**U.S. Department of Health and Human Services**
**Centers for Medicare & Medicaid Services**
**Center for Consumer Information and Insurance Oversight**

# The State Flexibility to Stabilize the Market Grant Program

Grants to Support States in Providing Added Flexibility to Strengthen the Private Health Insurance Market through Implementation of Market Reforms under Part A of Title XXVII of the Public Health Service Act,
Cycle II

**Notice of Funding Opportunity**
**Invitation to Apply for 2021**

**Funding Opportunity Number: PR-PRP-21-001**
**CFDA: 93.413**

**Funding Opportunity Posting Date: November 6, 2020**

**Applicable Dates:**

**Mandatory Letter of Intent to Apply Due Date:** December 11, 2020

**Electronic Application Due Date:** February 3, 2021 (3:00 pm EST)

**Anticipated Issuance Notices of Award:** April 1, 2021

**Anticipated Period of Performance:** Up to 24 months from date of award

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## Executive Summary

The State Flexibility to Stabilize the Market Cycle II Grant Program will provide a funding source to enhance and support the role of States in the implementation and planning for several of the Federal market reforms and consumer protections under Part A of Title XXVII of the Public Health Service Act (PHS Act). The State Flexibility to Stabilize the Market Cycle II Grant Program will provide States with the opportunity to ensure their laws, regulations, and procedures are in line with the Federal requirements, and enhance the States' ability to effectively regulate their respective health insurance markets through innovative measures that support the pre-selected market reforms and consumer protections under Part A of Title XXVII of the PHS Act.

| Item | Description |
|---|---|
| HHS Awarding Agency | Centers for Medicare & Medicaid Services (CMS) |
| CMS Awarding Center | Center for Consumer Information and Insurance Oversight (CCIIO) |
| Notice of Funding Opportunity Title | The State Flexibility to Stabilize the Market Grant Program<br><br>Grants to Support States in Providing Added Flexibility to Strengthen the Private Health Insurance Market through Implementation of Market Reforms under Part A of Title XXVII of the Public Health Service Act, Cycle II |
| Authorization | Section 2794 of the Public Health Service Act (PHS Act) |
| Funding Opportunity Type | New |
| Funding Opportunity Number | PR-PRP-21-001 |
| Type of Award | Grant |
| Catalog of Federal Domestic Assistance | 93.413 |
| Letter of Intent to Apply Due Date (if applicable) | December 11, 2020 |

| | |
|---|---|
| Application Due Date & Time | February 3, 2021<br>3:00 PM Eastern U.S. Time |
| Anticipated Issuance Notice(s) of Award | April 1, 2021 |
| Anticipated Period of Performance | Up to 24 months from date of award |
| Anticipated Total Available Funding | $23.7 million |
| Number of Eligible Applicants | 51 |

## A. PROGRAM DESCRIPTION

### A1. Purpose

The State Flexibility to Stabilize the Market Cycle II Grant Program (hereafter referred to as "State Flexibility Cycle II Grants" or "State Flexibility Cycle II Grant Program") will provide a funding source to enhance or support the role of States in implementing and planning for several of the Federal market reforms and consumer protections, which are listed below.

Funding under the State Flexibility Cycle II Grant Program is available to States for activities related to planning and implementing the following provisions of Part A of title XXVII of the PHS Act:

I. Section 2702 – Guaranteed Availability of Coverage
II. Section 2703 – Guaranteed Renewability of Coverage
III. Section 2707 – Non-discrimination under Comprehensive Health Insurance Coverage (Essential Health Benefits Package)

A summary of these provisions is found under Appendix VII, *List and Summary of Provisions under Part A of Title XXVII of the PHS Act for which Grant Funding is Available*.

These pre-selected market reforms and consumer protections under Part A of Title XXVII of the PHS Act were chosen due to their relative complexity and the anticipated benefits that

additional funding for the implementation of these reforms will have on consumers. They also represent areas that can help States assess the health insurance needs of consumers and support the development of innovative measures, as well as to ensure access to affordable health coverage in their respective individual and small group markets.

### A2. Authority

The State Flexibility Cycle II Grant Program is administered by HHS under the authority of section 2794 of the PHS Act entitled, "Ensuring That Consumers Get Value for Their Dollars." Specifically, section 2794(c) directs the Secretary of the Department of Health and Human Services (the Secretary) (HHS) to carry out a program to award grants to States.[1] Section 2794 of the PHS Act appropriates $250 million to the Secretary to award grants to States to assist them with the health insurance rate review process, from FY 2010 through FY 2014. Section 2794(c)(2)(B)[2] specifies that any appropriated Rate Review Grant funds that are not fully obligated by the end of FY 2014 shall remain available to the Secretary for grants to States for planning and implementing the insurance market reforms and consumer protections under Part A of Title XXVII of the PHS Act.

### A3. Background

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act and on March 30, 2010, the Health Care and Education Reconciliation Act of 2010 was also signed into law (collectively referred to as "PPACA").

The PPACA includes a number of provisions that reform the health insurance market and provide Federal consumer protections through amendments to Title XXVII of the PHS Act and corresponding amendments to the Employee Retirement Income Security Act and the Internal Revenue Code. The PPACA also includes significant grant funding for States to work with the Federal government to implement the market reforms.

Section 1003 of the PPACA adds a new section 2794 to the PHS Act entitled, "Ensuring That Consumers Get Value for Their Dollars." Specifically, section 2794(a) requires the Secretary, in conjunction with the States, to establish a process for the annual review of health insurance

[1] Effective July 16, 2014, the definition of "State" for the new PHS Act requirements for health insurance coverage enacted in title I of the PPACA does not include the United States Territories. See 42 U.S.C. § 18024(d). Also see the July 16, 2014, letters to the insurance regulators in Guam, the Virgin Islands, Northern Mariana Islands, American Samoa and Puerto Rico, available at: https://www.cms.gov/cciio/Resources/Letters/index.html#Health Market Reforms.

[2] PHS Act section 2794(c)(2)(B) states in full: "If the amounts appropriated under subparagraph (A) are not fully obligated under grants under paragraph (1) by the end of fiscal year 2014, any remaining funds shall remain available to the Secretary for grants to States for planning and implementing the insurance reforms and consumer protections under part A."

premiums[3] to protect consumers from unreasonable rate increases. Section 2794(c) directs the Secretary to carry out a program to award grants to States.

The provisions in Part A of title XXVII of the PHS Act include market-wide reforms in the group and individual private health insurance markets intended to protect consumers, increase transparency, and regulate health insurance industry practices.

Please visit the following link on the U.S. Government Publishing Office Website to view the full list of relevant regulations that HHS has published under Title 45 of the Code of Federal Regulations:
https://www.ecfr.gov/cgi-bin/text-idx?SID=0ed4c60c2c0a7e5943a5e18ac5db8636&c=ecfr&tpl=/ecfrbrowse/Title45/45cfrv1_02.tpl

### A4. Program Requirements

Applicants may use grant funds for a variety of planning and implementation objectives related to the pre-selected provisions under Part A of Title XXVII of the PHS Act, including but not limited to performing market scans of their respective individual and small group markets to ensure access to affordable health care coverage, as well as developing actuarial and economic analyses in an effort to stabilize their markets. States may also perform activities related to enhancing their policy filing review processes to ensure health insurance issuers do not include discriminatory benefit designs that discourage people with potentially high-cost medical conditions from enrolling in those plans and hiring or contracting with a clinician to review formularies.

**Recommended Areas of Focus for Market Reforms Activities**

One of the goals of the State Flexibility Cycle II Grant Program is to enhance the States' ability to effectively enforce the pre-selected market reforms and consumer protections under Part A of Title XXVII of the PHS Act. Provided below are recommended areas of focus for State market reform activities that can be funded by these grants.

**Section 2702 - Guaranteed Availability of Coverage**

States may use grant funds to perform or contract services to obtain a market scan of their individual, small group, and large group health insurance markets. The market scan may be used to ensure that issuers offering health insurance coverage in these applicable markets to

[3] The Patient Protection and Affordable Care Act (PPACA) uses the term "premium"; however, the National Association of Insurance Commissioners uses the term, "rate" for purposes of industry review. To remain aligned with industry terminology, "rate" will be used in lieu of "premium" in this grant announcement.

any individual or employer in the State, offer all non-grandfathered products that are approved for sale, and accept any individual or employer that applies for any of those products, unless an exception applies.

- **Perform or obtain market scan of health insurance market**

States are responsible for regulating their respective health insurance markets and ensuring that consumers have access to quality affordable health care. The Guaranteed Availability of Coverage provision ensures any non-grandfathered product that is approved for sale in the individual, small group, and large group markets is made available for purchase to any individual or employer that applies for coverage in the respective market, unless an exception applies. In addition to confirming whether approved products are being appropriately offered for purchase, States can use a market scan, actuarial or economic analysis to assess whether the coverage is comprehensive and affordable. States may also use funds to assess whether other innovative measures are needed to strengthen the type of coverage provided by health insurance issuers in the individual, small group, and large group markets. States may also investigate ways to improve access to coverage, including addressing access in underserved areas.

## Section 2703 - Guaranteed Renewability of Coverage

States may use grant funds to perform or contract services to obtain a market scan of its markets to ensure that issuers offering non-grandfathered health insurance coverage in the individual, small group, and large group markets health insurance renews or continues coverage at the option of the individual or plan sponsor, unless an exception applies.

- **Perform or obtain market scan of health insurance market**

States are responsible for regulating their respective health insurance market and ensuring that consumers have access to quality affordable health care. The Guaranteed Renewability of Coverage provision ensures that issuers renew or continue coverage at the option of the individual or plan sponsor, unless an exception applies. States can use funds to perform or obtain the services of a contractor to assess whether issuers are in compliance with this provision. In addition to confirming whether products are being appropriately renewed or continued in force, States can use a market scan, actuarial or economic analysis to assess whether the coverage is comprehensive and affordable. States may also use funds to assess whether other innovative measures are needed to strengthen the type of coverage provided by health insurance issuers in the individual, small group, and large group markets. States may also investigate ways to improve access to coverage, including addressing access in underserved areas.

**Section 2707 – Non-Discrimination under Comprehensive Health Insurance Coverage (Essential Health Benefits Package)**

As primary regulators of their respective health insurance markets, States are best positioned to assess the needs of consumers and develop innovative measures to ensure consumers have access to affordable, comprehensive health insurance coverage in the individual and small group markets.

Section 2707(a) of the PHS Act requires issuers that offer non-grandfathered coverage in the individual and small group markets to ensure that such coverage includes the Essential Health Benefits (EHB) package required under section 1302(a) of the PPACA.

The accompanying nondiscrimination provisions under section 1302(b)(4) of the PPACA and 45 C.F.R. § 156.125 prohibit issuers in the individual and small group markets from using or implementing benefit designs that have the effect of discriminating against individuals on the basis of, among other things, age, expected length of life, present or predicted disability, quality of life, or other health conditions. In addition, 45 C.F.R. § 156.200(e), which applies to plans subject to the EHB requirements under 45 C.F.R. § 156.125(b), and 45 CFR § 147.104(e), which applies market-wide to all non-grandfathered plans in the individual and group markets, prohibit issuers from discriminating on the basis of, among other things, race, color, national origin, disability, age, and sex.

States may use grant funds to enhance existing policy filing review processes to ensure health insurance issuers do not include discriminatory benefit designs that discourage people with potentially high-cost medical conditions from enrolling in those plans, as such discriminatory benefit designs could be contrary to the regulations discussed above. However, § 1563(d) of the PPACA specifies that the Secretary may not prohibit a group health plan or health insurance issuer from carrying out utilization management techniques that were commonly used as of the date of enactment of the PPACA (March 23, 2010).

- **Procedures and/or tools to identify discriminatory benefit design**

States may develop standard operating procedures and/or tools or use currently available tools to review plans to identify discriminatory benefit design. There are various CMS tools currently available that States could use, including the Non-Discrimination Formulary Clinical Appropriateness and Formulary Outlier Tools. The Qualified Health Plan (QHP) Application Review Tools for Plan Year 2021 can be found on the CCIIO website at: https://www.qhpcertification.cms.gov/s/Review%20Tools.

- **Review of EHB Benchmark plan**

States may perform an assessment of their EHB-Benchmark plans to inform whether plans offering EHB in the State are meeting the needs of their respective individual and small group markets and are affordable for consumers. States may use funds to research other State EHB-Benchmark plans and perform an analysis of potential adjustments to the respective State's existing EHB-Benchmark plan, in accordance with applicable EHB-Benchmark plan selection criteria. States may use funds to assess whether potential modifications to the set of benefits included in the State's EHB-Benchmark plan or modification of specific categories of benefits will increase affordability for consumers and provide an EHB-Benchmark plan that best reflects the needs of the State's health insurance market(s) and population within the statutory and Federal regulatory requirements. States may also use funds to enhance or reconcile State law with Federal EHB requirements.

States may use funds to assist with the costs associated with providing public notice and opportunity for public comment on a State's selection of an EHB-benchmark plan.

To the extent that States intend to utilize State Flexibility Cycle II Grant funds in conjunction with reselecting or adjusting their State's EHB-Benchmark plan, States must do so in accordance with the timeline, document collection, and EHB-Benchmark selection requirements specified in Federal EHB regulation.

- **Use tools or hire staff to conduct formulary review**

Pursuant to 45 C.F.R. § 156.122, a health plan providing EHB must cover at least the greater of (1) one drug in every United States Pharmacopeia (USP) category and class, or (2) the same number of prescription drugs in each USP category and class as the State's EHB-Benchmark plan. States may not currently have clinicians on staff to conduct formulary review to ensure compliance with applicable requirements, such as those in 45 C.F.R. § 156.122.

States could use tools currently available, including the Category Class Drug Count Tool on the CCIIO website at https://www.qhpcertification.cms.gov/s/Review%20Tools.

States could also hire or contract with a clinician to review formularies or create a standard operating procedure so that form filing reviewers can successfully review formularies and any related documentation. CCIIO suggests that a successful clinician would have the following:

- A clinical background in pharmacology including pharmacotherapeutics, pharmacokinetics, pharmacodynamics.
- A broad understanding of common disease conditions and the drugs used in their treatment, based on nationally recognized treatment guidelines and recommendations.

- An understanding of 45 C.F.R. § 156.122 and PPACA policies in benefit plan design, including EHB-Benchmarks and non-discrimination requirements. Staff should also be able to keep track of developing drug policies and guidance.
- A working knowledge of prescription formulary plan design, development, and implementation.
- Analytical skills to identify potential issues and develop recommendations to address those issues.

