June 27, 2016

Dear State Medicaid Director:

This letter provides guidance concerning Advance Planning Document (APD) requirements, specifically around the conditions and standards required for receipt of enhanced funding for Mechanized Claims Processing and Information Retrieval Systems, including both Medicaid eligibility and enrollment (E&E) systems and Medicaid Management Information Systems (MMIS).

On December 4, 2015 the Centers for Medicare & Medicaid Services (CMS) published a final rule, “Mechanized Claims Processing and Information Retrieval Systems (90/10),” which became effective January 1, 2016. This final rule extended enhanced federal funding for Medicaid E&E systems and revised the conditions and standards state Medicaid IT systems must meet to qualify for enhanced federal funding to better support Medicaid eligibility, enrollment, and delivery systems. This final rule also supported existing requirements for modular systems development. This guidance reflects input from commenters in the rulemaking process, our state partners and other stakeholders.

Background

The recently issued final rule made permanent the applicability of enhanced federal matching rates under section 1903(a)(3) of the Social Security Act (Act) to support the design, development and installation (DDI) and maintenance and operations (M&O) of E&E systems that are streamlined, interoperable with other systems and that provide a consumer-friendly experience. The enhanced federal matching rate is applicable under section 1903(a)(3) to “mechanized claims processing and information retrieval systems.” The final rule amended the regulatory definition of such systems at 42 CFR 433.111(b) to include E&E systems. The broadened definition of such systems, and additional changes made in the applicable requirements for such systems, supported an enterprise approach where individual processes, modules, sub-systems, and systems are interoperable and work together seamlessly to support a unified enterprise.

The final rule modified § 433.112(b) to establish new conditions that states must meet in order to receive approval for enhanced federal funding of E&E and MMIS information technology (IT) projects. The final rule also expanded two of the Medicaid Information Technology Architecture (MITA) conditions and standards that were established with the April 19, 2011 final rule (Refer to Appendix A). States must meet these conditions in order to receive approval for enhanced funding for DDI and M&O activities relating to Medicaid IT systems.
CMS expects that states will continue to submit APDs to support improvement of their Medicaid E&E systems now that enhanced federal matching funds are available on a permanent basis. Going forward, any APD that requests enhanced federal matching funds for Medicaid IT systems must describe how the proposed systems will meet these conditions. Unless otherwise noted, the new conditions apply to both MMIS and Medicaid E&E systems.

**Expanded Conditions**

This final rule expands on two of the MITA conditions and standards originally established in the April 19, 2011 final rule. For the industry standards condition, the final rule revises 42 CFR 433.112(b)(12) to include industry standards adopted by the Office of the National Coordinator for Health Information Technology (ONC) in accordance with 45 CFR Part 170, Subpart B. These industry standards relate to electronic health records (EHRs) and the creation, storage, and exchange of electronic health information.

States and CMS are increasingly investing in health IT infrastructure. These investments are leading to new opportunities to improve program operations, care coordination, and cost efficiency. The MITA framework specifically addresses and supports the use of clinical data, in Medicaid business processes. We expect that states will continue to pursue systems that integrate with health information exchanges and take advantage of available clinical data to improve care coordination. This condition will promote a standardized, interoperable Medicaid IT landscape that will leverage other federal and state investments. States can reference the ONC document, “2016 Interoperability Standards Advisory” as a resource for considering the standards contained in 45 CFR Part 170, Subpart B, as well as other standards and implementation specifications that help meet specific interoperability needs including the use of more promising standards such as those regarding provider directories, segmentation of sensitive data, or unique device identification.

CMS expects that states will describe how their plans comply with the 2016 Interoperability Standards Advisory (ISA) both in their APD and in relevant artifacts submitted to the Collaborative Application Lifecycle Tool (CALT), or a successor system, throughout the system lifecycle. System development that does not include plans to include clinical data need not reference the ONC standards.

