



United States
Department of Health
and Human Services



United States
Department of Agriculture

November 23,2010

Dear Human Services Agency Head:

The Department of Health and Human Services (HHS) is committed to a strong partnership with states and our federal partners as we work together to implement the Affordable Care Act.

Over the past several weeks, HHS has released several important documents, described in the enclosure, related to health insurance exchanges, Medicaid eligibility information technology systems, the advance planning process for information technology (IT) procurements, and how these and other systems can work together. We are sending this information to you today to ensure its availability to all agencies within states that have a role to play in the successful implementation of the Affordable Care Act.

However a state chooses to organize and administer its health and human services programs, many individuals and families eligible for Medicaid, the Children's Health Insurance Program (CHIP), or tax credits available to help purchase health coverage through new health insurance exchanges, are also likely to be eligible for benefits and services under the state's human services programs. We know that human services administrators are engaged in discussions related to the Affordable Care Act with health agencies in their states, and we encourage that collaboration. In that same spirit, HHS is working collaboratively with the Department of Agriculture's Food and Nutrition Service and other federal agencies to ensure that federal efforts are coordinated as well.

Please let us know if you have any questions about these documents.

Sincerely,

David A. Hansell
Acting Assistant Secretary
for Children and Families, HHS

Joel Ario
HHS Director, Office of Health Insurance Exchanges
Office of Consumer Information and
Insurance Oversight, HHS

Kevin Concannon
Under Secretary for Food,
Nutrition and Consumer Services, USDA

Cindy Mann
Deputy Administrator, Centers for
Medicare and Medicaid Services,
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Enclosure



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Recent Information Released Related to Medicaid and Health Insurance Exchanges

Federal Funding for Medicaid Eligibility Determination and Enrollment Activities: A notice of proposed rulemaking has been published in the *Federal Register* that proposes that Medicaid eligibility systems will potentially be eligible for an enhanced federal matching rate of 90 percent for design and development of new systems and a 75 percent federal matching rate for maintenance and operations. This represents a significant increase above the 50 percent match rate currently available for these systems. States must meet a set of performance standards and conditions, including seamless coordination with new Health Insurance Exchanges (Exchanges), in order for their Medicaid technology investments to qualify for the enhanced match. Under the proposed rule, the 90 percent matching rate will be available for eligibility systems until December 31, 2015, and the 75 percent match for such systems will be available beyond that date, assuming the conditions continue to be met. The state Exchange grants will provide 100 percent support for IT infrastructure for the Exchanges. Now this 90 percent matching rate will be available for the Exchange-related Medicaid eligibility system changes, as well as for those Medicaid system changes not directly related to the Exchanges. The proposed regulation can be accessed at: <http://edocket.access.gpo.gov/2010/pdf/2010-27971.pdf>.

Initial Guidance on Health Insurance Exchanges: This guidance document is the first in a series of documents that the Department of Health and Human Services (HHS) intends to publish over the next three years to provide information to states and the territories seeking to establish a Health Insurance Exchange (Exchange). The Secretary intends to issue regulations on health insurance exchanges for public comment in 2011, but is providing this guidance earlier to assist states and territories with their overall planning, including legislative plans for 2011. The first Notice of Proposed Rulemaking, which will address many of the basic federal requirements outlined below, is scheduled for publication in the spring of 2011. Additional regulations are scheduled for publication later in 2011 and in 2012. These regulations will be subject to public comment. The guidance is available at: http://www.hhs.gov/ociio/regulations/health_insurance_Exchange_info_tech_sys.html.

New IT Guidance related to the Exchanges and Medicaid: The Centers for Medicare and Medicaid Services (CMS) and the Office of Consumer Information and Insurance Oversight have issued initial technical guidance that will help states decide how they will design, develop, and implement new or improved IT systems for the Exchanges, Medicaid and CHIP. Further IT guidance will be forthcoming following continuing collaboration with states. The guidance is available at: http://www.hhs.gov/ociio/regulations/health_insurance_Exchange_info_tech_sys.html.

Electronic Eligibility and Enrollment in the Exchange – IT Standards: Section 1561 of the Affordable Care Act requires HHS, in consultation with the Health Information Technology (HIT) Policy Committee and the HIT Standards Committee, to develop interoperable and secure standards and protocols that facilitate electronic enrollment of individuals in federal and state health and human services programs. The HIT Policy and Standards Committees approved initial recommendations on August 19, 2010, and August 30, 2010, respectively. On September 17, 2010, Secretary Kathleen Sebelius adopted these recommendations with minor modifications. <http://healthit.hhs.gov/portal/server.pt?open=512&mode=2&objID=3161>

Funding Opportunity Announcement: Cooperative Agreements to Support Innovative Exchange Information Technology Systems: This Funding Opportunity Announcement (FOA) will provide competitive incentives for up to five states to design and implement the Information Technology (IT) infrastructure needed to operate Health Insurance Exchanges, the new competitive insurance market places that will help Americans and small businesses purchase affordable private health insurance starting in 2014. This competitive “early innovators” grant announcement will reward states that demonstrate leadership in developing cutting-edge and cost-effective consumer-based technologies and models for insurance eligibility and enrollment for Exchanges. These “early innovator” states will develop Exchange IT models, building universally essential components that can be adopted and tailored by other states. The innovations produced from this Cooperative Agreement will be used to help keep costs down for taxpayers, states, and the federal government. The systems developed through these Cooperative Agreements will complement the health plan information on HealthCare.gov. Two-year grants will be awarded by February 15, 2011, to up to five states or coalitions of states that have ambitious yet achievable proposals that can yield IT models and best practices that will benefit all states. These states will lead the way in developing consumer-friendly, cost-effective IT systems that can be used and adopted by other states and help all states and the federal government save money as they work to develop these new competitive market places. *To find the FOA, go to www.grants.gov and search for CFDA 93.525 or click on the following link:*

<http://www.grants.gov/search/search.do;jsessionid=pQZvMYrK0r9kvhy518TSvwLZHGTByD7gGgNfpNBn203ysX1XpyKy!1597073882?oppId=58605&mode=VIEW>.

Final Rule - Advance Planning Document Process: HHS has published the final rule on revisions to 45 CFR Part 95, which provides the requirements for federal prior approval of state Information Technology projects and procurements utilizing federal financial participation. These regulations govern the state systems development for titles XIX (Medicaid), IV-B/E (Child Welfare) and IV-D (Child Support) of the Social Security Act, as well as the cost allocation of system development costs for the Temporary Assistance for Needy Families (TANF) block grant. The primary goal of the final rule is to encourage state IT innovation by simplifying and streamlining procedural requirements for low-risk projects, while at the same time increasing independent oversight of higher-risk ones. This should enable states to move more quickly from developing new approaches to actually putting them into effect, ensuring at the same time that the federal government effectively protects public resources. The final rule also provides a major shift away from imposing federal procurement criteria to deferring to state procurement laws, policies and procedures. <http://edocket.access.gpo.gov/2010/pdf/2010-26727.pdf>.