### A5. Technical Assistance and Information for Prospective Applicants

HHS will share a pre-recorded presentation with potential applicants to provide an overview of the grant program, offer budget guidance, review the guidance provided by this Notice of Funding Opportunity ("Funding Opportunity") and other available materials.

## B. FEDERAL AWARD INFORMATION

### B1. Total Funding

Under section 2794 of the PHS Act, funds are available to support grants as necessary to fulfill the purpose of this funding opportunity to all eligible States and the District of Columbia. CMS is anticipating approximately a total of $23.7 million will be available for the State Flexibility Cycle II Grants, pending availability of funds.

The amount of funds awarded to each recipient will be conditional upon funding availability. All applicants must submit the mandatory Letter of Intent by the deadline given, December 11, 2020, for the State Flexibility Cycle II grant. HHS will use this information to determine the amount of funding available to each recipient. The project period is expected to be 24 months (see Section B.2. *Award Amount* for more information). HHS will provide applicants with information on funding allocation prior to December 15, 2020.

Baseline funding for the State Flexibility Cycle II Grants consists of a minimum of approximately $445,000 for the length of the award. Provided sufficient funds are available after providing each State with baseline funding for a two-year project period, States may also receive supplemental awards called "Workload" funds. Workload funds are determined based on the population and number of health insurance issuers in the State, as further described in Appendix VI, *"Workload" Funds Allocation and Example*. Following submission of the mandatory Letters of Intent, HHS will inform States of funding allocations, including whether baseline award amounts have increased and if there are sufficient funds available for the "Workload" supplemental awards. The baseline funding formula will be consistent, regardless of how many market reforms an Applicant selects.

### B2. Award Amount

Award amounts will consist of Baseline and Workload awards, as follows:

- Baseline Award Amount: Each eligible State will be awarded a minimum of approximately $445,000 baseline award for 24 months.

- Workload Awards: Workload funds will only be available if there are sufficient funds available after providing baseline awards for all eligible applicants.

  Funding Formula for Workload Awards: States will be eligible to receive additional grant funds based on the State population size and the number of issuers with five percent or more market share (combined individual and small group markets) within the State, as further described in Appendix VI, *"Workload" Funds Allocation and Example*.

  If funding is available for Workload awards, the Workload funds will be awarded along with the Baseline Award. HHS will inform States whether sufficient funds are available for Workload funds following submission of the mandatory Letters of Intent.

  See Appendix VI, *"Workload" Funds Allocation and Example*, for additional information.

**B3. Anticipated Award Date**

State Flexibility Cycle II Grant awards will be issued by April 1, 2021.

**B4. Period of Performance**

The grant will have a project and budget period of 24 months from the award date.

**B5. Number of Awards**

There will be no more than fifty-one initial Baseline Amounts awarded, for each of the fifty States and the District of Columbia. Only one State is currently eligible for its Baseline Amount award to be issued as two separate awards.[4] All awards are subject to funding availability.

**B6. Type of Award**

These awards will be issued and structured as grants.

[4] This provision currently applies to the State of California, which has two regulatory agencies that are each primarily responsible for regulating a portion of the private health insurance market. A State eligible to submit multiple applications will be required to split the total grant award allocated for that State and therefore the regulatory agencies involved must collaborate with each other regarding a proposed budget. However, each State regulatory agency will be viewed as a distinct grantee responsible for submitting separate programmatic and financial reports.

### B7. Type of Competition

This will be a competitive Funding Opportunity open to all eligible applicants identified in C1. Eligible Applicants.

## C. ELIGIBILITY INFORMATION

### C1. Eligible Applicants

This Funding Opportunity is open to all fifty States[5] and the District of Columbia for planning and/or implementing one or more of the pre-selected market reforms and consumer protections in Part A of Title XXVII of the PHS Act. Please refer to Section A.3. for the PHS Act provisions applicable to this Funding Opportunity.

Only one application per State is permitted, except in a State in which there is more than one regulating entity, each with a primary responsibility over the regulation of a portion of the private health insurance market.

Applicants must submit the following letters (or other permissible document as outlined):

- A letter attesting that the State is not receiving other Federal grant dollars for the same activity(ies) for which it will receive (if awarded) State Flexibility Cycle II Grant funds.[6]
- A State certification of Maintenance of Effort verifying that the grant funds will not supplant existing State expenditures for related consumer protection activities.

**Additional eligibility criteria:**

Each State seeking to plan and implement the pre-selected PPACA market reforms and consumer protections under Part A of Title XXVII of the PHS Act must include in its Project Narrative and Work Plan a proposal for program activities that enhance its current oversight and implementation of the pre-selected reforms.

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[5] Effective July 16, 2014, the definition of "State" for the new PHS Act requirements for health insurance coverage enacted in title I of PPACA does not include the United States Territories. See 42 U.S.C. § 18024(d). Also see the July 16, 2014, letters to the insurance regulators in Guam, the Virgin Islands, Northern Mariana Islands, American Samoa and Puerto Rico, available at: https://www.cms.gov/cciio/Resources/Letters/index.html#Health Market Reforms. The United States Territories are thus not eligible to apply for awards under the State Flexibility Cycle II Grant Program.

[6] EHB grant activities not currently funded through the Cycle I Health Insurance Enforcement and Consumer Protections (HIECP) Grant or the Cycle I State Flexibility to Stabilize the Market Grant Program are allowable under the State Flexibility Cycle II Grant Program. Guaranteed Availability and Guaranteed Renewability grant activities not currently funded through the Cycle I State Flexibility to Stabilize the Market Grant Program are allowable under the State Flexibility Cycle II Grant Program.

### C2. Cost Sharing or Matching

Cost sharing or matching is not a requirement of this Funding Opportunity.

### C3. Mandatory Letter of Intent

The purpose of the Letter of Intent is to determine the number of applications and total funding for award planning purposes. A Letter of Intent should include a brief explanation of a State's intent to apply for the State Flexibility Cycle II Grant Program. Following review of the Letters of Intent, eligible applicants will be notified of their potential funding eligibility. Please note that submitting a Letter of Intent to apply is not binding on an applicant. The Letter of Intent must be submitted electronically in PDF format to James.Taing@cms.hhs.gov by the deadline stated in the Executive Summary.

### C4. Ineligibility Criteria

Applicants must ensure that they are only seeking funding to plan and implement those provisions that they are not currently receiving Federal grant funding to plan and implement.[7] Each award made under this Funding Opportunity should support different activities and should not be used for activities funded by other grant awards. In the budget request, States should distinguish between activities that will be funded under this application and activities funded with other sources.

### C5. Single Application Requirements

Only one application may be submitted by a single eligible State for funding, except in a State in which there is more than one regulating agency, each with a primary responsibility over the regulation of a portion of the private health insurance market. A State with more than one application will be required to split the total grant award allocated for that State and therefore must collaborate with the other applicable State agencies regarding a proposed budget. However, each State regulatory agency will be viewed as a distinct grantee responsible for submitting separate programmatic and financial reports.

### C6. Continued Eligibility

A State must meet the milestones proposed in the grant application and outlined in the Work Plan to continue to be eligible throughout the project period. A State must continue to meet the eligibility criteria described in Subsection 1, *Eligible Applicants*, of Section C, *Eligibility Information,* throughout the project period.

### C7. EIN, DUNS, and SAM Regulations

[7] EHB grant activities that are funded through the Cycle I HIECP Grant may not also be funded through the State Flexibility Cycle II Grant Program.

In order to apply, all applicants are required to have a valid Employer Identification Number (EIN), otherwise known as a Taxpayer Identification Number (TIN); a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number; and be registered in the System for Award Management (SAM) database (https://beta.sam.gov/) to be able to submit an application at grants.gov. See Appendix II, *Application and Submission Information*, for descriptions of EIN, DUNS, and SAM.

### C8. Faith-Based Organizations

Faith-based organizations are not eligible to apply.

## D. APPLICATION AND SUBMISSION INFORMATION

### D1. Address to Request Application Package

Application materials will be available at http://www.grants.gov. Please note that HHS requires applications for all announcements to be submitted electronically through Grants.gov. Applicants will be able to download a copy of the application packet, complete it off-line, and then upload and submit the application via the Grants.gov website. Refer to Appendix II, *Application and Submission Information*, for specific instructions.

### D2. Content and Form of Application Submission

#### a. Application format

Each application must include all contents of the application package, in the order indicated, and conform to the following formatting specifications.

- The following page size must be used: 8.5" x 11" letter-size pages (one side only) with 1" margins (top, bottom, and sides). Other paper sizes will not be accepted. This is particularly important because it is often not possible to reproduce copies in a size other than 8.5" x 11".
- All pages of the project and budget narratives and implementation plan must be paginated in a single sequence.
- Font size must be at least 12-point with an average of 14 characters per inch (CPI).
- The Project Narrative must be double-spaced. The page limit for this document is 20 pages.
- The Work Plan may be single-spaced. The page limit for this document is 15 pages.
- The Budget Narrative may be single-spaced. The page limit for this document is 10 pages.
- The Business Assessment of Applicant Organization may be single spaced. The page limit for this document is 10 pages.
- Tables included within any portion of the application must have a font size of at

least 12- point with a 14 CPI and may be single spaced. Tables are counted towards the applicable page limits.

- The project abstract is restricted to a one-page summary which may be single-spaced.
- The following required application documents are excluded from the page limitations described above: Standard Forms, Project Abstract, Mandatory Application Cover Letter/Cover Page , Project Site Location Form and Indirect Cost Rate Agreement.
- The total page limit (minus those documents excluded from the page limitations) is 55 pages.

Applications determined to be ineligible, incomplete, and/or nonresponsive based on the initial screening may be eliminated from further review. However, in accordance with HHS Grants Policy, the CMS Office of Acquisition and Grants Management (OAGM), Grants Management Officer in his/her sole discretion, may continue the review process for an ineligible application if it is in the best interests of the government to meet the objectives of the program.

**b. Standard forms**

The following forms must be completed with an original signature and enclosed as part of the application:

- Project Abstract Summary
  A one-page abstract should serve as a succinct description of the proposed project and must include the goals of the project, the total budget, and a description of how the funds will be used. The abstract is often distributed to provide information to the public and Congress, so please write the abstract so that it is clear, accurate, concise, and without reference to other parts of the application. Personal identifying information should be excluded from the abstract. In the Grants Application Package that can be found at www.grants.gov, select the Project Abstract Summary and complete the form.
- SF-424: Official Application for Federal Assistance
  - On Item 15 “Descriptive Title of Applicant’s Project”, State the specific grant opportunity for which you are applying.
  - Check “No” to item 19c, as Review by State Executive Order 12372 does not apply to this grant funding opportunity.
  - The Authorized Organizational Representative (AOR) must complete and sign this form. Note: The signature of the individual that submits the application to Grants.gov will populate throughout the application. The signature must match the name of the AOR. Other signatures will not be accepted.

The AOR is the designated representative of the applicant/Recipient organization with authority to act on the organization's behalf in matters related to the award and administration of grants. In signing a grant application, this individual agrees that the organization will assume the obligations imposed by applicable Federal statutes and regulations and other terms and conditions of the award, including any assurances, if a grant is awarded. These responsibilities include accountability both for the appropriate use of funds awarded and the performance of the grant-supported project or activities as specified in the approved application.

- SF-424A: Budget Information Non-Construction
- SF-424B: Assurances-Non-Construction Programs
- SF-LLL: Disclosure of Lobbying Activities
  All applicants must submit this document. If your entity does not engage in lobbying, please insert "Non-Applicable" on the document and include the required Authorized Organizational Representative (AOR) name, contact information, and signature. Please note that the application kit available online on the Grants.gov website is utilized for many programs and therefore Grants.gov may designate this form as optional to allow for flexibility amongst programs. This form is required as part of your application package and must be submitted for your application to be considered eligible for review.
- Project Site Location Form(s)
  All applicants must submit this form. Please note that the application kit available online in Grants.gov is utilized for many programs and therefore Grants.gov may designate this form as optional to allow for flexibility amongst programs. This form is required as part of your application package and must be submitted for your application to be considered eligible for review.

### c. Mandatory Application cover letter or cover page

A letter from the applicant must identify the:

- Project Title
- Applicant Name
- Project Director Name (with email and phone number)
- Authorized Official (person with authority to sign off on all decisions for the award)

### d. Project narrative (maximum of 20 pages)

The applicant must provide a Project Narrative that articulates in detail the proposed goals, measurable objectives, and milestones to be completed in accordance with the instructions and content requirements provided below and the specific criteria described in E1. Criteria. Please

include the title "Project Narrative' at the beginning of the Project Narrative.

Both the required and optional sections of the Project Narrative are described below.

For each selected market reform that the State plans on pursuing with the grant funds, the applicant must address the following sections:

• Section (i), "Description of Current Market Reform Implementation Processes and Activities;" and

• Section (ii), "Proposed Activities for Planning and/or Implementing Market Reform Activities"

**Section (i), Eligibility**

*Mandatory: This section is mandatory for all applicants.*

Each applicant must identify the criteria under which they are eligible for a State Flexibility Cycle II Grant, and describe how the applicant meets the relevant eligibility criteria. An applicant must be an agency responsible for oversight and implementation of one or more of the pre-selected market reform provisions in one of the 50 States or the District of Columbia.

***All States applying to fund Market Reform Activities must provide the following:***

• A letter attesting that the State is not receiving other Federal grant dollars for the same activity for which it will receive State Flexibility Cycle II Grant funds.

• A State certification of Maintenance of Effort verifying that the grant funds will not supplant existing State expenditures for related consumer protection activities.

**Section (ii), Description of Current Market Reform Processes**

*Mandatory: This section is required for all applicants*.

As part of the Project Narrative, applicants must provide a detailed description of their current efforts to implement the pre-selected market reforms. States must include in the Project Narrative a comprehensive description of the State's current authority and/or process for each of the market reform activities that they plan on pursing with the grant.

**Section (iii), Proposed Activities for Planning and/or Implementing Market Reforms and Consumer Protections**

*Mandatory: This section is required for all applicants.*

The State Flexibility Cycle II Grant provides States a funding source to enhance States' role in regulating and implementing one or both of the pre-selected provisions that they deem most necessary in order to stabilize their respective health insurance market and protect consumers' access to affordable health care coverage. The State Flexibility Cycle II Grant will provide States with the opportunity to ensure their laws, regulations, and procedures are in line with Federal law and that they are able to effectively implement the pre-selected market reform

provisions under Part A of Title XXVII of the PHS Act.

