



June 23, 2021

The Honorable Topher Spiro
Associate Director for Health
Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, NW
Washington, DC 20503

The Honorable Chiquita Brooks-LaSure
Administrator
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Associate Director Spiro and Administrator Brooks-LaSure:

We are writing today to request the Office of Management and Budget (OMB) and the Centers for Medicare & Medicaid Services (CMS) **review and update its approach to funding the technology behind Medicaid care coordination in a manner that will support the national response to the COVID-19 public health emergency and simultaneously address the health equity priorities of the Biden Administration.** Ensuring continued funding for health information technology now is critical in light of the end of the Health Information Technology for Economic and Clinical Health (HITECH) administrative funding for state-based HIE activities this fiscal year¹.

The Strategic Health Information Exchange Collaborative (SHIEC) represents seventy-five (75) health information exchanges and health information networks (collectively, "HIEs") across the nation as well as their associate and strategic business and technology members. SHIEC's member HIEs serve more than 92% of the United States population and are integral to supporting secure and HIPAA-compliant data sharing for millions of Medicare and Medicaid beneficiaries among health care providers, health plans, public health authorities, community-based organizations, and other legally authorized individuals. Our members rely on a mix of public and private funding mechanisms, including Medicaid funds that states must find matching funds to access. We believe that technical changes to cost allocation formulas controlled by OMB and CMS can support improved state access to Medicaid dollars that are critical to connecting vulnerable patients to care and to public health.

Specifically, we are asking:

- 1. That OMB and CMS update the cost allocation formula for Medicaid provider-facing technology so that Medicaid pays based on the number of providers who will use the technology vs. the number of Medicaid beneficiaries, and that the 100% Federal Medical Assistance Percentages (FMAP) outlined in the Families First Coronavirus Response Act (FFCRA) be applied to Medicaid systems development, maintenance, and operations.**
- 2. That OMB waive cost allocation under the COVID-19 Public Health Emergency (PHE) for the design, development, implementation, maintenance, and operations for technology and systems that support the COVID-19 response, immunization information systems' integration with HIEs, and other critical public health information exchange priorities.**

¹ <https://www.medicare.gov/medicaid/data-systems/health-information-exchange/federal-financial-participation-for-hit-and-hie/index.html>

3. That cost allocation guidance is provided in a written and public format to states, HIEs, and other relevant stakeholders, and that CMS provides support and technical assistance to states on funding mechanisms and sustainability.

The CMS Center for Medicaid and CHIP Services (CMCS) has acknowledged that health information exchange is integral to Medicaid health system transformation², and HIEs currently receive about 2% of the roughly \$25B spent by CMCS each year on technology and systems (maintenance, operations, design, development, and implementation).³ Although HIEs are increasingly partnering with their state Medicaid agencies and Medicaid Health Plans and are at the forefront of the response to the COVID-19 pandemic, they are about to be subject to a dramatic, yet avoidable, funding reduction at the end of fiscal year 2021, when the HITECH funding ends.

As briefly described above, we believe there are three new policy actions on cost allocation CMS and OMB should consider taking to leverage existing federal investments in HIEs as proven tools to support the Medicaid and CHIP programs, advance health equity, support existing COVID-19 response efforts, and provide sustainability for future public health actions.

1. Provider-facing technologies should be cost-allocated by percentage of Medicaid providers using such technologies rather than by percentage of Medicaid beneficiaries.

HIEs, public health systems, prescription drug monitoring programs, and systems for the screening and coordinating of care for social determinants of health funded under 42 CFR 433 Subpart C are required to have a cost allocation approach that meets OMB's cost principles noted in [45 CFR 75, Subpart E](#). However, the provisions do not specify whether this should be done through Medicaid provider versus beneficiary cost allocation calculations. We ask OMB and CMS to support a cost allocation approach that benefits as many Medicaid beneficiaries and Medicaid providers as possible, due to the higher rates of complex and coordinated care needed.

We are not aware of any statutory or regulatory language preventing CMS and OMB from cost-allocating by percentage of Medicaid providers using eligible technologies, and we submit that such an approach would be consistent with the Biden Administration's [Executive Order on Ensuring a Data-Driven Response to COVID-19 and Future High-Consequence Public Health Threats](#). States have undergone an unprecedented shift in priorities to address the public health emergency response for COVID-19. Given the demonstrable cost savings and successful efforts of HIEs leading up to and throughout the pandemic, ensuring that HIEs are eligible for a higher federal match and cost allocation structure will enable the technical investments supporting the Medicaid population to have a broader and more sustainable impact on the health of vulnerable populations, even in the post-COVID environment.

² <https://www.medicaid.gov/medicaid/data-systems/health-information-exchange/index.html>

³ Federal financial participation and administration spending 2019 data. <https://www.macpac.gov/wp-content/uploads/2015/12/MACStats-Medicaid-and-CHIP-Data-Book-December-2019.pdf> (page 91). 2% figure was cited by CMCS on a call with states in 2019.

2. CMS should consider requesting a time-limited waiver of cost-allocation specific to public health systems and technologies from OMB which advance the Biden Administrations' commitment to improving health equity.

A waiver could be used to allow rapid and assured development of public health systems and technologies which would improve state-level coordination and performance against key goals for the administration in addressing the social determinants of health. There is precedent for waiving cost-allocation requirements through [OMB's Circular A-87 Circular](#) in support of enhancing state eligibility and enrollment systems and integration of state health and human service systems.

The A-87 Exception provided a unique opportunity to transform the health and human services delivery system with an integrated funding mechanism benefiting federal and state partners, clients, and taxpayers. Benefits included reductions in total costs due to needed modernizations for integrated systems, more effective use of program funds, administrative savings, and allowing states to maximize value and allocate resources for a coordinated health and human service infrastructure rather than a siloed approach. More than a dozen health and human services programs leveraged the A-87 Exception for increased interoperable programs across state agencies and programs, including SNAP, TANF, Childcare, Refugee Assistance, Child Welfare, Low-Income Energy Assistance, Aging and Adult Services, and Mental Health Services.

3. OMB and CMS should provide written documentation and clear guidance to states and key stakeholders about new cost allocation formulas and processes for accessing the Federal Financial Participation (FFP) and FMAP for provider-facing technology and Medicaid systems.

As a third step, OMB and CMS should ensure that states are aware of opportunities created through our first two recommendations. Too often, critical guidance is not shared directly with states and stakeholders but involves stitching together multiple State Medicaid Director Letters and correspondence from CMS. States need clear guidance and technical assistance and support to interpret and pursue FFP and FMAP for the design, development, implementation, maintenance, and operations of these critical technologies and systems.

We believe the COVID-19 pandemic and rising health inequity are health system challenges similarly worthy of deploying more resources, and we should once again use this tool at the disposal of HHS and OMB. It is concerning that cost allocation has not already been waived given how state health data systems have been strained, yet we are hopeful the Biden Administration will support this proactive measure. This approach is also consistent with the [Executive Order on Ensuring an Equitable Pandemic Response and Recovery](#).

Using HIEs as a bridge between Medicaid and public health continues to yield success, and we ask that these recommended policies and actions receive careful consideration. Again, SHIEC ultimately requests a revision and reconsideration of cost allocation policy by OMB and CMS, and for these revised policies to be clearly documented and communicated to states and key stakeholders.



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We welcome further dialogue with you on these important matters. Please do not hesitate to reach out to me if you have any immediate questions, and in the meantime, we will work on scheduling a more robust discussion.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Bari".

Lisa Bari

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