

MAC Binder Section 2 – Letters to CMS

Table of Contents with Document Summary

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

1 – CMS-MMIS AAPD-Ltr to JG from SM-092316-to EW:

DMS is requesting review and approval of the Annual Advanced Planning Document (APD) update regarding the Commonwealth's MMIS.



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

Matthew G. Bevin
Governor

275 E Main St, 6W-A
Frankfort, KY 40621
www.chfs.ky.gov

Vickie Yates Brown Glisson
Secretary

Stephen P. Miller
Commissioner

September 23, 2016

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 Medicaid Management Information System (MMIS) Update #17, Annual Advanced Planning Document (APD) — Review Request

Dear Ms. Glaze,

The Kentucky Cabinet for Health and Family Services (CHFS), Department for Medicaid Services (DMS), requests review and approval of the attached Annual APD Update regarding the Commonwealth's legacy MMIS.

DMS is requesting approval for the following:

- Approval to extend the expiration of \$45,925,016 (\$34,443,762 at 75% FFP) awarded under KY-15-003 & 010 from Q2/2017 to Q1/2019 to continue its contract with Hewlett Packard Enterprise Systems (HPES) to operate the MMIS Fiscal Agent.
- Approval to extend the expiration of \$2,772,932 (\$2,495,639 at 90% FFP) awarded under KY 16-004 from Q1/2017 to Q4/2018 to continue necessary modifications and data quality enhancements.
- Approval of new funding for FFY2017 and FFY2018 totaling \$11,835,808 (\$8,930,697 federal share and \$2,905,110 Commonwealth share) for staffing, contracts, and mailings.
 - \$632,880 for MMIS at 90% FFP (\$569,592 federal / \$63,288 state)
 - \$11,038,566 for MMIS at 75% FFP (\$8,278,925 federal / \$2,759,642 state)
 - \$164,362 for MMIS at 50% FFP (\$82,181 federal / \$82,181 state)

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

Sincerely,

Stephen P. Miller
Commissioner
Kentucky Department for Medicaid Services

Kentucky Medicaid Management Information System Update #17, Annual Advance Planning Document



Version 1.0

Commonwealth of Kentucky Cabinet for Health and Family Services Department for Medicaid Services

Date of Submission: September 23, 2016

Stacy Fish, Director
StacyD.Fish@ky.gov
502-564-0105 x2925

Ed Walden, Manager
Ed.Walden@ky.gov
502-564-0105 x2176

REVISION HISTORY

Version Number	Date	Reviewer	Comments
1.0	9/23/16	DMS Commissioner's Office	Final for submission to CMS

TABLE OF CONTENTS

1.0 EXECUTIVE SUMMARY 1

2.0 BACKGROUND 1

 2.1 Affordable Care Act Medicaid Expansion 2

3.0 RESULTS OF ACTIVITIES INCLUDED IN THE APD 2

 3.1 APD Status Table..... 3

 3.2 MMIS Fiscal Agent..... 3

 3.3 KYHealth Card 3

 3.4 KY MMIS Medicaid Expansion Modification Hours 3

 3.5 KY MMIS Interface Enhancement Project 3

 3.6 KY MMIS Data Quality Enhancement Project 4

4.0 STATEMENT OF NEEDS AND OBJECTIVES 4

 4.1 KYHealth Card – 4

 4.1.1 *Statement of Alternative Consideration #1* 4

 4.1.2 *Statement of Alternative Consideration #2* 5

 4.2 Pre-Negotiated Modification Hours 5

 4.3 SSNRI Project..... 5

 4.4 Ordering, Referring, or Prescribing Providers – ACA Phase III..... 5

 4.5 COT IT Infrastructure Services 5

 4.6 Conferences..... 5

5.0 PERSONNEL RESOURCE STATEMENT 6

 5.1 Contracted Staffing 6

 5.2 Commonwealth Staffing..... 6

6.0 PROJECT MANAGEMENT PLAN AND ACTIVITY SCHEDULE..... 8

7.0 PROPOSED BUDGET..... 9

8.0 MEDICAID DETAILED BUDGET TABLES..... 10

9.0 PERIOD OF USE STATEMENT 11

10.0 ASSURANCES, SECURITY INTERFACE REQUIREMENTS, AND DISASTER RECOVERY PROCEDURES..... 11

APPENDIX A: ALIGNMENT WITH SEVEN CONDITIONS AND STANDARDS..... 12

APPENDIX B: LIST OF ACRONYMS AND ABBREVIATIONS 13

1.0 EXECUTIVE SUMMARY

The Commonwealth of Kentucky, Cabinet for Health and Family Services (CHFS), submits this Annual Advance Planning Document (APD) Update to the Centers for Medicare & Medicaid Services (CMS) in accordance with federal regulations to request review and approval of emergency Federal Financial Participation (FFP) for Automated Data Processing (ADP) activities related to the Kentucky Medicaid Management Information System (MMIS).

The Commonwealth is submitting our annual update at this time to update the status of previously approved projects, to request time and balance extensions for on-going projects, to request additional funding for new projects, and continued administrative support for the Commonwealth's Legacy MMIS.

