



Streamlined Modular Certification for Medicaid Enterprise Systems

The top 10 things to know



On April 14, 2022, in a State Medicaid Director Letter (SMDL), the Centers for Medicare & Medicaid Services (CMS) introduced Streamlined Modular Certification (SMC) as the required certification method for states to receive federal financial participation (FFP) and, effective at the time of the letter, sunset the legacy processes known as Medicaid Enterprise Certification Toolkit (MECT) and Medicaid Eligibility and Enrollment Toolkit (MEET).

Introducing SMC as the required certification method reflects a strategic and intentional shift by CMS towards an Outcome-Based Certification (OBC) approach and places a more targeted focus on health outcomes, project and program metrics, increased flexibility for states, and more data-driven operational reporting. SMC incorporates the feedback received from states that MECT and MEET were overly burdensome and failed to promote state Medicaid program success. It is important to note that all Medicaid Enterprise System (MES) information technology projects initiated after the publication of the SMDL are required to follow SMC.



SMC is structured around three (3) elements



Conditions for Enhanced Funding (CEFs)

System compliance with federal Medicaid requirements for enhanced operations matching once it is in operation



Outcomes

- CMS-required
- State-specific

Measurable improvements should result from the delivery of a new module or enhancement to an existing system



Metrics

Evidence that the outcomes are met on an ongoing basis in data, reports, and performance information

The top 10 things to know

Below are 10 of the top things to know about SMC and how your state may be affected by this new certification process:

01

Promoting effective stewardship of Medicaid funding is a key element of SMC.

CMS has maintained the requirement for states to comply with the 22 Conditions for Enhanced Federal Matching (CEF) – which can be found in Appendix A of the SMC Guidance Document. Each of the 22 CEFs apply to all MES modules pursuing CMS certification under SMC. States will work the CMS State Officer to determine metrics and evidence to support the compliance with each CEF.

02

CMS has provided a starting point for aligning states' project goals with applicable CMS outcomes.

This can be found in Appendix B of the SMC Guidance Document. The outcomes are categorized based on typical MES modules and focus on evidence-based health outcomes, cost optimization, and enhanced data and reporting features. States should include these, and any other state-specific measurable outcomes and metrics that align with the desired Medicaid program goals when submitting and revising their advance planning documents (APDs) and advance planning document updates (APD-U). Each state will work with their respective CMS State Officer to complete the Streamlined Modular Intake Form to determine initial outcomes, evidence and metrics, and methodologies. These metrics will be continuously assessed during the Operational Readiness Review (ORR) prior to module go-live and during the Certification Review (CR) six months into production.

03

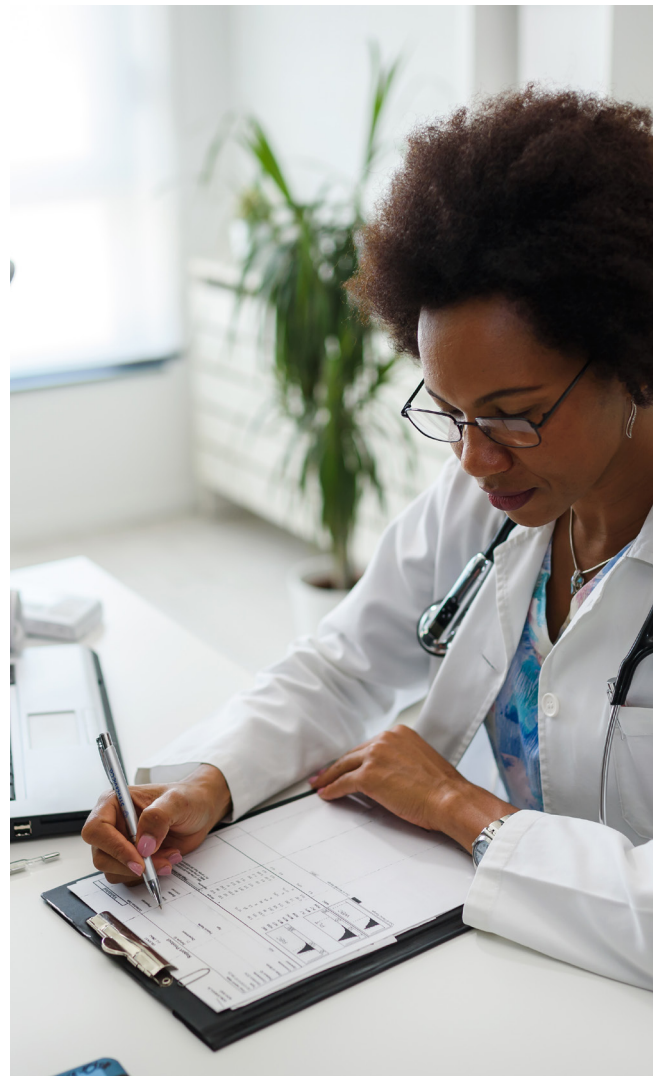
SMC requires states to provide a wide range of evidence to support the overall project and program success throughout the certification process.

This evidence assists CMS and states in determining and demonstrating compliance with the 22 CEFs, the CMS and state outcomes, and the overall health of the project. Evidence communicated by the state during the certification process includes, but is not limited to, product demonstrations at various phases, testing results and reports, production reports, and organization change management plans. CMS State Officers will collaborate with states to arrange the preparation and sharing of this evidence, including ORRs, and other onsite and offsite reviews.

04

SMC phases, from project planning through ongoing operational reporting, introduce key reporting and evidence-based elements for states to demonstrate compliance with the certification requirement.

Further elaborated on in the SMC Guidance Document, CMS is moving away from checklists and toolkits found in MECT and MEET and toward more regular conversations with states and more detailed progress reporting on agreed-upon metrics. Each phase includes key milestones and gate review criteria which encourage a successful module integration into the MES.



