

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

**ACTION REFERRAL**

|                    |                        |
|--------------------|------------------------|
| TO<br><i>Supra</i> | DATE<br><i>1-23-13</i> |
|--------------------|------------------------|

| DIRECTOR'S USE ONLY  | ACTION REQUESTED  |
|--|---|
| 1. LOG NUMBER<br><i>101224</i>   | <input type="checkbox"/> Prepare reply for the Director's signature<br>DATE DUE _____ |
| 2. DATE SIGNED BY DIRECTOR<br><i>CC: Mr. Keck, COS, Deps,<br/>CMS file</i> | <input type="checkbox"/> Prepare reply for appropriate signature<br>DATE DUE _____    |
|  | <input type="checkbox"/> FOIA<br>DATE DUE _____                                       |
|  | <input checked="" type="checkbox"/> Necessary Action                                  |

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

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



**Center for Medicaid and CHIP Services**

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January 17, 2013

**RECEIVED**

JAN 22 2013

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

To: Mr. Anthony E. Keck, Director  
South Carolina Department of  
Health and Human Services  
1801 Main Street  
Columbia, SC 29201

Mr. John Supra, Chief Information Officer  
South Carolina Department of Health & Human Services  
PO Box 8206  
Columbia, SC 29202

Dear Mr. Keck and Mr. Supra:

This letter is in response to the *South Carolina's Department of Health and Human Services (SCDHHS) Implementation Advance Planning Document Update (IAPD-U) for Member Management*, dated November 20, 2012. The IAPD-U updates the June 2011, IAPD that was approved by CMS on September 1, 2011. Then, in June of 2012, CMS extended the due date for submission of this IAPDU to allow South Carolina additional time to award a vendor contract. The IAPDU is timely and satisfies the requirement for an annual update as well as an as-needed update.

This IAPD-U covers changes to South Carolina's new Eligibility Enrollment and Member Management System (EEMMS) implemented to satisfy the SCDHHS's business objectives for the application, determination and on-going management of Medicaid and CHIP beneficiaries. As required by 45 CFR Section 95.605, CMS has reviewed the information contained within the November 20, 2012 IAPD-U relative to the following.

Project Status

The procurement process took eight months longer than expected impacting the overall project schedule; and, limiting certain design, development and installation (DDI) activities. The expected completion date for the overall project has moved from October 31, 2013 to December 31, 2015, effectively adding twelve additional months to the project plan. While certain project milestones were impacted others remained unaffected. The project schedule has been reworked to ensure that the SCDHHS meet the minimal operational requirements required by October 2013 including integrating the Federally Facilitated Exchange (FFE) as required under the Affordable Care Act. The IAPD-U states that the SCDHHS has some planning efforts to include the SNAP and TANF eligibility processes into the EEMMS and may invoke the temporary exception to the OMB A-87 cost allocation requirements. Please see [www.fns.usda.gov/snap/rules/Regulations/pdfs/100512.pdf](http://www.fns.usda.gov/snap/rules/Regulations/pdfs/100512.pdf) for a copy of the most recent supplemental guidance on cost allocation for Exchange and Medicaid information technology (IT) systems, dated October 5, 2012.

### Changes to Previously Approved IAPD

The project plan timeline has been revised to account for unanticipated delays that took place during the procurement process. The revisions include a new prioritization framework and are aimed at meeting regulatory guidelines. The same delay has caused SCDHHS to spend less money than originally anticipated causing a redistribution of dollars to accommodate changes in the project plan.

### Schedule of Activities, Milestones and Deliverables

The IAPD-U sets forth pertinent information regarding key activities, milestones and deliverables as well as a project roadmap that includes detailed information. The revised schedule accounts for delays and highlights the new prioritization framework.

### Revisions to the Budget and Actual Expenditures to Date

Due to the delay in procurement expenditures the actual expenditures to date have been less than anticipated. The amounts by category and FFP rate have not been changed from the original IAPD. The SCDHHS will continue to use the project cost estimate provided in the original IAPD adjusted for schedule changes. SCDHHS is requesting approval to proceed with federal funding at the levels stated within the submission in Table 5-1 on page fourteen of the IAPD-U.

### Contractor Performance

Not yet relevant.

CMS requests that SCDHHS submit a bi-weekly report (via email) addressing contractor compliance with the terms of the executed contract. Also, CMS requests a monthly report (via email) identifying key risks identified within the IAPD-U pertaining to staffing issues, project timeline, budgetary issues, and your plans to hire an independent verification & validation (IV&V) contractor. Lastly, please keep CMS updated on SCDHHS's compliance with assurances including regulatory procurement standards, access to records, software ownership rights, security and privacy, as listed on pages sixteen and seventeen of the IAPD-U. These reports should be sent to your designated DSS IT Specialist listed below.

Please be reminded that the technology infrastructure of your project needs to meet CMS' Seven Conditions and Standards specified in 42 CFR part 433, subpart C, as modified by the final rule, *Federal Funding for Medicaid Eligibility Determination and Enrollment Activities*, published in the Federal Register on April 19, 2011. More specifically, the solution that must be:

- (1) Modular;
- (2) Advance the Medicaid Information Technology Architecture (MITA) principle;
- (3) Meet specified industry standards;
- (4) Promote sharing, leverage and reuse of Medicaid technologies of systems;
- (5) Support business results;
- (6) Meet program reporting; and,
- (7) Be interoperable by supporting seamless coordination and integration among health insurance affordability programs (and other human service programs if included in future phases of the project).

CMS has reviewed and approves the November 20, 2012 IAPD-U in accordance with Federal regulations at 42 CFR part 433 subpart C regarding Mechanized Claims Processing and Information Retrieval Systems, and 45 CFR part 95 subpart F regarding Automatic Data Processing Equipment and Services - Conditions for Federal Financial Participation (FFP); 45 CFR 95.611(b) (2); and 45 CFR Section 95.605. If you have any questions or concerns, please feel free to contact your designated DSS IT Specialist Denise Osborn-Harrison at [denise.osborn-harrison@cms.hhs.gov](mailto:denise.osborn-harrison@cms.hhs.gov) or (410) 786-1661.

Sincerely,



Charles E. Lehman  
Director of State Systems

cc:

Christine Gerhardt, CMCS, DSS, Deputy Director  
Denise G Osborn-Harrison, CMCS, DSS IT Specialist  
Jason McNamara, CMCS, DSS, Technical Director  
Karen Charles CCIIO, State Officer  
Ana Balbuena, CMCHO  
Ellen Ambrosini, CMCS, DSS, Technical Director