- Approval to extend the expiration of \$45,925,016 (\$34,443,762 at 75% FFP) awarded under KY-15-003 & 010 from Q2/2017 to Q1/2019 to continue its contract with Hewlett Packard Enterprise Systems (HPES) to operate the MMIS Fiscal Agent.
- Approval to extend the expiration of \$2,772,932 (\$2,495,639 at 90% FFP) awarded under KY 16-004 from Q1/2017 to Q4/2018 to continue necessary modifications and data quality enhancements.
- Approval of new funding for FFY2017 and FFY2018 totaling \$11,835,808 (\$8,930,697 federal share and \$2,905,110 Commonwealth share) for staffing, contracts, and mailings.
 - \$632,880 for MMIS at 90% FFP (\$569,592 federal / \$63,288 state).
 - \$11,038,566 for MMIS at 75% FFP (\$8,278,925 federal / \$2,759,642 state).
 - \$164,362 for MMIS at 50% FFP (\$82,181 federal / \$82,181 state).

2.0 BACKGROUND

For the past four decades, the Kentucky Department of Medicaid Services (DMS) has been charged with administering the Kentucky Medicaid Program. DMS has a two-fold mission to deliver Medicaid services:

- To provide innovative opportunities for our members that will promote healthy lifestyles, personal accountability, and responsible program governance for a healthier Kentucky.
- To serve as a national model for achieving excellence in Medicaid by increasing the quality of benefit services, transforming care management, updating relevant technology, providing support for an outstanding workforce, and preventing, detecting, and reducing fraud, waste, and abuse.

The DMS and its designees are responsible for Medicaid program management, policy-making and issuance, provider enrollment, member eligibility determination, financial analysis, Utilization Management (UM) and control, Program Integrity (PI), clinical programs, continuous improvement, and contractor auditing and monitoring. Organized into six divisions, DMS has multiple areas of responsibility. The six divisions of DMS are:

- Community Alternatives
- Fiscal Management
- Policy and Operations
- Program Integrity
- Program Quality and Outcomes
- Provider and Member Services

The CHFS Office of Administrative and Technology Services (OATS) provides technical support to DMS. OATS administers a broad range of CHFS programs and services from IT to facilities management across all departments and offices that make up CHFS.

HPES is the current vendor responsible for operating the MMIS. The MMIS is the existing certified claims processing system that was implemented and enhanced to meet the Commonwealth's Medicaid policy and requested user functionality. As a part of its initial MMIS contract, HPES developed a comprehensive Decision Support System (DSS) to assist DMS in analyzing program effectiveness and the impact of potential changes to Medicaid policy. Approved by CMS on January 27, 2015, the existing four (4) year contract with HPES is operational from December 1, 2014 through November 30, 2018 and contains an additional single one (1) year extension option.

2.1 Affordable Care Act Medicaid Expansion

DMS provides Medicaid services through MCOs and special programs for those eligible. Prior to the Commonwealth's decision to expand Medicaid, the Kentucky Medicaid Program and the Kentucky Children's Health Insurance Program (KCHIP) provided health care coverage to approximately 815,000 eligible members. As of August 22, 2016 there were 1,365,872 Kentucky Medicaid members:

- 1,231,892 or 90.2% under Managed Care.
- 133,980 or 9.8% under Fee for Service (FFS).

DMS receives encounter data from the MCOs for the Medicaid population. Encounters differ from FFS claims, as the encounter data have previously undergone financial processing by the MCO sending the processed claim. This includes passing encounter data through edits and audit criteria set by DMS, prior to the data being transferred into the DSS.

The MMIS utilizes HPES' Interchange (iC) system. The iC system is a rules based system that supports both FFS reimbursement as well as Managed Care programs. On January 27, 2015, CMS approved the Statement of Work (SOW) for MMIS Hardware Refresh and Application Porting between HPES and the Finance and Administration Cabinet on behalf of the CHFS. The contract authorized HPES to conduct a hardware platform upgrade of the MMIS. Prior to the execution of this contract, MMIS ran on the platform initially implemented during Design, Develop and Implement (DDI) in 2005/2006. HPES is responsible for operations, modifications, and maintenance of CMS certification of the MMIS.

Section 1104 of the Affordable Care Act (ACA) established new requirements for administrative transactions that will improve the utility of the existing Health Insurance Portability and Accountability Act (HIPAA) of 1996. ACA Section 1104 applies to HIPAA covered entities and business associates engaging in HIPAA standard transactions on behalf of covered entities. To ensure compliance with the ACA 1104 rules, Kentucky Title XIX project team members undertook and have completed Phases I, II, and III to meet requirements. Currently, Phase III is in maintenance mode.

In addition to the ACA 1104 project, the Commonwealth has been working with HPES on DDI system changes necessary to support the integration of the MMIS and the new Medicaid Eligibility and Enrollment (E&E) system which provides eligibility determination and enrollment functions for DMS.

3.0 RESULTS OF ACTIVITIES INCLUDED IN THE APD

Although the Commonwealth's MMIS is fully operational, modifications were made to accommodate the shift from a FFS to a Managed Care service delivery model that was implemented in October 2011. As a result of this shift, Kentucky is procuring a replacement system for MMIS through a Request for Proposal (RFP) process.

Meanwhile, the Commonwealth continues to utilize MMIS for processing encounters received from MCOs, for services that fall outside the MCO coverage, wrap payments, and for members remaining in the FFS population as well as process and pay claims. MMIS and various sub-systems are undergoing necessary system changes to ensure compliance with federal ACA requirements and smooth integration between MMIS and the new Integrated Eligibility and Enrollment Solution (IEES).

3.1 APD Status Table

Table 1 reflects approvals and expenditures for MMIS from November 2012 through June 2016.

Table 1: APD Status Table

KYMMIS: APD STATUS								
APD Approved	APPROVED APD			Carry Forward	APD Expenditures	REMAINING APD		
	State	Federal	Total			State	Federal	Total
Aug 26, 2014; IAPD #13, KY 14-004								
FFP 90%	\$ 221,296	\$ 1,991,662	\$ 2,212,958		\$ 25,848	\$ 218,711	\$ 1,968,399	\$ 2,187,110
FFP 75%	\$ 1,283,158	\$ 3,849,474	\$ 5,132,632	\$ (372,998)	\$ 590,737	\$ 1,042,224	\$ 3,126,673	\$ 4,168,897
FFP 50%	\$ 68,000	\$ 68,000	\$ 136,000	\$ (136,000)	\$ -	\$ -	\$ -	\$ -
Nov 25, 2014; IAPD #4, KY 15-001								
FFP 90%	\$ 132,592	\$ 1,193,326	\$ 1,325,918	\$ -	\$ 1,059,704	\$ 26,621	\$ 239,592	\$ 266,213
FFP 75%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FFP 50%	\$ 69,726	\$ 69,726	\$ 139,452	\$ -	\$ -	\$ 69,726	\$ 69,726	\$ 139,452
Jan 27, 2015; IAPD #14, KY 15-003 & 010								
FFP 90%	\$ 89,308	\$ 803,775	\$ 893,083	\$ -	\$ 24,209	\$ 86,887	\$ 781,987	\$ 868,874
FFP 75%	\$ 28,941,110	\$ 86,823,330	\$ 115,764,440	\$ -	\$ 37,439,897	\$ 19,581,136	\$ 58,743,407	\$ 78,324,543
FFP 50%	\$ 68,000	\$ 68,000	\$ 136,000	\$ -	\$ 131,160	\$ 2,420	\$ 2,420	\$ 4,840
Jan 22, 2016; ANAPD #15, KY 16-004								
FFP 90%	\$ 277,293	\$ 2,495,639	\$ 2,772,932	\$ -	\$ -	\$ 277,293	\$ 2,495,639	\$ 2,772,932
FFP 75%	\$ 399,395	\$ 1,198,185	\$ 1,597,580	\$ -	\$ -	\$ 399,395	\$ 1,198,185	\$ 1,597,580
FFP 50%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Jun 16, 2016; ANAPD #16, KY 16-007								
FFP 90%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FFP 75%	\$ -	\$ -	\$ -	\$ 372,998	\$ -	\$ 93,250	\$ 279,749	\$ 372,998
FFP 50%	\$ -	\$ -	\$ -	\$ 136,000	\$ -	\$ 68,000	\$ 68,000	\$ 136,000

3.2 MMIS Fiscal Agent

As approved under the Commonwealth's MA with HPES (M-04508404) and amended under MA-758-130000475 on December 1, 2012, the Commonwealth is seeking CMS approval to extend from Q2/2017 to Q1/2019 the expiration of \$45,925,016 (\$34,443,762 at 75% FFP) awarded under KY-15-003 & 010 to continue its contract with Hewlett Packard to operate the MMIS Fiscal Agent.

3.3 KYHealth Card

HPES Indianapolis currently holds the contract for the KYHealth Card, which was set to expire on May 6, 2016. Under KY 16-007, CMS approved a six (6) month extension to continue issuing the cards under the existing contract until November 6, 2016. A second six (6) month extension is available under the contract, if necessary. The Commonwealth has executed the first extension with HPES and they are continuing to produce the KYHealth Card.

3.4 KY MMIS Medicaid Expansion Modification Hours

Under KY16-004, an additional 15,763 modification hours were approved to make modifications to the MMIS. These modifications impacted a variety of sub-systems within MMIS, the purchase of these hours has been executed. These modification hours are, and will continue to be, used to accommodate change requests as they arise to best fit Medicaid's needs through the end of this contract period.

3.5 KY MMIS Interface Enhancement Project

Under KY16-004, \$572,932 (\$515,639 at 90% FFP) was approved for an additional 5,654 modification hours to enhance the interface between the MMIS, the Kentucky Health Benefit Exchange, and the State Data Hub to allow data to be exchanged in real time. JADs were conducted; however, the Commonwealth is still determining the appropriate time to implement these changes to best align with benefind's project schedules. The Commonwealth is seeking CMS approval to extend expiration of these funds from Q1/2017 to Q4/2018.

3.6 KY MMIS Data Quality Enhancement Project

Under KY16-004, \$2,200,000 (\$1,980,000 at 90% FFP) was approved to conduct quality enhancement measures on data originating from our current MMIS to accomplish a more efficient transfer of claims data between MMIS and other systems. The Commonwealth's support for this project continues to be high and we are currently looking at adding this project into our procurement strategy. At this point, we believe this funding will be utilized at the beginning of FFY 2018 once a vendor is on-board to conduct this audit. Regardless, completing the Data Quality Project is critical, and any issues resolved prior to its implementation of the new MMIS Core and Enterprise Data Warehouse Projects. The Commonwealth is seeking CMS approval to extend expiration of these funds from Q1/2017 to Q4/2018.

