

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop C2-21-15
Baltimore, Maryland 21244-1850



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

July 12, 2004

Dear Medicaid Infrastructure Grant Program Directors,

If you are receiving this letter, you are involved with the Medicaid Infrastructure Grant from CMS in a state that has received a no-cost extension. Many of you are operating under no-cost extensions because you were given advice by CMS program staff indicating that the extensions would be preferable to filing continuation applications. In most cases, this advice was given to permit states to maintain high carry-over balances from past grant awards. This advice has proven to be incorrect and CMS is committed to taking the corrective actions necessary to bring the program into compliance with grant guidelines while not penalizing the states.

Several of you have questioned why your Notice of Grant Award only extended the budget period of your grant without extending the project period to reflect an additional year. The answer lies in the correct use of no-cost extensions which permit grantees to complete grant commitments already in progress by continuing to spend grant funds through extended deadlines. In accordance with Departmental policy, it is not appropriate to extend a budget period other than the last budget period of the project. For the Medicaid Infrastructure Grant program, no-cost extensions should only be approved at the end of the four-year grant, not in the middle as in the case of most of your grants.

CMS program staff have learned that no-cost extensions are only to be given to permit states time to complete grant tasks already in progress. They are not to be used to give states time to create new activities, to spend excess funding, or to extend a project period.

We expect that most of you anticipated preparing continuation applications for grant funding next year. However, because the project period of your grant was not extended, you will need to prepare competitive grant applications. In order to give you a fair amount of time to do this, we have revised the grant application timeline for no-cost extension states. Your applications will be due on October 1, 2004. Other states will continue to be required to meet the deadline of August 6, 2004. We are making modifications to the 2005 solicitation to reflect this and will post an addendum to the solicitation on the website shortly.

Please remember that the competitive solicitation process does not mean that you will be competing against each other. You “compete” against the grant requirements. There is sufficient funding in the Medicaid Infrastructure Grant program to continue to fund each

of the states. We do not anticipate that any state will receive a reduced amount of funding through this process than what would have been received through the continuation process.

The mechanics of applying are that you must use the competitive solicitation on the CMS website at www.cms.hhs.gov/twwiia. If you have not already done so, you may request a personal assistance services eligibility determination immediately. This will provide you with a guarantee of your eligibility category.

This situation was completely unintended and we apologize for the need for this correction. We hope that you will find the proposed plan to be a fair way of bringing the program back into compliance with federal guidelines.

Sincerely,

/S/

Melissa Hulbert, Director
Division of Advocacy and Special Issues

Addressees: Alaska, Colorado, Connecticut, Delaware, Idaho, Iowa, Missouri, New Jersey, Rhode Island, Texas, Wyoming

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