Project Planning Phase	<ul style="list-style-type: none"> The APD/APD-U should include measurable outcomes and metrics that align with the desired Medicaid program goal(s)
Procurement Planning Phase	<ul style="list-style-type: none"> Prior to releasing an RFP, the state should document the approved outcomes and metrics for discussion and approval with their CMS State Officer
Development Phase	<ul style="list-style-type: none"> The state should develop a Master Test Plan, in consultation with the Testing Guidance Framework, and use the required monthly project status reports
Pre-Production Phase: Operational Readiness Review (ORR)	<ul style="list-style-type: none"> The state must undergo an ORR with their CMS State Officer prior to releasing their system/module into production
Production Phase: Certification Review (CR)	<ul style="list-style-type: none"> Once the system has been in production for at least six (6) months, and the state can report on approved metrics, a CR will be conducted with CMS
Operational Reporting Phase	<ul style="list-style-type: none"> States must submit reports containing data and/or other evidence that modules are meeting all applicable requirements for federal matching funds

05

Monthly project status reports are introduced with SMC to be shared by states during the development phase.

The focus is on progress reports against target achievements and milestones, as well as any feedback and reports from testing. CMS has provided key components of the monthly status reports, including, a product and project roadmap outlining key features and functionalities, overall progress tracking, user feedback, testing and defect reports, product demonstration schedules, and a testing process framework which aligns with the testing guidance framework document – which can be found on the CMS website. SMC places a renewed emphasis on testing and requires states to draft a master test plans at the onset of the project and adherence to the Testing Guidance Framework provided by CMS. Within this framework, CMS incorporates testing recommendations, including the increased use of automated testing and the frequency and testing partners involved. Additionally, the framework identifies key testing evidence which is required to be demonstrated by states throughout the development phase of the certification process.

06

To maintain compliance with SMC requirements post-production, states must submit annual operational reports in support of an Operational Advance Planning Document (OAPD).

These reports must continue to demonstrate the evidence and metrics which align with the outcomes described during the planning phases of the project to ensure continued program efficacy. In addition to these operational reports, states must submit an OAPD for enhanced funding authorized through certification for any module or system for which the state requests enhanced federal matching funds on operations of an existing system. All data should be submitted in table form, with numerators and denominators present. As mentioned above, CMS will also accept an alternative format for the Medicaid Information Technology Architecture (MITA) State Self-Assessment (SS-A) during the operational reporting phases.

07

In addition to the SMDL from April 14th, 2022, CMS has provided detailed guidance on SMC processes, artifacts, and timelines in a certification guidance document found on CMS website (Medicaid.gov).

Additionally, CMS has provided the SMDL, testing guidance framework, SMC intake form, and CMS certification repository GitHub where States can share, learn, and contribute information regarding the certification process and related documentation.

08

SMC reinforces the modularity aspect of MES projects, intending for greater clarity in IT and operational governance, enhanced programmatic and data integrity, and to allow for states to pursue best-in-class technology for module implementations.

Below is a table of CMS-provided examples of typical MES modules.

CMS examples of typical MES modules	
Eligibility and Enrollment	Member Management
Claims Processing	Prescription Drug Monitoring Program
Financial Management	Pharmacy Benefit Management
Decision Support/Data Warehouse	Provider Management
Encounter Processing	Third-Party Liability
Long-term Services and Supports	Program Integrity
Health Information Exchange	

09

A foundational component to SMC and MES success is the integration platform which serves as the central nervous system for the entire MES.

The system integration platform (SIP) ingests, unifies, and supports the security of the data flowing through the MES technical infrastructure. CMS has not provided formal guidance on the certification requirements for states' SIP systems. With the foundational aspect of the SIP, states' System Integrator partners will be intimately involved throughout the SMC certification processes for all modules, including but not limited to product demonstrations, test reporting, and ongoing operational reporting.

10

Reducing the overall burden on states and CMS during the certification process without compromising CMS responsibility to ensure statutory and regulatory requirements also serves as a key tenant to the SMC process.

To this end, CMS reduced the number of required, state-submitted MES review artifacts from 29 to 7, removed the requirement for states to submit a Project Partnership Understanding (PPU) or independent verification & validation (IV&V) quarterly certification progress reports, and introduced the option for CMS to accept an alternative format for the MITA SS-A, if preferred by states.

Conclusion

The introduction of SMC attempts to provide states with increased flexibility and autonomy with improving their Medicaid IT project and program health. Key considerations include:

- Start planning how you will define and collect meaningful outcomes early. CMS wants to see a business focus to the metrics whenever possible on APD/APD-U funding requests. This can help focus your design, development, and implementation (DDI) efforts.
- Your MES roadmap should help illuminate potential business transformation and outcome measurement opportunities. This can help clarify potential operational and organizational changes needed to reach stated SMC outcomes.
- The SIP should provide timely, accurate, and complete outcome data to empower SMC reporting. Your Systems Integrator should understand Medicaid operations to support your efforts.

- SMC reporting to CMS extends beyond DDI and into ongoing maintenance and operations (M&O). Engage MES partners prepared to support you for the long haul. CMS reporting needs have changed, and your partners should be aware of the SMC requirements.
- Engage CMS early and often with SMC questions. States should follow the SMDL for all Medicaid IT projects going forward and should reach out to their CMS State Officers for more information.

CMS seeks to accomplish the SMC evolution through increased communication, diligent reporting on metrics and outcomes, and a more milestone-driven certification approach. As states embark on their Medicaid transformation journey, CMS hopes to reduce the overall burden of certification and shift the focus towards increasing public health outcomes.

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