For the interoperability condition and Medicaid E&E systems, the final rule revises 42 CFR 433.112(b)(16) to specify that the system must support seamless coordination and integration with the Marketplace, whether the Federally-facilitated Marketplace (FFM) or a State-based Marketplace (SBM), as well as the Federal Data Services Hub (FDSH).

Interoperability with the FDSH requires that states develop systems and technology that will efficiently exchange data with the FDSH to enable electronic verifications, exchange electronic accounts (FFM states only) and a better overall application process for consumers. CMS expects that states will develop systems with the appropriate architecture and standards that will communicate with the FDSH on an ongoing basis and in conformance with published Business Service Descriptions (BSDs). States must ensure the security and privacy of sensitive data, which includes meeting the requirements of the respective federal agency (e.g., the Internal

---

Revenue Service (IRS)) as well as MARS-E 2.0 (required for E&E systems only but a best practice for MMIS).

CMS expects that when states are requesting additional enhanced match for relevant, new activities, they will describe their interoperability approach in Medicaid E&E systems APDs as well as in relevant artifacts submitted to CMS along the system lifecycle, as they have in the past for MITA conditions and standards.

**New Condition - Modified Adjusted Gross Income (MAGI)-based System Functionality**

The condition described at § 433.112(b)(17) requires that Medicaid E&E systems be able to adequately process MAGI-based Medicaid applications with limited mitigations and workarounds. This condition requires that states demonstrate MAGI-based functionality by meeting critical success factors (CSFs) that we outlined in the final rule at 80 FR 75819. CMS will require states to use CSFs to document system development progress on an ongoing basis, where items remain incomplete and workarounds are still in place (e.g., an online, fillable PDF instead of a dynamic online application). When evaluating state submissions under this condition, CMS will consider the frequency and length of the proposed mitigation, the degree of manual intervention required, and the impact on beneficiaries’ access to benefits.

The MAGI-based system functionality condition primarily applies to states’ Medicaid E&E systems. This condition would seldom impact states’ MMIS, and is therefore generally not applicable to those systems. MAGI-based system functionality could be relevant to an MMIS, for interoperability with the Medicaid E&E system for certain functions, for example, to carry out cost sharing requirements, or changes related to Medicaid expansion. CMS expects that states will demonstrate their satisfaction of this condition in the APD as well as in relevant artifacts submitted to CMS along the system lifecycle.

**New Condition – Mitigation Plan**

The condition described at § 433.112(b)(18) requires that states submit mitigation plans addressing strategies to reduce the consequences of failure for all major milestones and functionality. Maintaining a mitigation plan is an industry standard best practice for any major IT build; CMS expects that states will identify potential risks and develop strategies to address those risks throughout the system lifecycle.

Mitigation plans for major Medicaid E&E system or MMIS projects should address minimum expected functionality, critical success factors, and risk factors as tied to major milestones identified in the APD. The mitigation plans should also reflect key events and dates that would trigger the mitigation, and projected timeframe for the mitigation sunset. States should consider strategies to address risks for the M&O phase of the project, such as staffing issues and software upgrades.

CMS expects states to revise and resubmit their plans to CMS as risks and mitigations change along the system lifecycle. States’ proposed mitigations should be commensurate with the nature and scope of the identified risks. We also expect that states will submit their mitigation plans with the APDs to demonstrate compliance with this condition.
New Condition – Key Personnel

The condition described at § 433.112(b)(19) requires that states identify their key state personnel assigned to each major project by name, role, and time commitment. Before we approve a state to launch a major IT initiative, CMS wants to ensure that the state team is adequately resourced. States do not need to provide key vendor personnel for this requirement.

As stated in the provision, this information must be included in the APD. For changes to key personnel that occur after an APD is approved, states should notify their CMS points of contact in writing (including by email) and formally reflect the change in the next planned APD update.

