

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Day</i>	DATE <i>3-10-15</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000204</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>CC: Kost, Deps, CMS f. l. e</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

March 3, 2015

SC-15-004 & 005

Mr. Christian L. Soura, Director
Department of Health & Human Services
1801 Main Street
Columbia, SC 29201-8206

RECEIVED

MAR 09 2015

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Dear Mr. Soura:

The Centers for Medicare & Medicaid Services (CMS) approves the Implementation Advance Planning Document-Updates (IAPD-U) that South Carolina submitted on January 28 and February 4, 2015. The state submitted the IAPD-U to consolidate all planning documents for the legacy Medicaid Management Information System (MMIS) maintained by Clemson University in order to administer the contracts to system termination in 2018. CMS approves the new consolidated Legacy MMIS IAPU-U and designates it as the controlling document for these systems. Included in the approval is new funding to support the extension of these systems in the amount of \$77,638,536 (\$47,773,698 at 75 percent; \$6,942,942 at 50 percent; \$54,716,640 total federal financial participation (FFP)). CMS also approves funding for the Operation and Maintenance (O&M) for seven of eight systems for federal fiscal year (FFY) 2015 in the amount of \$34,463,109 (\$20,687,212 at 75 percent; \$3,812,239 at 50 percent; \$24,499,451 total FFP) until scheduled replacement in 2018. CMS also approves the contract amendment for the Phoenix (waiver) management system. Finally, CMS approves consolidation of the previously approved replacement planning projects for the Pharmacy Benefit Management system and the Third Party Liability system into the existing Replacement MMIS project.

Our approval of South Carolina's IAPD-U is subject to the requirements in regulations at 45 CFR Part 95, Subpart F, and 42 CFR Part 433, Subpart C. The state is reminded that all contracts (including amendments) must receive CMS prior written approval before execution in order to qualify for enhanced federal financial participation. All legacy systems contracts (including amendments) must include language which permits termination for the convenience of the government and defines liquidated damages (if any) or fees plus defined procedures for contract closeout. Further, all intergovernmental contracts must comply with the requirements for a services agreement as defined in 45 CFR Part 95, Subpart F, paragraph 95.605. The state must ensure that all agreements (commercial or intergovernmental) meet the requirements in 45 CFR Part 95, Subpart F, paragraph 95.617 which defines software and ownership rights including transfer and possession by the State Medicaid Agency. All contracts must contain provisions to reduce functionality and operational costs as replacement systems become operational until system termination.

Mr. Christian L. Soura

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South Carolina is reminded that onsite reviews may 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 (SMM). As provided by the SMM, Section 11200 and by 45 CFR 95.611, all subsequent revisions and amendments to the APD for this project 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 SMM. 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.

I would like to thank you and your staff for your work to modernize the South Carolina Medicaid Management Information System (MMIS). If there are any questions concerning this information, please contact L. David Hinson at (334) 791-7826 or via email at Lawrence.Hinson@cms.hhs.gov.

Sincerely,



Jackie Glaze

Associate Regional Administrator

Division of Medicaid & Children's Health Operations

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