4.0 STATEMENT OF NEEDS AND OBJECTIVES

4.1 KYHealth Card –

HPES Indianapolis, which currently has the KYHealth Card contract, manufactures, issues, and ships plastic identification cards for every Medicaid member regardless of whether they are part of the MCO or Fee-for-Service (FFS) population. The magnetically encoded cards are issued at the time of eligibility approval. Additional cards will be reissued only if:

- The card is reported as lost, stolen, or damaged
- The member reports a name change
- The member's eligibility has lapsed for a period longer than six months

In order to continue the operational function of issuing health cards to Medicaid members, CHFS respectfully requests approval to execute one (1) optional six (6) month extension of the contract to continue the current KYHealth Card processes until May 6, 2017.

The Commonwealth is requesting \$296,916 (\$113,974 at 75% FFP, \$72,475 at 50% FFP, and \$110,467 in state share) to continue the current contract and exercise the optional six (6) month extension with HPES until May 6, 2017.

4.1.1 Statement of Alternative Consideration #1

Per the As-Needed APD Update (#16), the Commonwealth is focusing efforts on Alternative One, which is outlined in this section.

Alternative One: Reduction of Scope

Since approval of the last contract extension with HPES Indianapolis, the Commonwealth explored cost-saving alternatives to producing the KYHealth Card. Initial planning and research was conducted to examine:

- Needs of FFS and MCO populations
- Other states' approaches to health card production
- Providers' current use of the KYHealth Card
- Strategies to reduce cost in issuing replacement cards

Transitioning from a plastic card delivered to all members to a paper card delivered only to FFS members would produce significant savings and would eliminate redundancies in the current system. Because MCOs are required to print identification cards for all MCO members, this solution will allow for a significant reduction of waste without compromising the level of service provided to Medicaid members.

The Commonwealth is requesting \$81,909 (\$46,874 at 75% FFP, \$9,705 at 50% FFP, and \$25,330 in state share) to contract with Deloitte to make the necessary modifications to the E&E System, estimated at \$42,614 then execute Alternative One with HPES, estimated at \$39,295 for the remainder of FFY17 and all of FFY18. After the initial set-up costs, this migration to Alternate One will lower the annual costs for the KYHealth Card from \$508,998 down to \$39,295, a savings of over 92%.

4.1.2 Statement of Alternative Consideration #2

Alternative Two: No Identification Cards

Not issuing identification cards to members is the most economical approach; however, it is not a feasible alternative. The card is used by members and the provider community. It would cause undue hardship when not available to identify an individual as a Kentucky Medicaid member. Additionally, the card serves as a form of identification and helps in the prevention of fraud.

4.2 Pre-Negotiated Modification Hours

As approved under the Commonwealth's MA with HPES (M-04508404) and amended under MA-758-130000475 on December 1, 2012, the Commonwealth is seeking CMS approval and requesting \$1,678,000 (\$1,258,500 at 75% FFP and \$419,500 in state share) to execute its options to increase the modification hours by an additional 20,000 hours over the course of FFY17 and FFY18.

These modification hours will be used to accommodate change requests as they arise to best fit Medicaid's needs and to help support various projects such as MMIS changes to the Partner Portal.

4.3 SSNRI Project

Passed in April of 2015, an impact of the Medicare Access and CHIP Reauthorization Act (MACRA) is the Social Security Number Removal Initiative (SSNRI). To ensure compliance with the current October 2017 deadline for Integrated System Testing, the Commonwealth is requesting \$20,880 (\$18,792 at 90% FFP and \$2,088 in state share) to purchase 200 additional modification hours under the Commonwealth's existing MA with HPES.

4.4 Ordering, Referring, or Prescribing Providers – ACA Phase III

To ensure compliance with Program Integrity provisions of the ACA, "The State Medicaid agency must require all ordering or referring physicians or other professionals providing services under the state plan or under a waiver of the plan in the fee-for-service program to be enrolled as participating Medicaid providers." As a result, Ordering, Referring, or Prescribing providers will undergo a screening process to improve program integrity and reduce fraud, waste, and abuse. This screening process includes a review of federal exclusion lists and other databases that would prohibit an excluded healthcare professional from being associated with Medicare or Medicaid.

The Commonwealth is requesting \$522,000 (\$469,800 at 90% FFP and \$52,200 in state share) to purchase up to 5,000 additional modification hours under the Commonwealth's existing MA with HPES.

4.5 COT IT Infrastructure Services

The Commonwealth Office of Technology (COT) has statutory authority under Kentucky Revised Statutes (KRS 42.726) to "develop strategies and policies to support and promote the effective applications of IT within Kentucky state government." COT IT enterprise policies articulate the rules and regulations of Kentucky state government regarding IT. These IT policies, SDLC standards, and agency services determine the type of activities that are approved for both agencies and employees.

The Commonwealth requests \$1,000,000 (\$750,000 at 75% FFP and \$250,000 in state share) for IT support costs for MMIS Staff and Contractors, as provided by the Commonwealth Office of Technology.

4.6 Conferences

CHFS staff who will be overseeing MMIS Operations will attend state and federal conferences that are focused on initiatives and activities that support and update MMIS activities.

