August 15, 2016

Centers for Medicare & Medicaid Services
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201
Sent via email: mmis_mes_certification@cms.hhs.gov

RE: RFI Modular Solutions for Medicaid IT Enterprise and Pre-certification of Solutions

Dear Ms. Wachino:

On behalf of the National Association of Medicaid Directors, we appreciate the opportunity to help inform CMS' thinking and evolving plans to establish new opportunities for more efficient and effective government information technology systems through increased cooperation with the private sector. NAMD is a bipartisan, nonprofit association representing Medicaid Directors in all 50 states, the District of Columbia, and the territories.

As you know, states are regularly engaging in processes to modernize the information technology systems used to administer their Medicaid programs. Design, development and implementation of new Medicaid Management Information Systems (MMIS) represent some of the most complex and resource intensive of these IT projects.

For this reason, NAMD and its members enthusiastically share CMS' goal to enhance the efficiency and effectiveness of the federal processes for developing and acquiring technology and systems to support the Medicaid program. Doing so may help to improve Medicaid for the benefit of the clients we serve as well as enhance administration of the program for the state and federal partners.
We appreciate CMS finalizing federal regulations which permits enhanced federal Medicaid funding for states to leverage advanced technologies for new eligibility and enrollment systems and Medicaid Management Information Systems (MMIS), provided the state meets specific criteria.\(^1\) We believe the enhanced funding can support states in designing and utilizing modular approaches, for both business modules and shared services, aimed at improving care management and health information exchange for state Medicaid agencies and other agencies providing person-centered services and benefits.

We understand that a key aspect to realizing the CMS’ goals with respect to modular solutions hinges on encouraging private sector companies to develop those technologies. We further understand that—as articulated in this RFI and related CMS communications—the federal agency is developing a process for vendors to voluntarily obtain pre-certification for their MMIS modules as a means of streamlining the path to MMIS certification. Like CMS, states are interested in reforms to existing processes that can accelerate the overall timeline for the MMIS module implementation while enhancing program performance and analytic capabilities. In particular we support CMS’ goals to reduce – or to the extent practical eliminate – the pre-certification period and our enclosed comments address key aspects of such an approach.

NAMD has three overarching requests to CMS as it moves down the pathway to modernize our approach to MMIS contracting and systems more broadly. We also respond to a few of the critical questions for states as CMS continues to consider approaches to modularity.

First, we urge CMS to strike an appropriate balance between creating competition and valuing the experience of existing vendors. We could not agree more that the federal and state partners could greatly benefit from a more robust marketplace of vendors for Medicaid system needs. Several states have already begun to undertake a modular approach to MMIS procurements and report a positive experience thus far. Still, the federal and state partners and vendor community are in the learning phase of this new approach. During this period of learning, we urge CMS to carefully construct criteria

\(^1\) Medicaid Program; Mechanized Claims Processing and Information Retrieval Systems (90/10), CMS–2392–F
and streamlined pathways that appropriately value on-the-ground knowledge of and experience with Medicaid’s nuances and tailoring to states’ landscapes.

States also anticipate that CMS’ direction and expectations will continue to evolve over time. If at some later point CMS establishes federal certification criteria, we urge the federal agency to make reasonable accommodation for states that are already working with the federal agency to deploy a modular approach.

Second, we ask CMS to continue to work with state Medicaid experts to identify opportunities for standardization and areas where states, appropriately, will need some level of customization in their systems to accommodate, not limit, their state-specific program approach. The available policy options and nuances of each state necessitate this type of accommodation. Further, such customization should still be eligible for federal funding. As an example, some states are working on a prospective payment system for behavioral health that may require customization at some or many points in their MMIS chain (e.g. prior authorization, provider management, member management, claims processing, provider payment, and federal financial reporting).

Finally, we ask that CMS frame this work such that states are equal partners in the federal agency’s visioning process for Medicaid’s approach to MMIS and technology more generally. NAMD attended a meeting earlier this year hosted by a subset of private sector companies. That meeting, as well as the June 14, 2016 RFI allow for some state input. However, these alone are not sufficient for developing and executing on the vision. For that, state Medicaid leaders from the field can and must serve a more integral role in this transformation. As the entities ultimately responsible for the procurement, oversight and sustainability of these systems, states have a vital interest in the process. We are confident this can be accomplished while still respecting that the federal government’s role in setting certain rules of the road.

