

## Case Study: Washington's Experience Securing Medicaid 90/10 Match Funds

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### The Stakeholders and Background

**Washington State Department of Health.** The Washington State Department of Health is the entity in charge of public health in Washington State. In accordance with their mission of protecting and improving the health of people in Washington State, the Department of Health handles disease control and health statistics; environmental public health; health systems quality assurance; and prevention and community health.

**Washington State Health Care Authority (HCA).** The Washington State Health Care Authority (HCA) oversees the state Medicaid agency, the Centers for Medicare & Medicaid Services (CMS) Medicaid Electronic Health Record (EHR) incentive program, and the entity dedicated to running the state's Health Information Exchange (HIE) initiatives. The Department of

Health coordinated with the HCA to write the State Medicaid Health Information Technology (IT) plan (SMHP) and to submit the application for the Medicaid 90/10 match funds. The HCA is ultimately the recipient of CMS Medicaid EHR incentive program funds and therefore coordination across the HCA and the Department of Health was particularly important to secure funding for the Department of Health to use for public health initiatives related to the Medicaid EHR Incentive Program.

### Medicaid 90/10 Match Funds

Under the American Recovery and Reinvestment Act of 2009 (the Recovery Act), states can apply for 100% Federal financial participation (FFP) under the CMS Medicare and Medicaid EHR Incentive Program for adopting, upgrading, implementing and/or meaningfully using EHRs. Under what is commonly referred to as the Medicaid

90/10 match, states can also apply for a 90% FFP for administrative expenses related to funding HIE activities, Meaningful Use and the Medicaid EHR Incentive Program. Specifically, this funding can be requested by states for two categories of administrative activities – 1) on-boarding activities or 2) design, development, and implementation (DDI) of infrastructure.

Several documents related to Health Information Technology planning must be submitted to CMS in order to apply for Medicaid 90/10 Match funding, and these documents must be submitted by the state's Medicaid agency. The first of these three is the Health Information Technology Planning Advance Planning Document (HIT P-APD), which gives states approval from CMS for any initial health IT funding requests. The State Medicaid Health Information Technology Plan (SMHP), which ultimately

provides details on the state's plans for administering the Medicaid EHR Incentive Program payments, must also be submitted to CMS before applying for Medicaid 90/10 Match funds. Finally, the Health Information Technology Implementation Advance Planning Document (I-APD) or Implementation Advance Planning Document Update (IAPD-U) are ultimately the mechanism by which a state submits their official request for Medicaid 90/10 Match funds. Through the I-APD or IAPD-U, the state outlines for CMS their plans to implement the State Medicaid HIT Plan and requests matching federal funding for that implementation. CMS encourages states to reach out to their CMS regional contacts before submitting an I-APD or IAPD-U, noting that it is intended to be an iterative proposal process that includes discussion and revisions to ensure the application meets everyone's needs. In the sections that follow, we discuss Washington State's specific experiences with respect to applying for and obtaining Medicaid 90/10 Match Funding.

### **How Washington State Applied for 90/10 Match Funding**

In states like Washington where the public health department and Medicaid are housed in separate agencies, it can be difficult to successfully parlay EHR Incentive Program resources

to public health, as the Medicaid agency is the recipient of CMS funds. Despite this challenge, Washington State has been successful in obtaining the Medicaid 90/10 match funding by working closely within and across agencies to ensure a shared understanding of public health activities related to meaningful use. To obtain approval for the Medicaid 90/10 match funding, the Washington State Department of Health and partners at HCA worked together to develop a SMHP, a HIT I-APD, submit their application to CMS, and secure Medicaid 90/10 match funding.

Washington's SMHP and I-APD were ultimately developed by HCA, but throughout the development process, they consulted closely with staff at the Department of Health, specifically the Informatics Officer and liaison to HCA. The SMHP helped lay the groundwork for the I-APD, and included a section describing health IT and public health-related meaningful use activities. Specifically, the SMHP pointed out many of the activities which were intended to be bolstered by incentive dollars, such as HIE or the meaningful use of EHRs, ultimately did not have similar funding streams identified to support them on the public health side, such as on-boarding public health staff to use these systems.

As a result, Washington's SMHP made the case for public health that there some gaps in resources which could be filled with Medicaid matching dollars, which would allow the state to more effectively meet the needs of the Medicaid providers who are seeking these stimulus dollars. These funds would provide them (the state Medicaid agency) with sufficient resources to work both efficiently and effectively with those providers.

#### **Step-by-Step: the 90/10 Match Fund Process**

- Review CMS Letter 11004, an open letter to State Medicaid Directors
- Develop an Interagency agreement (if you are in a state where the health department and Medicaid agency are in different divisions)
- Work with Medicaid/CMS to
  - Develop a State Medicaid Health IT Plan (SMHP)
  - Submit Health IT implementation Advanced Planning Doc (IAPD)
- Receive Approval Letter from CMS

When developing their I-APD, Washington State initially focused on multiple areas, including electronic laboratory reporting (ELR), immunization, and newborn screening, in one large application. They received feedback early in the application process that their plans were too complex and difficult to understand, and ultimately chose to refocus their efforts on ELR only

rather than other public health measures. They chose to focus on ELR because it is universally recognized as an important component at the start of a public health investigation of any disease outbreak. The Washington State I-APD focused on the electronic submission of laboratory reporting, rather than manual or faxed reporting, and the need for additional dedicated resources, particularly for staffing, to ensure providers are able to report labs electronically throughout the state. Their application included language to address a very critical misconception that the state sponsored HIE program alone would ensure labs were reported properly. Recognizing that the state-sponsored HIE initiative is a critical component of the process, Washington State focused not only on the investment in connecting the Department of Health to the state HIE, but also accounted for dedicated resources for onboarding staff to validate the submissions that are being sent via the state's HIE to ensure that complete and accurate information is sent through the system.

