

determinations and effective communications with providers, beneficiaries, and the public.

(15) Produce transaction data, reports, and performance information that would contribute to program evaluation, continuous improvement in business operations, and transparency and accountability.

(16) Ensure seamless coordination and integration with the Exchange, and allow interoperability with health information exchanges, public health agencies, human services programs, and community organizations providing outreach and enrollment assistance services.

(c) FFP is available at 90 percent of a State's expenditures for the design, development, installation, or enhancement of an eligibility determination system that meets the requirements of this subpart and only for costs incurred for goods and services provided on or after April 19, 2011 and on or before December 31, 2015.

[43 FR 45201, Sept. 29, 1978, as amended at 44 FR 17937, Mar. 23, 1979; 45 FR 14213, Mar. 5, 1980; 50 FR 30846, July 30, 1985; 51 FR 45330, Dec. 18, 1986; 54 FR 41973, Oct. 13, 1989; 55 FR 1820, Jan. 19, 1990; 55 FR 4375, Feb. 7, 1990; 76 FR 21973, Apr. 19, 2011]

**§ 433.114 Procedures for obtaining initial approval; notice of decision.**

(a) To obtain initial approval, the Medicaid agency must inform CMS in writing that the system meets the conditions specified in § 433.116(c) through (i).

(b) If CMS disapproves the system, the notice will include all of the following information:

(1) The findings of fact upon which the determination was made.

(2) The procedures for appeal of the determination in the context of a reconsideration of the resulting disallowance to the Departmental Appeals Board.

[50 FR 30847, July 30, 1985, as amended at 54 FR 41973, Oct. 13, 1989; 76 FR 21974, Apr. 19, 2011]

**§ 433.116 FFP for operation of mechanized claims processing and information retrieval systems.**

(a) Subject to paragraph (j) of this section, FFP is available at 75 percent

of expenditures for operation of a mechanized claims processing and information retrieval system approved by CMS, from the first day of the calendar quarter after the date the system met the conditions of initial approval, as established by CMS (including a retroactive adjustment of FFP if necessary to provide the 75 percent rate beginning on the first day of that calendar quarter). Subject to 45 CFR 95.611(a), the State shall obtain prior written approval from CMS when it plans to acquire ADP equipment or services, when it anticipates the total acquisition costs will exceed thresholds, and meets other conditions of the subpart.

(b) CMS will approve the system operation if the conditions specified in paragraphs (c) through (i) of this section are met.

(c) The conditions of § 433.112(b) (1) through (4) and (7) through (9), as periodically modified under § 433.112(b)(2), must be met.

(d) The system must have been operating continuously during the period for which FFP is claimed.

(e) The system must provide individual notices, within 45 days of the payment of claims, to all or a sample group of the persons who received services under the plan.

(f) The notice required by paragraph (e) of this section—

(1) Must specify—

(i) The service furnished;

(ii) The name of the provider furnishing the service;

(iii) The date on which the service was furnished; and

(iv) The amount of the payment made under the plan for the service; and

(2) Must not specify confidential services (as defined by the State) and must not be sent if the only service furnished was confidential.

(g) The system must provide both patient and provider profiles for program management and utilization review purposes.

(h) If the State has a Medicaid fraud control unit certified under section 1903(q) of the Act and § 455.300 of this chapter, the Medicaid agency must have procedures to assure that information on probable fraud or abuse that

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is obtained from, or developed by, the system is made available to that unit. (See § 455.21 of this chapter for State plan requirements.)

(i) The standards and conditions of § 433.112(b)(10) through (b)(16) of this subpart must be met.

(j) Beginning and no earlier than, April 19, 2011, FFP is available at 75 percent of a State's expenditures for the operation of an eligibility determination system that meets the requirements of this subpart. FFP at 75 percent is not available for eligibility determination systems that do not meet the standards and conditions by December 31, 2015.

[45 FR 14213, Mar. 5, 1980. Redesignated and amended at 50 FR 30847, July 30, 1985; 55 FR 4375, Feb. 7, 1990; 76 FR 21974, Apr. 19, 2011]

## § 433.117 Initial approval of replacement systems.

(a) A replacement system must meet all standards and conditions of initial approval of a mechanized claims processing and information retrieval system.

(b) The agency must submit a APD that includes—

(1) The date the replacement system will be in operation; and

(2) A plan for orderly transition from the system being replaced to the replacement system.

(c) FFP is available at—

(1) 90 percent in expenditures for design, development, and installation in accordance with the provisions of § 433.112; and

(2) 75 percent in expenditures for operation of an approved replacement system in accordance with the provisions of § 433.116(b) through (j), from the date that the system met the conditions of initial approval, as established by CMS.

(d) FFP is available at 75 percent in expenditures for the operation of an approved system that is being replaced (or at a reduced rate determined under § 433.120 of this subpart for a system that has been disapproved) until the replacement system is in operation and approved.

[50 FR 30847, July 30, 1985, as amended at 76 FR 21974, Apr. 19, 2011]

## 42 CFR Ch. IV (10–1–12 Edition)

### § 433.119 Conditions for reapproval; notice of decision.

(a) CMS periodically reviews each system operation initially approved under § 433.114 of this subpart and re-approves it for FFP at 75 percent of expenditures if the following standards and conditions are met:

(1) The system meets the requirements of § 433.112(b)(1), (3), (4), (7) through (16) of this subpart.

(2) The system meets the conditions of § 433.116 (d) through (j).

(3) The system meets the standards, conditions, and performance standards for reapproval and the system requirements in part 11 of the State Medicaid Manual as periodically amended.

(4) A State system must meet all of the requirements of this subpart within the appropriate period CMS determines should apply as required by § 433.123(b) of this subpart.

(b) CMS may review an entire system operation or focus its review on parts of the operation. However, at a minimum, CMS will review standards, system requirements and other conditions of reapproval that have demonstrated weakness in a previous review or reviews.

(c) After performing the review under paragraph (a) of this section, CMS will issue to the Medicaid agency a written notice informing the agency whether the system is reapproved or disapproved. If the system is disapproved, the notice will include the following information:

(1) CMS's decision to reduce FFP for system operations from 75 percent to 50 percent of expenditures, beginning with the first day of the first calendar quarter after CMS issues the written notice to the State.

(2) The findings of fact upon which the determination was made.

(3) A statement that State claims in excess of the reduced FFP rate will be disallowed and that any such disallowance will be appealable to the Departmental Appeals Board.

[54 FR 41973, Oct. 13, 1989; 55 FR 1820, Jan. 19, 1990; 76 FR 21974, Apr. 19, 2011]

### § 433.120 Procedures for reduction of FFP after reapproval review.

(a) If CMS determines after the re-approval review that the system no