

# 90/10 funding made permanent: CMS updating Medicaid procurement standards

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In October 2014, the Centers for Medicare & Medicaid Services (CMS) announced that 90/10 enhanced federal funding would be permanently available for states making upgrades to their Medicaid eligibility and enrollment systems. This funding encourages states to retire defunct Medicaid systems, modify existing eligibility and enrollment (E&E) systems, and integrate Medicaid systems with other human services systems.

On April 14, 2015, CMS issued a notice of proposed rulemaking (NPRM) to codify the 90/10 permanent extension and proposed changes to the Medicaid Management Information System (MMIS) standards and conditions, including a new modular certification process for MMIS. The agency is also soliciting feedback on how to encourage the sharing of Medicaid software and reduce duplicative costs. Public comments are due June 15, 2015.

## Key takeaways

**1) CMS getting more involved in Medicaid procurement process** - CMS is proposing a new contract review process and will help states develop acquisition roadmaps for future procurement. States will look for solutions that already comply with the Seven Standards and Conditions issued by CMS.

**2) CMS proposing modular approach to certification** - CMS recognizes that most monolithic contracts go over budget and over schedule when states get locked into one vendor, such as those in [Maryland](#), [Montana](#), [Nebraska](#) and [North Carolina](#). The agency is offering to certify MMIS systems on a modular basis. We can see many states are already following this approach, such as [Texas](#), [Louisiana](#), [Mississippi](#), and [South Carolina](#).

**3) Preference for shared software and COTS solutions** - CMS is trying to encourage states to adopt commercial-off-the-shelf (COTS) solutions to save money and reduce duplicative implementation efforts. The NPRM proposes a 90 percent matching rate for COTS software, and vendors including HP, Molina, EngagePoint and Accenture are increasingly offering COTS solutions that are flexible and adaptable for states.

## Analyst's Take

While making 90/10 funding permanent, CMS is also using this opportunity to update certification procedures to keep pace with the MMIS modular procurement strategy most states are adopting. In 2015, Deltek is expecting MMIS rebids in [Florida](#), [Louisiana](#), [Mississippi](#), [Missouri](#), [South Carolina](#), [Texas](#) and [Virginia](#). Vendors will have a leg up on the competition if their solutions are in line with CMS standards for COTS products and align with the desire to use modular components and incremental delivery strategies. The benefits are greater with these approaches by reducing risks and lowering costs of complete replacements. Still, as strategy moves away from single fiscal agent contracts and big-bang implementations, states have challenges managing multi-procurements and relationships with several vendors. For more information on Medicaid procurements across the country, please see the [GovWin MMIS Vertical Page](#).