Applicants may use grant funds for a variety of planning and implementation objectives, including but not limited to implementing or enhancing policy form review, market conduct examinations, market analysis, financial examinations, and consumer complaint investigations with respect to the pre-selected market reforms and consumer protections under Part A of title XXVII of the PHS Act. Grant funds can be used for, but are not limited to being used for the following activities:

• Hiring staff and/or consultants to ensure issuer compliance;

• Providing staff training;

• Developing internal manuals, checklists, and training materials;

• Implementing recommended areas of focus for market reforms and consumer protection activities identified in the Funding Opportunity;

• Hiring consultants to develop best practices, market analysis, and/or process improvement;

• Purchasing or using software or other technological services, including staff training on using the technology. Software examples include TeamMate to assist with policy form review;

• Developing consumer-friendly outreach information on the pre-selected Part A provisions, such as fact sheets or FAQs, which could lead to more consumer education about their rights and the complaint process to report issuer noncompliance;

• Enhancing or reconciling State requirements with Federal standards; and/or,

• Enhancing State websites to: (1) provide information on the pre-selected Part A provisions to the public and/or issuers; and/or (2) develop or enhance the ability to receive comments/questions/complaints from consumers about the pre-selected market reforms or issuer compliance with those requirements.

**Section (iv), Evaluation Plan**

*Mandatory: This section is required for all applicants.*

To ensure accountability, States are required as part of the grant application to describe the current state of their program, identify the goal of the grant funding, specify how the grant funds would be used to achieve the identified goal, and provide a description of how the State would measure success of the outcome. Throughout the course of the grant period, States will be required to provide quarterly reports that specify the milestones being met to achieve the goal or outcome.

The Project Narrative must include specific measures on how the grantee will evaluate its progress and measure success within its market reforms program. Please provide baseline information or data for each measurable objective to be evaluated. The grantee will be expected to update information and data for each measure as part of the quarterly report and provide an

evaluation plan that will assess the program on the overarching goals of the project. The grantee will also be expected to comply with Federal evaluation requirements. Specifically, applicants are required to include all of the following:

• Discussion of chosen key indicators to be measured;

• A description of baseline data for each indicator;

• Methods to monitor progress and evaluate the achievement of program goals both on an ongoing basis and at the conclusion of the program; and

• Inclusion of plans for timely interventions when targets are not met or obstacles delay progress.

**Section (v), Commitment to Mentor States[8]**

*This section is optional for all grant applicants*.

States may agree to mentor and collaborate with other States on the planning and/or implementation of relevant consumer protection activities and best practices.

### e. Work plan (maximum of 15 pages)

Each State will be required to develop and submit a Work Plan that outlines specific milestones for successful planning and/or implementation of activities related to the pre-selected Federal market reforms and consumer protections established under Part A of Title XXVII of the PHS Act that the State seeks grant funding for. These milestones must be articulated clearly, be measureable, and be appropriate for the award time period. Each State will also provide Progress Metrics towards each of their objectives as described in Section D, *Application and Submission Information*. Section B, Federal *Award Information*, provides additional information regarding the process that will be used to inform States of the funding availability.

Additionally, States will need to provide Progress Metrics, as described below, *Demonstrating Progress towards Milestones*, for each of the grant's activity.

The reasonableness and completeness of the specific tasks to be conducted throughout the project period will be reviewed as well as the adequacy of the projected timeframes. The Work Plan must indicate which milestones the Program plans to meet within the associated timeframes. The incremental steps to achieving these milestones should also be identified by the months in which they start, are carried out, and completed. States are permitted to do a separate Work Plan for different aspects of their grant application. There is not a specified template for the Work Plan. At the beginning of the Work Plan, please include a title that includes the words "Work Plan" in it.

**Demonstrating Progress towards Milestones**

[8] See D.8, "Other Submission Requirements," on page 26.

Progress toward the milestones outlined in the Work Plan will be reported in quarterly programmatic progress reports and in the required programmatic final report. States will have the opportunity to update and amend their Work Plans on a quarterly basis throughout the grant program. HHS will work closely with a State in the event that a State updates its Work Plan as its plans evolve, and HHS will make technical assistance available to facilitate and support State progress throughout the Grant Program.

States will be required to describe the current State of their implementation of the selected market reform(s), identify the goal(s) to be met through use of the grant funding, specify how the grant funds would be used to achieve the identified goal, and provide a description of how the State would measure success of the outcome. To establish quantitative measurement of the goals, the grant will require States to provide updates on the completion of each activity on a quarterly basis, based on the Reporting Metrics described in Section F5.a, *Progress Reports*, which will provide metrics for CMS to monitor the progress of each proposed activity.

Additional technical assistance will be available to States that are not showing progress toward the required milestones; however, HHS may restrict future grant funds for certain grant activities if milestones are not met.

**Progress Metrics**:
In order to provide metrics for CMS to monitor the progress of each activity, each State will be required to report quantitative measurements on a quarterly basis on each of their activity objectives, as described below:

**Stage 0** - No work has begun on stated goal.
**Stage 1** - Project Plan has been created and staff has been assigned to task. The work on achieving the goal has initially begun.
**Stage 2** - Goal of the Project Plan is underway, and any refinements or adjustments to original Project Plan were made.
**Stage 3** - Goal of the Project Plan is half way complete and continuously being worked on.
**Stage 4** - Deliverables are beginning to finalize and proposed goals are nearly completed.
**Stage 5** - 100% of stated goal has been completely achieved.

### e. Budget narrative (maximum of 10 pages)

Applicants must supplement Form SF-424A with a Budget Narrative. The Budget Narrative must include a yearly breakdown of costs according to a 12-month period. See Section B. *Federal Award Information* for more information on the performance period. Applicants must include a clear description of the proposed set of services that will be covered with grant funds. The Budget Narrative should provide a detailed cost breakdown for each line item outlined in

the SF-424A by grant year, including a breakdown of costs for each activity/cost within the line item. The proportion of the requested funding designated for each activity should be clearly defined and should justify the applicant's readiness to receive funding. The budget must separate out funding that is administered directly by the lead agency from funding that will be subcontracted to other partners.

For more specific information and instructions for completing the SF-424A and Budget Narrative, please refer to Appendix I, *Guidance for Preparing a Budget Request and Narrative*.

**f. Business assessment of applicant organization (maximum of 10 pages)**

As required by 45 CFR §75.205 for competitive grants and cooperative agreements, CMS will evaluate the risk posed by an applicant before they receive an award. This analysis of risk includes items such as financial stability, quality of management systems, and the ability to meet the management standards prescribed in 45 CFR Part 75.

An applicant must review, answer, and submit the business assessment questions outlined in Appendix III, *Business Assessment of Application Organization*.

**g. Required Supporting Documentation**

The following supporting documentation should accompany the application. This information is excluded from the page limit for applications.

a) Applicants must submit the following letters:

- Each applicant must submit a letter attesting that the State is not receiving other Federal grant dollars for the same activity(s) for which it will receive the State Flexibility Cycle II Grant funds.

- State certification of Maintenance of Effort verifying that the grant funds will not supplant existing State expenditures for related consumer protection activities. There is no designated form for the State certification of "Maintenance of Effort."

b) The State must provide a clear delineation of the roles and responsibilities of project staff and how they will contribute to achieving the project's objectives including:

- The State's capacity to implement the proposed project and manage grant funds, including a reasonable and cost-efficient budget; and

- An organizational chart and job descriptions of staff who will be dedicated to the project indicating the time that staff will spend on grant activities.

**D3. Unique Entity Identifier and System for Award Management (SAM) – Required**

Unless the applicant is an individual or Federal awarding agency that is excepted from those requirements under 2 CFR 25.110(b) or (c), or has an exception approved by the Federal awarding agency under 2 CFR 25.110(d)), each applicant is required to:

i. Be registered in SAM before submitting its application;
ii. Provide a valid unique entity identifier in its application; and
iii. Continue to maintain an active SAM registration with current information at all times during which it has an active Federal award or an application or plan under consideration by a Federal awarding agency.

HHS may not make a Federal award to an applicant until the applicant has complied with all applicable unique entity identifier and SAM requirements and, if an applicant has not fully complied with the requirements by the time HHS is ready to make a Federal award, HHS may determine that the applicant is not qualified to receive a Federal award and use that determination as a basis for making a Federal award to another applicant.

### D4. Submission Dates and Times

All State Flexibility Cycle II applications must be submitted electronically and be received through http://grants.gov by **3:00 pm Eastern Time – Baltimore, MD - on February 3, 2021**. Applications submitted after 3:00 pm, Eastern Time, on February 3, 2021 will not be reviewed or considered for award.

### D5. Intergovernmental Review

Applications for these grants are not subject to review by States under Executive Order 12372, "Intergovernmental Review of Federal Programs" (45 CFR 100). Please check box "C" on item 19 of the SF-424 (Application for Federal Assistance) as Review by State Executive Order 12372 does not apply to these grants.

### D6. Cost Restrictions

*Prohibited Uses of Grant Funds*
HHS funds for State Flexibility Cycle II Grants may not be used for any of the following:

- To cover the costs to provide direct services to individuals.
- To match any other Federal funds.
- To provide services, equipment, or supports that are the legal responsibility of another party under Federal or State law (e.g.; vocational rehabilitation or education services) or under any civil rights laws. Such legal responsibilities include, but are not limited to, modifications of a workplace or other reasonable accommodations that are a specific obligation of the employer or other party.

- To supplant existing State, local, tribal, or private funding of infrastructure or services such as staff salaries, etc.
- To provide goods or services not allocable to the approved budget.
- To be used by local entities to satisfy State matching requirements.
- To pay for construction.
- To pay for capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life as a direct cost, except with the prior written approval of the Federal awarding agency.
- To pay for the cost of independent research and development, including their proportionate share of indirect costs (unallowable in accordance with 45 CFR 75.476).
- To use as profit to any award recipient even if the award recipient is a commercial organization, (unallowable in accordance with 45 CFR 75.215(b)), except for grants awarded under the Small Business Innovative Research (SBIR) and Small Business Technology Transfer Research (STTR) programs (15 U.S.C. 638). Profit is any amount in excess of allowable direct and indirect costs.

Other than for normal and recognized executive-legislative relationships or participation by an agency or officer of a State, local or tribal government in policymaking and administrative processes within the executive branch of that government, funds for the State Flexibility Cycle II Grants may not be used to pay the salary or expenses of any grant recipient, or agent acting for such recipient, related to any activity designed to influence the enactment of legislation, appropriations, regulation, administrative action, or executive order proposed or pending before the Congress or any State government, State legislature or local legislature or legislative body. Grant recipients may lobby at their own expense if they can segregate Federal funds from other financial resources used for that purpose.

*Indirect Costs*

For guidance and information on indirect costs, applicant should refer to F2.B. Administrative Requirements of this Notice of Funding Opportunity.

*Reimbursement of Pre-Award Costs*

As permitted by the cost principles under 45 CFR Part 75 (implementing 2 CFR part 200) and further clarified by the HHS Policy Statement, funds awarded under this Funding Opportunity may be used to reimburse pre-award costs that are allowable and incurred up to 90 days before grant award. The applicant must seek prior approval in writing before incurring pre-award costs. If a State does not receive a grant award, HHS is not liable for costs incurred by the applicant. See 45 CFR § 75.458, *Pre-Award costs*.

### D7. Mandatory Disclosure

Submission is required for all applicants, in writing, to the awarding agency and to the HHS Office of Inspector General (OIG) all information related to violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Disclosures must be sent in writing to:

U.S. Department of Health and Human Services
Centers for Medicare and Medicaid Services
Office of Acquisition and Grants Management
Attn: Director, Division of Grants Management
7500 Security Blvd, Mail Stop B3-30-03
Baltimore, MD 21244-1850

Materials should also be scanned and emailed to the Grants Management Specialist assigned to this Funding Opportunity. See Section G, *CMS Contacts*.

**AND**

U.S. Department of Health and Human Services
Office of Inspector General
ATTN: Mandatory Grant Disclosures, Intake Coordinator
330 Independence Avenue, SW, Cohen Building
Room 5527
Washington, DC 20201

URL: https://oig.hhs.gov/fraud/report-fraud/index.asp (Include "Mandatory Grant Disclosures" in subject line)
Fax: (202) 205-0604 (Include "Mandatory Grant Disclosures" in subject line) or
Email: MandatoryGranteeDisclosures@oig.hhs.gov

### D8. Other Submission Requirements

**Commitment to Mentor States (Optional)**

States that are currently enforcing the pre-selected PPACA market reforms and consumer protections under Part A of Title XXVII of the PHS Act may agree to mentor and collaborate with other States on the planning and/or implementation of market reform activities and best practices. Interested States must provide additional information per the Mentor section in the application.

## E. APPLICATION REVIEW INFORMATION

### E1. Criteria

This Funding Opportunity provides States with the opportunity to plan, implement and/or enhance consumer protection activities related to the pre-selected provisions established under Part A of Title XXVII of the PHS Act. Applicants will be evaluated according to the type of activities proposed and based on the information outlined in Sections C. *Eligibility Information* and D.2. *Content and Form of Application Submission*.

In order to receive a grant award, States must submit an application, in the required format, no later than the deadline date. If an applicant does not submit all of the required documents and does not address each of the topics described in the Application and Submission Information section, the applicant risks not being awarded a grant.

As indicated in Section D, *Application and Submission Information*, all applicants must submit the following:

1. Standard Forms
2. Applicant's Cover Letter
3. Project Abstract
4. Project Narrative
5. Work Plan
6. Budget and Budget Narrative
7. Business Assessment of Applicant Organization
8. Required Supporting Documentation

### E2. Review and Selection Process

For detailed information on the Review and Selection Process, please refer to Appendix V, *Review and Selection Process*.

### E3. Federal Awardee Performance and Integrity Information Systems (FAPIIS)

i. CMS, prior to making a Federal award with a total amount of Federal share greater than the simplified acquisition threshold, is required to review and consider any information about the applicant that is in the designated integrity and performance system accessible through SAM (currently FAPIIS) (see 41 U.S.C. 2313);

ii. An applicant, at its option, may review information in the designated integrity and performance systems accessible through SAM and comment on any information about itself that the HHS awarding agency previously

entered and is currently in the designated integrity and performance system accessible through SAM;

iii. CMS will consider any comments by the applicant, in addition to the other information in the designated integrity and performance system, in making a judgment about the applicant's integrity, business ethics, and record of performance under Federal awards when completing the review of risk posed by applicants as described in 45 CFR §75.205.

## F. FEDERAL AWARD ADMINISTRATION INFORMATION

### F1. Federal Award Notices

If successful, applicant will receive a Notice of Award (NoA) signed and dated by the CMS Grants Management Officer. The NoA is the legal document authorizing the grant award and will be issued to the applicant as listed on the SF-424 and available to the applicant organization through the online grants management system used by CMS and recipient organizations. Any communication between CMS and applicant prior to issuance of the NoA is not an authorization to begin performance of a project.