## Challenges Faced

Washington State faced a number of challenges in securing Medicaid 90/10 Match funds. In this section, we discuss some of those challenges.

**Coordinating Medicaid and Public Health Initiatives.** Because the Washington

State Department of Health and the HCA function as separate agencies, the agencies had to work together to ensure that public health and Medicaid understood each other and each other's roles. The Department of Health had to educate their partners at the HCA about the specific work done by public health, and where 90/10 Match funding would be most useful. Additionally, staff at the Department of Health had to educate themselves on a variety of Medicaid requirements, such as the Medicaid Information Technology Architecture (MITA) (a national framework developed by the Center for Medicaid and CHIP Services which is "intended to foster integrated business and IT transformation across the Medicaid enterprise to improve the administration of the Medicaid program" ), in order to be able to accurately respond to questions about the MITA in their application materials. Staff in the Washington State Department of Health noted how important it is to work in close collaboration with one's state Medicaid agency to ensure the process goes smoothly.

### **MITA and Public Health.**

Department of Health staff had to fully comprehend the various components of the MITA, in order to be able to declare they were meeting MITA requirements. Initially, the Department of Health noted the MITA requirements

were not applicable to them, as on the surface, the components did not appear to be relevant to public health. Ultimately, however, the Department of Health was able to successfully declare they were meeting MITA requirements by drilling down into the specific requirements and noting that several sub-components were relevant to both public health applications and the type of insurance reimbursement that public health would be seeking. For example, under MITA, Medicaid covered entities must fulfill requirements of the Health Insurance Portability and Accountability Act (HIPAA). However, there are components of HIPAA that do not apply to public health; for instance, public health is required to investigate a disease outbreak without patient consent. Ultimately, it was important for the Washington State Department of Health to explain that while public health is a Medicaid covered entity (and therefore is subject to the MITA requirements), for the purposes of the HIPAA requirements under MITA, public health can and should operate in ways that ultimately make them exempt from some of the HIPAA related MITA requirements.

### **Educating Public Health about Funding from Reimbursements.**

It was critically important that Department of Health staff understand the mechanism

for obtaining 90/10 Match funding. Traditionally, public health receives money through grants and cooperative agreements, rather than through a reimbursement mechanism. As a result, Department of Health staff writing the application also had to be able to explain the funding mechanism to their leadership in the health department. Given the 90/10 funding mechanism, the Washington State Department of Health needed to have 100% of the money they planned to use set aside and available in their budget at the time of application. Although they would eventually be reimbursed for 90% of the funding through the match process and only ultimately pay for 10%, the budgeting mechanism is different than their traditional activities under which they receive funds from a grant or other agreement.

### **Lengthy Application Processes Can Cross Multiple Fiscal Years.**

Ultimately, it was approximately a 9 month process from when Washington State developed their application and submitted it to the time when funding was approved. This lengthy process can pose challenges if the application is drafted for a certain fiscal year but the funds aren't approved until the following fiscal year. As the end of the fiscal year for which they applied for funds was approaching, the Department

of Health reached out to CMS for a rush on their application, and was able to receive approval of their application prior to the end of the needed fiscal year. Washington State noted that others should be aware of this potential challenge so that they do not miss out on a funding opportunity due to a lengthy or somewhat unpredictable process.

### **Lessons Learned and Suggestions for Others**

The Washington State Department of Health and HCA successfully worked closely together to submit the necessary plans to apply for the 90/10 Medicaid match funds, but the process was a long and complex one. They believe their efforts can serve as lessons learned to others interested in pursuing similar funding.

**Obtaining 90/10 matching funds for Health IT is an iterative process.** The Department of Health believes it is important for others to realize that this is intended to be an iterative process with revisions and back and forth between the submitting agency (in this case, HCA) and CMS. As a result, there will be back and forth between the health department and the state Medicaid agency, as well. As noted above, the Medicaid 90/10 Match funds are a different type of funding stream than is traditionally awarded to public health agencies, and this sort of

iterative process is also often “new” to those in public health. It is important for health departments working to submit plans to pursue Medicaid 90/10 match funds to acknowledge and embrace differences in these processes.

**Obtain CMS guidance prior to submitting initial application.** The Department of Health also received feedback from CMS that they were impressed with the organization of their application. They suggested others may want to consider talking to CMS ahead of submitting an application to obtain feedback on which components of the application would be “must haves” for approval.

**Communication is key.** Ultimately, the Department of Health indicated they were successful in obtaining the Medicaid 90/10 Match funds in large part due to their open communication with the state Medicaid agency. Successful communication across and between state agencies helped clear up confusion about the role of public health and facilitated a clear understanding of what all parties were trying to accomplish. With ongoing communication between all interested and relevant parties, other states can help ensure that there are no surprises during the lengthy process to obtain funds and will help them overcome any stumbling blocks they may face.

## Additional Resources

The Washington State Department of Health feels that others may benefit from a copy of their application to use as a template (included here as Appendix A), as well as some of the components of the appendices to their application, which may be reusable for others. For instance, they developed a checklist of requirements that exist in the application process which they included in their appendices and might be helpful to others (included here as Appendix B).

It may also be helpful for others to consult the resources below.

