

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Chicago Regional Office
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601



Consortium for Medicaid and Children's Health Operations

April 21, 2014

Lawrence Kissner
Commonwealth of Kentucky, Cabinet for Health and Family Services
275 East Main Street, 6 West A
Frankfort, KY 40621

Dear Mr. Kissner:

Thank you for your correspondence dated August 22, 2013 requesting that the Centers for Medicare & Medicaid Services (CMS) approve Kentucky's Health Information Technology (HIT) Implementation Advance Planning Document-Update (IAPD-U). CMS has completed its review of this IAPD-U, including revisions/supplemental information submitted on December 20, 2013, February 4, February 10 and March 3, 2014.

Kentucky's HIT IAPD-U requests CMS funding as authorized under section 4201 of the American Recovery and Reinvestment Act of 2009 (the Recovery Act), Pub L. 111-5, and our regulations at 42 CFR § 495, subpart D.

The Social Security Act, as amended under section 4201 of the Recovery Act, as well as our final regulation at 42 CFR § 495.322, allows 90 percent federal funding participation (FFP) for administrative activities in support of implementing an incentive payment program for Medicaid eligible professionals and eligible hospitals for the adoption and meaningful use of certified electronic health record (EHR) technology. The state seeks approval of \$21,049,825 in HITECH FFP and \$1,056,834 in MMIS FFP for an implementation cycle covering Federal fiscal year(s) 2014 & 2015 (October 1, 2013 through September 30, 2015).

CMS approves Kentucky's HIT IAPD-U, effective the date of this letter, in accordance with Federal regulations at 42 CFR § 495, subpart D. This approval letter supersedes any previous letters that may have been issued for the approval period noted above.

Please note that the HIE funds authorized in this letter allow Kentucky to use state dollars to satisfy the Fair Share requirement of the SMD Letter 11-004. In future years, Kentucky has explained that it intends to use dollars collected from payers operating in Kentucky to provide for the long term sustainability of the HIE. Please ensure that state dollars used to draw down federal matching funds are kept separately from those allocated funds to be used as the fair share of funds outside of Medicaid's responsibility, for auditing purposes.

CMS approves \$9,528,245 of HITECH FFP for Federal fiscal year 2014 and \$11,521,580 of HITECH FFP for Federal fiscal year 2015, as described in the table in Appendix A. CMS also approves \$352,278 of MMIS FFP for Federal fiscal year 2014 and \$352,278 of MMIS FFP for Federal fiscal year 2015, as described in the table in Appendix A. Federal funding associated with changes to the MMIS is approved in accordance with Section 1903(a)(3) of the Social Security Act, and regulations found at 42 CFR § 433 Subpart C, 45 CFR § 95 Subpart F, and Part 11 of the State Medicaid Manual.

Please note that this letter approves funding by Federal fiscal year. The amounts allocated per Federal fiscal year in Appendix A cannot be reallocated between Federal fiscal years, even within the period of this letter's approval, without submission and approval of an IAPD-Update. Only actual costs incurred are reimbursable. The state must provide adequate support for all costs claimed in addition to providing detailed records and proper audit trails. Subsequent revisions and amendments to this IAPD may require CMS' prior written approval to qualify for FFP, as outlined in Appendix B.

As described in our regulations at 42 CFR § 495, subpart D, Requests for Proposals (RFPs) or contracts that the state procures with funding from the herein approved IAPD, must be approved by CMS prior to release of the RFP or prior to execution of the contract.

Please refer to Appendix B for additional information about the state's responsibilities concerning activities described in the HIT IAPD. In accordance with 42 CFR § 495.342, please submit an IAPD-U no later than 12 months from the date of the approved IAPD. If the state is requesting additional funding, please provide ample time for CMS to conduct a review and issue approval. Also, annual HIE-related benchmarks and performance measures included in Appendix C must be addressed each year.

CMS appreciates Kentucky's continued commitment and dedication to administering this important new program that will lead to improved healthcare for populations served by the Medicaid Program.

We look forward to working with you as you proceed through the implementation process of your Medicaid HIT project. If you have any questions or concerns regarding this information, please feel free to contact Jason McNamara at (410) 786-3315 or via email at Jason.McNamara@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Jackie Garner", with a long horizontal flourish extending to the right.