The Commonwealth is requesting \$90,000 (\$81,000 @ 90% FFP and \$9,000 in state share) to continue attendance at state and federal conferences focused on initiatives and activities that will support the operations of the Kentucky MMIS.

5.0 PERSONNEL RESOURCE STATEMENT

The MMIS project is organized into three teams overseen with executive sponsorship provided by the Commissioner of DMS. The MMIS technical team, operational team, and core team are a combination of state employees and contracted staff. Primary executive level sponsorship of the MMIS and related projects is under the oversight of the DMS Commissioner and the CHFS Chief Information Officer.

5.1 Contracted Staffing

Contracted staff is housed in OATS and are supervised by the Director of the Division of Medicaid Systems. Contract staff are procured through temporary staff augmentation contracts.

Table 2: Contracted Resource Statement

Contracted Staff Title	FTE	Staff	Hours	Rate	Estimated Cost
BA: Technical Writer	1.00	1	4,160	\$ 59	\$ 245,440
BA: Budget Analyst	1.00	1	4,160	\$ 59	\$ 245,440
Business Objects/Senior System Architect	0.75	1	3,120	\$ 73	\$ 227,760
Chief Technology Officer	0.50	1	2,080	\$ 110	\$ 228,800
System Architect	1.00	1	4,160	\$ 69	\$ 287,040
Senior Developer	1.00	1	4,160	\$ 65	\$ 270,400
System Architect/Developer: Interfaces	1.00	1	4,160	\$ 72	\$ 299,520
System Architect/Reporting Specialist	1.00	1	4,160	\$ 72	\$ 299,520
Business Analyst	1.00	1	4,160	\$ 59	\$ 245,440
Business Analyst	1.00	1	4,160	\$ 59	\$ 245,440
Business Analyst	1.00	1	4,160	\$ 59	\$ 245,440
Business Analyst	1.00	1	4,160	\$ 59	\$ 245,440
Business Analyst	1.00	1	4,160	\$ 59	\$ 245,440
Business Analyst	1.00	1	4,160	\$ 59	\$ 245,440
Business Analyst	1.00	1	4,160	\$ 59	\$ 245,440
Business Analyst	1.00	1	4,160	\$ 59	\$ 245,440
Business Analyst	1.00	1	4,160	\$ 59	\$ 245,440
Business Analyst	1.00	1	4,160	\$ 59	\$ 245,440
Total	16.25	17	67,600		\$ 4,312,880

5.2 Commonwealth Staffing

Table 3.1: MMIS Key State Staffing Resources

Key Staffing					
State Staff	State Staff Title	% of Time	Project Hours	Cost with Benefits	
TBD	DMS, Executive Advisor	60%	2,340	\$ 195,273	
Don Moccia	DMS, Director	22%	858	\$ 81,913	
John Hoffman	DMS, Director, Division of Provider & Member Services	50%	1,950	\$ 130,260	
Lee Guice	DMS, Director, Division of Policy & Operations	30%	1,170	\$ 76,354	
Steve Bechtel	DMS, Director, Division of Fiscal Management	15%	585	\$ 37,124	
Stacy Fish	Director, OATS Division of Medicaid Systems	25%	975	\$ 47,297	
Karen Sayles	Assistant Director, OATS Division of Medicaid Systems	50%	1,950	\$ 100,388	
Uma Jaganathan	Branch Manager, OATS Division of Medicaid Systems	100%	3,900	\$ 164,151	
8 Key Resources		FTE =	3.5	13,728	812,759

