DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Administrator
Washington, DC 20201

MAY 2 3 2007

Frederick P. Cerise, M.D., M.P.H., Secretary
State of Louisiana
Dept of Health & Hospitals
628 North 4th Street
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 $100 million to restore and expand access to primary care, including primary mental health care, in the Greater New Orleans area, under the authority of section 6201 of the Deficit Reduction Act of 2005 (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 in order to restore access to health care in communities impacted by Hurricane Katrina.

Because of the unique impact on the low income and uninsured population of Greater New Orleans caused by the storm and its resulting floods, and for purposes of this funding opportunity, the Secretary is directing these resources to "Greater New Orleans", defined as the four Parishes in Louisiana that comprise Region 1, as defined by the Louisiana State Department of Health and Hospitals, namely: Jefferson, Orleans, St. Bernard and Plaquemines Parishes.

Through his numerous visits to Greater New Orleans, including his trip on April 5, when he was able to visit several clinics providing care to local residents, the Secretary determined that the largest portion of the remaining DRA funds should be made available to help stabilize and expand primary care access, without regard to a patient's ability to pay. His observations corroborated testimony supplied by local providers to the House Energy and Commerce Oversight Committee who requested additional "short term" funding, to increase capacity to meet the current demand for services and significantly decrease the uninsured population's reliance on expensive emergency room care. The Secretary believes that providing short-term financial relief to overburdened outpatient entities will significantly increase the likelihood that access to essential services will be sustained after this funding is expended. This relief will also allow the State and local healthcare providers to continue work identifying a long-term solution through a comprehensive Medicaid Waiver.

For these reasons, the Secretary is invoking his authority to award grant funding to States to restore health care in communities affected by Hurricane Katrina. He is offering this unique grant funding opportunity to enable Louisiana to assist Greater New Orleans providers to expand access to outpatient primary care (as defined in **Enclosure A**) that includes professionally delivered medical and mental health services, substance abuse treatment, oral health care, and optometric health care (administered in a clinical setting). There is a total of $100 million in Federal grant funds available for this activity, $4 million of which, Louisiana will reserve in order to restore to the City of New Orleans Health Department (CNOHD), ability to provide primary care in city neighborhoods that are not adequately served. These grant funds are not

intended to replace or supplant any existing State support for primary care providers. No additional State contribution to these payments is required for this grant, though matching funds by the State are strongly encouraged.

The Secretary is also concerned about the timeliness of disbursing grant funds to meet the immediate needs of the impacted communities. There is a limited supply of physicians and other licensed health care practitioners available and willing to serve as staff in clinics capable of meeting the urgent and burgeoning primary care needs encountered by populations as they return. The population is returning not only to established homes and neighborhoods, but also to new and evolving communities emerging and taking root in newly rebuilt Greater New Orleans. The Secretary has determined that the State cannot successfully meet these needs without entering into a formal partnership with a locally based entity that can insure timely payment and responsive oversight of day-to-day conditions.

Therefore, to facilitate and expedite payments, and provide oversight and support to eligible primary care clinics, the State must develop and identify a formal partnership with a locally based organization (i.e., located in New Orleans) as part of its application for grant funds. Once selected, this partner would be considered a sub-recipient for purposes of the grant award and shall be subject to federal grant administration and cost accounting principles contained in OMB Circulars A-110 and/or A-122. The partner must be a not-for-profit entity, and have: experience in public-private partnering at the community, Parish or State levels; experience in administering a Federal health care grant; ability to conduct timely, due diligence in identifying and screening a roster of potential clinic applicants against the required eligibility criteria; ability to serve as a fiscal agent to deliver funds to these grantee clinics; and experience or ability to oversee and coordinate service delivery, training, technical assistance and necessary collaborative activities for the funded network of primary care clinics. The State's local partner organization can receive funds from this DRA grant for administrative costs, but can receive no other funds from this grant.

The Secretary expects the State, to the maximum extent possible, to use its local partner to develop a funding or screening application process for determination of clinic eligibility, to carry out day-to-day oversight and technical support for grantee clinics, including new primary care clinics to be established by the CNOHD, to make payments, and to achieve the deliverables and meet the timetables associated with implementing the terms and conditions of this DRA grant. The local partner will be held to performance criteria as outlined in the terms and conditions of this grant, and will be subject to the review and approval of DHHS and the Centers for Medicare & Medicaid Services (CMS).

