

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
200 Independence Avenue, Mail Stop 314G-HHH
Washington, DC 20201



Office of the Administrator

MAY 23 2007

Frederick P. Cerise, M.D., M.P.H., Secretary
State of Louisiana
Dept of Health & Hospitals
628 North 4th Street
P.O. Box 91030
Baton Rouge, LA 70821-9030

Dear Dr. Cerise:

I have been asked by Secretary Leavitt of the Department of Health and Human Services (DHHS) to announce the availability of an additional \$35 million for enhancing the professional workforce supply in the Greater New Orleans area, under the authority of Section 6201 of the Deficit Reduction Act (DRA), and to provide you with information on how to apply for such funds. In particular, Section 6201(a)(4) of the DRA provides authority to the Secretary, DHHS, to make payments to States to restore access to health care in communities impacted by Hurricane Katrina.

This would be a supplemental award to the previous grant issued under the title of "Deficit Reduction Act – Hurricane Katrina Healthcare Related Professional Workforce Supply Grant", and contains a few modifications based on knowledge gained from administering that grant and State staff involved with the implementation effort of that grant.

Because of the continued unique impact on the population of the Greater New Orleans area caused by the storm and its resulting floods, the Secretary has authorized the use of an additional \$35 million to assist specified impacted communities in Louisiana. The specified impacted communities are the same four parishes that were designated before, and that comprise Region 1, as defined by the Louisiana State Department of Health and Hospitals: namely, Orleans, Jefferson, St. Bernard and Plaquemines parishes. These four parishes have been designated by the Secretary as Health Professional Shortage Areas (HPSAs). The Secretary has determined that this grant funding should be available to your State for these particular impacted communities facing health professional shortages as a result of Hurricane Katrina.

Since Hurricane Katrina hit the United States in 2005, nearly 4,500 doctors from the Greater New Orleans parishes of Orleans, Jefferson, St. Bernard and Plaquemines were displaced. According to the Louisiana Health Care Redesign Collaborative (LHCRC), approximately 50 percent of the physicians who worked in Region 1 before Hurricane Katrina are no longer practicing there. Almost two years later, these parishes continue to experience a shortage of primary care doctors to see Medicaid and uninsured patients;

many hospitals and skilled nursing facilities continue to experience difficulty in hiring and/or retaining qualified physicians and nurses; and clinical faculty for the medical schools and postsecondary education programs for other health professions are still short, too. Additional payments to be made with grant funds by your State to physicians, practitioners, and other healthcare workforce professionals would further enhance the desirability of professional healthcare employment in the Greater New Orleans area during the initial years following the storm. As attrition continues to happen by healthcare professionals out of Greater New Orleans, more emphasis on workforce retention may need to occur.

For these reasons, the Secretary is invoking his authority to restore health care in impacted communities affected by Hurricane Katrina by supplementing your Professional Workforce Supply Grant to further incentivize the retention and recruitment of healthcare workforce professionals in the four impacted parishes. Healthcare workforce professionals may include: physicians (including pediatricians, internists, family practitioners, obstetricians, and psychiatrists), dentists, registered nurses (including nurse practitioners and physician assistants), clinical faculty for the medical, dental and other post-secondary health profession training programs, and other licensed professional healthcare staff. No State contribution to the payments to these professionals is required for this grant.

An additional \$35 million in grant funds will be available to fund this activity. If awarded, the total payments made by your State, together with the original grant award, may not exceed \$50 million in disbursements of these DRA funds.

As stated before, the grant funds must be used only for purposes of payments to healthcare workforce professionals that will assist in the recruitment or retention of such healthcare workforce professionals in Greater New Orleans. Your State has flexibility in determining the methodology, scope and type of activities, and amount of payments to be made. Payment recipients are limited to licensed health professionals, and must be made directly to those individuals. Payments are for personal incentives, are not payments for any specific services, and may not be made to corporations or facilities, or to employers on behalf of employees. Activities may include those activities specified in the LHCRC's concept paper submitted to the Secretary on October 20, 2006, but are not limited to: income guarantees, annual medical malpractice payment relief, loan repayments, and incentive payments (relocation expenses and sign-on bonuses).

Grant funds may not be distributed to individuals who are no longer providing professional healthcare services in the Greater New Orleans area at the time of the disbursement of grant funds. Your State's payment methodology should specify the relevant time periods, funding criteria, and any other factors that will be considered in distributing available grant funds according to the principles specified above, and are subject to approval by CMS. (See Enclosure A for specific requirements of the grant.)

Payments to physicians and other professional healthcare workforce staff under this program are not to be considered payments for Medicare, Medicaid or other specific services, and are not available as the non-Federal share of expenditures or for supplemental disproportionate share hospital payments. Payments cannot be made conditional on the provision of any particular items or services by the professionals. A grant application requesting funds to be used for the non-Federal share of Medicaid or other federal grant expenditures or for supplemental Medicaid disproportionate share hospital payments will not be considered. (See Enclosure B for instructions on how to submit your State's grant application.)

If Louisiana wishes to be considered for this grant, it must submit an application to the CMS by June 5, 2007. Notification of grant award will be made by June 18, 2007 with the grant to become effective June 18, 2007.

The grant determination is not subject to appeal. Grant reporting will be made in accordance with instructions provided by CMS, and funding will be available on an advance basis through an account for Louisiana established under DHHS' Payment Management System (PMS), and through which Louisiana will be authorized to "draw down" funds. Furthermore, payments under this grant will be conditioned on the submission of an annual report by your State. Details will be outlined in the terms and conditions.

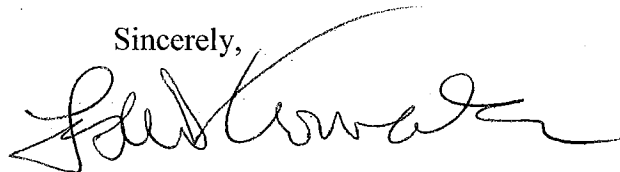
The required annual report must include information on the following: a description of how the grant funds are being used to restore access to healthcare in the specific impacted parishes, and the specific impacted professional, health care workforce staff receiving grant funding. Financial information will also be required including the distribution of grant funds by physician or other professional healthcare staff.

I strongly encourage you to consider this grant opportunity to modify your original proposal to stabilize and strengthen the presence of your professional health care work force in the Greater New Orleans area of Louisiana affected by Hurricane Katrina.

The grant application must be submitted electronically on the Office of Management and Budget-approved application form. The complete application can be downloaded from the following CMS website: <http://www.cms.hhs.gov/GrantOpportunities/>.

The CMS contact for administrative assistance for this grant is Joi Grymes at 410-786-7251 (joi.grymes@cms.hhs.gov). The CMS contact for programmatic technical assistance for this grant is Ms. Wendy Taparanskas. She may be reached at 410-786-5245 (wendy.taparanskas@cms.hhs.gov). Please do not hesitate to contact us if you require additional assistance.

Sincerely,



Leslie V. Norwalk, Esq.
Acting Administrator

Enclosure A

**DEFICIT REDUCTION ACT - HURRICANE KATRINA HEALTHCARE
RELATED PROFESSIONAL WORKFORCE SUPPLY GRANT (SUPPLEMENT)
REQUIREMENTS**

This supplemental payment to the existing grant program is available to the State of Louisiana to fund additional State payments for healthcare professionals in Greater New Orleans, which is experiencing unique health professional shortages as a result of Hurricane Katrina and its subsequent floods.

Additional funding under this grant program must be similarly used by the State to make payments to health care workforce professionals in impacted communities for purposes of recruitment and retention. For purposes of this grant, impacted communities are those four parishes located in the State of Louisiana that comprise Region 1, as defined by the Louisiana Department of Health and Hospitals, namely, Orleans, Jefferson, St. Bernard and Plaquemines.

