonald at (502)564-0105 ext. 2880, Steve Bechtel at (502)564-8217 ext. 2032 or Virginia (Ginny) Carrington at (502)564-3440 ext. 3656 if you have any questions.

Sincerely,



Lisa Lee, Commissioner
Department for Medicaid Services

And

Teresa James, Commissioner
Department for Community Based Services

Cc: Christine Gehardt, CMS
Peg Haire, CMS
David Henson, CMS
Jackie Glaze, CMS
Denise Osborn-Harrison, CMS
Sue Sloop, CMS
Kirti Patel, CMS
Enitan Oduneye, CMS
Kelly Leong, CMS
Carlos Borges-Martinez, CMS
James Blackie ACF DHHS
Kathy Tankersley, FNS
Peggy Fouts, FNS