Table 3.2: MMIS State Staffing Resources

Dept.	State Staff Title	% of Time	Project Hours	Cost with Benefits	
OATS	Branch Manager, OATS Division of Medicaid Systems	20%	780	\$ 34,819	
OATS	System Consultant II	80%	2,340	\$ 106,587	
OATS	System Consultant II	100%	3,900	\$ 170,391	
OATS	System Consultant II	100%	3,900	\$ 223,314	
OATS	System Technician Specialist II	100%	3,900	\$ 205,101	
OATS	Resource Management Analyst III	100%	3,900	\$ 170,391	
OATS	Resource Management Analyst III	100%	3,900	\$ 170,391	
DMS	Administrative Branch Manager	10%	390	\$ 16,255	
DMS	Administrative Section Supervisor	23%	897	\$ 32,265	
DMS	Administrative Section Supervisor	17%	663	\$ 22,456	
DMS	Assistant Director	80%	2,340	\$ 100,948	
DMS	Assistant Director, Division of Provider & Member Services	75%	2,925	\$ 131,188	
DMS	Branch Manager	6%	234	\$ 11,372	
DMS	Branch Manager, Division of Fiscal Management	40%	1,560	\$ 67,564	
DMS	Human Services Program Branch Manager	50%	1,950	\$ 79,931	
DMS	Human Services Program Branch Manager	10%	390	\$ 14,777	
DMS	Internal Policy Analyst II	75%	2,925	\$ 91,611	
DMS	Internal Policy Analyst III	30%	1,170	\$ 55,567	
DMS	Internal Policy Analyst III	10%	390	\$ 14,988	
DMS	Medicaid Specialist I	67%	2,613	\$ 68,304	
DMS	Medicaid Specialist II	5%	195	\$ 7,915	
DMS	Medicaid Specialist II	63%	2,457	\$ 82,285	
DMS	Medicaid Specialist II	63%	2,457	\$ 80,737	
DMS	Medicaid Specialist II	32%	1,248	\$ 40,860	
DMS	Medicaid Specialist II	40%	1,560	\$ 50,825	
DMS	Medicaid Specialist II	40%	1,560	\$ 50,468	
DMS	Medicaid Specialist II	40%	1,560	\$ 50,326	
DMS	Medicaid Specialist II	5%	195	\$ 6,168	
DMS	Medicaid Specialist II	53%	2,067	\$ 64,738	
DMS	Medicaid Specialist II	5%	195	\$ 6,078	
DMS	Medicaid Specialist III	75%	2,925	\$ 145,870	
DMS	Medicaid Specialist III	40%	1,560	\$ 71,105	
DMS	Medicaid Specialist III	5%	195	\$ 8,299	
DMS	Medicaid Specialist III	25%	975	\$ 38,717	
DMS	Medicaid Specialist III	5%	195	\$ 7,488	
DMS	Medicaid Specialist III	40%	1,560	\$ 59,842	
DMS	Medicaid Specialist III	50%	1,950	\$ 72,930	
DMS	Medicaid Specialist III	15%	585	\$ 20,966	
DMS	Medicaid Specialist III	20%	780	\$ 27,682	
DMS	Medicaid Specialist III	30%	1,170	\$ 41,523	
DMS	Medicaid Specialist III	40%	1,560	\$ 55,240	
DMS	Medicaid Specialist III	30%	1,170	\$ 38,856	
DMS	Nurse Consultant / Inspector	10%	390	\$ 23,876	
DMS	Nurse Consultant / Inspector	10%	390	\$ 23,178	
DMS	Nurse Consultant / Inspector	10%	390	\$ 21,091	
DMS	Nurse Consultant / Inspector	5%	195	\$ 9,391	
DMS	Nurse Consultant / Inspector	25%	975	\$ 37,313	
DMS	Nurse Consultant / Inspector	10%	390	\$ 14,777	
DMS	Nurse Consultant / Inspector	25%	975	\$ 36,943	
DMS	Nurse Consultant / Inspector	25%	975	\$ 36,943	
50	Resources	FTE =	18.9	73,866	\$ 3,020,464
58	Total Commonwealth Resources	FTE =	22.5	87,594	\$ 3,833,223

6.0 PROJECT MANAGEMENT PLAN AND ACTIVITY SCHEDULE

Figure 1 presents the schedule for all activities requested in this Annual IAPD Update; extensions and newly funded.

Figure 1: MMIS Annual IAPD Update Project Timeline

Activity	FFY17: 10/01/2016 - 09/30/2017	FFY18: 10/01/2017 - 09/30/2018
Commonwealth Resources		
HP - Operation of MMS Fiscal Agent (3.2)		
HP - MMS Interface (5,654 Hours) (3.5)		
TBD - MMS Data Quality Enhancement (3.6)		
SDS Master Agreements (NTT Data, Pomeroy, & TEK Systems) (5.1)		
SDS Master Agreements (TBD) (5.1)		
HPES - Kentucky Health Cards (4.1)		
HPES - Kentucky Health Cards - Postage		
Deloitte - Kentucky Health Cards (4.1.1)		
HPES - Kentucky Health Cards (4.1.1)		
HPES - Kentucky Health Cards - Postage		
HPES - Optional Modification Hours (4.3)		
HPES - SSNRI Project (4.4)		
HPES - ORP ACA Phase III Project (4.5)		

7.0 PROPOSED BUDGET

Table 4: Extension of Previously Approved APD Budget Requests

Contract	Extension of Previously Approved Funding					Total
	Approved	Extended Duration	90% Federal	75% Federal	State	
HP - Operation of MMS Fiscal Agent (3.2)	KY-15-003 & 010	10/01/16-09/30/18		\$ 34,443,762	\$ 11,481,254	\$ 45,925,016
HP - MMS Interface (5,654 Hours) (3.5)	KY-16-004	10/01/16-09/30/17	\$ 515,639		\$ 57,293	\$ 572,932
TBD - MMS Data Quality Enhancement (3.6)	KY-16-004	10/01/17-09/30/18	\$1,980,000		\$ 220,000	\$ 2,200,000
Total			\$2,495,639	\$ 34,443,762	\$ 11,756,547	\$ 48,697,948

Table 5.1: New Funding Request for FFY2017 & FFY2018 (Commonwealth Resources)

State Cost	90% Federal	75% Federal	50% Federal	State	Total
Commonwealth Personnel (5.2)		\$2,874,917		\$958,306	\$3,833,223
COT IT Infrastructure Services (4.5)		\$750,000		\$250,000	\$1,000,000
Conferences (4.6)	\$81,000			\$9,000	\$90,000
Grand Total	\$81,000	\$3,624,917		\$1,217,306	\$4,923,223

Table 5.2: New Funding Requests for FFY2017 & FFY2018 (Contracted Resources)

