

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

ACTION REFERRAL

TO <i>Singletu</i>	DATE <i>3-3-10</i>
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DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>1011369</i>	<input type="checkbox"/> I Prepare reply for the Director's signature DATE DUE _____ <input type="checkbox"/> I Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> I FOIA DATE DUE _____ <input checked="" type="checkbox"/> Necessary Action		
2. DATE SIGNED BY DIRECTOR <i>cc: Ms. Forbner, Depo, CUS file</i>			

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

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., SW, Suite 4T20
Atlanta, Georgia 30303-8909



February 23, 2010

Emma Forkner, Director
South Carolina Department of Health and Human Services
P.O. Box 8306
Columbia, SC 29202-8206

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Department of Health & Human Services
OFFICE OF THE DIRECTOR

Dear Ms. Forkner:

This is in response to your letters dated December 17, 2009 and February 10, 2010, requesting that the Centers for Medicare & Medicaid Services (CMS) review and approve a proposed Implementation Advance Planning Document (IAPD) for Design, Development, and Implementation (DDI) activities associated with the South Carolina Department of Health and Human Services (SCDHHS) efforts to competitively procure a replacement Medicaid Management Information System (MMIS). The State is requesting approval of \$344,045,699 (\$115,349,189 at 90%; \$155,482,590 at 75%; Total Federal Financial Participation (FFP): \$270,831,779) for a multi-phased project. South Carolina will submit a planning document for CMS approval prior to beginning each major phase using the IAPD Update process and in accordance with MITA objectives. The State may refine the phases based on the outcomes of early activities.

I am pleased to inform you that CMS approves the Department's request in accordance with 42 CFR Part 433.116, 45 CFR Part 92, 45 CFR Part 95, Subpart F, and the State Medicaid Manual (SMM), Part 11. Project approval is effective February 22, 2010 and ends September 30, 2015. The State is required to submit a detailed Cost Distribution Plan for each project phase not to exceed, in total, the amounts and FFP match rates listed above. Allowable costs are determined by 42 CFR Part 433.116, 45 CFR Part 92, 45 CFR Part 95, Subpart F, and the SMM, 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.

Approval of contractual costs for the new MMIS vendor(s) will be determined after the competitive procurement process is complete and a contract and updated IAPD/DIS are submitted for CMS prior approval in accordance with 45 CFR 95.611 and the SMM, Part 11. Approval of operational costs (i.e., 75 or 50 percent FFP) for the MMIS Replacement Project will be determined following full operation of the replacement system and subsequent MMIS Certification by CMS in accordance with 42 CFR 433, Subpart C, and the SMM, Part 11. Expenditure of funds for contingency contract(s) is subject to CMS prior approval of the contract(s). For project funding claimed for "facilities rent," the state must make adjusting entries on the CMS-64 for any administrative costs of facilities during the project period to avoid duplicate claiming.

The State 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 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 SMM. As provided by the SMM, Section 11200 and by 45 CFR 95.611, all subsequent revisions, updates and amendments to the APD for this project will require our prior written approval to qualify for FFP. In addition, continued Federal funding of the MMIS Replacement Project is contingent upon:

- (1) The Department's ability to demonstrate progress in meeting MMIS Replacement Project milestone commitments. Should the project deviate from the CMS approved IAPD/DIS, FFP for the project as described in the IAPD/DIS may be suspended or disallowed as provided for in Federal regulations at 45 CFR 95.611(c)(3) and 95.612;
- (2) The timely submission of monthly status reports for the MMIS Replacement Project. These reports must measure progress against the approved DIS. Monthly status reports should be submitted to this office by the last day of each calendar month. For reports that end on a calendar quarter, you are requested to add the amounts spent to date and show the balance of approved IAPD funding remaining;
- (3) Timely submission of all required quarterly CMS 90/10 financial reports for all approved project;
- (4) Timely submission of all report prepared by the Independent Verification and Validation (IV&V) quality assurance contracts;
- (5) Timely submission of minutes from the Governance Committee which provides strategic direction and executive input.

In any event, authorization of Federal funding for the MMIS Replacement Project will expire on September 30, 2015. Upon successful completion of the MMIS Replacement Project, please provide my office with written notification that includes the following:

- The date the MMIS Replacement Project was completed and officially accepted by the State 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 completed met the objectives and performed the functions described in the approved APD.

I would like to thank you and your staff for your efforts in developing and implementing the South Carolina Replacement MMIS project. If there are any questions concerning this approval, please contact L. David Hinson at (404) 562-7411 or via E-mail at Lawrence.hinson@cms.hhs.gov.

Sincerely,

A handwritten signature in cursive script that reads "Jackie Glaze".

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