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## **Fact Sheet: Mechanized Claims Processing and Information Retrieval Systems (90/10) Final Rule (CMS 2392-F)**

December 03, 2015

### **Overview**

This final rule revises a 2011 regulation (<http://www.gpo.gov/fdsys/pkg/FR-2011-04-19/pdf/2011-9340.pdf>) that provided an enhanced federal matching rate for the design, development, installation, or enhancement of Medicaid eligibility and enrollment (E&E) systems through December 31, 2015. The updated regulation authorizes the enhanced match on an ongoing basis. The final rule is a key piece of CMS' efforts to support states in modernizing state eligibility systems to make real time, accurate eligibility determinations and promote enrollment of eligible low income people in Medicaid and CHIP.

These changes will support states in developing more efficient Medicaid eligibility and enrollment systems, as well as Medicaid Management Information System (MMIS) claims systems, through initiatives such as automating the application and renewal process, processing claims more efficiently, integrating with human services programs, retiring outdated legacy systems, and enhancing program reporting and management tools to support program integrity.

More specifically, the final regulation continues the increases in the level of federal support from 50 percent to 90 percent for new E&E systems builds and the increase in the federal matching rate for maintenance and operations of such systems from 50 percent to 75 percent if the systems meet certain critical success factors. The enhanced funding for design, development and installation is an upfront investment from HHS to provide states the resources they need to make the systems improvements envisioned by the Affordable Care Act. CMS is striving to ensure that that a key outcome of our technology investments is a much higher degree of interoperability among systems in order to maximize value and minimize burden on beneficiaries and costs on providers. All states have used these funds to develop more efficient, effective and modernized Medicaid E&E systems, but not all have completed their development efforts.

The enhanced funding will also support the retirement of remaining legacy systems, eliminating the ongoing expenses for maintaining these outdated systems. Our 2011 rule provided for a modular approach to systems development, and this final rule adds further support for that approach by permitting certification of individual modules as opposed to entire systems. By allowing for a more phased and iterative approach to systems development and improvement, the funding will support additional technological efficiencies and reduce duplication, resulting in more efficient use of staff and higher quality results. This investment will benefit both the states and the federal government.

The enhanced match not only enables states to build more efficient, consumer friendly Medicaid E&E systems, but also supports states' efforts to integrate those systems with other human services programs, such as SNAP and TANF. Many of the human services programs use the same data elements as Medicaid to determine eligibility, and many serve the same populations.

By sharing systems and data all of the programs, including Medicaid, benefit from greater IT efficiency and improved program integrity. Equally as important, this integration enhances the consumer experience for applicants and beneficiaries of these programs and enables them to more readily access all benefits to which they are entitled.

### **Changes to the Final Rule based on Proposed Rule Comments**

In April of 2015, CMS released a Notice of Proposed Rulemaking (NPRM) seeking comment on updating the 2011 regulation. There are no substantive changes to the final rule based on comments received. There were minor changes to improve clarity, including:

- The definition of Mechanized Claims Processing and Information Retrieval System was altered to specify that such systems must include both a Medicaid Management Information System (MMIS) and an Eligibility and Enrollment (E&E) system. The proposed rule had presented these two aspects of the system as an “and/or” statement.
- Two definitions were added, “Service” and “Software-as-a-Service,” to provide greater clarity to the proposed “Shared Services” definition and to facilitate discussion of the applicability of the enhanced match; and
- The proposed definition of “MMIS Module” was broadened by deleting the MMIS modifier, allowing this terminology and related policy to apply equally to E&E modules.

Besides these changes to definitions, the proposed rule added a requirement that states must comply with “other conditions as required by the Secretary” in order to access enhanced funding. In the final rule language is added to specify that such conditions will be issued through formal guidance procedures. In addition, a reference to the December 31, 2015 compliance date for E&E systems to obtain enhanced matching funds for Maintenance and Operations (M&O) was deleted.

### **Other Provisions of the Final Rule**

Aside from the permanent access to the enhanced funding for eligibility and enrollment systems, the other major provisions under the final rule are:

- Updates to the Standards and Conditions for Medicaid information technology to ensure that federal funds continue to be used to support efficient, high functioning E&E systems and MMIS, incorporating best practices for system planning and development and demonstrating certain critical systems functionalities, including:
  - 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;
  - Seamless coordination and interoperability with other federal and state agencies and community organizations that provide outreach and enrollment assistance;
  - Improved performance testing and demonstrated results;
  - A requirement for mitigation plans for all major systems functionalities; and
  - Documentation that will enable re-use of software developed with federal funds.

- Enhanced 90 percent match for the initial procurement and configuration of Commercial Off-the-Shelf (COTS) solutions that are installed with minimal customization;
- Certification of MMIS modules as opposed to entire systems; and
- Streamlining CMS' acquisition approval requirements to expedite state activities.

This final rule is on display at <https://www.federalregister.gov/public-inspection>.