- The CMS EHR Incentive Program HIT I-APD template:  
[http://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Downloads/Medicaid\\_HIT\\_IA\\_PD\\_Template.pdf](http://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Downloads/Medicaid_HIT_IA_PD_Template.pdf)
- CMS FAQ from September 2013 about the specifics of the Medicaid 90/10 Match:  
<http://www.medicaid.gov/Federal-Policy-Guidance/downloads/FAQ-09-10-2013.pdf>
- The current Seven Standards and Conditions, which is relevant for Appendix E of the application:  
<http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Data-and-Systems/Downloads/EFR-Seven-Conditions-and-Standards.pdf>

*Health Information Technology Implementation Advance Planning  
Document for Electronic Laboratory Results*

Name of State: Washington

Name of State Medicaid Agency: Health Care Authority

Name of Contact(s) at State Medicaid Agency: Richard Campbell

E-Mail Address (es) of Contact(s) at State Medicaid Agency: [Richard.campbell@hca.wa.gov](mailto:Richard.campbell@hca.wa.gov)

Telephone Number(s) of Contact(s) at State Medicaid Agency: (360) 725-1146

Date of Submission to CMS Regional HITECH Point of Contact:

Version # I-APD



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**State of Washington  
Health Care Authority**

**HEALTH INFORMATION TECHNOLOGY  
IMPLEMENTATION ADVANCE PLANNING DOCUMENT  
FOR ELECTRONIC LABORATORY RESULTS  
(I-APD)**

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**May 2013**

I-APD DRAFT  
Version 2

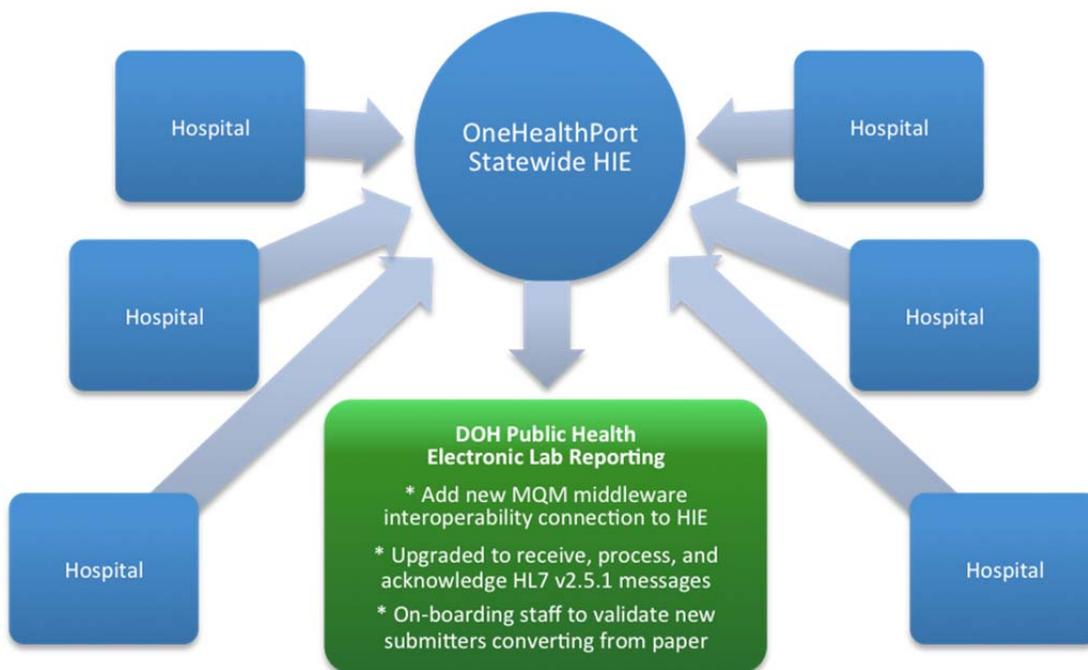
## Table of Contents

Section I: Executive Summary .....	2
Section II: Results of Activities Included in the Planning Advanced Planning Document (P-APD) and SMHP.....	3
Section III: Statement of Needs and Objectives.....	4
Section IV: Statement of Alternative Considerations .....	6
Section V: Personnel Resource Statement.....	7
Section VI: Proposed Activity Schedule.....	9
Section VII: Proposed Budget.....	11
Section VIII: Cost Allocation Plan for Implementation Activities .....	12
Section IX: Assurances, Security, Interface Requirements, and Disaster Recovery Procedures .....	13
Section X: Alignment with Seven Conditions and Standards .....	15

## Section I: Executive Summary

Washington State is positioned to take full advantage of components of Meaningful Use for Public Health reporting. Notifiable conditions laboratory reporting to Local and State Health is already a requirement in Washington State and the Department of Health (DOH) plays a key role by collecting and reporting this data. DOH implemented Electronic Lab Results (ELR) in Washington in 2006 by building an ELR system to sort incoming lab results and route them to the appropriate Public Health Authority. Limited resources have prevented Hospital Laboratories from taking full advantage of ELR. This funding request will be used to complete an upgrade of the ELR to encompass meaningful use messages by enhancing existing capacity to receive ELR for notifiable condition reporting. This is a core requirement for Meaningful Use (MU) Stage 2 set forth by the Centers for Medicare and Medicaid Services (CMS).

Washington State Medicaid has referenced these activities in our SMHP version 6.8 on page 51. The Department of Health is an active partner with the Health Care Authority in implementing Meaningful Use and also has an important role in the success of the Health Information Exchange, with a representative as the Public Sector seat on the Community Oversight Board.



The above Diagram is a conceptual overview of how Electronic Laboratory Reporting would be enhanced with support of this I-APD. Currently all connections are made directly to the DOH. This I-APD adds the ability to connect the DOH ELR system to the HIE via middleware Message Queue Management, updates the system to receive, process, and acknowledge 2.5.1 HL7, and provides surge capacity staff to on-board and validate Medicaid eligible hospitals converting from 2.3.1 or FAX into ELR 2.5.1 production in time for stage 2 Meaningful Use.

## **Section II: Results of Activities Included in the Planning Advanced Planning Document (P-APD) and SMHP**

No previous activities have been requested or funded involving this work.

## Section III: Statement of Needs and Objectives

DOH currently operates an ELR system that moves notifiable ELR records from Hospitals and Laboratories to DOH and on to the appropriate Public Health Authority at the Local or State level depending on conditions. This system has been in operation since 2006. At the current time DOH is looking to expand the ELR capability for Washington State to handle Meaningful Use Health Level Seven (HL7) 2.5.1 messages. Non Medicaid eligible facilities (VA & DOD hospitals and Commercial labs) can continue to use the existing HL7 2.4 system.

