January 25, 2012

On Monday, the Centers for Medicare and Medicaid Services (CMS), the Administration for Children and Families (ACF), and the U.S. Department of Agriculture's Food and Nutrition Service (FNS) released additional guidance to state Exchange grantees, state health and human services directors, and state Medicaid directors on the Office of Management and Budget's (OMB) A-87 cost allocation exception to Medicaid eligibility systems and Health Insurance Exchanges for human service programs released on August 10, 2011. This guidance provides states interested in utilizing this funding opportunity to expand and upgrade their state enterprise systems with the ability to incorporate human services in addition to Medicaid, CHIP, and the Exchanges through the identification of shared technological services that may be used for cross-system purposes.

CMS will pay for any services (for human service programs) that are listed in the guidance as long as the Medicaid, CHIP, and Exchange programs are building/upgrading those same services and provided that the inclusion of the human service components will not impede the state Medicaid, CHIP, and Exchange infrastructure development deadlines (January 1, 2014). Additionally, CMS has made it clear to APHSA that the shared services listed are not definitive, but rather are a list of allowable items that can be cost allocated. States are not precluded from including other forms of shared services in their expedited Advance Planning Document (APD). If an APD does include shared services for the states' human service programs, the following information will need to accompany the expedited APD:

> *-A detailed narrative indicating which human services programs will eventually be included in the proposed solution;*
>
> *-If the state is requesting a phased-in approach, include a detailed narrative of how the state will identify, capture, and implement the foundational needs of human services programs as they first implement Medicaid, CHIP, and HIX requirements for the enterprise system project;*
>
> *-Both should identify the human services agencies and staff working on the design and implementation re: the ACA-related system.*

A state can submit the ADP to CMS, which upon seeing the inclusion of human services, will reach out to the appropriate agency for collaboration prior to approval. A state also has the option to submit the APD to ACF's Office on Administration, which acts as a clearinghouse for all HHS-related APDs.

As you may already be aware, many of the shared services endorsed by HHS and USDA included in the cost allocation exception were created during the first convening of APHSA's National Workgroup on Integration (NWI) in September, 2011. These recommendations were provided to CMS, ACF, FNS and OMB in October, 2011 in an effort to get clarification on what the A-87 cost allocation exception included in terms of enterprise development.

If you have any questions or wish to discuss this announcement further, please contact Cynthia Blankenship at cblankenship@aphsa.org.