

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR**

ACTION REFERRAL

TO <i>Supra</i>	DATE <i>8-5-13</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000059</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>CC: Mr. Beck, Rest, Deps, CMS file</i>	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____
	<input type="checkbox"/> FOIA DATE DUE _____
	<input checked="" type="checkbox"/> Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

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

July 17, 2013

Tony E. Keck
Director
State of South Carolina, Department of Health and Human Services
1801 Main Street, PO Box 8206
Columbia, SC 29201-8206

RECEIVED

AUG 02 2013

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Dear Mr. Keck:

Thank you for your correspondence dated June 28, 2013 requesting that the Centers for Medicare & Medicaid Services (CMS) approve South Carolina's Health Information Technology (HIT) Implementation Advance Planning Document-Update (IAPD-U). CMS has completed its review of this IAPD-U including supplemental information submitted on July 2, 2013.

South Carolina'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 \$7,465,244 for administrative funding for an implementation cycle of Federal fiscal years 2014 and 2015 (covering October 1, 2013 through September 30, 2015).

CMS approves the state's HIT IAPD-U outlined in this letter, effective October 1, 2013, 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.

The total cost for the project that the IAPD-U will support is \$7,465,244 (\$6,718,719 FFP). 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. All subsequent revisions and amendments to this IAPD will require our prior written approval to qualify for FFP.

CMS approves \$3,537,373 of HITECH FFP for FFY 2014 and \$3,181,346 of HITECH FFP for FFY 2015, as described in the table in Appendix A. 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.

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.

CMS appreciates South Carolina'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:
Budget Summary**

HIT Administrative Funding			
	Total	HIT CMS Share (90% FFP)	State Share (10%)
FFY 2014	\$3,930,415	\$3,537,373	\$393,042
FFY 2015	\$3,534,829	\$3,181,346	\$353,483
Total FFY	\$7,465,244	\$6,718,719	\$746,525

***Numbers may differ due to rounding**

The total cost of this HIT IAPD is: \$7,465,244

The amount of approved HIT FFP is: \$6,718,719

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 methodology. 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.