This condition refines and strengthens the existing APD requirements regarding personnel resource statements as required under 45 CFR 95.610. For Medicaid E&E APDs, states should include this information in the “Medicaid Eligibility and Enrollment (EE) Implementation Advance Planning Document (IAPD) Template” (OMB Approval Number: 0938-1268). Although there is currently no APD template for MMIS APDs, states must include this information in all MMIS APDs for major IT initiatives.

New Condition – Documentation

The condition described at § 433.112(b)(20) requires that states maintain documentation for certain software such that the software could be operated by contractors and other users. This condition is limited to software that is developed using federal funds; it does not apply to Commercial Off-the-Shelf (COTS) software, Software-as-a-Service, or Business-Solutions-as-a-Service. Adequate documentation means that other users could operate the software with reasonable alterations for a specific hardware or operating system. CMS is neutral as to the specific hardware or operating system that the software uses. Documentation must follow industry standards and best practices, and must include components, procedures, layouts, interfaces, inputs, outputs, and other necessary information so that the systems could be installed and operated by a variety of contractors or other users.

While the APD should address how the state plans to maintain documentation, such documentation is not required to be submitted along with the APD. It is the state’s responsibility to make the documentation available upon request and to upload documentation to CALT or successor systems as needed for gate reviews or for reuse. Submission to other repositories may be required as CMS explores other options.

New Condition – Minimization of Cost for Operation on an Alternate System

The condition described at § 433.112(b)(21) requires that states consider strategies to minimize the costs and difficulty of operating the software on alternate hardware or operating systems. This condition recognizes the significant federal and state investments that are involved with major Medicaid IT projects and requires that states consider options beyond software that will reduce costs or promote reuse.

States should describe in the APD the strategies that were considered when deciding which solution was the most economical and efficient. States are not required to adopt a particular
strategy, but CMS must have sufficient description to evaluate the extent to which the state looked at other solutions. States should consider, at a minimum, the options that offer more opportunities for reuse, lower development costs, lower long-term operating costs, and shorter development time as well as the extent to which the solutions can be readily implemented with alternate hardware and operating systems.

States should consider this new condition in conjunction with existing APD requirements regarding cost benefit analyses required at 45 CFR 95.605 or § 95.610.

**Formal Process for Determining New Conditions**

The final rule at § 433.112(b)(22) allows the Secretary to establish other conditions to implement statutory and regulatory systems requirements in the future, subject to certain limitations. This flexibility will allow CMS to evaluate states’ progress as well as evolving business processes on an ongoing basis and add additional conditions as necessary. Importantly, any new conditions established under this provision will be limited to ensuring that states properly develop their systems in accordance with the existing statutory and regulatory framework. New conditions that go beyond the scope of existing statutory and regulatory systems requirements would be established through formal rulemaking.

New conditions established under this provision would be formally issued in a State Medicaid Director Letter (SMDL). Furthermore, CMS will consult states and other stakeholders for input on any proposed conditions prior to implementing any new conditions. This process will ensure that any new conditions are fully vetted prior to publication and that states will be properly notified before any new conditions take effect.

**Acquisition Threshold for Prior Approval**

The final rule amends the prior written approval requirements at 45 CFR 95.611(a)(2) by adding an acquisition threshold for requests for federal financial participation (FFP) at the enhanced matching rate authorized by 42 CFR part 433, subpart C. States will now be required to submit acquisition documents (such as requests for proposals (RFPs) or contracts) for prior approval only if the total cost is anticipated to or will exceed $500,000. This change aligns the prior approval requirements for Medicaid E&E system acquisitions with the existing policy for MMIS.