If unsuccessful, applicant will be notified by letter, sent electronically to the email address as listed on its SF-424, within 30 days of the award date.

### F2. Administrative and National Policy Requirements

A. National/Public Policy Requirements

By signing the application, the Authorized Organizational Official certifies that the organization will comply with applicable public policies. Once a cooperative agreement is awarded, the Recipient is responsible for establishing and maintaining the necessary processes to monitor its compliance and that of its employees and, as appropriate, subrecipients and contractors under the cooperative agreement with these requirements. Recipient should consult the applicable Appropriations Law, Exhibit 3 of the HHS Grants Policy Statement, titled Public Policy Requirements, located in Section II, pages 3-6, as well as the terms and conditions of award for information on potentially applicable public policy requirements.

*Non-Discrimination*

All awardees receiving awards under this cooperative agreement project must comply with all applicable Federal statutes relating to nondiscrimination, including, but not limited to:

a. Title VI of the Civil Rights Act of 1964,

b. Section 504 of the Rehabilitation Act of 1973,

c. The Age Discrimination Act of 1975,

d. Title II, Subtitle A of the Americans with Disabilities Act of 1990;

e. Section 1557 of the Affordable Care Act;

f. Title IX of the Education Amendments of 1972; and

g. Applicable federal religious nondiscrimination laws, https://www.hhs.gov/conscience/religious-freedom/index.html, and applicable federal conscience protection and associated anti-discrimination laws https://www.hhs.gov/conscience/conscience-protections/index.html.

*Accessibility Provisions*

Recipients of federal financial assistance (FFA) from HHS must administer their programs in compliance with federal civil rights laws that prohibit discrimination on the basis of race, color, national origin, disability, age and, in some circumstances, religion, conscience, and sex. This includes ensuring programs are accessible to persons with limited English proficiency. The HHS Office for Civil Rights provides guidance on complying with civil rights laws enforced by HHS. Please see https://www.hhs.gov/civil-rights/for-providers/provider-obligations/index.html; and https://www.hhs.gov/ocr/civilrights/understanding/section1557/index.html.

- Recipients of FFA must ensure that their programs are accessible to persons with limited English proficiency. HHS provides guidance to recipients of FFA on meeting their legal obligation to take reasonable steps to provide meaningful access to their programs by persons with limited English proficiency. Please see https://www.hhs.gov/civil-rights/for-individuals/special-topics/limited-english-proficiency/fact-sheet-guidance/index.html and https://www.lep.gov. For further guidance on providing culturally and linguistically appropriate services, recipients should review the National Standards for Culturally and Linguistically Appropriate Services in Health and Health Care at https://minorityhealth.hhs.gov/omh/browse.aspx?lvl=2&lvlid=53.
- Recipients of FFA also have specific legal obligations for serving qualified individuals with disabilities. Please see: https://www.hhs.gov/ocr/civilrights/understanding/disability/index.html.
- HHS funded health and education programs must be administered in an environment free of sex discrimination, including sexual harassment. Please see: https://www.hhs.gov/civil-rights/for-individuals/sex-discrimination/index.html; https://www2.ed.gov/about/offices/list/ocr/docs/shguide.html; and https://www.eeoc.gov/eeoc-publications.
- Recipients of FFA must also administer their programs in compliance with applicable federal religious nondiscrimination laws and applicable federal conscience protection and associated anti-discrimination laws. Collectively, these laws prohibit exclusion, adverse treatment, coercion, or other

discrimination against persons or entities on the basis of their consciences, religious beliefs, or moral convictions. Please see: https://www.hhs.gov/conscience/conscience-protections/index.html; and https://www.hhs.gov/conscience/religious-freedom/index.html.

Recipients should review and comply with the reporting and review activities regarding accessibility requests outlined in Appendix IV, Accessibility Provisions to this Notice of Funding Opportunity.

Please contact the HHS Office for Civil Rights for more information about obligations and prohibitions under federal civil rights laws at https://www.hhs.gov/ocr/about-us/contact-us/index.html or call 1-800-368-1019 or TDD 1-800-537-7697.

B. Administrative Requirements

- All equipment, staff, and other budgeted resources and expenses must be used exclusively for the projects identified in the applicant's original application or agreed upon subsequently with CMS, and may not be used for any prohibited uses.
- Consumers and other stakeholders must have meaningful input into the planning, implementation, and evaluation of the project.
- This award is subject to 45 CFR Part 75, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS awards [available at http://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.75], which implements 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") effective December 26, 2014. See below for more information.

Uniform Administrative Requirements, Cost Principles, and Audit Requirements

Applicant and recipients should take particular note of the following information found in 45 CFR Part 75:

Uniform Administrative Requirements

In accordance with 45 CFR §75.112, all award recipients receiving federal funding from CMS must establish and comply with the conflict of interest policy requirements outlined by CMS (available for applicant upon request).

In accordance with 45 CFR §75.113, Mandatory Disclosures, the non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the HHS awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Non-Federal entities that have received a Federal award including the term and condition outlined in Appendix XII to 45 CFR Part 75 are required to report certain civil, criminal, or administrative proceedings to SAM. Failure to make the required disclosures can result in the imposition of any of the remedies described in §75.371, including suspension or debarment. (See also

2 CFR Parts 180 and 376, and 31 U.S.C. 3321). For specific information on reporting such disclosures to CMS and HHS please see Section F3. Terms and Conditions of this NOFO.

Cost Principles

CMS grant and cooperative agreement awards provide for reimbursement of actual, allowable costs incurred and are subject to the Federal cost principles. The cost principles establish standards for the allowability of costs, provide detailed guidance on the cost accounting treatment of costs as direct or indirect, and set forth allowability and allocability principles for selected items of cost. Applicability of a particular set of cost principles depends on the type of organization. Award recipients must comply with the cost principles set forth in HHS regulations at 45 CFR Part 75, Subpart E with the following exceptions: (1) hospitals must follow Appendix IX to part 75; and (2) commercial (for-profit) organizations are subject to the cost principles located at 48 CFR subpart 31.2. As provided in the cost principles in 48 CFR subpart 31.2, allowable travel costs may not exceed those established by the Federal Travel Regulation (FTR).

There is no universal rule for classifying certain costs as either direct or indirect (also known as Facilities & Administration (F&A) costs) under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, it is essential that each item of cost incurred for the same purpose is treated consistently in like circumstances either as a direct or F&A cost in order to avoid double-charging of Federal awards. Guidelines for determining direct and F&A costs charged to Federal awards are provided in 45 CFR §§75.412 to 75.419. Requirements for development and submission of indirect (F&A) cost rate proposals and cost allocation plans are contained in Appendices III-VII, and Appendix IX to Part 75.

Indirect Costs

CMS will reimburse indirect costs to recipients under an award if (1) allowable under the governing statute, regulations, or HHS grants policy; (2) the recipient requests indirect costs; and (3) the recipient has a federally approved indirect cost rate agreement covering the grant supported activities and period of performance or the non-federal entity has never received an indirect cost rate and elects to charge a de minimis rate of 10% of Modified Total Direct Costs (MTDC).

If the applicant entity has a current negotiated indirect cost rate agreement (NICRA) and is requesting indirect costs, a copy of the current NICRA must be submitted with the application. Any non-Federal entity that has never received a negotiated indirect cost rate, except for those non-Federal entities described in Appendix VII(D)(1)(b) to 45 CFR part 75, may elect to charge a de minimis rate of 10% of MTDC which may be used indefinitely.

Commercial (For-Profit) Organizations: Indirect Costs are allowable under awards to for-profit organizations. The for-profit recipient must have a federally-approved indirect cost rate agreement covering the grant supported activities and period of performance. Indirect cost rates for for-profit entities are negotiated by DFAS in the Office of Acquisition Management and Policy, National Institutes of Health (if the preponderance of their federal awards are from HHS), available at http://oamp.od.nih.gov/dfas/indirect-cost-branch, or other Federal

agency with cognizance for indirect cost rate negotiation. If there is no federally-approved indirect cost rate for the specific period of performance and the for-profit recipient has never received an indirect cost rate, then the non-federal entity may elect to charge a de minimis rate of 10% of MTDC.

*Cost Allocation*

In accordance with 45 CFR §75.416 and Appendix V to Part 75 – State/Local Government-wide Central Service Cost Allocation Plans, each state/local government will submit a plan to the HHS Cost Allocation Services for each year in which it claims central service costs under Federal awards. Guidelines and illustrations of central service cost allocation plans are provided in a brochure published by the HHS entitled "A Guide for State, Local and Indian Tribal Governments: Cost Principles and Procedures for Developing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government." A copy of this brochure may be obtained from the HHS Cost Allocation Services at https://rates.psc.gov. A current, approved cost allocation plan must be provided to CMS if central service costs are claimed.

*Public Assistance Cost Allocation Plans*

Appendix VI to Part 75 – Public Assistance Cost Allocation Plans, provides that state public assistance agencies will develop, document and implement, and the Federal Government will review, negotiate, and approve, public assistance cost allocation plans in accordance with Subpart E of 45 CFR part 95. The plan will include all programs administered by the state public assistance agency. Where a letter of approval or disapproval is transmitted to a state public assistance agency in accordance with Subpart E, the letter will apply to all Federal agencies and programs. This Appendix (except for the requirement for certification) summarizes the provisions of Subpart E of 45 CFR part 95.

Audit Requirements

The audit requirements in 45 CFR Part 75, Subpart F, apply to each award recipient fiscal year that begins on or after December 26, 2014. A non-Federal entity that expends $750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of Subpart F, Audit Requirements.

Commercial Organizations (including for-profit hospitals) have two options regarding audits, as outlined in 45 CFR §75.501 (see also 45 CFR §75.216).

### F3. Terms and Conditions

This NOFO is subject to the Department of Health and Human Services Grants Policy Statement (HHS GPS) at http://www.hhs.gov/sites/default/files/grants/grants/policies-regulations/hhsgps107.pdf. The general terms and conditions in the HHS GPS will apply as indicated unless there are statutory, regulatory, or award-specific requirements to the contrary. Standard and program specific terms of award will accompany the NoA. Potential applicants should be aware that special requirements could apply to cooperative agreement awards based on the particular circumstances of the effort to be supported and/or deficiencies identified in the

application by the HHS review panel. HHS regulation (45 CFR Part 75) supersedes information on administrative requirements, cost principles, and audit requirements for grants and cooperative agreements included in the current HHS Grants Policy Statement where differences are identified. Recipients must also agree to respond to requests that are necessary for the evaluation of national efforts and provide data on key elements of their own grant or cooperative agreement activities.

CMS may terminate any award for material noncompliance. Material noncompliance includes, but is not limited to, violation of the terms and conditions of the award; failure to perform award activities in a satisfactory manner; improper management or use of award funds; or fraud, waste, abuse, mismanagement, or criminal activity.

In the event a Recipient or one of its subrecipients enters into proceedings relating to bankruptcy, whether voluntary or involuntary, the Recipient agrees to provide written notice of the bankruptcy to CMS. This written notice shall be furnished within five (5) days of the initiation of the proceedings relating to bankruptcy filing and sent to the CMS Grants Management Specialist and Project Officer. This notice shall include the date on which the bankruptcy petition was filed, the identity of the court in which the bankruptcy petition was filed, a copy of any and all of the legal pleadings, and a listing of Government grant and cooperative agreement numbers and grant offices for all Government grants and cooperative agreements against which final payment has not been made.

Intellectual Property

Recipients under this funding opportunity must comply with the provisions of 45 CFR § 75.322, Intangible property and copyrights. The non-Federal entity may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a Federal award. The Federal awarding agency reserves a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so. The non-Federal entity is subject to applicable regulations governing patents and inventions, including government-wide regulations issued by the Department of Commerce at 37 CFR part 401.

The Federal Government has the right to:

(1) Obtain, reproduce, publish, or otherwise use the data produced under a Federal award; and

(2) Authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes.

## F4. Reporting

### a. Progress Reports

All successful applicants under this announcement must comply with the reporting and review activities. The drawdown of funds will be dependent on HHS acceptance of the required quarterly reports and the grantee’s performance toward specified milestones according to the set due dates as outlined in this Funding Opportunity and in the terms and conditions provided

with the Notice of Award (NoA). HHS will work closely with each State to evaluate its progress against its Work Plan and may condition the availability of funding on a State's demonstrated progress toward the proposed Work Plan. CMS Project Officers will track each State's progress and provide technical assistance when needed.

Quarterly Progress Reports

Grantees must provide HHS with information such as, but not limited to, project status, implementation activities initiated, accomplishments, barriers, and lessons learned in order to ensure that funds are used for authorized purposes. Such performance includes submission of the State's progress toward the milestones identified in its Work Plan. HHS reserves the right to restrict funds for activities related to unmet milestones. More details of the required quarterly report will be outlined in the NoA. The report must include, but will not be limited to:

1. Progress on the required milestones
2. Updates on Work Plan components, timeline, and Progress Metrics
3. Budget updates
4. Changes in authority; if applicable
5. Lessons learned

Annual Report

Grantees must provide HHS with an Annual Report for each grant year, with the exception of the final grant year. For the final grant year, a Final report will replace the Annual Report.

The report will demonstrate the State's progress toward the milestones identified in its Work Plan. HHS reserves the right to restrict funds for activities related to milestones not met. More details of the annual report, including the due date, will be outlined in the NoA.

Final Report

The Final Report will include an evaluation of the State's progress toward the milestones identified in its Work Plan and overarching success of the State's implementation of the market reforms. More details on the requirements of the Final Report will be outlined in the NoA.

Work Plan Updates

Each State will be required to submit an updated Work Plan along with quarterly reports in order to exhibit progress toward identified milestones contained in the Work Plan. CMS Project Officers will track State progress using these updated Work Plans and progress made towards milestones. Also, States will be required to submit updated Progress Metrics on each of their activities in their work plan.

Performance Review

HHS is interested in enhancing the performance of its funded programs within communities and States. As part of this agency-wide effort, grantees will be required to participate, where appropriate, in an on-site performance review of their HHS-funded project(s) by a review team.

The timing of the performance review is at the discretion of HHS.

**b. Financial Reports**

Required On-Line Reporting. CMS requires Recipients to submit quarterly cash transaction and semi-annual or annual expenditure financial reporting data through PMS in a consolidated single reporting system. This consolidated single reporting system includes submission of the following required fields in the Federal Financial Report (FFR or SF-425): lines 10.a through 10.c to reflect cash transactions data and lines 10.d through 10.h to reflect expenditures, obligations, and liquidations data. Failure to submit timely reports may result in the inability to access funds.