This work involves enhancing two components of the current systems operated by DOH, the ELR system and the transport mechanism.

Enhancements needed to the current ELR system:

Current ELR system capabilities:

1. Receives HL7 v2.1, 2.2, 2.3, 2.3z, 2.3.1, 2.4 messages
2. Utilizes Logical Observation Identifiers and Codes System (LOINC) and SNOMED coding for test orders and results
3. Sorts inbound messages based on:
  - a. Identifies the county where the patient reported resides
  - b. Identifies the general category of the condition reported (STD, TB, HIV, General Communicable, Hepatitis)
  - c. Delivers the message in a report format to the authorized Public Health Jurisdiction
  - d. Notifies a Local Health Jurisdiction (LHJ) if they have not retrieved a report from ELR in 24 hours
4. Handles and routes laboratory results in real time

Planned enhancements (ELR systems capabilities needed to meet Meaningful Use Stage 2):

1. Ability to receive and process HL7 v2.5.1 messages (required for MU Stage 2)
2. Select and install enterprise quality (e.g. CEHRT or MITA) middleware for connecting the DOH ELR system to the Statewide HIE (OneHealthPort)
3. Ability to handle receipt of messages from over 91 Medicaid eligible facilities, in an automated fashion via the Statewide HIE connection, manually validate, and move them into production
4. Ability to send an acknowledgement of receipt of messages to the sending Hospital

Objectives for this I-APD:

1. Complete enhancement of ELR system to process HL7 v2.5.1 messages
2. Design, Develop and Implement middleware to connect the ELR system to the HIE

3. On-boarding to the ELR system, via the Statewide HIE laboratory results from 91 Medicaid eligible hospitals, validate that these messages are equivalent to 2.3.1 or FAX reports, and move them to production.
4. Complete enhancement of ELR system to return a message acknowledgement in an automated manner for every lab result or batch of results received

## **Section IV: Statement of Alternative Considerations**

DOH is currently not investigating any alternatives for ELR under meaningful use. DOH set an objective in 2001 to build and sustain an infrastructure of systems that handle ELR for all of public health. The initial deployment of these systems occurred in 2006 and has been operating successfully since then. This project will leverage the previous investment in technology and staffs to support the technology.

## Section V: Personnel Resource Statement

The Washington Department of Health (DOH) has developed an organizational structure as outlined below in Table V.1 to accomplish the project objectives.

**Table V.1: Staff Roles and Responsibilities**

State Staff Title	Description of Responsibilities	% of time	Project Hours	Cost with Benefits
ITS 5 - Project Manager	Project manage the overall project	50	1452	\$71,060
ITS5 – Business Analyst	Work with DOH CDEPI, ID, Cancer, Syndromic programs to fully define ELR and syndromic requirements for receiving MU Stage 2 messages from the HIE from Medicaid facilities	100	2640	\$129,199
ITS5 – HIE System Architect	Work with Statewide HIE and DOH to maintain transport and manage middleware for receiving ELR MU Stage 1 and 2 messages from Medicaid facilities.	50	1452	\$71,060
<a href="#">ITS4-Epi 3 – TesterHL7 Validation</a>	Develop test scripts and perform tests to assure the both PHRED (ELR system) and MQM (middleware) perform as designed and <u>manually</u> validate HL7 messages	100	2640	\$117,075
AA2 – Admin support	Provide support to BAM/IO and contractors during the term of this work effort and preform any required documentation (e.g. MITA or ARRA) assist in tracking onboarding of Medicaid facilities	100	2640	\$60,188
Total Cost				\$448,582

All staff listed above will complete timesheets that document the actual percentage of total work hours that are for the activities of this project. Only payroll costs for the actual percentage of project time will be claimed as Health Information Technology for Economic and Clinical Health (HITECH) 90% FFP funding.

**Table V.3: Contractor Resources**

Contractor Staff Title	% of time	Project Hours	Cost with Benefits	Description of Responsibilities
*ELR Lead Developer	100	1628	\$195,360	Lead .NET applications developer/manager of other 2 contractors
*ELR Developers x 4	100	5720	\$629,200	.NET applications developer
MQM Middleware Consultant /Trainer	100	40	\$10,000	Onsite MQM training and consulting
MQM Project Manager and Consultant	100	120	\$20,100	Remote consulting Implementation for connections between HIE, MQM , PHRED, PHIMS, LIMS and CDC (2 comm each
Total			\$854,660	

*\*Assumes full time through December 31, 2013 then resource level decreases to about 10% until the end of the project.*

Contractor costs include funding to enhance the current ELR system and are not ongoing costs for the existing system.

## Section VI: Proposed Activity Schedule

The nature and scope of activities in this I-APD are defined for a 16.5 month project duration and Table VI.1 outlines the key planned activities by DOH in 2013 and 2014.

**Table VI.1 Schedule of Activities and Deliverables (Milestones)**

Project Schedule	Estimated Start Date	Estimated End Date
Develop and signed interagency agreement between HCA and DOH	May 15, 2013	June 30, 2013
Complete PHRED Electronic Lab Reporting (ELR) enhancements to handle HL7 v2.5.1	May 15, 2013	Aug 31, 2013
PHRED ELR 2.5.1 testing		June 1, 2013
PHRED ELR 2.5.1 in production		September, 30, 2013
Design build and implement <i>initial</i> release Message Queue Manager (MQM) middleware	May 15, 2013	September 1, 2013
MQM Architectural design and development plan		June 1, 2013
System Testing MQM design environment		September 1, 2013
Complete <i>final build</i> of Message Queue Manager (MQM) middleware	September 1, 2013	December 31, 2013
Enhancements for MQM and PHRED ELR system post-production as new Medicaid Facilities identify/require change requests	January 2014	December 2014

