Contingency Steps for States if the A-87 Exception Does Not Get Extended

The A-87 Cost Allocation Exception is set to expire after December 31, 2018.

Our current understanding of the review criteria that CMS, ACF, and FNS will impose effective January 1, 2019, if the A-87 Exception is not extended, is outlined in HHS’s November 11, 2017 notice.

In anticipation that the traditional A-87 Cost Allocation rules may fall back into place in 2019, returning the federal match rate for human services programs to the original FFP, we recommend that states consider taking the following steps now:

1. Immediately meet with your staff and contractors to:
   a) Inventory the current status of your new system and/or IT components with regard to: (i) what has been delivered, tested and is currently operating; (ii) what has been delivered and tested but not yet in widespread operation; (iii) what has been delivered but not yet tested; (iv) post-testing modifications to address system functionality (punch list tasks); and (v) what remains to be delivered.
   b) Crosswalk all expected dates of delivery, testing and rollout for each component or system not currently implemented.

2. Meet with your Human Services program heads who are planning to utilize the new system
   a) Determine their level of satisfaction with the deliverable and testing schedules (Note: you may wish to assume a worst-case scenario; i.e., that anything promised after June 30, 2018, will not be completed in time to meet the Federal review criteria for enhanced match).
   b) Consider making necessary change, if necessary, by front-loading high priority items.

3. If Medicaid is not in your Department, meet with your state’s Medicaid counterparts to discuss any revised priorities and concerns you may have regarding timely delivery, testing, and rollout.

4. Meet with the commissioners of your own and other health/human services departments, to familiarize them with the Exception, any likely fallout from the 12/31/2018 deadline, and your contingency plans. Also consider encouraging them to advocate for an extension by getting in touch with APHSA.

5. Refamiliarize yourself with the pre-Exception allocation process (e.g., Cost Allocation Methodologies (CAM) worksheets).

6. Concurrently with each of the steps above, contact your Federal Regional Office and/or State Systems Office staff and copy both the heads of the regional ACF, FNS, and CMS office leads to keep them informed at least on a monthly basis in writing, to keep them up-to-date of the steps you are taking in the event of the Exception not being extended, as well as any problems you or your staff may have encountered along the way.

7. Request a joint call with the central office (CMS/ACF) and State Systems Office (FNS) partners, to discuss transition plans around multi-program APDs (Titles XIX, IV-D, and IV-E and SNAP).

8. Ensure that your budget for next year does not rest on the assumption that the A-87 Exception would still be in place. (While the 90/10 Medicaid match rate is not going away on December 31, 2018 for the Medicaid program, your opportunity to not be charged for the eligible shared components and services is – unless the Exception is extended beyond CY 2018.