Quarterly Cash Transaction Financial Reporting

Report Submission Deadline. Unless superseded by program-specific statute or regulations or by CMS policy, in accordance with 45 CFR 75.341, the deadline for submitting the required Federal reporting is 30 days after the end of each quarter (i.e., by January 30, April 30, July 30 and October 30) and 90 days after the project has ended.

Semi-Annual, Annual, and Final Expenditure Reporting

Recipient must also report on Federal expenditures, Recipient Share (if applicable), and Program Income (if applicable and/or allowable) at least annually via the Payment Management System. Frequency of required expenditure reporting, whether semi-annually or annually, is stipulated in the Program Terms and Conditions of award. Expenditures, Recipient Share, and Program Income is reflected through completion of lines 10.d through 10.o of the FFR.

Additional information on financial reporting will be provided in the Standard and Program Terms and Conditions of award.

**c. Federal Funding Accountability and Transparency Act Reporting Requirements**

New awards issued under this NOFO are subject to the reporting requirements of the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109– 282), as amended by section 6202 of Public Law 110–252 and implemented by 2 CFR Part 170. Grant and

cooperative agreement recipients must report information for each first-tier sub- award of $25,000 or more in Federal funds and executive total compensation for the recipient's and sub-recipient's five most highly compensated executives as outlined in Appendix A to 2 CFR Part 170 (available online at https://www.fsrs.gov/).

**d. Audit Requirements**

Recipients must comply with audit requirements outlined in HHS regulation 45 CFR Part 75 (implementing 2 CFR Part 200). See Subpart F – Audit Requirements. http://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.75#sp45.1.75.f.

**e. Payment Management System Reporting Requirements**

Once an award is made, the funds are posted in recipient accounts established in the Payment Management System (PMS). Recipients may then access their funds by using the PMS funds request process.

The PMS funds request process enables recipients to request funds using a Personal Computer with an Internet connection. The funds are then delivered to the recipient via Electronic Funds Transfer (EFT). If you are a new recipient, please go to PMS Access Procedures to find information to register in PMS. If you need further help with that process, please contact the One-DHHS Help Desk via email at pmssupport@psc.gov or call (877) 614-5533 for assistance.

## G. CMS CONTACTS

### G1. Programmatic Contact

Programmatic questions about the "Grants to States for Planning and Implementing the Insurance Market Reforms under Part A of Title XXVII of the Public Health Service Act, Cycle II" Funding Opportunity can be directed to:

James Taing
Center for Consumer Information and Insurance Oversight
Centers for Medicare and Medicaid Services
James.Taing@cms.hhs.gov

### G2. Grants Management Specialist/Business Administration Contact

Administrative and budgetary questions about the "Grants to States for Planning and Implementing the Insurance Market Reforms under Part A of Title XXVII of the Public Health Service Act, Cycle II" Funding Opportunity can be directed to:

Iris Grady
Office of Acquisition and Grants Management

Centers for Medicare and Medicaid Services
Iris.Grady@cms.hhs.gov

## H. APPENDICES

### Appendix I. Guidance for Preparing a Budget Request and Narrative

Applicants should request funding only for activities which will support this specific Notice of Funding Opportunity. All applicants must submit the Standard Form SF-424A as well as a Budget Narrative. The Budget Narrative should provide detailed cost itemizations and narrative supporting justification for the costs outlined in SF-424A. Both the Standard Form SF-424A and the Budget Narrative must include a yearly breakdown of costs for the entire period of performance. Please review the directions below to ensure both documents are accurately completed and consistent with application requirements.

**Standard Form SF-424A**

All applicants must submit an SF-424A. To fill out the budget information requested on form SF-424A, review the general instructions provided for form SF-424A and comply with the instructions outlined below.

- Note: The directions in the Notice of Funding Opportunity (NOFO) may differ from those provided by Grants.gov. Please follow the instructions included in this NOFO as outlined below when completing the SF-424A.
- Note: The total requested on the SF-424 (Application for Federal Assistance) should be reflective of the overall total requested on the SF-424A (Budget Information – Non-Construction) for the entire project period.

Section A – Budget Summary

- *Grant Program Function or Activity* (column a) = Enter "Name of Notice of Funding Opportunity" in row 1.
- *New or Revised Budget, Federal* (column e) = Enter the Total Federal Budget Requested for the project period in rows 1 and 5.
- *New or Revised Budget, Non-Federal* (column f) = Enter Total Amount of any Non-Federal Funds Contributed (if applicable) in rows 1 and 5.
- *New or Revised Budget, Total* (column g) = Enter Total Budget Proposed in rows 1 and 5, reflecting the sum of the amount for the Federal and Non-Federal Totals.

Section B – Budget Categories

- Enter the total costs requested for each Object Class Category (Section B, number 6) for each year of the period of performance. Notice of Funding Opportunities with a 5-year project period will need to also utilize a second SF-424A form.
- Column (1) = Enter Year 1 costs for each line item (rows a-h), including the sum of the total direct charges (a-h) in row i. Indirect charges should be reflected in row j. The total for direct and indirect charges for all year 1 line items should be entered in column 1, row k (sum of row i and j).

- Column (2) = Enter Year 2 estimated costs for each line item (rows a-h), including the sum of the total direct charges (a-h) in row i. Indirect charges should be reflected in row j. The total for direct and indirect charges for all year 2 line items should be entered in column 2, row k (sum of row i and j).
- Column (3) = (If applicable) Enter Year 3 estimated costs for each line item (rows a-h), including the sum of the total direct charges (a-h) in row i. Indirect charges should be reflected in row j. The total for direct and indirect charges for all year 3 line items should be entered in column 3, row k (sum of row i and j).
- Column (4) = (If applicable) Enter Year 4 estimated costs for each line item (rows a-h), including the sum of the total direct charges (a-h) in row i. Indirect charges should be reflected in row j. The total for direct and indirect charges for all year 4 items should be entered in column 4, row k (sum of row i and j).
- Column (5) = Enter total costs for the period of performance for each line item (rows a-h), direct total costs (row i), and indirect costs (row j). The total costs for all line items should be entered in row k (sum of row i and j). The total in column 5, row k should match the total provided in Section A – Budget Summary, New or Revised Budget, column g, row 5.
- If the NOFO is for a 5-year period of performance, please complete a second SF-424A form and upload it as an attachment to the application (this specific attachment will not be counted towards the page limit). Year 5 information should be included in column 1 of Section B. Then enter the total for years 1-4 (per the first SF-424A form) in column 2 of Section B. The second SF-424A form will compute columns 1 and 2, reflecting total costs for the entire project period. This total should be consistent with the total Federal costs requested on the SF-424, Application for Federal Assistance. A blank SF-424A form can be found at Grants.gov: https://www.grants.gov/web/grants/forms/sf-424-individual-family.html#sortby=1

**Budget Narrative – Sample Narrative and Instructions**

Applicants must complete a Budget Narrative and upload it to the Budget Narrative Attachment Form in the application kit. Applicants must request funding only for activities not already funded/supported by other funding sources. Awards should support separate activities and new federal funding should not be supplanted by other federal funding. In the budget request, applicant should distinguish between activities that will be funded under this application and activities funded with other sources. Other funding sources include other HHS grant programs, and other federal funding sources as applicable.

A sample Budget Narrative is included below.

**A. (Personnel) Salaries and Wages**

For each requested position, provide the following information: title of position; name of staff member occupying the position, if available; annual salary; percentage of time budgeted for this program (FTE or level of effort); total months of salary budgeted; and total salary requested. Also, provide a justification and describe the scope of responsibility for each position, relating it to the accomplishment of program objectives. These individuals must be employees of the applicant organization.

Note: As stated in applicable Appropriations Law, none of the funds appropriated shall be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of Executive Level II. This salary cap applies to direct salaries and to those salaries covered under indirect costs, also known as facilities and administrative (F & A). Please consult the following link to determine the applicable current salary cap: https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/

***Sample Budget***

| | |
|---|---|
| *Personnel Total* | *$_____* |
| *Grant* | *$_____* |
| *Funding other than Grant* | *$_____* |
| *Sources of Funding* | *_____* |

| **Position Title** | **Name (if known)** | **Annual** | **Time** | **Months** | **Amount Requested** |
|---|---|---|---|---|---|
| Project Coordinator | Susan Taylor | $45,000 | 100% | 12 months | $45,000 |
| Finance Administrator | John Johnson | $28,500 | 50% | 12 months | $14,250 |
| Outreach Supervisor | Vacant | $27,000 | 100% | 12 months | $27,000 |
| Total: | | | | | $86,250 |

***Sample Justification***

The format may vary, but the description of responsibilities should be directly related to specific program objectives.

*Job Description: Project Coordinator - (Name)*

*This position directs the overall operation of the project; responsible for overseeing the implementation of project activities, coordination with other agencies, development of materials, provisions of in-service and training, conducting meetings; designs and directs the gathering, tabulating and interpreting of required data; responsible for overall program*

*evaluation and for staff performance evaluation; and is the responsible authority for ensuring necessary reports/documentation are submitted to HHS. This position relates to all program objectives.*

**B. Fringe Benefits**

Fringe benefits are usually applicable to direct salaries and wages. Provide information on the rate of fringe benefits used and the basis for their calculation (reference NICRA if applicable). If a fringe benefit rate is not used, itemize how the fringe benefit amount is computed. This information must be provided for each position (unless the rates for all positions are identical).

***Sample Budget***

| |
|---|
| *Fringe Benefits Total $_____* |
| *Grant $_____* |
| *Funding other than Grant $_____* |
| *Sources of Funding_____* |

| **Fringe Benefit** | **Rate** | **Salary Requested** | **Amount Requested** |
|---|---|---|---|
| FICA | 7.65% | $45,000 | $3443 |
| Worker's Compensation | 2.5% | $14,250 | $356 |
| Insurance | Flat rate - $2,000 (100% FTE for 12 months) | $2,000 | $2,000 |
| Retirement | 5% | $27,000 | $1,350 |
| Total | | | $7,149 |

**C. Travel**

Dollars requested in the travel category should be for **applicant staff travel only**. Travel for consultants should be shown in the consultant category. Allowable travel for other participants, advisory committees, review panel, etc. should be itemized in the same way specified below and placed in the **"Other"** category. Travel incurred through a contract should be shown in the contractual category.

Provide a narrative describing the travel staff members will perform. This narrative must include a justification which explains why this travel is necessary and how it will enable the applicant to complete program requirements included in the Notice of Funding Opportunity. List where travel will be undertaken, number of trips planned, who will be making the trip, and

approximate dates. If mileage is to be paid, provide the number of miles and the cost per mile. The mileage rate cannot exceed the rate set by the General Services Administration (GSA). If travel is by air, provide the estimated cost of airfare. The lowest available commercial airfares for coach or equivalent accommodations must be used. If per diem/lodging is to be paid, indicate the number of days and amount of daily per diem as well as the number of nights and estimated cost of lodging. Costs for per diem/lodging cannot exceed the rates set by GSA. Include the cost of ground transportation when applicable. Please refer to the GSA website by using the following link http://www.gsa.gov/portal/content/104877.

***Sample Budget***

| |
|---|
| *Fringe Benefits Total $_____* |
| *Grant $_____* |
| *Funding other than Grant $_____* |
| *Sources of Funding_____* |

| **Purpose of Travel** | **Location** | **Item** | **Rate** | **Cost** |
|---|---|---|---|---|
| Site Visits | Neighboring areas of XXX | Mileage | $0.545 x 49 miles (use mileage rate in effect at time of mileage incurrence) x 25 trips | $668 |
| Training (ABC) | Chicago, IL | Airfare | $200/flight x 2 persons | $400 |
| | | Luggage Fees | $50/flight x 2 persons | $100 |
| | | Hotel | $140/night x 2 persons x 3 nights | $840 |
| | | Per Diem (meals) | $49/day x 2 persons x 4 days | $392 |
| | | Transportation (to and from airport) | $50/shuttle x 2 persons x 2 shuttles | $200 |
| | | Transportation (to and from hotel) | $25/shuttle x 2 persons x 2 shuttles | $100 |
| | | | | $2,700 |

***Sample Justification***

*The Project Coordinator and the Outreach Supervisor will travel to (location) to attend a conference on the following topic XXXX. This conference is only held once a year in Chicago, IL. Attending this conference is directly linked to project goals/objectives and is a necessity*

*because XXXX. The information and tools we will gather from attending this conference will help us to accomplish project objectives by XXXX. A sample itinerary can be provided upon request. The Project Coordinator will also make an estimated 25 trips to birth center sites to monitor program implementation (# of birth centers, # of trips per site). We are still in the process of identifying all birth center sites, but have identified an average mileage total for each site. This travel is necessary to ensure birth center sites are consistently and systematically collecting birth center data and submitting by deadlines provided. On-site monitoring will enable us to immediately address concerns. This travel also furthers our efforts to accomplish specific project goals for the following reasons*
_____.

**D. Equipment**

Equipment is tangible nonexpendable personal property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. However, consistent with recipient policy, lower limits may be established. Note: Technology items such as computers that do not meet the $5,000 per unit threshold or an alternative lower limit set by recipient policy that may therefore be classified as **supplies**, must still be individually tagged and recorded in an equipment/technology database. This database should include any information necessary to properly identify and locate the item. For example: serial # and physical location of equipment (e.g. laptops, tablets, etc.).

Provide justification for the use of each equipment item and relate it to specific program objectives. Maintenance or rental fees for equipment should be shown in the "Other" category. All IT equipment should be uniquely identified. Show the unit cost of each item, number needed, and total amount.

***Sample Budget***

| |
|---|
| *Equipment Benefits Total $_____* |
| *Grant $_____* |
| *Funding other than Grant $_____* |
| *Sources of Funding_____* |

| **Item(s)** | **Rate** | **Cost** |
|---|---|---|
| All-in-one Printer, Copier, and Scanner (large scale) | 1 @ $5,800 | $5,800 |
| X-Ray Machine | 1 @ $8,000 | $8,000 |
| Total: | | $13,800 |

***Sample Justification***
*Provide complete justification for all requested equipment, including a description of how it will be used in the program. For equipment and tools which are shared amongst programs, please cost allocate as appropriate. Applicant should provide a list of hardware, software and IT equipment which will be required to complete this effort. Additionally, they should provide a list of non-IT equipment which will be required to complete this effort.*

**E. Supplies**
Supplies includes all tangible personal property with an acquisition cost of less than $5,000 per unit or an alternative lower limit set by recipient policy. Individually list each item requested. Show the unit cost of each item, number needed, and total amount. Provide justification for each item and relate it to specific program objectives. Technology items such as computers that do not meet the $5,000 per unit threshold or an alternative lower limit set by recipient policy are classified as **supplies** but must still be individually tagged and recorded in an equipment/technology database. If appropriate, General Office Supplies may be shown by an estimated amount per month times the number of months in the budget category.