Continued On-boarding of Medicaid eligible Hospitals as they reach Stage 2 requirement to have production submission of ELR (Reports per quarter)	October 1, 2013	June 30, 2015
1 <sup>st</sup> Qtr MU2: Medicaid Hospitals successfully submitting to production ELR system (#/91)		December 31, 2013
2 <sup>nd</sup> Qtr MU2: Medicaid Hospitals successfully submitting to production ELR system (#/91)		March 31, 2014
3 <sup>rd</sup> Qtr MU2: Medicaid Hospitals successfully submitting to production ELR system (#/91)		June 30, 2014
4 <sup>th</sup> Qtr MU2: Medicaid Hospitals successfully submitting to production ELR system (#/91)		Sept 30, 2014

## Future Planning

The activities and deliverables of this I-APD will enable the WA ELR system meet the requirements for Medicaid providers working to meet public health objectives for Meaningful Use. As we move deeper into meaningful use, we anticipate that other Meaningful Use on-boarding activities. We plan to submit updates to this I-APD as needed to enable cancer case reporting for Stage 2 meaningful use and other necessary connections to the WA Statewide HIE.

## Section VII: Proposed Budget

Below is the proposed budget for the 16.5 month duration of the DOH project.

**Table VII.1: Proposed Budget**

State Cost Category	Total	90% Federal Share	10% State Share
State Personnel	\$448,582	\$403,724	\$44,858
Goods and Services (rent, utilities, supplies, phone, etc.)	\$47,934	\$43,141	\$4,793
Equipment: Standard equipment for three 100% FTEs and one development server*	\$67,712	\$60,941	\$6,771
<b>Grand Total</b>	<b>\$564,228</b>	<b>\$507,806</b>	<b>\$56,422</b>

\* Includes Development-QA Server plus Storage Area Network (SAN) hard drive space to be used exclusively for the development and implementation use of this Meaningful Use project for the duration of Medicaid incentive ARRA-HITECH activity. If any equipment claimed at 90% FFP as part of this I-APD still has a useful life at the end of the project, the claim will be adjusted to transfer the remaining value to other state and/or federal funding sources as appropriate.

**Table VII.2: Contractor Proposed Budget**

Contractor Cost Category	Cost
Contract Personnel	\$854,660
Contract Services (including costs for 10 Comm points)	\$26,000
<b>Grand Total</b>	<b>\$880,660</b>

## Section VIII: Cost Allocation Plan for Implementation Activities

The requested funding is solely for activities to enhance the DOH Electronic Laboratory Results system by readying the public health interface for Electronic Lab Results in support of Medicaid Eligible Hospitals seeking to comply with State 1 or 2 Meaningful Use objectives set forth by CMS.

**Table VIII.1: Cost Allocation Plan for Implementation Activities**

Federal/State Program	Total Program Cost	Federal Share 90%	State Share 10%
Medicaid EHR Incentive Program	\$1,444,888	\$1,300,399	\$144,489

The amount cost of this HIT IAPD is: \$1,444,888

The total amount of FFP requested is: \$1,300,399

**Table VIII.2: Administrative Costs Broken Out by FFY Quarters for 16.5 Months**

Cost Description	FFY 2013	FFY 2013	FFY 2014	FFY 2014	FFY 2014	FFY 2014	Total
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
DOH/HCA Implementation In-house Costs	\$81,803	\$96,485	\$96,485	\$96,485	\$96,485	\$96,485	\$564,228
Implementation Private Contractor Costs	\$111,027	\$339,313	\$295,680	\$44,880	\$44,880	\$44,880	\$880,660
<b>Total Enhanced FFP</b>	<b>\$192,830</b>	<b>\$435,798</b>	<b>\$392,165</b>	<b>\$141,365</b>	<b>\$141,365</b>	<b>\$141,365</b>	<b>\$1,444,888</b>

## Section IX: Assurances, Security, Interface Requirements, and Disaster Recovery Procedures

Please indicate by checking “yes” or “no” whether or not the State will comply with the Code of Federal Regulations (CFR) and the State Medicaid Manual (SMM) citations. Please provide an explanation for any “No” responses.

### *Procurement Standards (Competition / Sole Source)*

- |                     |   |                             |
|---------------------|---|-----------------------------|
| 42 CFR Part 495.348 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| SMM Section 11267   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 45 CFR Part 95.615  | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 45 CFR Part 92.36   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

### *Access to Records, Reporting and Agency Attestations*

- |                                 |   |                             |
|---------------------------------|---|-----------------------------|
| 42 CFR Part 495.350             | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 42 CFR Part 495.352             | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 42 CFR Part 495.346             | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 42 CFR Part 433.112(b)(5) – (9) | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 45 CFR Part 95.615              | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| SMM Section 11267               | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

### *Software & Ownership Rights, Federal Licenses, Information Safeguarding, HIPAA Compliance\*\*\*, and Progress Reports*

- |                     |   |                             |
|---------------------|---|-----------------------------|
| 42 CFR Part 495.360 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 45 CFR Part 95.617  | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 42 CFR Part 431.300 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 42 CFR Part 433.112 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

*Security and interface requirements to be employed for all State HIT systems.*

45 CFR 164 Securities and Privacy  Yes\*\*\*  No

explanation for any "No" response:

\*\*\* Washington DOH is a hybrid entity for the purposes of HIPAA. The agency's single healthcare component is not involved or implicated in this special project application. For the purposes of this special project Washington DOH is a public health authority under 45 CFR s. 164.512 and is not a Covered Entity or Business Associate as defined under 45 CFR s.160.103.

Washington DOH security and privacy practices are consistent with 45 CFR 164 except for the following:

- A DR plan currently does not exist for the systems under this special project
- In Washington DOH's role as a Public Health Authority, it does not require nor sign Business Associate Agreements. Washington DOH contracts and agreements include security and privacy requirements that are consistent with state and federal security and privacy regulations.

## Section X: Alignment with Seven Conditions and Standards

This section contains information about how the system plans supported under this IAPD are aligned with the Seven Conditions and Standards in 42 CFR Part 433. The table below describes how the proposed IT solutions will meet each of the Seven Conditions and Standards and how the state will ensure that the HIT-related systems are integrated within the total enterprise, as appropriate, rather than being a stand-alone system.

