



STATE OF NEW HAMPSHIRE
 DEPARTMENT OF HEALTH AND HUMAN SERVICES
 OFFICE OF HUMAN SERVICES
 DIVISION OF CLIENT SERVICES

Nicholas A. Toumpas
 Commissioner

Carol Sideris
 Director

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January 28, 2015

The Honorable Neal M. Kurk, Chairman
 Fiscal Committee of the General Court

Her Excellency, Governor Margaret Wood Hassan
 and the Honorable Council
 State House
 Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to the provisions of RSA 14:30-a, VI, authorize the Department of Health and Human Services, Division of Client Services, to accept and expend Federal Funds in the amount of \$3,935,131 from the Centers For Medicare and Medicaid Services for purposes of making changes to the New HEIGHTS eligibility system to comply with federally required guidelines in the area of system security, effective upon date of Fiscal Committee and Governor and Executive Council approval through June 30, 2015, and further authorize the allocation of these funds in the accounts below.

100% Federal

05-95-45-450010-7993 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS,
 HHS: TRANSITIONAL ASSISTANCE, CLIENT SVCS - DFA FIELD SVCS

Class/Object	Class Title	Current Authorized Budget	Increase/ (Decrease) Amount	Revised Modified Budget
SFY 2015				
000-403950	Federal Funds	\$23,298,789	\$3,935,131	\$27,233,920
007-409282	Other Funds	\$724,909	\$0	\$724,909
	General Fund	<u>\$12,850,277</u>	<u>\$0</u>	<u>\$12,850,277</u>
Total Revenue		\$36,873,975	\$3,935,131	\$40,809,106

Class	Class Title	Current Authorized Budget	Increase/ (Decrease) Amount	Revised Modified Budget
010-500100	Regular Officer and Employees	\$12,470,795	\$0	\$12,470,795
018-500106	Overtime	\$1,169,767	\$0	\$1,169,767
020-500200	Supplies (Consumable)	\$143,401	\$0	\$143,401
022-500257	Rents-Leases Other Than Sta	\$9,690	\$0	\$9,690
028-582814	Transfers to Gen Services	\$100,000	\$0	\$100,000

030-500321	OfficeEquip&Furn(Replace)	\$78,543	\$0	\$78,543
039-500180	Telecommunications	\$75,134	\$0	\$75,134
040-500800	Indirect Costs	\$209,809	\$0	\$209,809
041-500801	Audit Fund Set Aside	\$10,942	\$3,931	\$14,873
042-500620	Post Retirement Benefits	\$582,598	\$0	\$582,598
046-500464	Gen Consultants, Non-Benefit	\$12,063,093	\$3,931,200	\$15,994,293
050-500109	Other Personal Services	\$1,366,542	\$0	\$1,366,542
060-500602	Health Ins Benefit (Perm)	\$8,407,508	\$0	\$8,407,508
070-500704	Mileage, Private Cars (In-State)	\$186,153	\$0	\$186,153
Total Expense		\$36,873,975	\$3,935,131	\$40,809,106

EXPLANATION

This request is being made to ensure compliance with the federal regulations as they relate to system security, the modernization of the New HEIGHTS infrastructure, and to provide functionality to support DHHS's strategic vision for improved service delivery. The scope of work this funding provides will allow DHHS complete remediation activities, manage risk and to deploy functionality required to support efficient operations of the Medicaid program. To accommodate these changes the Department's New HEIGHTS eligibility system requires modifications including:

- Identity Management
- Identity, phone and e-mail proofing
- Vulnerability management
- CMS MARS-E revision support
- Medicaid data exposure assessment
- Multi-system audit, logging, and monitoring SIEM
- Disaster recovery plans and testing
- Security awareness and training
- Security project management and quality assurance

To support these efforts, the Centers For Medicare and Medicaid Services is making available federal funds for states' efforts for these modifications. The Department is currently implementing significant enhancements to New HEIGHTS under a capital budget project and the work contemplated by this funding will, with approval by Governor and Executive Council, be integrated with the work being done under the capital budget project.

Acceptance of these additional federal funds is needed in order to have the funding for the necessary contract amendment.

Class 041 The funds will be used to pay audit fund set aside expense.

Class 046 The funds will be used to fund the required contract amendment.

In response to the anticipated two-part question, "Can these funds be used to offset general funds?" and "What is the compelling reason for not offsetting general funds?" The Department offers the following information: These federal funds cannot be used to offset general funds, as they are restricted to the activities referenced herein. Should the request be denied, the funds in question must

The Honorable Neal M. Kurk, Chairman and
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be returned to the Federal Government and the State of New Hampshire will be out of compliance with Federal requirements

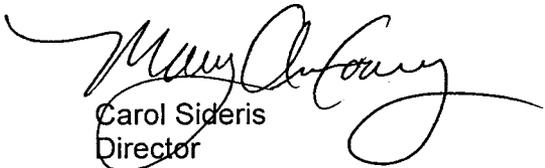
Funding for the project is 90% federal funds and 10% general funds. Funds for the State match are available in 05-95-49-490510-2985.