***Sample Budget***

| |
|---|
| *Supplies Total $_____* |
| *Grant $_____* |
| *Funding other than Grant $_____* |
| *Sources of Funding_____* |

| **Item(s)** | **Rate** | **Cost** |
|---|---|---|
| Laptop Computer | 2 @ $1,000 | $2,000 |
| Printer | 1 @ $200 | $200 |
| General office supplies | 12 months x $24/mo x 10 staff | $2,880 |
| Educational pamphlets | 3,000 copies @ $1 each | $3,000 |
| Educational videos | 10 copies @ $150 each | $1,500 |
| Total: | | $9,580 |

***Sample Justification***
*General office supplies will be used by staff members to carry out daily activities of the program.*
*The project coordinator will be a new position and will require a laptop computer and printer*

*to complete required activities under this Notice of Funding Opportunity. The price of the laptop computer and printer is consistent with those purchased for other employees of the organization and is based upon a recently acquired invoice (which can be provided upon request). The pricing of the selected computer is necessary because it includes the following tools XXXX (e.g. firewall, etc.). The education pamphlets and videos will be purchased from XXX and used to illustrate and promote safe and healthy activities. Usage of these pamphlets and videos will enable us to address components one and two of our draft proposal. Word Processing Software will be used to document program activities, process progress reports, etc.*

**F. Consultant/Subrecipient/Contractual Costs**

All consultant/subrecipient/contractual costs should include complete descriptions and cost breakdowns – for each consultant, subrecipient or contract. The following information, outlined below, should be provided for each consultant, sub-award (subrecipient) or contract.

**REQUIRED REPORTING INFORMATION FOR CONSULTANT HIRING**

This category is appropriate when hiring an individual who gives professional advice or provides services (e.g. training, expert consultant, etc.) for a fee and who is not an employee of the Recipient organization. Submit the following required information for consultants:

1. Name of Consultant: Identify the name of the consultant and describe his or her qualifications.
2. Organizational Affiliation: Identify the organizational affiliation of the consultant, if applicable.
3. Nature of Services to be Rendered: Describe in outcome terms the consultation to be provided including the specific tasks to be completed and specific deliverables. A copy of the actual consultant agreement should not be sent to HHS.
4. Relevance of Service to the Project: Describe how the consultant services relate to the accomplishment of specific program objectives.
5. Number of Days of Consultation: Specify the total number of days of consultation.
6. Expected Rate of Compensation: Specify the rate of compensation for the consultant (e.g., rate per hour, rate per day). Include a budget showing other costs such as travel, per diem, and supplies.
7. Justification of expected compensation rates: Provide a justification for the rate, including examples of typical market rates for this service in your area.
8. Method of Accountability: Describe how the progress and performance of the consultant will be monitored. Identify who is responsible for supervising the consultant agreement.

If the above information is unknown for any consultant at the time the application is submitted, the information may be submitted at a later date as a revision to the budget. In the Budget

Narrative, a summary should be provided of the proposed consultants, the work to be completed, and amounts for each. Recipient must not incur costs for consultant activities until the aforementioned information is provided for each consultant and CMS approval obtained.

## REQUIRED REPORTING INFORMATION FOR SUBRECIPIENT APPROVAL

The costs of project activities to be undertaken by a subrecipient should be included in this category. For more information on subrecipient and contractual relationships, please refer to HHS regulation 45 CFR 75.351 *Subrecipient and Contractor Determinations* and 75.352 *Requirements for pass-through entities*. If this information is unknown at the time the application is submitted, the detailed information may be submitted at a later date as a revision to the budget. In the Budget Narrative, a summary should be provided of the proposed sub-awards (subrecipients), the work to be completed, and amounts for each. Recipient must not incur costs for subrecipient activities until the aforementioned information is provided for each subrecipient and CMS approval obtained.

## REQUIRED REPORTING INFORMATION FOR CONTRACT APPROVAL

All recipients must submit to CMS the following required information for establishing a contract to perform project activities.

1. Name of Contractor: Who is the contractor? Identify the name of the proposed contractor and indicate whether the contract is with an institution or organization.
2. Method of Selection: How was the contractor selected? State whether the contract is sole source or competitive bid. If an organization is the sole source for the contract, include an explanation as to why this institution is the only one able to perform contract services.
3. Period of Performance: How long is the contract period? Specify the beginning and ending dates of the contract.
4. Scope of Work: What will the contractor do? Describe in outcome terms, the specific services/tasks to be performed by the contractor as related to the accomplishment of program objectives. Deliverables should be clearly defined.
5. Method of Accountability: How will the contractor be monitored? Describe how the progress and performance of the contractor will be monitored during and on close of the contract period. Identify who will be responsible for supervising the contract.
6. Itemized Budget and Justification: Provide an itemized budget with appropriate justification. If applicable, include any indirect cost paid under the contract and the indirect cost rate used.

If the above information is unknown for any contractor at the time the application is submitted, detailed information may be submitted at a later date as a revision to the budget. Copies of the actual contracts should not be sent to CMS, unless specifically requested. In the Budget

Narrative, a summary should be provided of the proposed contracts, the work to be completed, and amounts for each. Recipient must not incur costs for contractual activities until the aforementioned information is provided for each contract and CMS approval obtained.

**G. Construction (not applicable)**

**H. Other**

This category contains items not included in the previous budget categories. Individually list each item requested and provide appropriate justification related to the program objectives.

***Sample Budget***

| |
|---|
| *Other Total $_____* |
| *Grant $_____* |
| *Funding other than Grant $_____* |
| *Sources of Funding_____* |

| **Item(s)** | **Rate** | **Cost** |
|---|---|---|
| Telephone | $45 per month x 3 employees x 12 months | $1,620 |
| Postage | $250 per quarter x 4 quarters | $1,000 |
| Printing | $0.50 x 3,000 copies | $1,500 |
| Equipment Rental<br>*specify item | $1,000 per day for 3 days | $3,000 |
| Internet Provider Service | $20 per month x 3 employees x 12 months | $720 |
| Word Processing Software (specify type) | 1 @ $400 | $400 |
| Total: | | $8,240 |

[Some items are self-explanatory (telephone, postage, rent) unless the unit rate or total amount requested is excessive. If the item is not self-explanatory and/or the rate is excessive, include additional justification. For printing costs, identify the types and number of copies of documents to be printed (e.g., procedure manuals, annual reports, materials for media campaign).]

***Sample Justification***

*We are requesting costs to accommodate telephone and internet costs for the 3 new hires that*

*will be working on this project in the new space designated. We are also requesting printing and postage costs to support producing fliers to disseminate in the community and brochures to educate participants enrolled in the program. The word processing software will be used to help us track data and compile reports. To track and compile the data, we will need to rent _____. Without this equipment, we will not be able to produce this information in an accurate and timely manner.*

**I. Total Direct Costs**

| |
|---|
| **$_____** |

Show total direct costs by listing totals of each category.

**J. Indirect Costs**

| |
|---|
| **$_____** |

To claim indirect costs, the applicant organization must have a current approved negotiated indirect cost rate agreement (NICRA) established with the Cognizant Federal agency unless the organization has never established one (see 45 CFR §75.414 for more information). If a rate has been issued, a copy of the most recent indirect cost rate agreement must be provided with the application.

***Sample Budget***

*The rate is ___% and is computed on the following direct cost base of $_____.*

| |
|---|
| *Personnel $_____* |
| *Fringe $_____* |
| *Travel $_____* |
| *Supplies $_____* |
| *Other $_____* |
| *Total $ x ____% = Total Indirect Costs* |

If the applicant organization has never received an indirect cost rate, except for those non-Federal entities described in Appendix VII(D)(1)(b) to 45 CFR part 75, the applicant may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC). If the applicant has never received an indirect cost rate and wants to exceed the de minimis rate, then costs

normally identified as indirect costs (overhead costs) can be budgeted and identified as direct costs. These costs should be outlined in the “other” costs category and fully described and itemized as other direct costs.

## Appendix II. Application and Submission Information

This NOFO contains all the instructions to enable a potential applicant to apply. The application should be written primarily as a narrative with the addition of standard forms required by the Federal government for all grants and cooperative agreements.

### EIN, DUNS, AND SAM REQUIREMENTS (ALL APPLICATIONS)

*Employer Identification Number*

All applicants under this Notice of Funding Opportunity must have an Employer Identification Number (EIN), otherwise known as a Taxpayer Identification Number (TIN), to apply. **Please note, applicants should begin the process of obtaining an EIN/TIN as soon as possible after the Notice of Funding Opportunity is posted to ensure this information is received in advance of application deadlines. The process to obtain an EIN typically takes up to 5 weeks.**

*Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS Number)*

All applicants must have a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number. The DUNS number is a nine-digit number that uniquely identifies business entities. To obtain a DUNS number access the following website: https://fedgov.dnb.com/webform/ or call 1-866-705-5711. This number should be entered in block 8c (on Form SF-424, Application for Federal Assistance). The organization name and address entered in block 8a and 8e should be exactly as given for the DUNS number. **Applicants should obtain this DUNS number as soon as possible after the Notice of Funding Opportunity is posted to ensure all registration steps are completed in time. The process to obtain a DUNS number typically takes 1-2 business days.**

*System for Award Management (SAM)*

The applicant must also register in the System for Award Management (SAM) database in order to be able to submit the application. Applicants must access https://beta.sam.gov/ and complete the online registration. DUNS and EIN/TIN numbers are required to complete the registration process. To register one or more domestic entities and appoint an entity administrator, the applicant organization must send a notarized letter to SAM. **Applicants should begin the SAM registration process as soon as possible after the Notice of Funding Opportunity is posted to ensure that it does not impair your ability to meet required submission deadlines. The process to register in SAM typically takes up to 2 weeks following receipt of the notarized letter (additional 5 weeks if an EIN must be established first).**

Each year organizations and entities registered to apply for Federal grants or cooperative agreements through Grants.gov (or GrantSolutions as applicable) must renew their registration

with SAM. **Failure to renew SAM registration prior to application submission will prevent an applicant from successfully applying via Grants.gov (or GrantSolutions as applicable). Similarly, failure to maintain an active SAM registration during the application review process can prevent HHS from issuing your agency an award.**

Applicants must also successfully register with SAM prior to registering in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) as a prime awardee user. Please also refer to F5.c (Federal Funding Accountability and Transparency Act Reporting Requirements) of this Funding Opportunity for more information. Primary awardees must maintain a current registration with the SAM database, and **may make subawards only to entities that have DUNS numbers.**

Organizations must report executive compensation as part of the registration profile at https://beta.sam.gov/ by the end of the month following the month in which this award is made, and annually thereafter (based on the reporting requirements of the Federal Funding Accountability and Transparency Act (FFATA) of 2006 (Pub. L. 109-282), as amended by Section 6202 of Public Law 110-252 and implemented by 2 CFR Part 170).

## APPLICATION MATERIALS AND INSTRUCTIONS TO APPLY VIA GRANTS.GOV (COMPETITIVE APPLICATIONS)

CMS requires applications for all competitive Notice of Funding Opportunities to be submitted electronically through https://www.grants.gov. For assistance with https://www.grants.gov, contact support@grants.gov or 1-800-518-4726. Below is an overview of the instructions from the Grants.gov website. Applicants should access the site directly for more detailed information.

### How to Register to Apply through Grants.gov

- *Obtain A DUNS number*.
- *Complete SAM registration.*
- *Register with Grants.gov*. Click the Register link and complete the on-screen instructions or refer to detailed instructions here: https://www.grants.gov/web/grants/applicants/registration.html.
- *Add a Profile to a Grants.gov Account*: A profile in Grants.gov corresponds to a single applicant organization the user represents (i.e., an applicant) or an individual applicant. If you work for or consult with multiple organizations and have a profile for each, you may log in to one Grants.gov account to access all of your grant applications. To add an organizational profile to your Grants.gov account, enter the DUNS Number for the organization in the UEI (Unique Entity Identifier) field while adding a profile. For more detailed instructions about creating a profile on Grants.gov, refer to: https://www.grants.gov/web/grants/applicants/registration/add-profile.html
- *EBiz POC Authorized Profile Roles*: After you register with Grants.gov and create an Organization Applicant Profile, the organization applicant's request for Grants.gov roles and access is sent to the EBiz POC. The EBiz POC will then log in to Grants.gov and authorize the appropriate roles, which may include the AOR role, thereby giving you

permission to complete and submit applications on behalf of the organization. You will be able to submit your application online any time after you have been assigned the AOR role. For more detailed instructions about creating a profile on Grants.gov, refer to:
https://www.grants.gov/web/grants/applicants/registration/authorize-roles.html

- *Track Role Status*: To track your role request, refer to:
https://www.grants.gov/web/grants/applicants/registration/track-role-status.html
- *Electronic Signature*: When applications are submitted through Grants.gov, the name of the organization applicant with the AOR role that submitted the application is inserted into the signature line of the application, serving as the electronic signature. The EBiz POC **must** authorize people who are able to make legally binding commitments on behalf of the organization as a user with the AOR role; **this step is often missed and it is crucial for valid and timely submissions.**

**How to Submit an Application to CMS via Grants.gov**

Grants.gov applicants can apply online using Workspace. Workspace is a shared, online environment where members of a grant team may simultaneously access and edit different webforms within an application. For each Notice of Funding Opportunity (alternatively, may be referred to as Funding Opportunity Announcement (FOA)), you can create individual instances of a workspace. *Note:* Search for the application package in Grants.gov by entering the Federal Assistance Listings (CFDA) number. This number is shown on the Federal Assistance Listings (or CFDA) website at https://beta.sam.gov/help/assistance-listing and cover page of the funding opportunity.

Below is an overview of applying on Grants.gov. For access to complete instructions on how to apply for opportunities, refer to:
https://www.grants.gov/web/grants/applicants/workspace-overview.html

1) *Create a Workspace*: Creating a workspace allows you to complete it online and route it through your organization for review before submitting.
2) *Complete a Workspace*: Add participants to the workspace to work on the application together, complete all the required forms online or by downloading PDF versions, and check for errors before submission. The Workspace progress bar will display the state of your application process as you apply. As you apply using Workspace, you may click the blue question mark icon near the upper-right corner of each page to access context-sensitive help.

a. *Adobe Reader*: If you decide not to apply by filling out webforms you can download individual PDF forms in Workspace. The individual PDF forms can be downloaded and saved to your local device storage, network drive(s), or external drives, then accessed through Adobe Reader.
NOTE: Visit the Adobe Software Compatibility page on Grants.gov to download the appropriate version of the software at:
https://www.grants.gov/web/grants/applicants/adobe-software-compatibility.html

b. *Mandatory Fields in Forms:* In the forms, you will note fields marked with an asterisk and a different background color. These fields are mandatory fields that must be completed to successfully submit your application.
c. *Complete SF-424 Fields First*: The forms are designed to fill in common required fields across other forms, such as the applicant name, address, and DUNS Number. Once it is completed, the information will transfer to the other forms.