Contract	Duration	90% Federal	75% Federal	50% Federal	State	Total
SDS Master Agreements (NTT Data, Pomeroy & TEK Systems) (5.1)	10/01/16-02/28/17		\$ 673,888		\$ 224,629	\$ 898,517
SDS Master Agreements (TBD) (5.1)	03/01/17-09/30/18		\$2,560,773		\$ 853,590	\$ 3,414,363
HPES - KYHealth Cards (4.1)	10/01/16-04/30/17		\$ 113,974		\$ 37,991	\$ 151,965
HPES - KYHealth Cards - Postage (4.1)	10/01/16-04/30/17			\$ 72,475	\$ 72,476	\$ 144,951
Deloitte - KYHealth Cards (4.1)	01/01/17-06/30/17		\$ 31,961		\$ 10,653	\$ 42,614
HPES - KYHealth Cards (4.1)	05/01/17-09/30/18		\$ 14,913		\$ 4,971	\$ 19,884
HPES - KYHealth Cards - Postage (4.1)	05/01/17-09/30/18			\$ 9,705	\$ 9,706	\$ 19,411
HPES - Optional Modification Hours (4.2)	10/01/16-09/30/18		\$1,258,500		\$ 419,500	\$ 1,678,000
HPES - SSNRI Project (4.3)	10/01/16-09/30/17	\$ 18,792			\$ 2,088	\$ 20,880
HPES - ORP ACA Phase III Project (4.4)	10/01/16-03/31/17	\$ 469,800			\$ 52,200	\$ 522,000
Total		\$ 488,592	\$4,654,009	\$ 82,180	\$1,687,804	\$ 6,912,585

8.0 MEDICAID DETAILED BUDGET TABLES

Funding previously authorized by KY 15-003 & 010, as well as, KY 16-004 for the operation of the MMIS will continue to be utilized. Additional funding will authorize Commonwealth activities needed to support the MMIS and its activities. Tables 6.1 thru 6.4 reflect a breakdown of the aggregate FFP in this request and detail how the Commonwealth intends to report expenses for this funding on the CMS 64 report.

Table 6.1: Medicaid Detailed Budget Table

DDI	MMIS CMS Share (90% FFP)	State Share (10%)	MMIS CMS Share (75% FFP)	State Share (25%)	MMIS CMS (50% FFP)	State Share (50%)	MMIS FFP Total	Total State Share
	2A	--	2A	--	2A	--	2A	2A
FFY2017	\$ 40,500	\$ 4,500					\$ 40,500	\$ 4,500
FFY2018	\$ 40,500	\$ 4,500					\$ 40,500	\$ 4,500
Total	\$ 81,000	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 81,000	\$ 9,000

Table 6.2: Medicaid Detailed Budget Table

DDI	MMIS CMS Share (90% FFP)	State Share (10%)	MMIS CMS Share (75% FFP)	State Share (25%)	MMIS CMS (50% FFP)	State Share (50%)	MMIS FFP Total	Total State Share
	2B	--	2B	--	2B	--	2B	2B
FFY2017	\$ 1,004,231	\$ 111,581					\$ 1,004,231	\$ 111,581
FFY2018	\$ 1,980,000	\$ 220,000					\$ 1,980,000	\$ 220,000
Total	\$ 2,984,231	\$ 331,581	\$ -	\$ -	\$ -	\$ -	\$ 2,984,231	\$ 331,581

Table 6.3: Medicaid Detailed Budget Table

M&O	MMIS CMS Share (75% FFP)	State Share (25%)	MMIS CMS Share (75% FFP)	State Share (25%)	MMIS 75% FFP Total	State Share Total
	4A	--	4B	--		
FFY2017	\$ 1,812,459	\$ 604,153	\$ 20,131,208	\$ 6,710,403	\$ 21,943,666	\$ 7,314,555
FFY2018	\$ 1,812,459	\$ 604,153	\$ 18,966,562	\$ 6,322,187	\$ 20,779,020	\$ 6,926,340
Total	\$ 3,624,917	\$ 1,208,306	\$ 39,097,769	\$ 13,032,590	\$ 42,722,687	\$ 14,240,896

Table 6.4: Medicaid Detailed Budget Table

	MMIS CMS Share (90% FFP)	State Share (10%)	MMIS CMS Share (75% FFP)	State Share (25%)	MMIS CMS (50% FFP)	State Share (50%)	TOTAL FFP	STATE SHARE TOTAL	APD TOTAL (TOTAL COMPUTABLE)
	2A&B	--	4A&B	--	4A&B	--			
FFY2017	\$ 1,044,731	\$ 116,081	\$ 21,943,666	\$ 7,314,555	\$ 74,416	\$ 74,416	\$ 23,062,814	\$ 7,505,053	\$ 30,567,867
FFY2018	\$ 2,020,500	\$ 224,500	\$ 20,779,020	\$ 6,926,340	\$ 7,764	\$ 7,764	\$ 22,807,285	\$ 7,158,604	\$ 29,965,889
Total	\$ 3,065,231	\$ 340,581	\$ 42,722,687	\$ 14,240,896	\$ 82,181	\$ 82,181	\$ 45,870,098	\$ 14,663,658	\$ 60,533,756

9.0 PERIOD OF USE STATEMENT

- The proposed Period of Use for this Annual IAPD Update aligns with the federal fiscal year and covers two (2) years; October 2016 thru September 2018.
- The Commonwealth will update the Implementation APD annually in accordance with Federal regulations.