We still expect APDs to include all relevant information about planned acquisitions in order to justify the funding. This threshold applies only to RFP and contract requests, not prior funding approval. We strongly encourage states to still share the URLs for any open RFPs for Medicaid IT development or services with their CMS point of contact so that we can add them to the Medicaid.gov site on state IT procurements: https://www.medicaid.gov/medicaid-chip-program-information/by-topics/data-and-systems/procurement-opportunities.html

We have provided a chart at Appendix C that outlines the approval requirements for requests for FFP at the enhanced matching rate, including the changes made in the final rule.
**APD Template**

CMS published an Implementation APD template that states are required to use when requesting prior approval for Medicaid E&E system activities. The template, “Medicaid Eligibility and Enrollment (EE) Implementation Advance Planning Document (IAPD) Template” (OMB Approval Number: 0938-1268), covers the requirements of 45 CFR 95.610 and can be found at https://www.medicaid.gov/affordablecareact/provisions/downloads/medicaid-eligibility-and-enrollment-iapd-template.pdf. While the template is not required for other APDs, we recommend that states use it to help standardize their APD submissions.

In accordance with the regulations at 45 CFR Part 95 Subpart F, states must submit APDs to CMS for review and prior approval to receive FFP at the enhanced matching rate for MMIS and Medicaid E&E systems. With this final rule, CMS did not change the APD requirements described at 45 CFR 95.610. A chart outlining the elements for all APD types is included for your convenience at Appendix D. The state must include information regarding how the system(s) meet the MITA conditions and standards at 42 CFR §433.112(b)(10)-(16) and the new conditions at § 433.112(b)(17)-(22). Please see Appendix B for frequently asked questions on other APD topics.

This SMDL supersedes and takes precedence over previous guidance in the State Medicaid Manual (SMM) 11100 through 11281 (https://www.cms.gov/Regulations-and-Guidance/guidance/Manuals/Paper-Based-Manuals-Items/CMS021927.html) with respect to Medicaid systems and certain other reimbursement rules. The appendices to this letter include additional detail on these topics.

If you have additional questions, please contact Martin Rice at 410-786-2417 or at martin.rice1@cms.hhs.gov. Additional SMDLs will be issued in the coming months to address other aspects of this final rule. We look forward to working with states to facilitate state system builds, to ensure compliance with this regulation, and to provide assistance implementing these requirements.

Sincerely,

/s/

Vikki Wachino
Director
cc:
Jessica Kahn, Director of the Data and Systems Group, CMS
National Association of Medicaid Directors
National Academy for State Health Policy
National Governors Association
American Public Human Services Association
Association of State Territorial Health Officials
Council of State Governments
National Conference of State Legislatures
AcademyHealth
## Appendix A

### Changes to the Conditions under 42 CFR 433.112(b)

<table>
<thead>
<tr>
<th>Description of Change</th>
<th>New Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expand § 433.112(b)(12)</strong>&lt;br&gt;New language underlined</td>
<td>The agency ensures alignment with, and incorporation of, industry standards adopted by the Office of the National Coordinator for Health IT in accordance with 45 CFR part 170, subpart B: The HIPAA privacy, security and transaction standards; accessibility standards established under section 508 of the Rehabilitation Act, or standards that provide greater accessibility for individuals with disabilities, and compliance with Federal civil rights laws; standards adopted by the Secretary under section 1104 of the Affordable Care Act; and standards and protocols adopted by the Secretary under section 1561 of the Affordable Care Act.</td>
</tr>
<tr>
<td><strong>Expand § 433.112(b)(16)</strong>&lt;br&gt;New language underlined</td>
<td>The system supports seamless coordination and integration with the Marketplace, the Federal Data Services Hub, and allows interoperability with health information exchanges, public health agencies, human services programs, and community organizations providing outreach and enrollment assistance services as applicable.</td>
</tr>
<tr>
<td><strong>New § 433.112(b)(17)</strong></td>
<td>For E&amp;E systems, the State must have delivered acceptable MAGI-based system functionality, demonstrated by performance testing and results based on critical success factors, with limited mitigations and workarounds.</td>
</tr>
<tr>
<td><strong>New § 433.112(b)(18)</strong></td>
<td>The State must submit plans that contain strategies for reducing the operational consequences of failure to meet applicable requirements for all major milestones and functionality.</td>
</tr>
<tr>
<td><strong>New § 433.112(b)(19)</strong></td>
<td>The agency, in writing through the APD, must identify key state personnel by name, type and time commitment assigned to each project.</td>
</tr>
<tr>
<td><strong>New § 433.112(b)(20)</strong></td>
<td>Systems and modules developed, installed or improved with 90 percent match must include documentation of components and procedures such that the systems could be operated by a variety of contractors or other users.</td>
</tr>
<tr>
<td><strong>New § 433.112(b)(21)</strong></td>
<td>For software systems and modules developed, installed or improved with 90 percent match, the State must consider strategies to minimize the costs and difficulty of operating the software on alternate hardware or operating systems.</td>
</tr>
<tr>
<td><strong>New § 433.112(b)(22)</strong></td>
<td>Other conditions for compliance with existing statutory and regulatory requirements, issued through formal guidance procedures, determined by the Secretary to be necessary to update and ensure proper implementation of those existing requirements.</td>
</tr>
</tbody>
</table>
Appendix B

