

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

|                    |                       |
|--------------------|-----------------------|
| TO<br><i>Supra</i> | DATE<br><i>6-7-13</i> |
|--------------------|-----------------------|

| DIRECTOR'S USE ONLY   | ACTION REQUESTED  |
|---|---|
| 1. LOG NUMBER<br><i>000384</i>  | <input type="checkbox"/> Prepare reply for the Director's signature<br>DATE DUE _____                 |
| 2. DATE SIGNED BY DIRECTOR<br><i>CC: Keck, Chris</i><br><i>Closed 9/27/13, email attached</i> | <input checked="" type="checkbox"/> Prepare reply for appropriate signature<br>DATE DUE <i>7-5-13</i> |
|   | <input type="checkbox"/> FOIA<br>DATE DUE _____   |
|   | <input 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. <i>Closed 3/17/14, see attached email.</i>              |         |   |         |
| 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

June 4, 2013

SC-13-008

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

**RECEIVED**

JUN 07 2013

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

Dear Mr. Keck:

The Implementation Advance Planning Document-Update (IAPD-U) and Change Order #5 submitted by South Carolina for the state's Business Intelligence System (BIS) contract with Truven Health Analytics, Inc., is approved effective on the date of this letter. South Carolina submitted the IAPD-U and Change Order #5 to the Centers for Medicare & Medicaid Services (CMS) on April 8, 2013 to request changes to the BIS contract that are necessary for the implementation of the state's Transformed Medicaid Statistical Information System (T-MSIS) project.

CMS approves the IAPD-U and Change Order #5 in accordance with 42 CFR Part 433, Subpart C, 45 CFR Part 95, Subpart F, and Part 11 of the State Medicaid Manual. Included in this approval for BIS contract changes pertinent to the T-MSIS project is funding in the amount of \$1,707,180, with federal financial participation (FFP) totaling \$1,381,548, broken out as \$606,978 at 90 percent FFP, and \$774,570 at 75 percent FFP.

In our letter to South Carolina dated June 20, 2011, CMS approved an IAPD-U dated May 11, 2011 in which the state recorded a reduction of \$684,495 in the cost of the BIS contract with Truven Health Analytics (then Thomson Reuters). However, while corresponding with CMS concerning the recent IAPD-U and BIS contract amendment, the state forwarded to CMS amendments to the BIS contract that included, in Change Order #2, a cost increase of greater than \$500,000 for services to which enhanced FFP was applicable. Change Order #2 was effectuated by the state without CMS's review and approval.

Per regulations at 45 CFR 95.611, for a contract amendment involving cost increases greater than \$500,000 for enhanced FFP, the state must obtain prior approval from CMS before execution of the contract amendment. Failure to do so can result in disapproval or suspension of project funding. In response to this letter, CMS requests that South Carolina submit a corrective protocol detailing the state's plan to ensure additional contract amendments involving more than \$500,000 in enhanced FFP are submitted for our review and approval before state execution of such amendments. The protocol should be submitted to CMS by August 1, 2013.

CMS has now reviewed all contract amendments (Change Orders #1 through #4) already executed by South Carolina for the BIS contract, and approves them in accordance with 42 CFR Part 433, Subpart C, 45 CFR Part 95, Subpart F, and Part 11 of the State Medicaid Manual. Including Change Orders #1 through #5 along with the recent IAPD-U, the total value of the BIS contract for the period from July 1, 2010 through July 19, 2015 now stands at \$12,753,384, with FFP amounting to \$8,577,859 (broken out as \$1,034,478 at 90 percent FFP, \$5,224,196 at 75 percent FFP, and \$2,319,185 at 40 percent FFP). Remaining funding for the current contract year (which ends July 19, 2013) through the last option year totals \$8,459,232, with FFP of \$5,686,581. Approval for this funding will expire on July 19, 2015, the last day of the final option year for the contract.

CMS requires that South Carolina begin monthly submission of the T-MSIS format beginning January 2014. Data submissions are expected to meet quality validation routines for acceptance within 30 days of the reporting month. Medicaid Statistical Information System (MSIS) formats will no longer be accepted as part of this transition. CMS understands that not all the requested T-MSIS data elements may be collected by the state. CMS requires a list of those elements which are not currently collected, an estimate of when they may be collected, and a mapping of those elements which are captured by the state to the relevant files.

Should the state's Medicaid Management Information System (MMIS) fail to maintain and produce all federally required program management data and information, including the required T-MSIS, eligibility, provider, and managed care encounter data, in accordance with requirements in Part 11 of the State Medicaid Manual and the approved IAPD for this effort, FFP may be suspended or disallowed as provided for in federal regulations at 45 CFR 95.612.

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 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 are understood to be estimates only. 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 on South Carolina's BIS contract with Truven Health Analytics. If there are any questions concerning this information, please contact John Allison at (828) 575-2876 or via email at [John.Allison@cms.hhs.gov](mailto:John.Allison@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

Log # 384

The emails below serve as an extension for Log Letter 384.