As stated in the original grant requirements, the grant funds must be used only for purposes of payments to healthcare workforce professionals that will assist in the recruitment or retention of such healthcare workforce professionals in Greater New Orleans. The additional funds will help the State rebalance incentives between recruitment and retention, and help it to better emphasize nurses and clinical faculty for the medical schools and other postsecondary health profession training programs. The State has flexibility in determining the payment methodology, the scope and type of activities, criteria for awarding payment, and the amount of payments to be made to such professionals. Payment recipients are limited to licensed healthcare professionals, and must be made directly to those individuals. Payments are for personal incentives, are not payments for any specific services, and may not be made to corporations or facilities, or to employers on behalf of employees. Activities may include those that were recommended by the Louisiana Health Care Redesign Collaborative (LHRC) in their concept paper submitted to the Secretary on October 20, 2006. These activities are not limited to: income guarantees, annual medical malpractice payment relief, loan repayments, and incentive payments (relocation expenses and sign-on bonuses). Grant funds may not be distributed to individuals who are no longer providing professional healthcare services in the Greater New Orleans area at the time of the disbursement of grant funds. The State's proposal to address this grant must be submitted with the grant application, including its proposed distribution of funding, and is subject to the approval of CMS. All payments must be made under this grant program by the end of federal fiscal year 2009.

Payments to physicians and other professional healthcare workforce staff, including nurses under this program are not to be considered payments for Medicare, Medicaid or other specific services, and are not available as the non-Federal share of expenditures or for supplemental disproportionate share hospital payments. Payments cannot be made conditional on the provision of any particular items or services by the professionals. A grant application requesting funds to be used for the non-Federal share of Medicaid or

other federal grant expenditures or for supplemental Medicaid disproportionate share hospital payments will not be considered.

The grant application will be evaluated on its anticipated effectiveness in addressing the grant purposes and the proposed grant program should be designed to maximize the intended distributions and minimize administrative costs.

**DEFICIT REDUCTION ACT - HURRICANE KATRINA HEALTHCARE RELATED
PROFESSIONAL WORKFORCE SUPPLY GRANT (SUPPLEMENT)**

APPLICATION INSTRUCTIONS FOR FY 2007

Schedule of Processing

Announcement Date:	May 23, 2007
CMS Teleconference:	TBD ¹
Due Date of Application:	June 5, 2007
Award Announcements:	June 18, 2007
Effective Date:	June 18, 2007

Supplemental Grant Application Requirements/Content and Submission

Requirements:

1. The Proposal request must be from the State Medicaid agency;
2. The Proposal must have approval of the State Medicaid Director;
3. The Proposal must be for federal funding that will be used by the State of Louisiana for making payments to healthcare professionals in impacted communities for purposes of recruitment and retention.

For purposes of this grant, impacted communities are the four parishes in greater New Orleans that comprise Region 1, as defined by the Louisiana State Department of Health and Hospitals: namely, Orleans, Jefferson, St. Bernard and Plaquemines.

Grant funds must only be used to make payments to physicians and other healthcare workforce professionals currently furnishing services in the four impacted parishes. Healthcare workforce professionals may include: physicians (including pediatricians, internists, family practitioners, obstetricians and psychiatrists), dentists, registered nurses (including nurse practitioners and physician assistants), and other licensed professional healthcare staff.

Payments are limited to licensed healthcare professionals, and must be made directly to those individuals. Payments are for personal incentives, are not payments for any specific services, and may not be made to corporations or facilities, or to employers on behalf of employees.

Grant funds may not be distributed to healthcare professionals who are no longer providing professional healthcare services in the Greater New Orleans area at the time of the disbursement of grant funds.

No State contribution to the payments to these professionals is required for this grant

4. All payments to physicians and other healthcare workforce professionals under this grant program must be made by the end of federal fiscal year 2009.
5. Payments to physicians and other professional healthcare workforce staff under this program are not to be considered payments for Medicare, Medicaid or other specific services, and are not available as the non-Federal share of expenditures or for supplemental disproportionate share hospital payments. Payments cannot be made conditional on the provision of any particular items or services by the professionals.
6. A Grant application requesting funds to be used for the non-Federal share of Medicaid or other federal grant expenditures or for supplemental Medicaid disproportionate share hospital payments will not be considered.

In applying for Hurricane Katrina Healthcare Professional Workforce Supply Grant funds, the State must submit a cover letter. The cover letter must include the following:

- Name of the State Medicaid Agency
- Contact Person Name and Title
- Contact Person Telephone and Fax number
- Contact Person E-mail Address
- Acknowledgment of support for the project from the State Medicaid Director

Narrative: Applications must contain a narrative describing each of the following:

1. Justification for Grant Funds – *The Secretary has determined that Greater New Orleans is experiencing health care professional shortages resulting from Hurricane Katrina and the resulting floods by his Designation of the impacted communities as HPSAs.*

Please provide a clear concise description of:

- how the additional \$35 million for the grant will be used to restore access to healthcare by assisting the State in the recruitment and retention of physicians and other health care workforce professionals in Greater New Orleans;
- Region 1's current or projected needs; and
- The expected benefits of the additional \$35 million to the health care system in Region 1, including assuring services to underserved populations, if grant funding is awarded.
- Supply for Region 1, the State's most recent updated health care workforce data, as well as census data that will be used to benchmark the State's performance in subsequent years.