Frequently Asked Questions and Answers

Q1: When do the changes to the conditions at 45 CFR 433.112(b) need to be included in APD submissions?

A1: The new conditions described at 45 CFR 433.112(b), as well as the revisions to the previously existing conditions, will not be applied to APDs that were approved before the effective date of the regulation, January 1, 2016. As discussed in the final rule at 80 FR 75825, these changes will apply to APDs pending as of January 1, 2016 or submitted after that date. States must meet the new and revised conditions under the final rule for any requests for enhanced federal funding of IT initiatives after the effective date of the rule. Some states have submitted APDs since January 1, 2016, but prior to the issuance of this guidance. No additional information is required for those APDs that were approved prior to the issue date of this letter. CMS will work with states that have submitted APDs after the effective date of the rule but prior to the issue date of this letter to determine if additional information or clarifications are needed for approval of the APD. For APDs submitted after the issue date of this letter, states should comply with the guidance included herein to facilitate the review and approval process.

In the case of the documentation condition, states may be required to include documentation for prior IT activities if it is necessary to complete the documentation for a future IT activity. For example, a major new enhancement to a Medicaid E&E system might require documentation from the existing Medicaid E&E system to be considered complete.

The new and revised conditions generally do not apply to legacy systems, especially as such systems are funded at the regular match rate. If a component of a legacy system is incorporated into a major new IT system or activity, then that component would need to meet all of the new and revised conditions in order to be eligible for funding at the enhanced match rate.

Q2: If an APD was approved prior to the effective date of this rule, will the provisions of this rule be applicable to related RFPs, contracts and other
procurement documents that are submitted to CMS for approval after the effective date of this rule?

**A2:** All RFPs, contracts and other procurement documents that are submitted to CMS for approval after the effective date of this rule will be reviewed against the conditions and standards contained in this rule and supporting sub-regulatory guidance, as well as all other applicable regulations and guidance.

For example, an APD approved prior to January 1, 2016 may have been submitted and approved without having incorporated modularity into the systems design. Modularity and competition are underlying principles of this rule. When reviewing procurement documents submitted on or after January 1, 2016, CMS will consider whether or not the procurement is consistent with these principles. In this example, the regulation at 45 CFR 95.613 requires all procurements to facilitate competition and minimize risk of failure and increased cost. A procurement for a large, non-modular, “monolithic” systems build could not be approved because it would not be in compliance with regulation at 45 CFR 95.613, due to its high risk of failure, and because such a procurement would substantially limit competition.

**Q3:** How should states submit E&E APDs that request funding from multiple federal programs?

**A3:** The APD submission process differs depending on which federal programs are included in the request:

- E&E APDs and procurement documents that request only Medicaid (Title XIX) funding should be submitted to the mailbox at MedicaidE&E_APD@cms.hhs.gov as well as to the Medicaid E&E analyst assigned to the state.

