

October 28, 2014

Tracey Wareing  
Executive Director  
American Public Human Services Association

Matt Salo  
Executive Director  
National Association of Medicaid Directors

Dear Colleagues,

I am writing to follow up on our ongoing discussions with APHSA and NAMD about the financing of Medicaid eligibility systems and the Office of Management and Budget (OMB) Circular A87 cost allocation waiver for integrated health and human service program eligibility system development. We have appreciated NAMD and APHSA's ongoing partnership and constructive feedback on these issues.

As you know, in 2011, CMS released proposed and final regulations authorizing an enhancement to the Federal Medicaid matching rate for eligibility and enrollment systems modernization – increasing the level of Federal support from 50 percent to 90 percent for new systems builds and from 50 percent to 75 percent for maintenance and operations. The regulations also detailed standards and conditions systems must meet as a condition of receiving these higher rates. All states have since utilized the enhanced federal Medicaid matching funds to develop more efficient, effective and modernized Medicaid eligibility and enrollment systems.

In addition, to promote efficiency and better customer service, the Office of Management and Budget also offered a waiver of OMB Circular A87 cost allocation rules to support the integration of eligibility systems between health and human services programs, such as the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF). This waiver allowed States that wish to build integrated systems to do so without having to allocate the costs of developing shared eligibility services to human services programs. Human services programs retained responsibility for covering any costs particular to their program needs. The majority of states have requested and received approval for the A87 waivers.

I am pleased to let you know that we will provide a three-year extension of the A87 waiver authority to enable states to complete their work on eligibility and enrollment systems integration through December 2018. States should plan that normal cost allocation will resume after this date. We will be issuing a joint guidance letter with the HHS Administration for Children and Families and the Department of Agriculture's Food and Nutrition Service formalizing the extended use of the A-87 waiver authority, including updated application procedures for States seeking to utilize this flexibility.

In addition, we intend to issue new regulations that will codify the availability of the 90/10 federal matching funds for Medicaid eligibility and enrollment systems on a permanent basis. To ensure that these funds continue to be used to support efficient, high functioning eligibility and enrollment systems, we will be proposing updated criteria that states will need to meet in order to qualify for this continued funding, including having completed work on critical MAGI-based system functionality and incorporating system planning and development best practices. We look forward to working with you as we design these criteria.

We will be hosting a cross-agency all-state call next week to walk through these plans in greater detail with states. Thank you for your commitment to promoting efficiency and effectiveness in administration of state health coverage and human service programs.

Sincerely,



Cindy Mann

Cc: Kevin Concannon, Under Secretary, Food and Nutrition Service, Department of Agriculture  
Mark Greenberg, Acting Assistant Secretary, HHS Administration for Children and Families  
Julian Harris, Health Associate Director, Office of Management and Budget  
CMS Associate Regional Administrators for Medicaid