Table X.1 **Seven Standards and Conditions :**

Seven C&S	CMS description from 42 CFR p433	State response
1. Modularity	This condition requires the use of a modular, flexible approach to systems development, including the use of open interfaces and exposed application programming interfaces (API); the separation of business rules from core programming; and the availability of business rules in both human and machine-readable formats. The commitment to formal system development methodology and open, reusable system architecture is extremely important in order to ensure that states can more easily change and maintain systems, as well as integrate and interoperate with a clinical and administrative ecosystem designed to deliver person-centric services and benefits.	WA DOH: we will select a system for middleware MQM that follows this standard. We anticipate choosing a software platform that is a Modular Certified Health IT product for the Public Health Meaningful Use Measures
2. MITA Condition	This condition requires states to align to and advance increasingly in MITA maturity for business, architecture, and data. CMS expects the states to complete and continue to make measurable progress in implementing their MITA roadmaps. Already the MITA investments by federal, state, and private partners have allowed us to make important incremental improvements to share data and reuse business models, applications, and components. CMS strives, however, to build on and accelerate the modernization of the Medicaid enterprise that has thus far been achieved.	WA DOH: Electronic Laboratory Reporting is not part of the MMIS Medicaid enterprise and can not build on MITA investments
3. Industry Standards	States must ensure alignment with, and incorporation of, industry standards: the Health Insurance Portability and Accountability Act of 1996 (HIPAA) security, privacy and transaction	WA DOH: We will comply with all applicable federal standards for which

	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. CMS must ensure that Medicaid infrastructure and information system investments are made with the assurance that timely and reliable adoption of industry standards and productive use of those standards are part of the investments. Industry standards promote reuse, data exchange, and reduction of administrative burden on patients, providers, and applicants.	public health reporting is not excluded.
4. Leverage Condition	State solutions should promote sharing, leverage, and reuse of Medicaid technologies and systems within and among states. Multi-state Available for reuse Identification of open source, cloud-based and commercial products Customization Transition and retirement plans	WA DOH: We will leverage all possible technologies including other federally funded investments in our State (e.g. Beacon) and potential synergies with Public Health Reporting made in other states.
5. Business Results Condition	Systems should support accurate and timely processing of claims (including claims of eligibility), adjudications, and effective communications with providers, beneficiaries, and the public. Degree of automation Customer Service Performance standards and testing	WA DOH: N/A this is not a claims/ claims of eligibility/adjudications application
6. Reporting Condition	Solutions should produce transaction data, reports, and performance information that would contribute to program evaluation, continuous improvement in business operations, and transparency and accountability.	WA DOH: this system will be integrated with the overall process for Q/A in the Department of Health's Division of Performance and Accountability
7. Interoperability	Systems must ensure seamless coordination and integration with the Exchange (whether run by the state or federal government), and allow interoperability with health information exchanges, public health agencies, human services programs, and community organizations providing	WA DOH: The primary goal of this system is to integrate and interoperate our ELR system with the Statewide Health

	outreach and enrollment assistance services.	Information Exchange (OneHealthPort)
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## Appendix B: Worksheet for Section IX

This worksheet was used by the Washington State Department of Health as they addressed Section IX of the IAPD, which focuses on Assurances, Security, Interface Requirements, and Disaster Recovery Procedure CFRs. Various components of the checklist are highlighted in different colors to indicate where the Department of Health complies (green), where they may comply but need additional input from individuals familiar with business processes (yellow), where the health department was unable to address without Medicaid input (blue), and the HIPAA Security Rule (pink), which requires a disaster recovery plan which the Department of Health does not have for the software they submitted the application for. The Department of Health does not require or enter into business associate agreements as a public health authority, however the security and privacy requirements in their data sharing agreements and other contracts are consistent with HIPAA and state law, ultimately making them exempt from this component of the application.

### Key

\*FFP = Federal Financial Participation

\*SMM = State Medicaid Manual

\*APD = Advance Planning Document

### ***Procurement Standards (Competition / Sole Source)***

42 CFR Part 495.348  Yes  No

#### **Procurement Standards**

<http://www.gpo.gov/fdsys/pkg/CFR-2011-title42-vol5/pdf/CFR-2011-title42-vol5-sec495-348.pdf>

\*SMM Section 11267  Yes  No

#### **Required Assurances**

<http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Paper-Based-Manuals-Items/CMS021927.html>

For 90-percent, as well as for 75-percent funding, and 50-percent \*FFP where the threshold amounts found at 95.611(a) are exceeded, give CMS, with respect to each RFP and/or contract entered into for a system, assurance that:

Procurements of ADP services and/or equipment for mechanized medical claims processing and information retrieval systems meet the provisions of 45 CFR 74, Administration of Grants; Fair competition and public advertising are within Federal and state procurement standards. The Federal procurement standards are in 45 CFR 74, Subpart P and the December 4, 1995 State Medicaid Director letter (See Attachment E).

45 CFR Part 95.615  Yes  No

#### **Access to systems and records**

<http://www.gpo.gov/fdsys/pkg/CFR-2007-title45-vol1/pdf/CFR-2007-title45-vol1-sec95-615.pdf>

In accordance with 45 CFR part 74, the State agency must allow the Department access to the system in all of its aspects, including design developments, operation, and cost records of contractors and subcontractors at such intervals as are deemed necessary by the Department to determine whether the conditions for approval are being met and to determine the efficiency, economy and effectiveness of the system.

45 CFR Part 92.36  Yes  No

#### **Procurement**

<http://www.gpo.gov/fdsys/pkg/CFR-2011-title45-vol1/pdf/CFR-2011-title45-vol1-sec92-36.pdf>

(a) *States*. When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non- Federal funds. The State will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Other grantees and subgrantees will follow paragraphs (b) through (i) in this section.

#### ***Access to Records, Reporting and Agency Attestations***

42 CFR Part 495.350  Yes  No

#### **State Medicaid agency attestations**

<http://www.gpo.gov/fdsys/pkg/CFR-2011-title42-vol5/pdf/CFR-2011-title42-vol5-sec495-350.pdf>

The State must provide assurances to HHS that amounts received with respect to sums expended that are attributable to payments to a Medicaid provider for the adoption of EHR are paid directly to such provider, or to an employer or facility to which such provider has assigned payments, without any deduction or rebate.

42 CFR Part 495.352  Yes  No

#### **Reporting Requirements**

<http://www.gpo.gov/fdsys/pkg/CFR-2011-title42-vol5/pdf/CFR-2011-title42-vol5-sec495-352.pdf>

Each State must submit to HHS on a quarterly basis a progress report documenting specific implementation and oversight activities performed during the quarter, including progress in implementing the State's approved Medicaid HIT plan.

42 CFR Part 495.346  Yes  No

#### **Access to systems and records**

<http://www.gpo.gov/fdsys/pkg/CFR-2011-title42-vol5/pdf/CFR-2011-title42-vol5-sec495-346.pdf>

The State agency must allow HHS access to all records and systems operated by the State in support of this program, including cost records associated with approved administrative funding and incentive payments to Medicaid providers. State records related to contractors employed for the purpose of assisting with implementation or oversight activities or providing assistance, at such intervals as are deemed necessary by the Department to determine whether the

conditions for approval are being met and to determine the efficiency, economy, and effectiveness of the program.

42 CFR Part 433.112(b)(5) – (9)  Yes  No

**\*FFP for design, development, installation or enhancement of mechanized claims processing and information retrieval system**

<http://www.gpo.gov/fdsys/pkg/CFR-2012-title42-vol4/pdf/CFR-2012-title42-vol4-sec433-112.pdf>

(5) The State owns any software that is designed, developed, installed or improved with 90 percent \*FFP.

(6) The Department has a royalty free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use and authorize others to use, for Federal Government purposes, software, modifications to software, and documentation that is designed, developed, installed or enhanced with 90 percent \*FFP.

(7) The costs of the system are determined in accordance with 45 CFR 74.27(a).

<http://www.gpo.gov/fdsys/pkg/CFR-2011-title45-vol1/pdf/CFR-2011-title45-vol1-sec74-27.pdf>

For each kind of recipient, there is a particular set of Federal principles that applies in determining allowable costs. Allowability of costs shall be determined in accordance with the cost principles applicable to the entity incurring the costs. Thus, allowability of costs incurred by State, local or federally- recognized Indian tribal governments is determined in accordance with the provisions of [OMB Circular A– 87](#),

(8) The Medicaid agency agrees in writing to use the system for the period of time specified in the advance planning document approved by CMS or for any shorter period of time that CMS determines justifies the Federal funds invested.

(9) The agency agrees in writing that the information in the system will be safeguarded in accordance with subpart F, part 431 of this subchapter. <http://www.gpo.gov/fdsys/pkg/CFR-2012-title42-vol4/pdf/CFR-2012-title42-vol4-sec431-303.pdf>

45 CFR Part 95.615  Yes  No

**Access to systems and records**

<http://www.gpo.gov/fdsys/pkg/CFR-2011-title45-vol1/pdf/CFR-2011-title45-vol1-sec95-615.pdf>

The State agency must allow the Department access to the system in all of its aspects, including pertinent state staff, design developments, operation, and cost records of contractors and subcontractors at such intervals as are deemed necessary by the Department to determine whether the conditions for approval are being met and to determine the efficiency, economy and effectiveness of the system.

\*SMM Section 11267  Yes  No

**Required Assurances**

<http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Paper-Based-Manuals-Items/CMS021927.html>

For 90-percent, as well as for 75-percent funding, and 50-percent \*FFP where the threshold amounts found at 95.611(a) are exceeded, give CMS, with respect to each RFP and/or contract entered into for a system, assurance that:

Procurements of ADP services and/or equipment for mechanized medical claims processing and information retrieval systems meet the provisions of 45 CFR 74, Administration of Grants;

Fair competition and public advertising are within Federal and state procurement standards. The Federal procurement standards are in 45 CFR 74, Subpart P and the December 4, 1995 State Medicaid Director letter (See Attachment E).

*Software & Ownership Rights, Federal Licenses, Information Safeguarding, HIPAA Compliance, and Progress Reports*

42 CFR Part 495.360  Yes  No

**Software and ownership rights**

<http://www.gpo.gov/fdsys/pkg/CFR-2011-title42-vol5/pdf/CFR-2011-title42-vol5-sec495-360.pdf>

**(a) General rule.** The State or local government must include a clause in all procurement instruments that provides that the State or local government will have all ownership rights in software or modifications thereof and associated documentation designed, developed or installed with \*FFP under this Subpart.

**(b) Federal license.** HHS reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish or otherwise use and to authorize others to use for Federal government purposes, the software, modifications, and documentation designed, developed or installed with \*FFP under this Subpart.

**(c) Proprietary software.** Proprietary operating/vendor software packages such as software that is owned and licensed for use by third parties, which are provided at established catalog or market prices and sold or leased to the general public must not be subject to the ownership provisions in paragraphs (a) and (b) of this section.

**(d) Limitation.** Federal financial participation is not available for proprietary applications software developed specifically for the public assistance programs covered under this subpart.

45 CFR Part 95.617  Yes  No

**Software and ownership rights**

<http://www.gpo.gov/fdsys/pkg/CFR-2011-title45-vol1/pdf/CFR-2011-title45-vol1-sec95-617.pdf>

**a) General.** The State or local government must include a clause in all procurement instruments that provides that the State or local government will have all ownership rights in software or modifications thereof and associated documentation designed, developed or installed with Federal financial participation under this subpart.