Area served: statewide.

Source of Funds: 90% Federal Funds, 10 % General Funds.

If Federal Funds become no longer available, General Funds will not be requested to support the program expenditures.

Respectfully submitted,



Carol Sideris
Director

Approved by:




Nicholas A. Toumpas
Commissioner

Department of Health and Human Services									
Division of Client Services									
SFY 2015 Account History									
Client Svcs - DFA Field Svcs 05-95-45-451010-7993									
10-04500-79930000									
Class/Object	Class Title	Operating Budget, Including Bal Fwd	Warrant 15018 PAY RAISE & BENEFIT	Warrant 15036 G&C 6/18/14 #34A	Warrant 15134 CHI44:127 Laws of 2015	PENDING TRANSFER, Approved G&C 1/28/15	Current Modified Budget	This Item	Revised Modified Budget
000-403959	Federal Funds	\$ 21,807,271.67	\$ 277,036.00	\$ 1,226,234.00	\$ (626,832.00)	\$ 615,079.00	\$ 23,298,788.67	\$ 3,935,131.00	\$ 27,233,919.67
007-409282	Other Funds	\$ -	\$ -	\$ -	\$ -	\$ 724,909.00	\$ 724,909.00	\$ -	\$ 724,909.00
	General Funds	\$ 12,295,542.31	\$ 314,557.00	\$ 1,087,415.00	\$ (766,108.00)	\$ (81,129.00)	\$ 12,850,277.31	\$ -	\$ 12,850,277.31
Total Revenue		\$ 34,102,813.98	\$ 591,593.00	\$ 2,313,649.00	\$ (1,392,940.00)	\$ 1,258,859.00	\$ 36,873,974.98	\$ 3,935,131.00	\$ 40,809,105.98
10-04500-79930000									
010	Personal Perm	\$ 11,852,104.00	\$ 489,835.00	\$ (264,249.00)	\$ (865,754.00)	\$ 1,258,859.00	\$ 12,470,795.00	\$ -	\$ 12,470,795.00
018	Overtime	\$ 967,756.00		\$ 202,011.00			\$ 1,169,767.00	\$ -	\$ 1,169,767.00
020	Current Expense	\$ 82,763.00		\$ 60,638.00			\$ 143,401.00	\$ -	\$ 143,401.00
022	Rentis-Leases Other Than State	\$ 9,690.18					\$ 9,690.18	\$ -	\$ 9,690.18
028	Transfers to Gen Svcs	\$ -		\$ 100,000.00			\$ 100,000.00	\$ -	\$ 100,000.00
030	Equipment	\$ 3,543.00		\$ 75,000.00			\$ 78,543.00	\$ -	\$ 78,543.00
039	TELECOM	\$ 29,759.00		\$ 45,375.00			\$ 75,134.00	\$ -	\$ 75,134.00
040	Indirect Costs	\$ 209,809.00					\$ 209,809.00	\$ -	\$ 209,809.00
041	Audit Fund Set Aside	\$ 10,942.00					\$ 10,942.00	\$ 3,931.00	\$ 14,873.00
042	Additional Benefits	\$ 582,588.00					\$ 582,588.00	\$ -	\$ 582,588.00
046	Consultants	\$ 12,063,092.80					\$ 12,063,092.80	\$ 3,931,200.00	\$ 15,994,292.80
050	Personal Temp	\$ 201,301.00	\$ 5,130.00	\$ 1,160,111.00			\$ 1,366,542.00	\$ -	\$ 1,366,542.00
060	Calculated Benefits	\$ 7,967,983.00	\$ 96,628.00	\$ 870,083.00	\$ (527,186.00)		\$ 8,407,508.00	\$ -	\$ 8,407,508.00
070	In State Travel	\$ 121,473.00		\$ 64,680.00			\$ 186,153.00	\$ -	\$ 186,153.00
Total Expense		\$ 34,102,813.98	\$ 591,593.00	\$ 2,313,649.00	\$ (1,392,940.00)	\$ 1,258,859.00	\$ 36,873,974.98	\$ 3,935,131.00	\$ 40,809,105.98

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



December 23, 2014

Nicholas A. Toumpas
Commissioner
Department of Health and Human Services
129 Pleasant Street
Concord, New Hampshire 03301

Dear Mr. Toumpas:

Thank you for your letter dated November 12, 2014 requesting that the Centers for Medicare & Medicaid Services (CMS) approve New Hampshire's (NH) Implementation Advance Planning Document (APD) Update for the New Hampshire Empowering Individuals to Get Help Transitioning to Self-sufficiency (HEIGHTS) system. The purpose of this APD update is to further enhance the security of Medicaid data within the integrated eligibility domain. Through the analysis activities completed as part of the existing Plan of Action & Milestones (POA&M), New Hampshire has identified additional opportunities to strengthen security for Medicaid eligibility data. CMS has completed its review of this APD.