Enclosed with this letter we respond to some of the specific questions posed in the RFI.

We look forward to continued engagement with CMS and the vendor community to support more effective approaches to meeting the Medicaid information technology needs of the federal and state partners.
Sincerely,

Thomas J. Betlach
Arizona Health Care Cost Containment System Director
State of Arizona
President, NAMD

John B. McCarthy
Director
Ohio Department of Medicaid
State of Ohio
Vice-President, NAMD

Enclosure: Response to Select RFI Questions
RESPONSE TO SELECT RFI QUESTIONS

1. Would voluntary pre-certification of modules:
   o Spur innovation in Medicaid Enterprise information technology? Why or why not?
   o Accelerate development of interoperability between modules? Why or why not?
   o Accelerate adoption of modular MMIS? Why or why not?
   o Be advantageous to your organization? Why or why not?

NAMD believes the pre-certification of vendor modules has potential to ease administrative processes between states and CMS and the vendor community. New processes and procedures that ensure vendors meet certain core requirements have the potential to facilitate common understanding of minimum expectations at the front end. Over time, it also could facilitate more efficient allocation of state resources.

However, we believe there are three dynamics that CMS should continue to consider in collaboration with states:
   1) A strong data governance structure is essential to ensure the success of interoperability between modules.
   2) Should pre-certification become a prerequisite to being able to bid, there is the potential of limiting qualified vendors to those that can afford to become pre-certified (assuming vendors will incur a cost to become pre-certified).
   3) States are likely to incur additional costs under an approach that results in multiple vendors responsible for different components of Medicaid systems. In some states, adding vendors would necessarily require them to enhance their staffing to develop, manage the implementation and ongoing operations, and oversee contract compliance.

2. Please share your thoughts on how CMS could evaluate, pre-certify, and govern pre-certification of vendor modules. Please include recommendations regarding criteria, helpful tools, and procedures, including possible use of third party certification bodies.
As CMS seeks to transform the certification process for vendors, we urge the agency to integrate state Medicaid experts in the formative stages for the guiding policies and procedures. Additionally, states should have an ongoing role to ensure their perspectives are fully reflected in CMS’ communications and expectations to vendors. In particular, we encourage CMS to convene focused forums for a small group of state and federal partners to work through the development of standards for interoperability. We also suggest that CMS extend to states the 90/10 enhanced funding through an IAPD to work on this effort.

Mirroring Medicaid’s federal-state partnership is an appropriate reflection of the significant state role in designing and overseeing the systems, even though they contribute a lesser share of the financing for the systems. For example, some of the most critical state functional roles include the following:

- Initiate and manage all aspects of the procurement
- Oversee the vendors and monitor contract compliance
- Write the contracts and performance metrics
- Justify the state share of expenditures to state elected officials

Again, we ask CMS to consider establishing a specific role for state Medicaid experts in the process to develop pre-certification criteria and the ongoing evolution of system modernization processes which impact state Medicaid programs. We believe early and ongoing dialogue with states is vital for long-term success of the systems.

Examples of areas where state input is necessary might include, but are not limited to the following issues:

- Linking implementation to pre-certification. CMS, states and vendors will be well-served by a certification process that requires a module has been successfully implemented before it can be considered for pre-certification.
- Determination of the length of time a pre-certification is valid. This is a significant issue given the many changes that occur each year in state systems due to new federal mandates and priorities as well as state-driven priorities.
- Pre-certification of a ‘service’ rather than a ‘system’. We appreciate that this issue is referenced in the RFI. We believe additional dialogue with state Medicaid representatives is more conducive to identifying the nuances of a service-based pre-certification. Some states have expressed interest in exploring other approaches to
pre-certification, for example to support outcomes and functionality, rather than some aspects of “re-usability” or “modularity”.

- Procedures or mechanisms to ensure maintenance of system functionality. States want to ensure that ongoing development of a system preserves the baseline functionality that was attested to by the vendor and expected by CMS and the states.
- Balancing resources to support simultaneous pre-certification reviews. CMS should ensure that the policies and procedures for pre-certification are aligned with the agency’s available resources. States need certainty that there is a level playing field for pre-certification reviews.

