

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Supia</i>	DATE <i>10-1-14</i>
--------------------	------------------------

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <b>000075</b>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Keck, Cost, Deps, CMS file, Chavis</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  
Atlanta Regional Office  
61 Forsyth Street, Suite 4T20  
Atlanta, Georgia 30303



**DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS**

September 25, 2014

SC-14-013

Mr. Anthony E. Keck, Director  
Department of Health & Human Services  
1801 Main Street  
Columbia, SC 29201-8206

**RECEIVED**

OCT 01 2014

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

Dear Mr. Keck:

The Implementation Advance Planning Document-Update (IAPD-U), #MMIS-03, submitted by South Carolina for the state's Medicaid Management Information System (MMIS) replacement project, dated August 4, 2014, is approved effective on the date of this letter. South Carolina submitted the IAPD-U to the Centers for Medicare & Medicaid Services (CMS) as an annual update and to request additional federal funding and time for the Design, Development, and Implementation (DDI) of a new MMIS.

The IAPD-U is approved in accordance with 42 CFR Part 433, Subpart C, 45 CFR Part 95, Subpart F, and the State Medicaid Manual, Part 11. The approval of this IAPDU consolidates and reflects all prior approvals by CMS, and documents the state's progress toward completion of the project and is considered the controlling APD for the replacement MMIS project. Reflected in the table below is the new grand total of all funding approved for this project including CHIP funding approved in IAPD-U #2 in the amount of \$1,242,755 (federal financial Participation (FFP): \$981,776) and withdrawn in the latest update. The total is \$149,217,376 (Total FFP: \$130,283,911; \$210,000 FFP at 50 percent; \$19,218,638 at 75 percent; and \$110,855,273 at 90 percent. New funding is approved in the amount of \$72,366,667 (Total FFP: \$63,802,522; \$68,175 at 50 percent; \$7,048,208 at 75 percent; \$57,667,916 FFP at 90 percent; \$(981,776) at 79 percent).

FFP %	IAPDU #MMIS-02		"New" Funds Requested with this IAPDU		Total APD Funding when IAPDU #MMIS-03 is Approved	
	Total Approved	FFP \$	Total	FFP \$	Total Requested	FFP \$
50/50	\$ 283,650	\$ 141,825	\$ 136,350	\$ 68,175	\$ 420,000	\$ 210,000
75/25	\$ 16,227,241	\$ 12,170,431	\$ 9,397,610	\$ 7,048,208	\$ 25,624,851	\$ 19,218,638
79/21	\$ 1,242,755	\$ 981,776	\$ (1,242,755)	\$ (981,776)	\$ -	\$ -
90/10	\$ 59,097,063	\$ 53,187,357	\$ 64,075,462	\$ 57,667,916	\$ 123,172,525	\$ 110,855,273
<b>Grand Total</b>	<b>\$ 76,850,709</b>	<b>\$ 66,481,389</b>	<b>\$ 72,366,667</b>	<b>\$ 63,802,522</b>	<b>\$ 149,217,376</b>	<b>\$ 130,283,911</b>

The updated table below reflects all planned expenses to complete the DDI from April 1, 2014 through September 30, 2017 (FFY 17).

FFY	Estimated Costs	at 90% FFP	at 75% FFP	at 50% FFP	Federal Share	State Share
Expend. To Date	\$ 24,518,874	\$ 20,176,065	\$ 4,342,809		\$ 21,415,565	\$ 3,103,309
2014 (remaining)	\$ 11,412,008	\$ 7,924,790	\$ 3,427,218	\$ 60,000	\$ 9,732,725	\$ 1,679,284
2015	\$ 27,274,416	\$ 20,299,980	\$ 6,854,436	\$ 120,000	\$ 23,470,809	\$ 3,803,607
2016	\$ 44,511,894	\$ 36,115,170	\$ 8,276,724	\$ 120,000	\$ 38,771,196	\$ 5,740,698
2017	\$ 41,500,184	\$ 38,656,520	\$ 2,723,664	\$ 120,000	\$ 36,893,616	\$ 4,606,568
<b>Total Program Costs</b>	<b>\$149,217,376</b>	<b>\$123,172,525</b>	<b>\$ 25,624,851</b>	<b>\$ 420,000</b>	<b>\$130,283,911</b>	<b>\$ 18,933,465</b>

Approval of funding identified above for design, development, and implementation of the new MMIS will expire on September 30, 2017. Should the project deviate from the approved IAPD-U and Detailed Implementation Schedule, FFP for the project may be suspended or disallowed as provided for in federal regulations at 45 CFR 95.611(c)(3) and 95.612.

Upon successful completion of the MMIS replacement project, please provide to CMS written notification that includes the following:

- The date the MMIS replacement project was completed and officially accepted by South Carolina as complete;
- Submission of project closeout documentation within 60 calendar days of the date the project was officially accepted by the state as complete;
- The final cost to complete the MMIS replacement project; and,
- Assurances/documentation that the MMIS replacement project met the objectives and performed the functions described in the approved IAPD-U.

South Carolina is reminded that onsite reviews will be conducted to determine whether or not the objectives for which FFP was approved are being accomplished, and whether or not the automatic data processing (ADP) equipment or services are being efficiently and effectively utilized in support of approved programs or projects as provided for at 45 CFR Part 95, Section 621 and the State Medicaid Manual. As provided by the State Medicaid Manual, Section 11200 and by 45 CFR 95.611, all subsequent revisions and amendments to this IAPD-U will require CMS prior written approval to qualify for FFP. In accordance with 45 CFR Part 95.623, state acquisition of ADP equipment and services without prior approval could result in disallowance of FFP.

Any changes to previously approved contracts for this effort require CMS prior approval pursuant to 45 CFR 95.611. Allowable costs are determined by 42 CFR Part 433.116, 45 CFR Part 92, 45 CFR Part 95, Subpart F, and Part 11 of the State Medicaid Manual. All costs identified in the IAPD-U are understood to be estimates only. Allowable costs are determined by 42 CFR Part 433.116, 45 CFR Part 95, Subpart F, and the State Medicaid Manual, Part 11. 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.

Mr. Anthony E. Keck  
Page 3

I would like to thank you and your staff for your work administering South Carolina's MMIS. If there are any questions concerning this information, please contact L. David Hinson at (404) 562-7411 or via email at [lawrence.hinson@cms.hhs.gov](mailto:lawrence.hinson@cms.hhs.gov).

Sincerely,

A handwritten signature in black ink that reads "Jackie Glaze". The signature is written in a cursive, flowing style.

Jackie Glaze  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations