

Center for Medicaid and State Operations
Disabled and Elderly Health Programs Group

July 2, 2004

Dear Medicaid Infrastructure Grantees:

This letter serves as official notice announcing that states currently receiving Medicaid Infrastructure Grants, as authorized by the Ticket to Work and Work Incentives Improvement Act (P.L. 106-170), may submit an application for continued funding for 2005.

All current grantees that have not exhausted the four years of funding and have been determined to be at the full or conditional level should consider submitting continuation applications. **The application deadline is September 3, 2004.**

The conditions for award of a continuation grant follow the stipulations of the solicitations under which the grant was initially approved. As such, the following provisions apply:

Grant Award

- The minimum grant award for calendar year 2005 is \$500,000 unless a state requests a lesser amount.
- States with Medicaid buy-in programs may request an amount greater than \$500,000 if the request does not exceed an amount greater than 10% of the expenditure level of the state's Medicaid buy-in program, or \$1,500,000.
- The continuation application must include both the amount of funding that you are requesting for 2005 and the total amount of unexpended carry-over funding from 2004. Your carry-over expenses should include both actual expenses reported to the system and projected expenses for the balance of the calendar year. Your project officer will be in contact with you if your reported carry-over does not match our Payment Management System reports.
- No-cost extensions will be granted for up to 12 months for extraordinary circumstances *at the end of the four-year grant period only*. No cost extensions may not be used to preserve carry-over funding in excess of established limits, they may only be used to allow the state time to complete project tasks that were delayed. If a state has already received one 12 month no-cost extension, a second no-cost extension is not permitted.

Carry-over Funding:

- Carry-over funds from 2004 in excess of \$250,000 will be used to offset that state's next grant award. The amount of carryover funds is determined by the amount of funds that have been reported by states via the 272 through the HHS Payment

Management System. Consideration will be made for state-reported outstanding commitments until 90 days after the grant period at which time the Payment Management System should be up to date.

- For example, if a state is eligible to receive a \$650,000 grant award and has \$350,000 in carryover funds from a previous year, that state will receive a total of \$550,000 in **new** grant funds; \$100,000 of the new award has been offset by excess carry-over.
- As a second example, if a state applies to receive a \$500,000 grant award and has \$750,000 in carryover funds, that state will not receive additional funding, and the applicant should expend the carry-over balance in the subsequent grant year.
- In addition to impacting new grant awards, states should be aware of carry-over funding as they approach the end of their first four-year grant. Per CMS grants policy, states will have 90 days following the end of the grant to pay all outstanding expenses against the grant and file all reports.

Eligibility Status

- In the new competitive grant solicitation, conditionally eligible states that have made outcomes based improvements in PAS over the first four years of their participation, but have not yet reached the full eligibility criteria may apply for two additional years of funding under the conditional category after which time those states will be expected to competitively reapply as fully eligible.
- At the end of six years of participation, we expect the eligibility “tiers” to be eliminated from the program and all participating states from year seven forward will be offering PAS sufficient to support individual in competitive employment. (P.L. 106-170, section 203)
- Therefore, states that fall within the “conditional” eligibility category are strongly encouraged to develop outcomes oriented goals and benchmarks that will expand the number of hours personal assistance services are provided and/or the number of people actually receiving these services in order to qualify for future funding.

Application Instructions

Your application, along with a brief cover letter advising that this is a continuing application for the Medicaid Infrastructure Grant, is to be postmarked no later than September 3, 2004 and sent to:

Ms. Nicole Nicholson
Centers for Medicare and Medicaid Services
Officer of Internal Customer Support, Acquisitions and Grants Group
C2-21-15 Central Building
7500 Security Boulevard
Baltimore, Maryland 21224-1850

An electronic copy of your application should also be sent to your CMS project officer and your CMS regional office Ticket to Work coordinator.

Additional information for completing your application is included in the attachment. Questions regarding this letter should be directed to your CMS project officer. I appreciate your continued efforts to enable improved opportunities for health coverage and employment on the part of people with a disability.

Sincerely,

/S/

Mary Jean Duckett
Acting Director

Attachments

Addressees:

MIG Program Directors

cc: RO TWWIIA Coordinators

Nicole Nicholson

Melissa Wittman

Martha Roherty

Medicaid Infrastructure Grant Continuation Application Instructions

States that are currently in either the fully eligible or conditionally eligible category and have not used the full four years of their grant may submit a continuation application for further funding in lieu of responding to the competitive solicitation. The following provides guidance on how to apply.

Narrative

The narrative should be limited to 10 pages or less and include the following:

- A description of what was accomplished during the 2004 grant period as compared to the proposed project goals. This description should correspond to the three quarterly reports submitted electronically.
- Since continued funding for conditionally eligible states is contingent upon the expansion of personal assistance services by way of agreed upon benchmarks, include a statement of the year 2004 benchmark and documentation that the benchmark has been met.
- A description of the proposed goals and estimated date of completion to be accomplished during the 2005 grant period. These goals and planned completion dates will be entered into the first quarter 2005 progress report.
- In addition to the project officer, list the names of other individuals working on the grant that may be contacting CMS.
- If you are requesting an amount above \$500,000 please describe how the additional funds will be used to provide substantial value in expanding supports and services for health care coverage and employment for people with disabilities. Include the specific goals to which these funds are targeted.
- For each goal above, an estimated budget should also be included. These amounts should be inserted into the first 2005 quarterly progress report.

Budget

Complete the project budget forms using the standard federal forms as follows:

- Complete the Application for Federal Assistance forms SF 424 and SF 424A, and the Assurances form, SF 424B. These forms are available on the CMS web site:
<http://www.cms.hhs.gov/twwjia/infrastr.asp>.
- States requesting funds above the minimum amount are required to submit a detailed implementation plan and financial breakout by line item describing the proposed use.

Carry Over Funds

States may submit a request to carry over funding from 2004 to 2005 for unused grant monies as follows:

- The carry over funding should be reflected in the allocation of budgeted funds for calendar year 2005 on the federal budget form SF 424A.

- List the unobligated amounts on the 424A under Section A- Budget Summary - Estimated Unobligated Funds Category. Include a narrative description of each obligation including the organization or individual to whom funding is obligated. In addition, include in the narrative contractual and overhead obligations through the end of the grant year that will be expensed.
- Include a statement at the bottom of Form 424A as to the reason(s) that funds were not spent and an estimated date as to when 2004 money will be spent based on the activities outlined in the continuing application.

Funding above the \$500,000 Minimum

To receive additional funding, states are required to document such expenditures either in the form of expenditure reports for the previous grant year or actual budgeted expenditure levels approved by the legislature and Governor for the previous year, the current year, or the grant year.

For 2005 we will not approve requests from such states that exceed \$500,000, unless the proposal indicates that the funds are vital and the States requesting additional funding demonstrate that they do not have excess carryover funds that can be used to undertake or complete these activities.

Also, states that receive funding which exceeds the minimum grant award level (\$500,000 for the grant period) must agree to provide and/or contribute to some form of technical assistance to other states based on the learning achieved in the process of implementing its Medicaid employment initiative. Specific details will be negotiated based on the state's interest in providing assistance, the type of assistance already offered by other grantee states, the expressed desire of states which are requesting assistance, and the input of all states with regard to the best methods to assure a national infrastructure capability.

Please note that funds above the minimum \$500,000 amount will be subject to availability of funds. Increase in the number of states taking advantage of the Medicaid infrastructure grant program and additional uses of funding requests by states for amounts above the minimum are reaching the point where the total amounts requested may not be available. Additionally, award amounts above the \$500,000 minimum will be based on the value and merit of the activities that are proposed in expanding supports and services to workers with disabilities.

Quarterly Reporting

States are required to submit electronic quarterly progress reports, an annual report (fourth quarter report) of accomplishments and for states with a Medicaid buy-in an annual data report in accordance with the terms and conditions incorporated as part of the grant award. Continued grant funding is contingent upon meeting the agreed to terms and conditions.