3) *Submit a Workspace*: An application may be submitted through workspace by clicking the Sign and Submit button on the Manage Workspace page, under the Forms tab. **Grants.gov recommends submitting your application package at least 24-48 hours prior to the close date to provide you with time to correct any potential technical issues that may disrupt the application submission.**

4) *Track a Workspace Submission*: After successfully submitting a workspace application, a Grants.gov Tracking Number (GRANTXXXXXXXX) is automatically assigned to the application. The number will be listed on the Confirmation page that is generated after submission. Using the tracking number, access the Track My Application page under the Applicants tab or the Details tab in the submitted workspace.

For additional training resources, including video tutorials, refer to:
https://www.grants.gov/web/grants/applicants/applicant-training.html

*Applicant Support*: Grants.gov provides applicants 24/7 support via the toll-free number 1-800-518-4726 and email at support@grants.gov. For questions related to the specific grant opportunity, contact the number listed in the application package of the grant you are applying for.

If you are experiencing difficulties with your submission, it is best to call the Grants.gov Support Center and get a ticket number. The Support Center ticket number will assist CMS with tracking your issue and understanding background information on the issue.

**Timely Receipt Requirements and Proof of Timely Submission**

All grant and cooperative agreement applications must be submitted electronically and received through https://www.grants.gov by 3:00 p.m. Eastern Standard or Daylight Time (Baltimore, MD) by the applicable deadline date. Please refer to the Executive Summary of this Notice of Funding Opportunity for submission deadline date.

Proof of timely submission is automatically recorded by Grants.gov. An electronic date/time stamp is generated within the system when the application is successfully received by Grants.gov. The applicant with the AOR role who submitted the application will receive an acknowledgement of receipt and a tracking number (GRANTXXXXXXXX) from Grants.gov with the successful transmission of their application. This applicant with the AOR role will also receive the official date/time stamp and Grants.gov Tracking number in an email serving as proof of their timely submission.

When CMS successfully retrieves the application from Grants.gov, and acknowledges the download of submissions, Grants.gov will provide an electronic acknowledgment of receipt of the application to the email address of the applicant with the AOR role who submitted the application. Again, proof of timely submission shall be the official date and time that Grants.gov receives your application. Applications received by Grants.gov after the established due date for the program will be considered late and will not be considered for funding by CMS.

Applicants using slow internet, such as dial-up connections, should be aware that transmission can take some time before Grants.gov receives your application. Again, Grants.gov will provide either an error or a successfully received transmission in the form of an email sent to the applicant with the AOR role attempting to submit the application. The Grants.gov Support Center reports that some applicants end the transmission because they think that nothing is occurring during the transmission process. Please be patient and give the system time to process the application.

To be considered timely, applications must be received by the published deadline date. However, a general extension of a published application deadline that affects all State applicants or only those in a defined geographical area may be authorized by circumstances that affect the public at large, such as natural disasters (e.g., floods or hurricanes) or disruptions of electronic (e.g., application receipt services) or other services, such as a prolonged blackout. This statement does not apply to an individual entity having internet service problems. In order for there to be any consideration there must be an effect on the public at large.

Grants.gov complies with Section 508 of the Rehabilitation Act of 1973. If an individual uses assistive technology and is unable to access any material on the site, including forms contained within an application package, the individual can e-mail the Grants.gov contact center at support@grants.gov for help, or call 1-800-518-4726.

## APPENDIX III: Business Assessment of Applicant Organization

As required by 45 CFR §75.205 for competitive grants and cooperative agreements, CMS will evaluate the risk posed by applicants before they receive an award. This analysis of risk includes items such as financial stability, quality of management systems, and the ability to meet the management standards prescribed in 45 CFR Part 75.

All applicants must review and answer the business assessment questions outlined below. There are ten (10) topic areas with a varying number of questions within each topic area. Applicants MUST provide an answer to each question. Moreover, applicants should refrain from solely answering yes or no to each question – i.e., a brief, substantive answer should be given for almost all questions. If the answer to any question is non-applicable, please provide an explanation. Please note, if CMS cannot complete its review without contacting an applicant for additional clarification, the applicant may not be selected for award.

### General Information

1. Does the organization have a Board of Directors with specific functions and responsibilities (by-laws)?
2. Are minutes of the Board of Directors' meetings maintained?
3. Is there an organizational chart or similar document establishing clear lines of responsibility and authority?
4. Are duties for key employees of the organization defined?
5. Does the organization have grants or cost-reimbursement contracts with other U.S. Department of Health and Human Services components or other Federal agencies?
6. Have any aspects of the organization's activities been audited recently by a Government agency or independent public accountant?
7. Has the organization obtained fidelity bond coverage for responsible officials and employees of the organization?
8. Has the organization obtained fidelity bond insurance in amounts required by statute or organization policy?

### Accounting System

1. Is there a chart of accounts?
2. Is a double-entry accounting system used?
3. Does the organization maintain the basic books of account as applicable?
    a. General ledger
    b. Operating ledger
    c. Project (Job) cost ledger
    d. Cash receipts journal

e. Cash disbursement journal
f. Payroll journal
g. Income (sales) journal
h. Purchase journal
i. General journal

4. Does the accounting system adequately identify receipt and disbursement for each grant (or contract)?
5. Does the accounting system provide for the recording of expenditures for each program by required budget cost categories?
6. Does the accounting system provide for recording the non-Federal share and in-kind contributions (if applicable for a grant program)?
7. Does the organization prepare financial statements at least annually? If not, how often?
8. Have the financial statements been audited within the past 2 years by an independent public accountant?
9. Does the organization have a bookkeeper or accountant? If no, who is in charge of the accounting section?
10. Is there an accounting instruction manual?

**Budgetary Controls**

1. Does the organization use an operating budget to control project funds?
2. Are persons in the organization who approve budget amendments authorized to do so by the Board of Directors or top management?
3. Are there budgetary controls in effect to preclude incurring obligations in excess of:
    a. Total funds available for an award?
    b. Total funds available for a budget cost category?
4. Are cash requirements and/or drawdowns limited to immediate need?

**Personnel**

1. Are personnel policies established in writing or in the process of preparation which detail at a minimum:
    a. Duties and responsibilities of each employee's position?
    b. Qualifications for each position?
    c. Salary ranges associated with each job?
    d. Promotion Plan?
    e. Equal Employment Opportunity?
    f. Annual performance appraisals?
    g. Types and levels of fringe benefits paid to professionals, nonprofessionals, officers, or governing board members?

2. Is employee compensation reasonable and comparable to that paid for similar work in the competitive labor market?
3. Are salary comparability surveys conducted? How often?
4. Are salaries of personnel assigned to Government projects about the same as before assignment? Identify reasons for significant increases.
5. Does the organization maintain a payroll distribution system which meets the required standards as contained in the applicable cost principles for that organization?
6. Does the organization maintain daily attendance records for hourly employees? Does this show actual time employees sign in and out?
7. Does the payroll distribution system account for the total effort (100%) for which the employee is compensated by the organization?
8. Who signs and certifies work performed in items 5, 6, and 7 above?
9. Where duties require employees to spend considerable time away from their offices, are reports prepared for their supervisors disclosing their outside activities?

**Payroll**

1. Does preparation of the payroll require more than one employee?
2. Are the duties of those individuals preparing the payroll related?
3. Are the names of employees hired reported in writing by the personnel office to the payroll department?
4. Are the names of employees terminated reported in writing by the personnel office to the payroll department?
5. Is the payroll verified at regular intervals against the personnel records?
6. Are all salaries and wage rates authorized and approved in writing by a designated official or supervisor?
7. Are vacation and sick leave payments similarly authorized and approved?
8. Is there verification against payments for vacation, sick leave, etc., in excess of amounts approved and/or authorized?
9. Is the payroll double-checked as to:
    a. Hours?
    b. Rates?
    c. Deductions?
    d. Extensions, etc.?
10. Are signed authorizations on file for all deductions being made from employees' salaries and wages?
11. Is the payroll signed prior to payment by the employee preparing the payroll?

The employee checking the payroll?

12. Are salary payrolls approved by an authorized official prior to payment?
13. Are employees paid by check or direct deposit? If no, how are they paid?
14. If paid by check, are the checks pre-numbered?
15. Are checks drawn and signed by employees who do not:
    a. Prepare the payroll?
    b. Have custody of cash funds?
    c. Maintain accounting records?
16. Are payroll checks distributed to employees by someone other than the supervisor?
17. Is there a payroll bank account? If no, will one be opened if recipient is selected for award?
18. Is the payroll bank account reconciled by someone other than payroll staff or personnel who sign and distribute the pay checks?

**Consultants**

1. Are there written policies or consistently followed procedures regarding the use of consultants which detail at a minimum:
    a. Circumstances under which consultants may be used?
    b. Consideration of in-house capabilities to accomplish services before contracting for them?
    c. Requirement for solicitation or bids from several contract sources to establish reasonableness of cost and quality of services to be provided?
    d. Consulting rates, per diem, etc.?
2. Are consultants required to sign consulting agreements outlining services to be rendered, duration of engagement, reporting requirements, and pay rates?

**Property Management**

1. Are records maintained which provide a description of the items purchased, the acquisition cost, and the location?
2. Are detailed property and equipment records periodically balanced to the general ledger?
3. Are detailed property and equipment records periodically checked by physical inventory?
4. Are there written procedures governing the disposition of property and equipment?
5. Are periodic reports prepared showing obsolete equipment, equipment needing

repair, or equipment no longer useful to the organization?

6. Does the organization have adequate insurance to protect the Federal interest in equipment and real property?

**Purchases**

1. Does the organization have written purchasing procedures? If not, briefly describe how purchasing activities are handled.
2. Does the policy/procedure consider such matters as quality, cost, delivery, competition, source selection, etc.?
3. Has the responsibility for purchasing been assigned to one department, section, or individual within the organization? If not, explain.
4. Is the purchasing function separate from accounting and receiving?
5. Are competitive bids obtained for items such as rentals or service agreements over certain amounts?
6. Are purchase orders required for purchasing all equipment and services?
7. Is control maintained over items or dollar amounts requiring the contracting or grants management officer's advance approval? Describe controlling factors.
8. Is the accounting department notified promptly of purchased goods returned to vendors?
9. Is there an adequate system for the recording and checking of partial deliveries and checking deliveries against purchase orders?
10. When only a partial order is received, is the project account credited for the undelivered portion of the purchase order?
11. Are the vendor invoices checked for:
    a. Prices and credit terms?
    b. Extensions?
    c. Errors and omissions?
    d. Freight charges and disallowances?
12. Are vouchers, supporting documents, expenses, or other distributions reviewed and cleared by designated staff before payment is authorized?

**Travel**

1. Does the organization have formal travel policies or consistently followed procedures which, at a minimum, State that:
    a. Travel charges are reimbursed based on actual costs incurred or by use of per diem and/or mileage rates?
    b. Receipts for lodging and meals are required when reimbursement is

based on actual cost incurred?

c. Per Diem rates include reasonable dollar limitations? Subsistence and lodging rates are comparable to current Federal per diem and mileage rates?
d. Commercial transportation costs are incurred at coach fares unless adequately justified? Travel requests are approved prior to actual travel?
e. Travel expense reports show purpose of trip?

**Internal Controls**

1. Is there a separation of responsibility in the receipt, payment, and recording of cash?
    a. For example: Are the duties of the record keeper or bookkeeper separated from any cash functions such as the receipt or payment of cash?
    b. Or, is the signing of checks limited to those designated officials whose duties exclude posting and/or recording cash received, approving vouchers for payment, and payroll preparation?
2. Are all checks approved by an authorized official before they are signed?
3. Are all accounting entries supported by appropriate documentation (e.g., purchase orders, vouchers, vendor payments)?
4. Does the organization have an internal auditor or internal audit staff?
5. Is there a petty cash fund where responsibility is vested in one individual; limited to a reasonable amount; restricted as to purchase; and counted, verified, and balanced by an independent employee at time of reimbursement?
6. Are all checks pre-numbered and accounted for when general purpose bank account is reconciled?
7. If a mechanical or facsimile signature is used for cash disbursements, is the signature plate, die, key, electronic card, etc., under strict control?
8. Are bank accounts reconciled by persons not handling cash in the organization?
9. Are all employees who handle funds required to be bonded against loss by reason of fraud or dishonesty?

## Appendix IV: Accessibility Requirements

CMS and its recipients are responsible for complying with federal laws regarding accessibility as noted in the Award Administration Information/Administration and National Policy Requirements Section.

