

**CMS Answers to Frequently Asked Questions
(09/10/2013)**

Eligibility for 90 percent Federal matching funds for health information exchange activities through the Medicaid Electronic Health Record Incentive Program.

Under the CMS guidance for funding health information exchange (HIE) activities, what kinds of activities are eligible for 90 percent Federal matching funds (90/10) through HITECH administrative funding?

Within the parameters set by [State Medicaid Director \(SMD\) Letter #11-004](#) and [SMD Letter #10-016](#), states may request 90/10 HITECH administrative funding for a wide range of HIE activities that support meaningful use.

States may request this funding for two broad categories of their administrative activities related to HIEs: (1) on-boarding, and (2) design, development, and implementation (DDI) of infrastructure. In this context, on-boarding refers to the state's or HIE's activities related to connecting a provider to an HIE so that the provider is able to successfully exchange data and use the HIE's services; this funding cannot cover costs incurred by the provider or the vendor. For more information, please see the later FAQ that specifically discusses on-boarding. With respect to infrastructure DDI, CMS is able to provide matching funds for a variety of state activities that will enable providers who are eligible for the Medicaid EHR Incentive Program to meet meaningful use. If the requirements of SMD Letters #10-016 and #11-004 are met, CMS will provide funding for state administrative activities related to core HIE services (for example, designing and developing a provider directory, privacy and security applications, and/or data warehouses), public health infrastructure, and electronic Clinical Quality Measurement (eCQM) infrastructure.

CMS recognizes that there are multiple types of HIE models emerging among the states, and will review each proposal individually. SMD Letter #11-004 outlines some of the characteristics that CMS encourages, but a state may provide justification for why an alternate model is more appropriate given the unique circumstances in that state. CMS encourages interested states to reach out to their CMS regional HITECH contacts to discuss any proposed HIE funding requests prior to submitting an Implementation Advance Planning Document Update (IAPD-U) for HIE funding. Please note that cost allocation and fair share principles are critical requirements outlined in SMD Letter #11-004, and so the state must ensure that its funding request complies with the principles outlined in the SMD letter.

Under the CMS guidance for funding health information exchange (HIE) activities, is 90/10 HITECH administrative funding available for staffing costs?

Yes, but only in specific circumstances. States may request time-limited HITECH funding for staffing costs related to on-boarding eligible Medicaid providers to the HIE or to building initial infrastructure. The staff may sit in the state Medicaid agency or the HIE itself, depending on the state's situation. Any staffing costs for on-boarding or infrastructure must be time-limited to ensure that the costs do not become operational in nature. When requesting HITECH funds to cover staffing costs, states should present a justification that describes how many eligible providers are anticipated to on-board to the HIE and the amount of staffing time necessary to on-board those providers or build infrastructure.

Please note that HITECH administrative funding will also be available for personnel that sit within the Medicaid agency itself and support only Medicaid providers. However, the fair share and cost allocation principles outlined in the [State Medicaid Director \(SMD\) Letter #11-004](#) still apply. If those personnel work on other State Medicaid program activities that do not benefit the Medicaid EHR Incentive Program, then HITECH funds must be cost allocated between the Medicaid EHR Incentive Program and the Medicaid agency personnel's other activities.

What process should states follow to request funding for health information exchange (HIE) infrastructure under the Medicaid EHR Incentive Program?

[State Medicaid Director \(SMD\) Letter #11-004](#) and [SMD Letter #10-016](#) indicate that states may request 90/10 HITECH administrative funding for HIE infrastructure under the Medicaid EHR Incentive Program. To request this funding, states must submit an Implementation Advance Planning Document Update (IAPD-U) using the [approved template, which can be found at http://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Downloads/Medicaid_HIT_IAPD_Template.pdf](http://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Downloads/Medicaid_HIT_IAPD_Template.pdf). In particular, the IAPD-U template's Appendix D outlines all the information required for an HIE funding request. The HIE funding request may be submitted in a separate IAPD-U, or it may be included in an IAPD-U that requests other funding for the state's Medicaid EHR Incentive Program.

CMS asks that states reach out early to their regional CMS HITECH contacts if they are considering submitting an IAPD-U for HIE funding. Given the complexity of an HIE request, along with the parameters set out in SMD Letter #11-004, CMS prefers to have one or more preliminary discussions to go over the state's current IAPD landscape, the state's technical model, and the state's approach to meeting the fair share and cost allocation principles.

What funding opportunities are available to states under the Medicaid EHR Incentive Program with respect to the on-boarding of providers to a health information exchange (HIE)?

Under [State Medicaid Director \(SMD\) Letter #11-004](#) and [SMD Letter #10-016](#), states may request 90/10 HITECH administrative funding to on-board providers that are eligible for the Medicaid EHR Incentive Program. In this context, on-boarding refers to the HIE's activities involved in connecting a provider to the HIE so that the provider is able to successfully exchange data and use the HIE's services. This HITECH funding is available to cover an HIE's reasonable costs (e.g., interfaces and testing) to on-board eligible providers—that is, the costs incurred by an HIE to on-board a provider. This funding cannot cover the providers' costs to supplement the functionality of providers' specific EHR, nor can it cover the EHR vendors' costs. It is CMS's view that such on-boarding activities meet the criteria set forth in SMD Letter #10-016, Enclosure C.