1. Short-Term Stabilization and Expansion of Access to Primary Care within Greater New Orleans regardless of the ability to pay.

Eligible Primary Care Clinics. There are several different categories of "primary care clinic" providers that have operated in Greater New Orleans and that might fall within the universe of entities eligible to receive funding under this grant, and for the purpose of this grant, shall be considered a sub-recipient or a sub-award and therefore subject to Federal grant administration rules and cost principles contained in OMB Circulars A-110 and/or A-122 and/or A-87. These

providers include, but are not limited to: Parish public health department primary care clinics; primary care providers who participate in the Partnership for Access to Healthcare (PATH); Federally qualified health centers (FQHCs); Ryan White program clinics serving residents with HIV/AIDS; publicly owned or non-profit, outpatient community mental health clinics; outpatient clinics of hospitals and universities established specifically for the purpose of providing primary care; National Health Service Corps sites in Federally-designated Health Professions Shortage Areas (HPSAs); primary care clinics operated by charitable organizations, including faith-based organizations; and other clinic entities (faith-based or otherwise) whose specific mission it is to provide primary care, but that do not formally fall within the more discrete and identifiable categories mentioned above. Collectively, these organizations offer a broad array of primary care providers needed by the population to be served in Greater New Orleans. For purposes of clarity and uniformity, the term "clinic" will be used hereafter in this DRA grant solicitation to refer to any of the full array of outpatient clinics operated by the types of provider entities listed above, and that have been established with the explicit purpose to provide primary care, as defined in **Enclosure A.**

The State and its local partner will be able to use these Primary Care Access Stabilization Grant funds to operate a grant program to support eligible primary care clinics. To be designated as eligible to receive these DRA grant funds, a primary care clinic must meet all of the criteria Stated in the Requirements Section described in **Enclosure B** ***at the time that the State's grant proposal is submitted.***

NOTE: With the exception of the four CNOHD primary care clinics described in Section 2 (New Orleans East, Mandeville, and two mobile clinics - all four of which are not yet operational), the remaining primary care facilities operated by the CNOHD are eligible to apply for possible funding under the $96 M grant.

Primary Care Clinic Grant Terms and Allowable Expenditures. Clinics determined to be eligible by the State's local partner (hereafter referred to as "grantee clinics") may receive their payment in two lump sums through the State's local partner in accordance with the Grant Requirements described in **Enclosure B,** and the Payment and Distribution Schedule described in **Enclosure C,** or through another payment and distribution schedule, but only if the alternate schedule is approved by CMS. Grantee clinics may use grant funds to support their provision of primary care as defined in **Enclosure A**, for allowable expenditures defined in **Enclosure D**. Grantee clinics must have established appropriate accounting systems and internal controls to account for all expenditures of Federal money awarded **(See Enclosure B).** Expenditures of Federal grant funds are permitted through the end of FY 2010. Grantees not adhering to the terms and conditions of this grant may be subject to penalties. The State grant program shall provide for grantee clinics to repay any amounts not spent for allowable expenditures.

2. Restore capability of the City of New Orleans Health Department to meet its mission of providing primary care to its citizens most in need.

Separate from the awards listed above, the State, through its local partner shall award $4 million directly to the City of New Orleans Health Department (CNOHD) to help the City provide urgent access to primary healthcare for its citizens most in need. For the purpose of this grant,

CNOHD shall be considered a sub-recipient or a sub-award and therefore subject to Federal grant administration rules and cost principles contained in OMB Circular A-87 (State and local units of government). Grant funds may be used to assist the City to ramp up its clinical services and recruit physicians, dentists, registered nurses and other licensed professional healthcare staff for new sites planned at New Orleans East and Mandeville, as well as staffing for mobile dental and vision van units.

Schedule of payments to the CNOHD will be made in accordance with a budget submitted to the State's local partner in one lump sum, and made payable directly to the CNOHD on behalf of its primary care clinic facilities. Expenditures made by the CNOHD may occur through the end of FY 2010.

CNOHD may use its Federal DRA grant funds to support its provision of primary care as defined in **Enclosure A** in which case eligible expenditures must conform to the list of Allowable Expenditures identified in **Enclosure D.** Prior authorization by the State's local partner is not required prior to the distribution of funds to the CNOHD, except as indicated in **Enclosure D**. CNOHD must have established appropriate accounting systems and internal controls to account for all expenditures of Federal Money awarded **(See Enclosure B).** The CNOHD under the terms of this $4 M grant must annually provide to the State's local partner: summary encounter data on the number and types of patients that CNOHD served through these grant funds, an accounting for all expenditures of Federal DRA funds awarded under this $4 M grant; as well as a detailed accounting of how the CNOHD, through this grant funding, was able to increase access to healthcare to residents in the City of New Orleans. The State grant program shall provide for repayment of any amounts not spent for allowable expenditures.

Payments to grantee clinics, physicians, and other professional healthcare staff under any aspect of the $100 million grant program are not to be considered payments for Medicare, Medicaid or other specific services, and are not available as the non-Federal share of Medicaid expenditures or for supplemental disproportionate share hospital payments. Grant applications 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.

Administrative costs for the State are limited to 0.5% of the total amount of funds to be disbursed. Administrative and oversight costs for the State's local partner are limited to 5% of the total amount of funds to be disbursed.

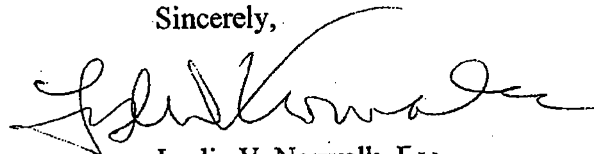
The State's Application Instructions for the grant are found in **Enclosure E.** The grant application must be submitted electronically on the Office of Management and Budget-approved application form. The complete application can be downloaded from the following CMS Web site: http://www.cms.hhs.gov/GrantOpportunities/.

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. Wendy Taparanskas at 410-786-5245 (wendy.taparanskas@cms.hhs.gov). Please do not hesitate to contact us if you require additional assistance.

If Louisiana wishes to be considered for this grant, it must submit an application to CMS by June 17, 2007. Notification of grant award will be made by June 29, 2007, with the grant to become effective June 29, 2007.

I strongly encourage you to consider this grant opportunity and identify a local partner who will be able to help you administer this grant.

Sincerely,



Leslie V. Norwalk, Esq.
Acting Administrator

Enclosures

Cc:

Jerry Phillips, DHH Medicaid Director
CMS Administrator
HRSA Administrator
HHS Regional Director – Dallas
CMS Regional Administrator - Dallas
HRSA Regional Administrator – Dallas

Enclosure A

PRIMARY HEALTHCARE (INCLUDING MENTAL & ORAL HEALTH) SERVICES:

Primary Healthcare (including Mental and Oral Health) Services include:

1. Health care services typically provided by a person's first practitioner contact in the health care system, and that fall in the categories of family medicine, internal medicine, general practice, pediatrics, obstetrics, gynecology, psychiatry, mental health or care for substance use. Services are furnished by physicians, physician assistants, nurse practitioners, nurse midwives, psychologists, licensed clinical social workers, ophthalmologists, opticians, optometrists and pharmacists all operating within the scope of their licensure in the State of Louisiana;

2. Diagnostic laboratory and radiological services (provided directly by or paid for by the primary care clinic);

3. Preventive health services, including—
   a. Prenatal and perinatal services;
   b. Appropriate cancer screening, e.g., pap smears, mammograms, colorectal testing;
   c. Well-child services;
   d. Immunizations against vaccine-preventable diseases;
   e. Screenings for elevated blood lead levels, communicable diseases, and cholesterol;
   f. Pediatric eye, ear, and dental screenings to determine the need for vision and hearing correction and dental care;
   g. Mental health prevention and screening services; and
   h. Voluntary family planning services.

4. Dental services (**in a clinic or mobile clinic only**) when provided by dentists and dental hygienists;

5. Optometric services **(in a clinic or mobile clinic only)** when provided by ophthalmologists, optometrists or opticians;

6. Mental health and/or substance abuse screening, assessment, counseling, referral, treatment, follow-up services, and consultation for these specified conditions treatable or manageable in primary care settings by psychiatrists, psychologists, licensed clinical social workers, or by other licensed providers with appropriate mental health specialist consultation, all operating within the scope of their licensure in the State of Louisiana;

7. Emergency medical or mental health services (provided directly or paid for by the primary care clinic setting only) (including, urgent care, stabilization and referral);

8. Pharmacy services (provided directly or paid for by the primary care clinic); and

9. Patient case management services (provided directly by or paid for by the primary care clinic setting only) including counseling, referral, follow-up services and other services designed to assist patients in gaining access to Federal, State, and local programs that provide or financially support the provision of medical, social, housing, educational, transportation, interpretation/translation or other related enabling services.

Enclosure B

DEFICIT REDUCTION ACT - HURRICANE KATRINA HEALTHCARE RELATED PRIMARY CARE ACCESS STABILIZATION GRANT

The **Primary Care Access Stabilization Grant** is to fund State grant payments to eligible primary care clinics to help stabilize and/or expand primary healthcare access in Greater New Orleans in neighborhoods that are not adequately served as a result of Hurricane Katrina and its subsequent floods. There is a total of $100 million in grant funds available for this activity, $4,000,000 of which, Louisiana will reserve in order to restore to the City of New Orleans Health Department (CNOHD), ability to provide primary care in city neighborhoods that are not adequately served. Because of the unique primary care access problems being experienced by the population of Greater New Orleans caused by Hurricane Katrina and its resulting floods, the Secretary has allocated all of the grant funds to the State of Louisiana.

1. Before the grant may be awarded, the State must identify to CMS, the name of the local partner with which it has contracted to administer the grant on a day-to-day basis, as described in the May 23, 2007 letter to Governor Blanco. The State's local partner must meet the following criteria:
   a. Be a not for profit organization located in New Orleans)
   b. Have experience in public-private partnering at the community, Parish or State levels;
   c. Have experience in administering a Federal health care grant;
   d. Have the ability to conduct timely, due diligence in identifying and screening a roster of potential clinic applicants against the required grant eligibility criteria;
   e. Be able to serve as a fiscal agent to deliver funds to these grantee clinics; and
   f. Have experience or ability to oversee and coordinate service delivery, training, technical assistance and necessary collaborative activities for the funded network of primary care clinics.

   To eliminate conflict of interest, the State's local partner organization can receive funds from this DRA grant for administrative costs, but can receive no other funds from this grant.

2. Grant funds must only be used to fund eligible clinics that are located and providing primary care services (as defined by **Enclosure A**) in Greater New Orleans. For purposes of this grant, "Greater New Orleans" means the four Parishes comprising Region 1, as defined by the Louisiana State Department of Health and Hospitals (LA-DHH), namely: Jefferson, Orleans, St. Bernard or Plaquemines.

3. For a primary care clinic to be designated as eligible to receive any portion of the $96 million DRA grant funds, the clinic must be able to meet all of the criteria listed below ***at the time that the State's grant proposal is submitted:***. Each primary care clinic must:

a. Be operational and serving patients with the intent to be a sustainable[1] entity, with long-term plans to provide primary care to residents in Greater New Orleans. DRA Grant funds may not be distributed to clinics that are not in operation.

b. Attest under penalty of law[2] before any funds may be disbursed to the clinic, as to the clinic's:
   i. long term plans to be a sustainable primary care clinic; and
   ii. plans for relocation, renovation and/or expansion of a service delivery site.

c. Be a public or private not-for-profit entity (and may not be an individual practitioner in private solo or group practice);
   i. Note: The clinic must be currently licensed, if licensure is required by the State of Louisiana.
   ii. The clinic or its licensed practitioners:
      - must be currently enrolled in Medicaid or SCHIP as a participating practitioner or provider;
      - have submitted an application for such enrollment by the date of the disbursement of grant funds; or
      - if the clinic or its practitioners are not enrolled as a Medicaid or SCHIP provider, then the clinic or its practitioners must be eligible to participate in Medicaid or SCHIP (i.e., non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred, or whose principals are suspended or debarred);
   iii. Providers that have been excluded from participation in Federal health care programs under section 1128 of the Social Security Act, 42 USC 1320a-7 would be ineligible.
   iv. All health care practitioners that provide health care treatment, mental health counseling, or any other type of clinical health care services to patients must hold a current unrestricted license to practice in the State of Louisiana, and be providing such licensed services within the scope of that licensure.
   v. EXCEPTION: Any Federal practitioner utilized within a clinic setting is covered under the Federal Tort Claim Act, and must practice in accordance with applicable Federal laws (e.g., s/he may hold an unrestricted license from a State, but not necessarily from the State of Louisiana.)

d. Agree to work with the State's partner and others in local planning activities as part of the newly created outpatient primary care-based systems so that clinics can have the referral relationships with local specialists and hospitals, to provide a seamless continuum of care to residents of all levels of income and with forms of insurance coverage acceptable to all provider clinics.

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[1] "Sustainable" means ability to continue providing primary care to all patients (regardless of their ability to pay) through some funding source ***other than this DRA grant***, e.g., enrolling as a provider in Medicaid, LaCHIP, Medicare, private insurance, etc.

[2] Civil and/or criminal penalties may ensue for any clinic that willfully or negligently provides false or misleading information to the State, its local partner, or to HHS under this grant award.

e. Have a statutory, regulatory or formally established policy commitment (e.g., through corporate bylaws) to serve all people, including those without insurance, at every level of income, regardless of the patients' ability to pay for services rendered, and be willing to accept and serve new publicly insured and uninsured individuals.
   i. In order to insure maximum benefit from the limited amount of DRA grant funds remaining to be awarded, each clinic is strongly encouraged to screen uninsured patients for Medicaid or SCHIP eligibility, to assist them directly or refer them to organizations or individuals that can assist them in enrolling in these programs. Clinics should bill third party payers for eligible healthcare services rendered.

f. Establish or maintain one or more health care access points (service delivery sites) for the provision of comprehensive primary and preventive health care services which may include medical care, oral health care, optometric services, mental health care and substance abuse services, either directly on-site or through established arrangements.
   i. A clinic must provide at least one of the following core primary care services onsite using its own practitioners: medical, mental health, substance abuse, dental or optometry services (NOTE: the latter two services may only be provided in a clinic or mobile clinic setting). A clinic can propose within the above core services to exclusively serve a single age group (e.g., children or geriatric only) at a particular site(s).
   ii. In instances where a sub-population is being targeted within the service area or population (e.g., homeless children and adolescents or children in schools), the clinic must demonstrate how health care services will be made available to other persons in need of care who may seek services at such sites (e.g., through pre-determined referral arrangements with nearby providers in the Parish).
   iii. If a clinic operates limited service sites, it must demonstrate how it will actively facilitate the patient's access to a continuum of care through established relationships with other primary care providers, specialists and inpatient facilities in the service area.
   iv. Within 10 days of a grantee clinic's receipt of initial grant funds, the grantee clinic must communicate to the State's local partner the extent of:
      - its geographic service area and/or the population it serves
      - the services it provides or pays for directly, or by referral in the categories of:
        - primary medical care,
        - OB/GYN care,
        - specialty services,
        - dental services,
        - mental health services,
        - enabling services (e.g., transportation and translation), and
        - other services.
      - This information must also be available for communication to the public and to others in the newly created outpatient primary care system, upon request.

g. Establish a quality assurance or quality improvement program as part of its daily operations, no later than six (6) months after receiving a DRA grant award.
   i. Such a quality assurance or quality improvement program must: (1) include clinical guidelines or evidence based standards of care, (2) include objective

assessment of quality of care provided, and (3) identify adjustments made to guidelines and care practices as indicated by findings of such assessments.

h. Establish a system to collect, organize, and report to the State via its local partner entity, at regular intervals, summary encounter data[3] on the number and types of patients it serves, and an accounting for all expenditures of Federal DRA funds awarded under this grant.
   i. Note: Grantee clinics will collect and analyze encounter data based on Current Procedural Terminology (CPT) and International Classification of Disease (ICD) codes.
   ii. Grantee clinics must establish and implement a fiscal integrity plan appropriate to the size and complexity of its organization that includes *at least* appropriate accounting and internal control systems for allowable expenditures of Federal funds under the terms of this grant (See **Enclosure D),** and an annual financial audit for all of its expenditures under this grant performed in accordance with Federal audit requirements.
   iii. Clinics that do not have established systems in place at the time of award, must agree to use funds other than those from this grant to create that capacity within 60 days of award.

4. If a clinic applicant does not meet one or more of the above criteria, and if in the combined judgment of the State and its local partner, the clinic meets the intent of this DRA grant solicitation, then the State may request from CMS that the clinic be considered for funding, explain how the clinic meets the eligibility criteria, and justify how the clinic meets the intent of the Grant in the absence of meeting a specific criteria. Grant funds may be disbursed only after review and approval by the CMS Grants Project Officer.