10.0 ASSURANCES, SECURITY INTERFACE REQUIREMENTS, AND DISASTER RECOVERY PROCEDURES

Please indicate by checking "yes" or "no," if the state will comply with the Code of Federal Regulations (CFR) and the State Medicaid Manual (SMM) citations.

Table 7: MMIS APD Assurances

Category	Citation	√ Yes ___ No
Procurement Standards	SMM Section 11267	√ Yes ___ No
	45 CFR Part 95 Subpart F §95.615	√ Yes ___ No
	45 CFR Part 92	√ Yes ___ No
	SMD Letter of Dec. 4, 1995	√ Yes ___ No
	42 CFR 433.122(5) and (6)	√ Yes ___ No
Access to Records	42 CFR Part 433.112(b)(5) – (9)	√ Yes ___ No
	45 CFR Part 95 Subpart F §95.615	√ Yes ___ No
	SMM Section 11267	√ Yes ___ No
Software & Ownership Rights, Federal Licenses, Information Safeguarding, HIPAA Compliance, and Progress Reports	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.	
	The U.S. 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 software, modifications to software, and documentation that is designed, developed, installed, or improved with 90 percent FFP.	
	45 CFR Part 95 Subpart F §95.617	√ Yes ___ No
	42 CFR Part 431.300	√ Yes ___ No
	42 CFR Part 164	√ Yes ___ No
Information Safeguarding	42 CFR Part 433.112(b)(5) – (9)	√ Yes ___ No
	45 CFR Part 205.50	√ Yes ___ No
Progress Reports	SMM Section 11267	√ Yes ___ No
Disaster Recovery Procedure	The MMIS system Contractor is required to develop and maintain a Business Continuity Plan that will address all aspects of disaster recovery for the MMIS and DSS. The business continuity plan provides procedures for system restoration for emergencies and disasters, and for maintaining a state of readiness to meet the operational requirements of the MMIS. It includes a Disaster Recovery Plan.	

APPENDIX A: ALIGNMENT WITH SEVEN CONDITIONS AND STANDARDS

The Commonwealth is working to procure a Medicaid Enterprise Management System (MEMS) that will fully comply with the Seven Conditions and Standards. These efforts will occur outside of the scope of this APD, and DMS anticipates the future system to demonstrate full compliance with 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 to meet the CMS guiding conditions and fulfilling requirements necessary to obtain enhanced federal funding.

DMS will apply the Software Development Life Cycle (SDLC) process in future planning, designing, developing, and implementing the MMIS, extensible applications as possible and future MEMS.

Table 8 reflects the commitment to the Seven Standards and Conditions by CHFS DMS.

Table 8: CHFS DMS Commitment to Seven Conditions and Standards

CHFS DMS Commitment to Seven Conditions and Standards	
Condition/Standard Addressed	Definition of Term
1. Modularity Standard <u>Yes/No</u>	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 <u>Yes/No</u>	Initiative established to move the typical MMIS from siloed, sub-system components to a service oriented architecture (SOA) environment. Align to and advance increasingly in MITA maturity for business, architecture, and data.
3. Industry Standards Condition <u>Yes/No</u>	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 <u>Yes/No</u>	Promote sharing, leverage, and reuse of Medicaid technologies and systems within and among states.
5. Business Results Condition <u>Yes/No</u>	Support accurate and timely processing of claims (including claims of eligibility), adjudications, and effective communications with providers, beneficiaries, and the public.
6. Reporting Condition <u>Yes/No</u>	Produce transaction data, reports, and performance information that would contribute to program evaluation, continuous improvement in business operations, transparency, and accountability.
7. Interoperability Condition <u>Yes/No</u>	Ensure seamless coordination and integration with the Health Benefits 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 through standardized messaging and communications methods.

APPENDIX B: LIST OF ACRONYMS AND ABBREVIATIONS

Table 9 Acronyms and Abbreviations

Acronym / Abbreviation	Definition
ACA	Affordable Care Act
ADP	Automated Data Processing
APD	Advance Planning Document
CFR	Code of Federal Regulations
CHFS	Cabinet for Health and Family Services
CMS	Centers for Medicare & Medicaid Services
COT	Commonwealth Office of Technology
DDI	Design, Develop and Implement
DMS	Department for Medicaid Services
DSS	Decision Support System
E&E	Eligibility and Enrollment System
FFP	Federal Financial Participation
FFS	Fee-for-Service
FFY	Federal Fiscal Year
HIPAA	Health Insurance Portability and Accountability Act of 1996
HPES	Hewlett Packard Enterprise Services
HP-UX	Hewlett Packard Unix
IAPD	Implementation Advance Planning Document
iC	InterChange System
IEES	Integrated Eligibility and Enrollment Solution
KCHIP	Kentucky Children's Health Insurance Program
MACRA	Medicare Access and CHIP Reauthorization Act
MMIS	Medicaid Management Information System
MCO	Managed Care Organization
MEMS	Medicaid Enterprise Management System
MITA	Medicaid Information Technology Architecture
OATS	Office of Administrative and Technology Services
PI	Division of Program Integrity
RFP	Request for Proposal
SDLC	Systems Development Life Cycle
SMM	State Medicaid Manual
SOA	Service Oriented Architecture
SOW	Statement of Work
SSNRI	Social Security Number Removal Initiative
TANF	Temporary Assistance for Needy Families
UM	Utilization Management