Funding for on-boarding must comply with the guidance in SMD Letter #11-004 with respect to the fair share principle and cost allocation. However, funding for on-boarding can be used only to connect providers to the HIE if those providers are eligible for Medicaid EHR Incentive payments. Because funding for on-boarding will not directly benefit parties who do not participate in the Medicaid EHR Incentive Program, the fair share principle will be satisfied without contributions from other payers. All appropriate on-boarding costs can be cost allocated entirely to the 90/10 HITECH funding.

Please note that all Medicaid HITECH funding for HIE activities must enable Medicaid providers to meet meaningful use.

Under the CMS guidance for funding health information exchange (HIE) activities, is HITECH funding available to states for the design, development, and implementation (DDI) of public health infrastructure?

Yes, we encourage states to request 90/10 HITECH administrative funding for DDI of public health HIE infrastructure under the guidance provided in [State Medicaid Director \(SMD\) Letter #10-016](#) and [SMD Letter #11-004](#). States may request HITECH funds to design, develop, and implement a public health HIE infrastructure that will enable providers to meet the meaningful use objectives related to public health (i.e., electronic lab reporting, immunization registries, cancer registries, specialized registries, and syndromic surveillance). Please note that this funding for public health activities is available for states that plan to create an interface through their HIE to allow providers to submit data to public health departments through a single portal. CMS encourages states to take advantage of this funding to create the functionality at the HIE level. If providers who are not eligible for the Medicaid EHR Incentive Program will also benefit from this infrastructure, the state's request must address the fair share principle and cost allocation. CMS will only reimburse these costs at the 90 percent match rate to the extent they benefit the Medicaid EHR Incentive Program. Other entities that contribute to the HIE must contribute their agreed-upon share.

Please note that the allocation of costs to the Medicaid EHR Incentive Program may vary for different components of the public health infrastructure. For example, the Medicaid EHR Incentive Program may benefit proportionally more from interfaces to an immunization registry than to a cancer registry.

The public health landscape greatly varies among states, and CMS encourages interested states to reach out to their CMS regional HITECH contacts to discuss any proposed HIE funding requests prior to submitting an Implementation Advance Planning Document Update (IAPD-U).

To allow providers to meet the “view/download patient data“ meaningful use objective, may a state request funding for personal health records (PHRs) under the current guidance for requesting health information exchange (HIE) funding?

Yes. Under Stage 2 meaningful use, providers must provide patients the ability to view online, download, and transmit the patients' health information. CMS understands that for many providers, utilizing a PHR through a HIE will be the best way to achieve this objective. As such, CMS allows states to request funding for PHRs under the Medicaid EHR Incentive Program's guidelines for requesting HIE funding. The parameters for this funding are outlined in [State Medicaid Director \(SMD\) Letter #10-016](#) and [SMD Letter #11-004](#), which emphasizes the fair share and cost allocation principles. For a provider to use the PHR service via the HIE, the PHR technology would need to be certified as an EHR Module to meet the meaningful use objective's certification criterion. When reviewing a state's request for PHR funding, CMS will consider how the proposed PHR solution affects the state's entire HIE landscape and whether there are any other PHRs options in the state. CMS expects any proposed PHR solution to support providers and stakeholders throughout the state, and not just those who are eligible for the Medicaid EHR Incentive Program. This strategy will best promote sustainability by bringing in other payers and by avoiding the creation of silos.

Under the CMS guidance for funding health information exchange (HIE) activities, could a state use HITECH funds to develop and implement functionality to allow patients to download their claims and/or clinical data that is housed in the Medicaid Management Information System (MMIS), similar to the “Blue Button” program in the Department of Veterans Affairs?

As [State Medicaid Director \(SMD\) Letter #10-016](#) makes clear, states cannot use HITECH administrative funds on activities that could otherwise be funded with MMIS matching funds. That includes activities related to developing and implementing functionality to allow patients to download their data that is housed in the MMIS, because states could potentially use MMIS funds to create this functionality for claims or clinical data that is housed within the MMIS. It is CMS policy that MMIS funding is available for clinical decision support functionality that ties directly to the MMIS to reduce cost and improve outcomes. See 42 CFR 433 Subpart C, and State Medicaid Manual Part 11. Please note that MMIS funding would not be allowable for infrastructure outside the MMIS environment.

Does a state have the option to utilize 90/10 HITECH administrative funding to update existing health information exchange (HIE) infrastructure to align with new federal HIE guidelines and requirements to exchange with Federal agencies?

Yes, states can utilize 90/10 HITECH administrative funding to update existing HIE infrastructure to align with new Federal HIE guidelines and requirements to exchange data with Federal agencies. For funding to be available for this purpose, the HIE infrastructure must be used to support Medicaid eligible providers in achieving meaningful use; for instance by supporting the achievement of the requirement to submit a summary of care record electronically for more than 10 percent of eligible transitions.

Can a state use 90/10 HITECH administrative funding for the Medicaid EHR Incentive Program to upgrade existing Direct infrastructure to align with the Office of the National Coordinator for Health Information Technology’s (ONC) Direct: Implementation Guidelines to Assure Security and Interoperability and/or requirements for exchanging with Federal agencies?

Yes, states can utilize 90/10 HITECH administrative funding for the Medicaid EHR Incentive Program to upgrade existing Direct infrastructure, which supports eligible providers in achieving relevant meaningful use objectives, to align with ONC guidelines. For instance, states could use the funds to move from a single certificate for a Health Information Service Provider (HISP) to certificates being issued to each health care related organization in a HISP or a more granular component of an organization (e.g., by department or by individual).