5. There is $96 million (less administrative costs) available for the State and its partner to make payments to grantee clinics as part of the DRA grant funds. The methodology that the State and its partner use to make these payments shall include an initial base payment amount disbursed in a lump sum, to each grantee clinic determined to be eligible to receive the base payment under the terms and conditions of this grant; and subsequent disbursement of supplementary payment(s) from the remaining DRA grant funds according to the schedule that is approved by CMS, and which shall take the form of either:
   a. The Payment Deliverables and Timetable, identified in **Enclosure C**; or
   b. An Alternative Payment Distribution schedule, subject to approval by CMS.

   (A) The Payment Deliverables and Timetable identified in Enclosure C. Under this schedule, the methodology that the State and its partner use to make these payments to grantee clinics shall include one or both of two types of payments: an initial base payment amount, if eligible; and a supplemental payment amount determined on a "unit of care" allocation basis. These two payments and timetable for making such payments to grantee clinics are described below and shall be allocated by the State, directly through its local partner, in the following manner:

[3] Each grantee clinic must maintain underlying documentation to support its summary data reporting to the State's local partner in accordance with the applicable OMB Circular A-110 and/or A-122 (not for profit entities) or A-102 (public entities) or A-87 (State or local governmental units), whichever is applicable to its legal status.

a. **BASE PAYMENT AMOUNT.** Within no more than 60 days after CMS notifies the State of its Grant award, the state and its local partner shall distribute a Base Payment in the same amount to each grantee clinic.

   i. The value of the base payment would be proposed to CMS by the State, through its local partner, and is not to exceed $250,000 (two hundred fifty thousand dollars)

   ii. EXCEPTION:

   - Grantee clinics that have just received a new Federal grant award in April, 2007 [Jefferson Community Health Center – 1101 Medical Center Blvd in Marrero (this location only), and Excelth primary care clinic in the Gentilly section of New Orleans (this location only)] are not eligible to receive the Base Payment, however they are eligible to receive a Supplemental Payment (see below);
   - The many primary care clinics operated solely by the City of New Orleans Health Department are not eligible to receive a Base Payment, however they are eligible to receive a Supplemental Payment. Primary care clinics operating within health department space but operated by other entities (e.g., by Tulane University) are not subject to this exception or payment limitation; and

b. **SUPPLEMENTAL PAYMENT.** Within five (5) months after CMS notifies the State of its grant award, the State and the State's local partner must have completed development of the supplemental allocation methodology, including the amounts of the Supplemental Payments for each grantee clinic (payable in a lump sum and determined as a percentage payment of the total amount available for this purpose on a "unit of care" basis), and have issued the Supplemental Payments determined in accordance with such methodology. The total amount available for Supplemental Payments is $96 million less the total of the aggregate Base Payment amounts for all grantee clinics and any administrative costs. The determination of the Supplemental Payments is described below.

   i. The funds available for the Supplemental Payments shall be allocated on a "unit of care" basis, using relevant data associated with a "look back" period of no more than twelve (12) months and no less than three (3) months. The intention in this approach is to serve as a proxy for a clinic's future capacity in serving patients.

   ii. The State's local partner shall undertake due diligence analyzing the best available patient information from the clinic's uninsured/underserved and other patient census data obtained from the "look back" period, and / or any other relevant information

   iii. The Supplemental Payment for each clinic would be determined as outlined in the following steps:

   Step 1. The state and its local partner would propose the definition of "unit of care" to be used in this aspect of the grant. Factors that may be considered in developing this definition could possibly include:

   - Number of patients served by each clinic during the relevant "look back" period (***mandatory factor***)
   - Level of care (for example: brief, intermediate, and extended); and
   - Intensity of care by cost and time.
   - NOTE: Whatever "unit of care" definition is developed shall be the same across all grantee clinics

- NOTE: The state's proposal shall include a feasibility analysis justifying how its proposed definition will allow the payment deliverables to conform to the timetable in **Enclosure C**.