- State Multi-Program APDs and procurement documents that include funding for two or more of the following HHS programs: Titles IV-B/E (Children’s Bureau), IV-D (Office of Child Support Enforcement) and Title XIX (Medicaid) are to be submitted to the mailbox at HHSMulti-ProgramAPDSubmissions@acf.hhs.gov as well as to the respective state’s federal analysts.

- APDs and procurement documents that request funding from Food and Nutrition Service (FNS) and Medicaid are to be submitted separately to each program. FNS

For any questions regarding the APD submission process, we encourage states to reach out to the federal analysts assigned to their state.

Q4: Should states include Children’s Health Insurance Program (CHIP) amounts in APDs?

A4: If CHIP funding is included in the project, States should include CHIP amounts in the APD budget table to illustrate the sources of funding, other than the Medicaid enhanced match that will support the project. States must include the total project cost and total proposed budget as part of the APD, including CHIP amounts. States must also include a cost allocation methodology between CHIP and Medicaid to demonstrate the distribution of costs between these programs. Because the CHIP funding is independent of the APD process and Medicaid funding, CMS does not include CHIP amounts in the APD approval letter.

Q5: Are states required to submit APDs and acquisitions that are funded at the regular matching rate, i.e., 50/50 federal and state funds?

A5: There are two types of activity that are matched at the 50 percent rate. Administrative activities, and automated data processing (ADP) equipment or services.

If administrative funding is included in a project for which an APD is submitted, States should include the administrative amounts in the APD budget table to illustrate the sources of funding, other than the enhanced match that will support the project. States must include the total project cost and total proposed budget as part of the APD, including administrative amounts. Since administrative costs matched at 50 percent do not require approval through the APD process, nor prior approval, these will not be included in the APD approval letter sent back to the state.

Regulations at 45 CFR 95.611 describe the prior approval requirements for ADP acquisitions that are funded at the regular matching rate. States must submit APDs for approval when requesting FFP at the 50 percent matching rate for ADP projects, subject to certain thresholds. Acquisitions for ADP equipment or services must be
submitted for prior approval if the total acquisition cost is $5,000,000 or more. For sole source or non-competitive acquisitions, the threshold is $1,000,000 or more. For Planning and Implementation APDs, the requirements are described at § 95.611(b)(1). For APD Updates, the requirements are described at § 95.611(c)(1). Accordingly, CMS must review and prior approve any ADP projects and procurements matched at the 50 percent matching rate (e.g., an asset verification system (AVS)) subject to these thresholds. CMS will include FFP at the 50 percent match rate in the APD approval letters when required under § 95.611.

Q6: When states are implementing a project in phases, must mitigation plans be submitted for functionalities that have already been successfully implemented?

A6: No, it is not necessary to submit mitigations for functionalities that have already been successfully implemented.
## Appendix C

### Approval Requirements for Medicaid Enhanced Match Funding under 45 CFR 95.611

#### General Acquisition Requirements

<table>
<thead>
<tr>
<th>Enhanced FFP Requests</th>
<th>Prior Approval Needed:</th>
<th>CFR Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition documents (e.g. Requests for Proposals or vendor contracts) for automated data processing (ADP) equipment or services</td>
<td>• If authorized by 42 CFR part 433, subpart C (i.e., Medicaid), if the contract is expected to be &gt; $500,000, or &lt;br&gt;• Sole source/non-competitive acquisition with a total cost ≥ $1,000,000</td>
<td>§ 95.611(a)(2)(ii) § 95.611(b)(1)(iv)</td>
</tr>
<tr>
<td>Operational APDUs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Specific Prior Approval Requirements