**(b) Federal license.** The Department reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use for Federal Government purposes, such software, modifications, and documentation.

**(c) Proprietary software.** Proprietary operating/vendor software packages which are provided at established catalog or market prices and sold or leased to the general public shall not be

subject to the ownership provisions in paragraphs (a) and (b) of this section. \*FFP is not available for proprietary applications software developed specifically for the public assistance programs covered under this subpart.

42 CFR Part 431.300  Yes  No

## STATE ORGANIZATION AND GENERAL ADMINISTRATION –

### Subpart F—Safeguarding Information on Applicants and Recipients.

#### Basis and Purpose

<http://www.gpo.gov/fdsys/pkg/CFR-2011-title42-vol4/pdf/CFR-2011-title42-vol4-sec431-300.pdf>

**(a)** Section 1902(a)(7) of the Act requires that a State plan must provide safeguards that restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan. This subpart specifies State plan requirements, the types of information to be safeguarded, the conditions for release of safeguarded information, and restrictions on the distribution of other information.

**(b)** Section 1137 of the Act, which requires agencies to exchange information in order to verify the income and eligibility of applicants and recipients (see § 435.940ff ), requires State agencies to have adequate safeguards to assure that—

- (1)** Information exchanged by the State agencies is made available only to the extent necessary to assist in the valid administrative needs of the program receiving the information, and information received under section 6103(l) of the Internal Revenue Code of 1954 is exchanged only with agencies authorized to receive that information under that section of the Code; and
- (2)** The information is adequately stored and processed so that it is protected against unauthorized disclosure for other purposes.

42 CFR Part 433.112  Yes  No

<http://www.gpo.gov/fdsys/pkg/CFR-2010-title42-vol4/pdf/CFR-2010-title42-vol4-sec433-112.pdf>

#### \*FFP for design, development, installation or enhancement of mechanized claims processing and information retrieval systems

**(a)** Subject to paragraph (c) of this section, \*FFP is available at the 90 percent rate in State expenditures for the design, development, installation, or enhancement of a mechanized claims processing and information retrieval system only if the \*APD is approved by CMS prior to the State's expenditure of funds for these purposes.

**(b)** CMS will approve the system described in the \*APD if the following conditions are met:

- (1)** CMS determines the system is likely to provide more efficient, economical, and effective administration of the State plan.
- (2)** The system meets the system requirements, standards and conditions, and performance standards in Part 11 of the State Medicaid Manual, as periodically amended.
- (3)** The system is compatible with the claims processing and information retrieval systems used in the administration of Medicare for prompt eligibility verification and for processing claims for persons eligible for both programs.
- (4)** The system supports the data requirements of quality improvement organizations established under Part B of title XI of the Act.

(5) The State owns any software that is designed, developed, installed or improved with 90 percent \*FFP.

(6) The Department has a royalty free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use and authorize others to use, for Federal Government purposes, software, modifications to software, and documentation that is designed, developed, installed or enhanced with 90 percent \*FFP.

(7) The costs of the system are determined in accordance with 45 CFR [74.27\(a\)](#).

<http://www.gpo.gov/fdsys/pkg/CFR-2011-title45-vol1/pdf/CFR-2011-title45-vol1-sec74-27.pdf>

For each kind of recipient, there is a particular set of Federal principles that applies in determining allowable costs. Allowability of costs shall be determined in accordance with the cost principles applicable to the entity incurring the costs. Thus, allowability of costs incurred by State, local or federally- recognized Indian tribal governments is determined in accordance with the provisions of [OMB Circular A- 87](#),

(8) **The Medicaid agency agrees** in writing to use the system for the period of time specified in the advance planning document approved by CMS or for any shorter period of time that CMS determines justifies the Federal funds invested.

(9) **The agency agrees in writing that the information in the system will be safeguarded in accordance with subpart F, part 431 of this subchapter.** <http://www.gpo.gov/fdsys/pkg/CFR-2012-title42-vol4/pdf/CFR-2012-title42-vol4-sec431-303.pdf>

(10) Use a modular, flexible approach to systems development, including the use of open interfaces and exposed application programming interfaces; the separation of business rules from core programming, available in both human and machine readable formats.

(11) Align to, and advance increasingly, in MITA maturity for business, architecture, and data.

(12) Ensure alignment with, and incorporation of, industry standards: 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.

(13) **Promote sharing, leverage, and reuse of Medicaid technologies and systems within and among States.**

(14) **Support accurate and timely processing and adjudications/eligibility determinations and effective communications with providers, beneficiaries, and the public.**

(15) **Produce transaction data, reports, and performance information that would contribute to program evaluation, continuous improvement in business operations, and transparency and accountability.**

(16) Ensure seamless coordination and integration with the Exchange, and allow interoperability with health information exchanges, public health agencies, human services programs, and community organizations providing outreach and enrollment assistance services.

(c) \*FFP is available at 90 percent of a State's expenditures for the design, development, installation, or enhancement of an eligibility determination system that meets the requirements of this subpart and only for costs incurred for goods and services provided on or after April 19, 2011 and on or before December 31, 2015.

Security and interface requirements to be employed for all State HIT systems.

45 CFR 164 Security and Privacy  Yes  No

<http://www.hhs.gov/ocr/privacy/hipaa/administrative/securityrule/securityrulepdf.pdf>

- Implement procedures to regularly review records of information system activity, such as audit logs, access reports, and security incident tracking reports.
- Procedures for monitoring log-in attempts and reporting discrepancies.
- **Disaster recovery plan (Required).** Establish (and implement as needed) procedures to restore any loss of data.
- **(b) (1) Standard: Business associate contracts and other arrangements.** A covered entity, in accordance with § [164.306](#), may permit a business associate to create, receive, maintain, or transmit electronic protected health information on the covered entity's behalf only if the covered entity obtains satisfactory assurances, in accordance with § [164.314\(a\)](#) that the business associate will appropriately safeguard the information.