
Fact Sheet: Mechanized Claims Processing and Information Retrieval Systems Proposed Rule (CMS 2392-P)

April 14, 2015

In 2011, the Centers for Medicare & Medicaid Services (CMS) released a final regulation (<http://www.gpo.gov/fdsys/pkg/FR-2011-04-19/pdf/2011-9340.pdf>) authorizing an enhancement to the federal Medicaid matching rate for state eligibility and enrollment systems modernization, increasing the level of federal support from 50 percent to 90 percent for new systems builds through 2015 and from 50 percent to 75 percent for maintenance and operations for such new system builds. The regulation also detailed standards and conditions that state systems must meet as a condition of receiving higher rates. All states have since used these funds to develop more efficient, effective and modernized Medicaid eligibility and enrollment systems, but not all have completed their development efforts.

This proposed rule would revise the 2011 regulation by providing the enhanced federal matching rate on an ongoing basis for maintenance and operations, design, development, installation, or enhancement of Medicaid eligibility and enrollment systems. It will also facilitate efforts to integrate with human services programs to support greater efficiency, program integrity, and to enhance the consumer experience.

To ensure that these funds continue to be used to support efficient, high functioning eligibility and enrollment systems, the proposed regulation provides updated criteria that states will need to meet in order to qualify for the continued enhanced funding, including having completed work on critical Modified Adjusted Gross Income (MAGI)-based system functionality and incorporating best practices for system planning and development.

The proposed changes will support states in meeting the modernizing Medicaid enrollment, eligibility, and claims systems such as automating the application and renewal process, efficiently processing claims, integrating with human services programs, and retiring redundant legacy systems.

Key Provisions of the Proposed Rule

Aside from the proposal to extend access to the enhanced funding for eligibility and enrollment systems on an ongoing basis, the other major provisions under the proposed rule are:

- Updates to the [Seven Standards and Conditions](#) for Medicaid Information Technology such as:
 - The use of standards adopted by the Secretary and National Coordinator for Health Information Technology, such as the HIPAA privacy, security and transaction standards, criteria that provide greater accessibility for individuals with disabilities, and compliance with federal civil rights laws;
 - Improved performance testing and achieving results with limited mitigations and

- workarounds;
- Requiring mitigation plans for all major Medicaid information technology projects; and
- Alignment to best practices outlined in the U.S. Digital Service Playbook (<https://playbook.cio.gov/>) such as moving towards open source code requirements and having a strong project management and governance model.
- Revisits CMS' Medicaid Management Information Systems (MMIS) certification process to allow for modular certification. The current certification process only takes place once the whole system is completed. As states actively develop and initiate MMIS modules, CMS can certify them as such and allow states to access the enhanced funding for maintenance and operations module by module.
- Solicits comments on encouraging more re-use to bring down redundant costs of Medicaid IT by ensuring federally-funded software is accessible and shared across states.
- Proposes to provide enhanced 90 percent match for the purchase of Commercial Off-the-Shelf (COTS) solutions, but would require states to explicitly request prior approval for customization of COTS solutions to avoid over-customization which precludes re-use and downgrades the value of COTS products.
- Solicits comments on how to best use our Advanced Planning Document (APD) approval authority to encourage COTS and other shared services.
- Proposes streamlining CMS' acquisition approval requirements to expedite state activities while retaining our focus on high risk/cost activities.

Additional conditions currently in regulation and not affected by the proposed rule can be found at [42 CFR §433.112](#).

This proposed notice is on display at <https://www.federalregister.gov/public-inspection> and will be posted on <https://www.federalregister.gov/>.