2. Target Area/Providers – *the Secretary has determined to define "impacted communities" for this purpose to still include the four parishes in the State of Louisiana that comprise Region 1, as designated by the Louisiana State Department of Health and Hospitals.*

Please provide: a description of the impacted communities that is consistent with this definition; and a listing of the specific impacted clinical workforce professionals that may receive grant funding.

3. Implementation – *The additional grant funds must be used only for purposes of payments to healthcare workforce professionals that will assist in the recruitment or retention of such healthcare workforce professionals in Greater New Orleans. Activities may include those activities specified by the Louisiana Health Care Redesign Collaborative (LHCRC) in its concept paper submitted to the U.S. Secretary of Health and Human Services, on October 20, 2006, but are not limited to: income guarantees, annual medical malpractice payment relief, loan repayments, and incentive payments (relocation expenses and sign-on bonuses).*

Please provide:

- a description of the specific retention/recruitment pay incentive activities the State proposes to fund to meet the few new changes identified in the solicitation (i.e., nurses, clinical faculty, and adjusting the balance of monies between recruitment and retention), if different than what was submitted in February, 2007;
- a chart that shows how the State would propose to re-distribute the type of incentives and the payments for these incentives to meet the few new changes identified in the solicitation, across the listing of clinical workforce professionals identified in item 2 above;
- an explanation of how the State's proposed distribution of incentives addresses current or projected needs in Region 1;
- the State's administrative infrastructure;
- the State's proposed budget, including expected administrative costs; and
- and the time table for the State making grant payments to health care professionals in impacted communities

4. Distribution of Grant Funds – provide a description of the State's plan to distribute grant funds. Provide the breakdown, both by the requested Federal grant amount and by each grant year (i.e., Federal fiscal years 2007, 2008, and 2009), if other than a lump sum distribution.

An additional \$35 million in grant funds available to the State of Louisiana. Because of the unique impact to the population of the Greater New Orleans area caused by Hurricane Katrina and its resulting floods, the Secretary has allocated 100% of the grant funds to Louisiana. This amount, together with the original award, totals \$50 million.

Payments by States to eligible health care professionals must be used only for purposes of recruitment or retention of healthcare workforce professionals in Greater New Orleans, with the goal of further enhancing the desirability of that area for health care employment. The State has flexibility in determining the methodology, scope and type of activities, and amount of payments to be made.

Application Submission Process:

The grant application must be submitted on the Office of Management and Budget (OMB)-approved forms. The following standard forms must be completed with an original signature and enclosed as part of the proposal

- SF424: Application for Federal Assistance
- SF424A: Budget Information
- SF424B: Assurances – Non-Construction Programs
- SFLLL: Disclosure of Lobbying Activities
- Biographical Sketches
- Additional Assurances –
http://apply.grants.gov/forms/sample/SSA_AdditionalAssurances-V1.0.pdf

You may obtain copies of these forms directly from the CMS Website at:
<http://www.cms.hhs.gov/GrantOpportunities/>.

The grant application must be submitted electronically to: judith.norris@cms.hhs.gov by 5:00 PM (Eastern) on June 5, 2007, with a cc to Ms. Jennifer Summa at jsumma@cms.hhs.gov.

CMS Project Contacts:

The CMS contact for administrative assistance for this grant is Judith Norris at 410-786-5130 (judith.norris@cms.hhs.gov). The CMS contact for programmatic technical assistance for this grant, is Ms. Jennifer Summa at 202-260-1376 (jsumma@cms.hhs.gov)

CMS will convene a teleconference call with Louisiana to discuss this unique grant funding opportunity on May 25, 2007 at 2:00 EST.

¹ Details of the CMS teleconference call will be e-mailed to Louisiana shortly after the grant announcement.