<table>
<thead>
<tr>
<th>Enhanced FFP Requests</th>
<th>Prior Approval Needed:</th>
<th>CFR Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning APD</td>
<td>• All Planning APDs</td>
<td>§ 95.611(b)(2)</td>
</tr>
<tr>
<td>Implementation APD</td>
<td>• All Implementation APDs</td>
<td></td>
</tr>
<tr>
<td>Requests for proposals (RFPs) and contracts</td>
<td>• &gt; $500,000</td>
<td></td>
</tr>
<tr>
<td>Contract amendments</td>
<td>• &gt; $500,000 increase, or  &lt;br&gt; • &gt; 60-day extension</td>
<td></td>
</tr>
</tbody>
</table>

#### Specific Approval Requirements

<table>
<thead>
<tr>
<th>Enhanced FFP Requests</th>
<th>Approval Needed:</th>
<th>CFR Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual APDU</td>
<td>• One year after last approval</td>
<td>§ 95.611(c)(2)</td>
</tr>
</tbody>
</table>

Note: An Annual APDU should be submitted within 10 months of the date of the previous Annual APDU approval letter.
### As Needed APDU

Note: An As Needed APDU should be submitted no later than 60 days after the occurrence of the project changes.

<table>
<thead>
<tr>
<th>Conditions</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A projected cost increase of $300,000 or 10% of the project cost, whichever is less;</td>
<td>• A schedule extension of more than 60 days for major milestones;</td>
</tr>
<tr>
<td>• A significant change in procurement approach;</td>
<td>• A significant change in procurement approach;</td>
</tr>
<tr>
<td>• A change in scope of procurement activities beyond that approved in the APD;</td>
<td>• A change in system concept or scope of the project;</td>
</tr>
<tr>
<td>• A change to the approved cost allocation methodology; or</td>
<td>• A change of more than 10% of estimated costs or benefits;</td>
</tr>
<tr>
<td>• A change of more than 10% of estimated costs or benefits;</td>
<td>• Severing a vendor contract.</td>
</tr>
</tbody>
</table>
### Appendix D

#### Required Medicaid APD Elements under 45 CFR 95.610

<table>
<thead>
<tr>
<th>APD Type</th>
<th>APD Elements</th>
</tr>
</thead>
</table>
| **Planning APD** | 1. Statement of Need  
2. Project Management Plan  
3. Budget for planning phase  
4. Estimated total project cost for planning and implementation phases, including state/federal allocation  
5. Commitment to conduct problem needs assessment, feasibility study, alternatives analysis, cost/benefit analysis, and to develop a functional requirements specification and/or general systems design  
6. Commitment to define functional requirements  
7. Acquisition summary |

**Implementation APD**

<table>
<thead>
<tr>
<th>APD Elements</th>
</tr>
</thead>
</table>
| 1. Results of Planning APD activities  
2. Statement of needs and objectives  
3. Requirements analysis, feasibility study, and statement of alternative considerations  
4. Cost/benefit analysis  
5. Personnel resource statement  
6. Description of nature and scope of activities  
7. Proposed project schedule  
8. Proposed budget  
9. Statement of expected duration  
10. Cost allocation  
11. Statement of security and interface requirements and disaster recovery  
12. Additional APD content requirements in 42 CFR 433.112, i.e. the conditions and standards |

**Annual APDU**

<table>
<thead>
<tr>
<th>APD Elements</th>
</tr>
</thead>
</table>
| 1. Reference to the APD and all approved changes  
2. Project activity report  
3. Report of all completed and unfinished project deliverables  
4. Updated project activity schedule and expected period of operations  
5. Revised overall project cost, with new additional costs and the associated FFP request  
6. Project expenditures report  
7. Revised cost allocation  
8. Acquisition summary |

**As Needed APDU**

<table>
<thead>
<tr>
<th>APD Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of significant changes to the project approach/scope, project schedule, procurement, or budget</td>
</tr>
</tbody>
</table>

**Operational APDU**

<table>
<thead>
<tr>
<th>APD Elements</th>
</tr>
</thead>
</table>
| 1. Summary of activities  
2. Acquisitions  
3. Annual budget |