The Recipient may receive a request from a beneficiary or member of the public for information in accessible formats. All successful applicants under this Notice of Funding Opportunity must comply with the following reporting and review activities regarding accessibility requests:

Accessibility Requirements:

1. Public Notification: If you have a public facing website, you shall post a message no later than **30** business days after award that notifies your customers of their right to receive an accessible format. Sample language may be found at: https://www.medicare.gov/about-us/nondiscrimination/nondiscrimination-notice.html. Your notice shall be crafted applicable to your program.
2. Processing Requests Made by Individuals with Disabilities:
    a. Documents:
        i. When receiving a request for information in an alternate format (e.g., Braille, Large print, etc.) from a beneficiary or member of the public, you must:
            1. Consider/evaluate the request according to civil rights laws.
            2. Acknowledge receipt of the request and explain your process within **2** business days.
            3. Establish a mechanism to provide the request.
        ii. If you are unable to fulfill an accessible format request, CMS may work with you in an effort to provide the accessible format as funding and resources allow. You shall refer the request to CMS within **3** business days if unable to provide the request. You shall submit the request, using encrypted e-mail (to safeguard any personally identifiable information), to the AltFormatRequest@cms.hhs.gov mailbox with the following information:
            1. The e-mail title shall read "Grantee (Organization) Alternate Format Document Request."
            2. The body of the e–mail shall include:
                a. Requester's name, phone number, e-mail, and mailing address.
                b. The type of accessible format requested, e.g., audio recording on compact disc (CD), written document in Braille, written document in large print, document in a format that is read by qualified readers, etc.

c. Contact information for the person submitting the e-mail – Organization (Grantee), name, phone number and e-mail.
d. The document that needs to be put into an accessible format shall be attached to the e-mail.
e. CMS may respond to the request and provide the information directly to the requester.

iii. The Recipient shall maintain record of all alternate format requests received including the requestor's name, contact information, date of request, document requested, format requested, date of acknowledgment, date request provided, and date referred to CMS if applicable. Forward quarterly records to the AltFormatRequest@cms.hhs.gov mailbox.

b. Services

i. When receiving request for auxiliary aids and services (e.g., sign language interpreter) from a beneficiary or member of the public, you must:

1. Consider/evaluate the request according to civil rights laws.
2. Acknowledge receipt of the request and explain your process within **2** business days.
3. Establish a mechanism to provide the request.

ii. If you are unable to fulfill an accessible service request, CMS may work with you in an effort to provide the accessible service as funding and resources allow. You shall refer the request to CMS within **3** business days if unable to provide the service. You shall submit the request, using encrypted e-mail (to safeguard any personally identifiable information), to the AltFormatRequest@cms.hhs.gov mailbox with the following information:

1. The e-mail title shall read "Grantee (Organization) Accessible Service Request."
2. The body of the e–mail shall include:
   a. Requester's name, phone number, e-mail, and mailing address.
   b. The type of service requested (e.g., sign language interpreter and the type of sign language needed).
   c. The date, time, address and duration of the needed service.
   d. A description of the venue for which the service is needed (e.g., public education seminar, one-on-one interview, etc.)
   e. Contact information for the person submitting the e-mail – Organization (Grantee), name, phone number and e-mail.
   f. Any applicable documents shall be attached to the e-mail. CMS will respond to the request and respond directly to the requester.

iii. The Recipient shall maintain record of all accessible service requests received including the requestor's name, contact information, date of request, service requested, date of acknowledgment, date service provided,

and date referred to CMS if applicable. Forward quarterly records to the AltFormatRequest@cms.hhs.gov mailbox.

3. Processing Requests Made by Individuals with Limited English Proficiency (LEP):

a. Documents:

i. When receiving a request for information in a language other than English from a beneficiary or member of the public, you must:

1. Consider/evaluate the request according to civil rights laws.
2. Acknowledge receipt of the request and explain your process within **2** business days.
3. Establish a mechanism to provide the request as applicable.

ii. If you are unable to fulfill an alternate language format request, CMS may work with you in an effort to provide the alternate language format as funding and resources allow. You shall refer the request to CMS within **3** business days if unable to provide the request. You shall submit the request, using encrypted e-mail (to safeguard any personally identifiable information), to the AltFormatRequest@cms.hhs.gov mailbox with the following information:

1. The e-mail title shall read "Grantee (Organization) Alternate Language Document Request."
2. The body of the e–mail shall include:
   a. Requester's name, phone number, e-mail, and mailing address.
   b. The language requested.
   c. Contact information for the person submitting the e-mail – Organization (Recipient), name, phone number and e-mail.
   d. The document that needs to be translated shall be attached to the e-mail.
   e. CMS may respond to the request and provide the information directly to the requester.

iii. The Recipient shall maintain record of all alternate language requests received including the requestor's name, contact information, date of request, document requested, language requested, date of acknowledgment, date request provided, and date referred to CMS if applicable. Forward quarterly records to the AltFormatRequest@cms.hhs.gov mailbox.

b. Services

i. When receiving request for an alternate language service (e.g., oral language interpreter) from a beneficiary or member of the public, you must:

1. Consider/evaluate the request according to civil rights laws.
2. Acknowledge receipt of the request and explain your process within **2** business days.
3. Establish a mechanism to provide the request as applicable.

ii. If you are unable to fulfill an alternate language service request, CMS may work with you in an effort to provide the alternate language service as

funding and resources allow. You shall refer the request to CMS within **3** business days if unable to provide the service. You shall submit the request, using encrypted e-mail (to safeguard any personally identifiable information), to the AltFormatRequest@cms.hhs.gov mailbox with the following information:

1. The e-mail title shall read "Grantee (Organization) Accessible Service Request."
2. The body of the e–mail shall include:
    a. Requester's name, phone number, e-mail, and mailing address.
    b. The language requested.
    c. The date, time, address and duration of the needed service.
    d. A description of the venue for which the service is needed (e.g., public education seminar, one-on-one interview, etc.)
    e. Contact information for the person submitting the e-mail – Organization (Recipient), name, phone number and e-mail.
    f. Any applicable documents shall be attached to the e-mail.
    g. CMS will respond to the request and respond directly to the requester.

iii. The Recipient shall maintain record of all alternate language service requests received including the requestor's name, contact information, date of request, language requested, service requested, date of acknowledgment, date service provided, and date referred to CMS if applicable. Forward quarterly records to the AltFormatRequest@cms.hhs.gov mailbox.

Please contact the CMS Office of Equal Opportunity and Civil Rights for more information about accessibility reporting obligations at AltFormatRequest@cms.hhs.gov.

## Appendix V. Review and Selection Process

The review and selection process will include the following:

i. Applications will be screened to determine eligibility for further review using the criteria detailed in Sections C. Eligibility Information, and D. Application and Submission Information (with cross-reference to Appendix II), of this NOFO. Applications that are received late or fail to meet the eligibility requirements as detailed in this NOFO or do not include the required forms will not be reviewed. However, the CMS/OAGM/GMO, in her or her sole discretion, may continue the review process for an ineligible application if it is in the best interest of the government to meet the objectives of the program.

ii. Procedures for assessing the technical merit of grant applications have been instituted to provide for an objective review of applications and to assist the applicant in understanding the standards against which each application will be judged. The Review criteria described in Section E1. Criteria, will be used. Applications will be evaluated by an objective review committee. The objective review committee may include Federal and/or non-Federal reviewers. Applicants should pay strict attention to addressing all these criteria, as they are the basis upon which the reviewers will evaluate their applications.

iii. The results of the objective review of the applications by qualified experts will be used to advise the CMS approving official. Final award decisions will be made by a CMS approving official. In making these decisions, the CMS approving official will take into consideration: recommendations of the review panel; the readiness of the applicant to conduct the work required; the scope of overall projected impact on the aims; reviews for programmatic and grants management compliance; the reasonableness of the estimated cost to the government and anticipated results; the geographic diversity of all applications; and the likelihood that the proposed project will result in the benefits expected.

iv. As noted in 45 CFR Part 75, CMS will do a review of risks posed by applicants prior to award. In evaluating risks posed by applicants, CMS will consider the below factors as part of the risk assessment (applicant should review the factors in their entirety at §75.205)

   a. Financial stability;

   b. Quality of management systems and ability to meet the management standards prescribed;

   c. History of performance (including, for prior recipients of Federal awards: timeliness of compliance with applicable reporting requirements, conformance to the terms and conditions of previous federal awards, extent to which previously awarded amounts will be expended prior to future awards);

d. Reports and findings from audits performed under Subpart F of 45 CFR Part 75 and

e. Applicant's ability to effectively implement statutory, regulatory, and other requirements imposed on non-federal entities.

v. HHS reserves the right to conduct pre-award Negotiations with potential awardees.

Based on this review, CMS will determine which applicants will receive grant awards and, consistent with the guidelines outlined in Section B. Federal Award Information, the dollar amount of each award. Successful applicants will receive one grant award based on this Funding Opportunity.

## APPENDIX VI: Workload Funds - Example

The Workload Funds:

- **The Workload allocation will be determined after a Letter of Intent has been submitted.**
- If sufficient funding is available, the Workload funds per State will be calculated as follows:
    1. One half of a State's allocation will be based on population size and the other half will be based on the number of health insurance issuers in the State with a market share of 5 percent or more (combined individual and small group markets).
    2. For each State, the State population is calculated as a proportion of the total U.S. population and this proportion is applied to the available funding.
    3. For each State, the number of issuers with a market share of 5 percent or more (combined individual and small group markets) is calculated. All of those State calculations are totaled, and each State's percentage of that total is applied to the available funding. A State's available funds for the Workload award are the total of the two calculations described above.

***Example:*** State **X**

**Note:** This example assumes that $44,000 is available for Workload funds, with $22,000 allocated based on population and $22,000 allocated based on the number of issuers.

**State Population:** 10,000,000 **Number of insurers with 5 percent or more market share (combined individual and small group markets):** 5

State Population as a proportion of the total U.S. population = 0.03445

0.034 X $22,000 = **$748**

Portion of the Workload funds attributed to population: **$748**

Number of insurers in the State with a market share of 5% or more as a proportion of the total of number of such insurers in all States = 0.026

0.026 x $22,000 = **$572**

Portion of the Workload funds attributed to market size: $**572**

**Total Workload Funds available for State X= $748 + $572 = $1,320**

***Actual awards will be based on population and market share numbers that are current at the time of the awards.***

## APPENDIX VII: List and Summary[9] of Provisions under Part A of Title XXVII of the PHS Act for which Grant Funding is Available[10]

Section 2702 – Guaranteed Availability of Coverage: A health insurance issuer that offers non-grandfathered health insurance coverage in the individual, small group, or large group market in a State is required to offer to any individual or employer in the State all non-grandfathered products that are approved for sale in the applicable market, and to accept any individual or employer that applies for any of those products, unless an exception applies. Under the Health Insurance Portability and Accountability Act of 1996, guaranteed availability requirements also apply to grandfathered health plans in the small group market.

Section 2703 – Guaranteed Renewability of Coverage: A health insurance issuer offering non-grandfathered health insurance coverage in the individual, small group, or large group market is required to renew or continue in force the coverage at the option of the plan sponsor or the individual, as applicable, unless an exception applies. Under the Health Insurance Portability and Accountability Act of 1996, guaranteed renewability requirements also apply to grandfathered health plans in the group and individual markets.

Section 2707 - Non-discrimination under Comprehensive Health Insurance Coverage (Essential Health Benefits Package): A health insurance issuer that offers non-grandfathered health insurance coverage in the individual or small group market shall ensure that such coverage includes the essential health benefits package required under section 1302(a) of the Patient Protection and Affordable Care Act, which establishes actuarial values (AV) for metal levels of coverage; limits cost-sharing; and contains provisions for child-only plans and catastrophic plans.

[9] This list offers a summary of some of the Federal market reforms established under Part A of title XXVII of the PHS Act and does not cover all the specifics of the provisions. It provides an informal explanation of the select provisions and should not be considered legal advice or interpretive guidance.

[10] References to group health plans are intentionally omitted.

## APPENDIX VIII: Definitions in this Funding Opportunity

**Patient Protection and Affordable Care Act (PPACA)** — Public Law 111-148 (March 23, 2010) and Public Law 111-152 (March 30, 2010)

**Calendar Year** — A twelve-month period beginning on the first day of January and ending on the last day of the following December.

**The Employee Retirement Income Security Act (ERISA) —** The Employee Retirement Income Security Act of 1974 (ERISA) is a Federal law that sets minimum standards for most voluntarily established pension and health plans in private industry to provide protection for individuals in these plans.

**Federal fiscal year** — A twelve-month period beginning on the first day of October and ending on the last day of the following September.

**Grandfathered plans** — Health plans created or purchased on or before March 23, 2010 that meet the criteria outlined in 45 C.F.R. § 147.140.

**Group health insurance —** Coverage offered in connection with a group health plan.

**Group health plan** — An employee welfare benefit plan (as defined in section 3(1) of ERISA [29 U.S.C. 1002(1)]) to the extent that the plan provides medical care to employees or their dependents directly or through insurance, reimbursement or otherwise.

**Health insurance coverage** — For purposes of Federal law, as defined in 45 C.F.R. § 144.103, benefits providing payment for medical services under any hospital or medical service policy or certificate, hospital or medical service plan contract, or health maintenance organization contract offered by a health insurance issuer.

**Health insurance issuer —** An insurance company, insurance service, or insurance organization (including a health maintenance organization) that is required to be licensed to engage in the business of insurance in a State and that is subject to State law that regulates insurance.

**Individual market** — The market segment for health insurance coverage sold directly to individuals rather than in connection with a *group health plan*.

**Large group market —** The market segment for health insurance coverage offered to large employers as defined by applicable State or Federal Law.

**Lead Agency** — Designated State agency authorized to supervise administration of the grant.

**Non-grandfathered plans** — Health plans that became effective after the Patient Protection and Affordable Care Act (PPACA) was signed on March 23, 2010, or health plans that existed before the PPACA, but lost grandfathered status.

**Office of Management and Budget (OMB)** — The Office of Management and Budget (OMB) assists the President in overseeing the preparation of the Federal budget and in supervising its administration in Federal agencies. The OMB also oversees and coordinates the Administration's procurement, financial management, information, and regulatory policies.

**Self-insured** — A health plan is self-insured (or self-funded), when the entity that sponsors the plan (generally an entity engaged in a business, trade, or profession, or a non-profit organization, such as a social, fraternal, labor, educational, religious, or professional organization), carries its own risk for the cost of medical claims instead of contracting with a health insurance issuer to assume the risk.

**Small group market** — The market segment for health insurance coverage offered to small employers as defined by applicable State or Federal Law.

## APPENDIX IX: Application Check-Off List

## REQUIRED CONTENTS

### Required Contents

A complete proposal consists of the materials organized in the sequence below. Please ensure that the project and budget narratives are page-numbered and the below forms are completed with an electronic signature and enclosed as part of the proposal. **Everything listed below must be submitted through www.grants.gov, and formatting requirements followed.**

For specific requirements and instructions on application package, forms, formatting, please see:

Section C: Eligibility Information

Section D and Appendix II: Application and Submission Information

Section E: Application Review Information

Appendix I: Guidance for Preparing a Budget Request and Narrative

Appendix III: Business Assessment of Applicant Organization

- ☐ Required Forms/Mandatory Documents (Grants.gov) (with an electronic signature)
- ☐ SF-424: Application for Federal Assistance
- ☐ SF-424A: Budget Information
- ☐ SF-424B: Assurances-Non-Construction Programs
- ☐ SF-LLL: Disclosure of Lobbying Activities
- ☐ Project Site Location Form(s)

*All documents below are required unless stated otherwise.*

- ☐ Applicant's Application Cover Letter (excluded from page limitations)
- ☐ Project Abstract (excluded from page limitations)
- ☐ Project Narrative (maximum of 20 pages)
- ☐ Work Plan (maximum of 15 pages)

- ☐ Budget Narrative (maximum of 10 pages)
- ☐ Business Assessment of Applicant Organization (maximum of 10 pages)
- ☐ Required Supporting Documentation (excluded from page limitations)
- ☐ State Certification of Maintenance of Effort
- ☐ Job Descriptions of Key Personnel & Organizational Chart
- ☐ Letter attesting to not receiving other Federal grant funding for the pre-selected market reform activities that the State plans on pursuing