Extend log until 10/1/13, see attached e-mail.

**From:** "Allison, John R. (CMS/CMCHO)" <[John.Allison@cms.hhs.gov](mailto:John.Allison@cms.hhs.gov)>  
**Date:** September 27, 2013 at 4:25:52 PM EDT  
**To:** 'Kimberly Whisenant' <[STRONGK@scdhhs.gov](mailto:STRONGK@scdhhs.gov)>  
**Subject:** RE: Log Letter

Hey Kim – yes, the APD/RFP protocol looks great. SC can use the protocol and 45 CFR 95.611 for guidance concerning when prior approval by CMS is necessary.

Thanks. Have a great weekend!

John A  
828-575-2876

**From:** Kimberly Whisenant [<mailto:STRONGK@scdhhs.gov>]  
**Sent:** Tuesday, September 24, 2013 10:52 AM  
**To:** Allison, John R. (CMS/CMCHO)  
**Subject:** FW: Log Letter

John, I was trying to verify that the protocol we sent for the APD/RFP was sufficient to cover the protocol CMS requested for doing IAPDU's for Change Orders increasing contracts by \$500k—I assumed it did but I did but I need to verify for my records.

### Confidentiality Note

This message is intended for the use of the person or entity to which it is addressed and may contain information, including health information, that is privileged, confidential, and the disclosure of which is governed by applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this information is STRICTLY PROHIBITED.

If you have received this in error, please notify us immediately and destroy the related message.

**From:** Allison, John R. (CMS/CMCHO) [<mailto:John.Allison@cms.hhs.gov>]  
**Sent:** Thursday, August 22, 2013 12:21 PM  
**To:** Kimberly Whisenant  
**Subject:** RE: ACA Call

Hi Kim,

We are revising the deadline for the updated ACA IAPD – South Carolina should submit it by October 1, 2013. So the language in the CMS approval letter dated June 20, 2013, now should be read as follows:

In the IAPD, South Carolina indicates that it has expended on ACA-mandated systems enhancements funding that was approved by CMS in the IAPD approval letter dated February 23, 2010 for the state's MMIS replacement project. As CMS approves this IAPD for systems modifications pertinent to the ACA initiatives, the state must properly align the budgets and expenditures for the MMIS replacement project and ACA-mandated system modifications, and ensure that ongoing work for these projects is associated with the correct source of funding approval.

To that end, CMS requests that South Carolina submit documentation detailing expenditures to date for the MMIS replacement project and for the ACA-related work approved under this IAPD, as well as remaining funding for both projects. This documentation should be submitted to CMS by August 1, 2013. Additionally, as part of this approval, the state must address in an updated IAPD how the MMIS modifications planned in accordance with ACA initiatives comply with the Seven Conditions and Standards for enhanced Medicaid systems funding as described in 42 CFR 433.112. The updated IAPD should be submitted to CMS by ~~August 1, 2013~~ October 1, 2013.

Let me know if you have any other questions. Thanks!

John Allison  
828-575-2876

**From:** Kimberly Whisenant [<mailto:STRONGK@scdhhs.gov>]  
**Sent:** Thursday, August 22, 2013 12:07 PM  
**To:** Allison, John R. (CMS/CMCHO)  
**Subject:** ACA Call

John, can I call you to talk about the ACA IAPDU-I missed the deadline for the APDU but our fiscal year ending for 2013 has still not closed and I'd like to discuss a revised date for submission

Kim Whisenant, MBA, PMP  
Accountant/Fiscal Manager II  
Finance & Contract Management  
(803) 898-3069

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**Tamara McDaniel**

LogLetter 384

FY 2013

**From:** Kimberly Whisenant  
**Sent:** Monday, March 17, 2014 2:46 PM  
**To:** Tamara McDaniel  
**Subject:** FW: Log Letter  
**Attachments:** image001.jpg

Closed

**Kimberly Whisenant**

*Accountant/Fiscal Manager II*

[STRONGK@scdhhs.gov](mailto:STRONGK@scdhhs.gov)

803.898.3069

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Columbia, South Carolina - 29201

[www.scdhhs.gov](http://www.scdhhs.gov)



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**From:** Kimberly Whisenant  
**Sent:** Friday, September 27, 2013 4:36 PM  
**To:** Tamara McDaniel  
**Subject:** Fwd: Log Letter

This is un response to the lug letter due August 1, we had two protocols to do and the one I did covered both request

Sent from my iPhone

Begin forwarded message:

**From:** "Allison, John R. (CMS/CMCHO)" <[John.Allison@cms.hhs.gov](mailto:John.Allison@cms.hhs.gov)>  
**Date:** September 27, 2013 at 4:25:52 PM EDT  
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