Jackie Garner
Consortium Administrator

Appendix A:
HITECH Detailed Budget Table
 Covers Federal Fiscal Year 2014 & 2015 (ending September 30, 2015)

	HIT CMS Share (90% FFP) HIT Administrative Funding	State Share (10%)	HIT CMS Share (90% FFP) HIE Funding	State Share (10%)	HIT ENHANCED FUNDING FFP Total	State Share Total	HIT ENHANCED FUNDING TOTAL COMPUTABLE
	24C & 24D†	--	24C & 24D†	--	24C & 24D†	--	
FFY 2014	\$3,548,242	\$394,249	\$5,980,003	\$664,445	\$9,528,245	\$1,058,694	\$10,586,939
FFY 2015	\$3,548,242	\$394,249	\$7,973,338	\$885,926	\$11,521,580	\$1,280,175	\$12,801,755

	MMIS CMS Share (90% FFP)	State Share (10%)	MMIS ENHANCED FUNDING TOTAL COMPUTABLE
	2A & 2B†	--	
FFY 2014	\$352,278	\$39,142	\$391,420
FFY 2015	\$352,278	\$39,142	\$391,420

†MBES Line Item	
24A	HIT – Planning: Cost of In-house Activities
24B	HIT – Planning: Cost of Private Contractors
24C	HIT – Implementation and Operation: Cost of In-house Activities
24D	HIT – Implementation and Operation: Cost of Private Contractors
24E	HIT – Incentive Payments: Eligible Professionals
24F	HIT – Incentive Payments: Eligible Hospitals
2A	MMIS- Design, Development or Installation of MMIS: Cost of In-house Activities
2B	MMIS- Design, Development or Installation of MMIS: Cost of Private Contractors
49	Other 50% - Title 19 (Medicaid) Other Financial Participation

FFP rates for specific activities and costs can be found at 76 FR 21949, available at <https://federalregister.gov/a/2011-9340>

Appendix B:
General HIT IAPD Information

Upon receipt of this HIT IAPD approval, please coordinate with the state's budget office to include the incentive payments on Form CMS-37, Medicaid Program Budget Report in the appropriate Administrative Section. The state will need to work with the CMS Regional Office Financial Management Group (FMG) staff to submit a supplemental CMS-37 that reflects this IAPD award. The state should be sure to update the 37.12 budget narrative to reflect their expected budgetary needs by quarter.

All costs identified in this HIT IAPD are understood to be estimated costs only. Allowable costs relating to the Medicaid EHR Incentive Program are determined by CMS regulations and policy described above. Only actual costs incurred are reimbursable. The state must provide adequate support for all costs claimed in addition to providing detailed records and proper audit trails.

As required in regulations at 42 CFR 495.340, the state must submit a HIT IAPD update no later than 60 days after the occurrence of project changes including but not limited to any of the following: (1) a projected cost increase of \$100,000 or more; (2) a schedule extension of more than 60 days for major milestones; (3) a significant change in planning approach or implementation approach, or scope of activities beyond that approved in the HIT IAPD; (4) a change in implementation concept or a change to the scope of the project; or, (5) a change to the approved cost allocation plan. As required in regulations at 42 CFR 495.342, the state must submit an annual HIT IAPD 12 months from the date of the last CMS approved HIT IAPD.

Appendix C: HIE Benchmarks and Performance Measures

1. Medicaid incentive payment by provider type
 - a. Hospitals/Critical Access
 - b. Physicians
 - c. Nurse Practitioners/Midwives
 - d. Pediatricians
 - e. Physician Assistants
 - f. Dentists
 - g. Optometrists
2. KHIE Signed Participation Agreements
 - a. Percent of hospital beds
 - b. Percent of FQHC's/RHC's/Health Departments (safety net providers)
3. KHIE Live Connections/Active Data Exchange
 - a. Percent of hospital beds
 - b. Percent of Kentucky population/Medicaid population
 - c. Public Health Reporting
 - i. Immunization Transactions
 - ii. Syndromic Surveillance transactions
 - iii. Reportable Labs transactions
 - iv. CCDs for Cancer Reporting
4. Query-Based Transactions
 - a. Hospitals
 - b. FQHCs/RHCs (Safety Nets)
 - c. Number of Medicaid CCDs Accessed
5. Direct Secure Messaging
 - a. Number of provider to provider transactions
6. Number of users for
 - a. Query based exchange/community health record
 - b. DSM