New Hampshire's APD requests CMS funding as authorized by the Final Rule, CMS-2346-F, published in the Federal Register on April 19, 2011. This rule provides enhanced Federal Financial Participation (FFP) for the design, development, and implementation of Medicaid eligibility determination systems in accordance with the seven standards and conditions available until December 31, 2015. The state seeks approval of \$29,422,594 of Medicaid/CHIP FFP for an implementation cycle for Federal fiscal years 2015 and Quarter 1 of 2016 (covering the date of this approval letter through December 31, 2015).

CMS approves New Hampshire's APD, effective on the date of this letter, in accordance with Federal regulations at 42 CFR § 433, subpart C, "Mechanized Claims Processing and Information Retrieval Systems," 45 CFR § 95, subpart F, "Automatic Data Processing Equipment and Services - Conditions for Federal Financial Participation," and 42 CFR § 457.230, "FFP for State ADP expenditures."

This approval letter supersedes any previous letters that may have been issued for the approval period noted above. This letter includes all previously approved funds covering the approval period for Medicaid/CHIP eligibility and enrollment funding.

CMS approves \$23,076,762 of Medicaid/CHIP FFP for Federal fiscal year 2015 and \$6,554,611 of Medicaid/CHIP FFP for Federal fiscal year Quarter 1 of 2016 as described in the tables in Appendix A. The amounts provided for Federal fiscal years 2013 and 2014 in the tables in Appendix A are for

informational purposes 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. The amounts allocated per Federal fiscal year in Appendix A cannot be reallocated between Federal fiscal years, even within the period of this letter's approval, without submission and approval of an APD Update. Please refer to Federal regulations at 42 CFR § 433 and the State Medicaid Manual Part 11 for specific FFP rates for the variety of activities supporting proper matching rates. Specifically, please note that commercial off the shelf (COTS) licenses are matched at 75 percent FFP and training is matched at 50 percent FFP.

As noted in our final rule, (CMS-2346-F), states may claim 75 percent FFP for the costs of certain staff time spent on mechanized eligibility determination systems

We will be monitoring progress of the New Hampshire's eligibility and enrollment modernization project using the Enterprise Life Cycle (ELC) model. This approach supports the high degree of interaction that will be required between Medicaid, CHIP, and the Health Insurance Exchange, and the use of a shared eligibility service among the programs. Based on the state's project management plan, CMS will be working with the state to schedule the next Medicaid IT review.

As part of this approval, CMS looks for New Hampshire's ability to demonstrate progress towards project milestones, and is requesting monthly status reports and regular monitoring calls. Monthly status reports should include at a minimum the following information:

- Major Project Accomplishments – a description of major project accomplishments since the last report;
- Project Status – an assessment of the current project status compared to the approved APD project schedule including specific reference to all project milestones start and end dates;
- Project Risks/Issues – a description of risks/issues that have or will have an impact on project schedule or content;
- Corrective Action – a plan of action to correct/mitigate any issues identified;
- Funding Summary – a cumulative summary of project costs claimed for FFP by rate of FFP.

Please plan on submitting an APD Update approximately 60 days prior to September 30, 2015 outlining budget and implementation activities for Federal fiscal year 2016 so that the future year's funding may be approved. In addition, as required under 45 CFR § 95.611, NH will need to submit an APD Update if any changes to the project result in a projected cost increase of \$300,000 or 10 percent of the project cost, whichever is less.

As described in regulation at 45 CFR § 95.611 and the State Medicaid Manual Section 11200, Requests for Proposals (RFPs) or contracts that the state procures with funding from the herein approved APD, must be approved by CMS prior to release of the RFP or prior to execution of the contract.

We look forward to working with you as you proceed through the implementation process of your Medicaid eligibility and enrollment modernization project. Please note that all Eligibility and

Page 3 – Mr. Nicholas Toumpas

Enrollment (E&E) APDs, RFPs, and contracts should be sent to the dedicated mailbox: MedicaidE&E_APD@cms.hhs.gov and the cover letter should be addressed to the Division of State Systems (DSS) Division Director. If you have any questions or concerns regarding this letter, please feel free to contact Alberta Sannie-Ariyibi of my staff, at 410-786-0251, or by e-mail at alberta.sannie-ariyibi@cms.hhs.gov. You may also contact David Guiney in the CMS Boston Regional Office at 617-565-1298, or by e-mail at david.guiney@cms.hhs.gov.

Sincerely,



Jessica Kahn
Director, Data & Systems Group

Cc:

Christine Gerhardt, CMS
Richard McGreal, CMS
RADM Pamela Schweitzer, CMS
Alberta Sannie-Ariyibi, CMS
David Guiney, CMS
Karen Charles, CMS
Angela Davis, CMS
Karen Walsh, CMS
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Art Douglas, CMS