Additionally, we encourage CMS to give significant weight to the comments submitted by individual state Medicaid agencies in response to this RFI with respect to potential certification criteria.

5. What state-level challenges exist for the use of modular solutions (e.g., interoperability governance, data governance, etc.) and what can CMS do to help overcome these challenges?

When implementing a modular approach, states may face a number of challenges, including:

- In general, the modular approach, as currently envisioned by CMS with modules developed, maintained, and operated by multiple vendors procured through separate contracts, could create additional pressure on states to select, manage and coordinate the proliferation of vendors within a state MMIS system.
- More specifically, the complexity of a modular approach may necessitate that states expand the scope of work for a systems integrator(s) to advise the state on best in class approaches and product solutions, and advise on the overall enterprise system design.
- With regard to some of the operational aspects of modularity, many states have outsourced the operation and maintenance of the core MMIS to a single system integrator. A state may use a system integrator to manage the software licensing, the activities of any subcontractors, the integration of the system components, the application of software releases and versioning, the delivery of technical support, the exchange of data with thousands of providers, etc. With the potential for multiple vendors comprising the MMIS system, states may need to devise a new model for
this type of system integrator work. This could put additional pressure on limited state resources to onboard highly qualified state staff or to retrain existing staff in order to have one or more system integrators that can manage and coordinate these activities across multiple MMIS vendors.

- There is a lack of clarity around vendor accountability. It is important for CMS and states to consider the scenario in which vendors providing the modular solutions may fail to perform, dispute their role and responsibilities in system integrations, dispute the cause of any system outages, or other issues that may arise wherein the third-party system integrator may have no authority to enforce vendor action (e.g. since the system integrator does not hold the contracts of the modularity vendors) and the role of dispute resolution must be borne entirely by the state.

**Standardization and Modularity Considerations**

- CMS is driving states to adopt a modular approach which, as envisioned, would allow for “unplugging” one module and replacing it with a module offered by another vendor. States expect that such modularity implies – or would otherwise require – strict standardization. It is difficult to standardize products while maintaining competition unless regulations and processes are standardized as well. For example, a second vendor might essentially be required to hold on any innovation since it would no longer “plug” into the existing framework. Developing a manner to maintain standardization while encouraging innovation will be critical.

- States also have expressed interest in CMS’ enforcement strategy around a modular approach that requires some level of standardization. Some states have noted that strict standardization may be difficult to enforce unless strict adherence is required and CMS establishes repercussions accordingly.

- Additionally, states believe it will be important for CMS to articulate whether changes and modifications would be addressed in the post pre-certification stage.

9. **What challenges and risks might a state face when integrating a data warehouse with MMIS or other Medicaid enterprise systems?**

State delivery system and payment innovation and related changes to waiver programs often require customization of MMIS solutions including data warehouses. In 2016 NAMD issued a paper describing the current landscape for value-based purchasing
initiatives across the states. This paper builds on our portfolio of publications around state Medicaid delivery system and payment modernization and demonstrates the breadth and variety of approaches states are undertaking.

Through our work, NAMD has documented that state Medicaid delivery and payment models are undergirded by new quality measures, care management approaches, and evidence-based practices. As states continue to innovate, it is critically important to have a data warehouse with a data model designed to support eligibility, claim/encounter, and clinical data.

NAMD encourages CMS to fully examine whether limitations imposed on technology solutions will drive the program design. New approaches to MMIS should not limit the important role states have in serving as laboratories for innovation. The data warehouses must be flexible and adaptable to meet the needs of the disparate State Medicaid programs.

11. What are the barriers to producing a common data model, and how might a common data model be created and adopted?

As noted in our response to question nine, state delivery system and payment innovation and changes to waiver programs often require customization of MMIS solutions. We urge caution when developing a common data model as states would have concerns about limitations imposed on technology solutions that could in turn have implications for program design. While we appreciate and encourage identification of common data models, states also believe the models must be adaptable to meet the needs of the disparate state Medicaid programs.

Further, new approaches to MMIS should not limit the important role states have in serving as laboratories for innovation. With the prevalence of systems to handle data in new ways states will want the flexibility to implement innovative systems.