Step 2. Determine total standardized "units of care" for the "look back" period by summing the number of "units for all grantee clinics.
Step 3. Determine the amount per "unit of care" by dividing the total amount of funds available, by the total number of standardized "units of care" for all grantee clinics.
Step 4. Determine the Supplemental Payment amount for each grantee clinic by multiplying the number of "units of care" attributable to the grantee clinic, by the "unit of care" amount determined in step 3.

Example. There might be a total of $75 million available for the purposes of the Supplemental Payment ($96 million less $20 million (total Base Payments) and $1 million (total administrative costs)).
Step 1. "Unit of care" defined.
Step 2. The standardized number of "units of care" for each grantee clinic for the "look back" period would be established and summed. In this example, the sum of the "units of care" for all grantee clinics for the "look back" period is 80,000 units.
Step 3. $75,000,000/80,000 "units of care" = $937.50 per "unit of care".
Step 4. Clinic A provided 100 "units of care" for the standardized "look back" period. Therefore, the Supplemental Payment for Clinic A would be $93,750, calculated as 100 x $937.50. A similar calculation would be performed for each grantee clinic.

c. **AUDITABLE INFORMATION**. Patient census data or any other information supplied by a grantee clinic from the "look back" period that would serve as the basis for the clinic's receipt of Federal funds, would be subject to verification of legitimacy by the local partner, the State and/or HHS, and shall be certified by the attestation of a Corporate Officer of each grantee clinic receiving Federal funds under this grant. Civil and/or criminal penalties may ensue for any false or misleading statements, and penalties may include repayment of some or all of the funds received under this grant.

(B) An Alternative Payment Distribution schedule. Although the parameters of an acceptable payment methodology are described in the item above, the State of Louisiana after consulting with its local partner, may suggest an alternative grant payment methodology (e.g., one that takes into account a grantee clinic's relative caseload of uninsured[4]) and/or distribution schedule that meets the overall principles defined in the May 23, 2007 letter to Governor Blanco and corresponding **Enclosures**, and that includes specific deliverables and a timetable for allocating the remaining grant funds. NOTE: Any alternative methodology proposal must include:

a. Similar standardization of "units of care" across all grantee clinics; and
b. Pre-established Base Payment to be distributed to grantee clinics.

Any alternate proposal must be reviewed and approved in writing by the CMS Grant Project Officer prior to implementation. Such a proposal will be evaluated on its anticipated effectiveness in addressing the grant purposes and the proposal should demonstrate how greater feasibility, more effective distributions based on level of care provided, and/or less

[4] Uninsured patients would not be patients who are insured under Medicare, Medicaid, LaCHIP, or private insurance.

administrative costs could still be achieved with respect to accomplishing the deliverables within the timetables identified in **Enclosure C.**

6) Before an initial Base Payment can be made, grantee clinics must be able to describe to the State's local partner how they would use the initial base payment from the DRA funds to stabilize or increase access to primary care, including the services they will provide, and how they meet the eligibility criteria described in the Grant requirements.
   a. If selected, a grantee clinic must file a three (3) year spending plan with the State's local partner prior to receiving the grantee clinic's remaining funds disbursement.
   b. The grantee clinic's spending plan describes how the initial Base Payment funds have been used on direct patient expenses since the date of award, and how future allowable direct patient expenses will be incurred during the remaining period of the grant.
   c. The spending plan for Federal grant funds uses the same budget categories as identified in the Allowable Federal Expenditures document (See **Enclosure D**). These categories include for example: Personnel, Benefits, Travel, Supplies, Equipment, etc.
   d. Upon request, CMS can supply to the State and its partner, samples currently used in various HHS Grant programs as a reference for developing guidance for budget submissions.

7. All recipients of funding under this grant must provide to the State, through its local partner, at least annually: (1) summary encounter data on the number and types of patients it served through these grant funds; (2) an accounting for all expenditures of Federal DRA funds awarded under this grant; and (3) a detailed accounting of how the grantee clinic, through this grant funding, was able to increase access to healthcare to residents of the Greater New Orleans region. The information supplied for items (1) and (2) above is not a substitute for information collections that are required by any other Federal grant programs, for example, to the Community Health Centers or Ryan White Act programs. Upon request, CMS can supply to the State and its partner, samples of current reporting used in various HHS Grant programs, as a reference for the clinics' annual reporting. Eligible expenditures under this grant are outlined in **Enclosure D.**

