
**Medicaid and CHIP Frequently Asked Questions (FAQs)
Advanced Planning Documents (APD) for System Development Associated with 1115 Demonstrations
June 13, 2019**

In the December 4, 2015 *Federal Register*, 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. The final rule extended increases in the level of federal support from 50 percent to 90 percent for new Eligibility and Enrollment (E&E) systems builds. It also increased federal support for maintenance and operations of such systems from 50 percent to 75 percent, if the systems meet certain standards and conditions. States may obtain this funding for IT system development needed to implement demonstrations under Section 1115 of the Social Security Act. Section 1115 authority permits the Secretary of Health and Human Services (Secretary) to approve certain experimental, pilot, or demonstration projects found by the Secretary to be likely to assist in promoting the objectives of the Medicaid program. The purpose of these demonstrations, which give states additional flexibility to design and improve their programs, is to demonstrate and evaluate state-specific policy approaches to better serve Medicaid populations. CMS is issuing the following frequently asked questions to provide states with information on how they can obtain funding for Medicaid information technology (IT) system development related to demonstrations under Section 1115 of the Social Security Act via the Advance Planning Document (APD)

1. Is enhanced Federal financial participation (FFP) available to support system development related to section 1115 demonstration activities?

Enhanced FFP is available to support reasonable costs associated with systems development activities related to 1115 demonstrations. These costs will be subject to all applicable statutory and regulatory requirements and approval processes, as described in the Final Rule, and at 45 C.F.R. § 95.601-641.

2. Can states submit an APD for Medicaid IT design, development, installation, or enhancement (DDI) funding associated with activities for which they are seeking section 1115 demonstration approval, while they are awaiting approval?

States may submit APDs including reasonable requests for funding for system development related to proposed section 1115 demonstration activities before the demonstration is approved.

CMS is working to assist states in their efforts to promote the objectives of Medicaid, including improving Medicaid enrollee health and well-being, via successful demonstration implementations. We understand in order for timely implementation of demonstration-related activities to occur, some system DDI may need to occur prior to full demonstration approval. To the extent IT work is aligned with existing Medicaid Information Technology Architecture (MITA) business processes and will support the IT development needed to implement an 1115 demonstration, reasonable IT investments can be approved under an APD and associated expenditures made while CMS is reviewing the demonstration, prior to approval. CMS encourages states to share drafts of their APDs and work with their Medicaid Enterprise Systems State Officer early and throughout the APD and demonstration approval process.

3. How will CMS provide technical assistance and oversight of state systems development projects in support of section 1115 demonstration activities?

CMS and states will use the Medicaid Eligibility and Enrollment Toolkit (MEET) and Medicaid Enterprise Certification Toolkit (MECT) lifecycle milestone review process to track systems development progress and provide technical assistance to states as with any other E&E or Medicaid Management Information System (MMIS) project. Prior to beginning system design and development, states should update their Project Partnership Understanding (PPU) to reflect the scope and schedule of their section 1115 demonstration-related activities. States should also provide CMS with state specific criteria tied to systems requirements for the state and CMS to track across the Medicaid Eligibility and Enrollment Life Cycle (MEELC) and the Medicaid Enterprise Certification Life Cycle (MECL). Successful system implementation and functionality are validated during a certification review as with any other Medicaid IT project for which the state receives enhanced FFP.

4. Do states have to submit a separate APD for system development related to section 1115 demonstration activities?

No. States *may* submit a separate APD, but it is not required. CMS is requiring states provide a separate budget within the APD for activities and funding related to section 1115 demonstrations, as shown in the examples below.

Sample Medicaid Detailed Budget Table (MDBT) for an eligibility and enrollment (E&E) systems project including 1115 Demonstration activities.

	E&E		1115 Demonstration		E&E + 1115 Demonstration		
	Federal Share (90% FFP) 28 A&B	State Share (10%) --	Federal Share (90% FFP) 28 A&B	State Share (10%) --	Federal Share (90% FFP) 28 A&B	State Share (10%) --	Federal + State Grand Total Computable --
FFY 2018	\$3,999,994	\$444,444	\$8,953,765	\$994,863	\$12,953,759	\$1,439,307	\$14,393,066
FFY 2019	\$3,999,994	\$444,444	\$7,811,047	\$867,894	\$11,811,041	\$1,312,338	\$13,123,379
Total	\$7,999,988	\$888,888	\$16,764,811	\$1,862,758	\$24,764,800	\$2,751,645	\$27,516,445

Sample Medicaid Detailed Budget Table (MDBT) for a Medicaid Management Information System (MMIS) project including 1115 Demonstration activities.

	MMIS		1115 Demonstration		MMIS + 1115 Demonstration		
	Federal Share (90% FFP) 2 A&B	State Share (10%) --	Federal Share (90% FFP) 2 A&B	State Share (10%) --	Federal Share (90% FFP) 2 A&B	State Share (10%) --	Federal + State Grand Total Computable --
FFY 2018	\$3,999,994	\$444,444	\$8,953,765	\$994,863	\$12,953,759	\$1,439,307	\$14,393,066
FFY 2019	\$3,999,994	\$444,444	\$7,811,047	\$867,894	\$11,811,041	\$1,312,338	\$13,123,379
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