8. Note: Costs attributed to the grant may only include costs actually incurred during the accounting year of the grant period and may not include cost accrued in the future or those incurred prior to the award of this grant. All clinics, CNOHD, the State and its local partner, and other provider organizations receiving Federal funds should refer to the appropriate OMB "Cost Principles" Circular to determine allowability of expenses: OMB Circular A-110 and A-122 (not-for-profit entities); A-102 (public entities); A-87 (State and local units of government). In addition, when organizations determine amounts allowable and attributable to the grant, Medicare's "reasonably prudent person" standard should be maintained (for example, it would not be reasonable to attribute $1 million of Federal funding toward the salary of one (1) physician). Grantees not adhering to the terms and conditions of this grant may be subject to penalties. The State grant program shall provide for repayment of any amounts not spent for allowable expenditures.

9. The State, through its local partner, will provide HHS with an annual report identifying recipients of funds, grant amounts disbursed per year and to date, and summarizing the impact of these funds towards increasing access to healthcare within the community, including numbers served before and after receiving the grant. The content of the Annual Report by the

State and its local partner, to CMS will be outlined in the terms and Conditions of the Grant Award. The format for this report must be approved by the CMS Grant Project Officer.

10. No aspect of the grant determination process is subject to appeal. Grant reporting will be made in accordance with instruction provided by CMS. Funding will be available on an advance basis through an account for Louisiana established under DHHS' Payment Management System, 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 the State. The State shall not replace or supplant any existing State support for primary care providers as a result of this grant. Details will be outlined in the terms and conditions.

11. Total amounts disbursed to the CNOHD will be made in accordance with a budget submitted to the State, through its local partner. Payment will be made in one lump sum and made payable directly to the CNOHD on behalf of its primary care facilities. Expenditures made by the CNOHD may be incurred through the end of FY 2010.

12. Eligible expenditures must conform to the list of Allowable Expenditures (See **Enclosure D)** described earlier in this solicitation; and do not require advance approval prior to distribution of funds. The CNOHD under the terms of this $4 M grant must annually provide to the State, through the State's local partner: summary encounter data on the number and types of patients that CNOHD served through these grant funds, an accounting for all expenditures of Federal DRA funds awarded under this $4 M grant; as well as a detailed accounting of how the CNOHD, through this grant funding, was able to increase access to healthcare to residents in those neighborhoods in the city of New Orleans conforming to the neighborhood start up clinics, (including mobile units) approved in its budget request to the State's local partner.

13. Payments to grantee clinics, physicians, and other professional healthcare 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 Medicaid expenditures or for supplemental disproportionate share hospital payments. Grant applications 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

14. All payments to eligible clinics under this grant program must be made by the end of Federal fiscal year 2010.

15. The total payments made by the State may not exceed $100 million in disbursements of these funds.

16. The State is subject to the HHS Grant administration regulations at 45 C.F.R., Part 92.

17. Financial Status Report Form (SF-269) is required to be submitted annually. The financial status report required by the Office of Acquisition and Grants Management will account for all uses of grant monies during each reporting period.

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

19. Calls will be held between the Project Officer and the designated State contact, and other relevant parties actively participating in grant monitoring and participation as necessary. There will be an initial schedule set up through a conference call approximately one week after the awarding of the grant.

Enclosure C

PAYMENT – RELATED DELIVERABLES AND TIMETABLE

3 Weeks after Announcement of "Grant Solicitation" – State submits Grant Application
- Proposal for administering Grant and all related costs submitted to HHS
- Identification of local partner meeting criteria outlined in grant announcement
- Screening/Funding Application Process to determine clinic eligibility developed by State and Local Partner organization
- Proposed "look-back" period identified and reported to HHS.

2 Weeks after "Submission of Grant Application"
- Notice of Grant Award by HHS
- Approval of Application Process to determine clinic eligibility

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GRANT AWARD

Day 45 (45 Days after "Notice of Grant Award")
- Complete list of "eligible primary care providers" identified by State through local partner to HHS.
- Proposed base amount to each provider calculated and reported to HHS.

Day 52: (7 days after list and base amount reported to HHS)
- HHS approval provided

Day 59: (7 days after HHS approval of list and base amount)
- Completion of base payments to providers.

Day 120: (4 months after "Notification of Grant Award")
- Due diligence on provider data submission completed by State through local partner.
- Calculation of amount due to each provider and schedule of payments submitted to HHS.

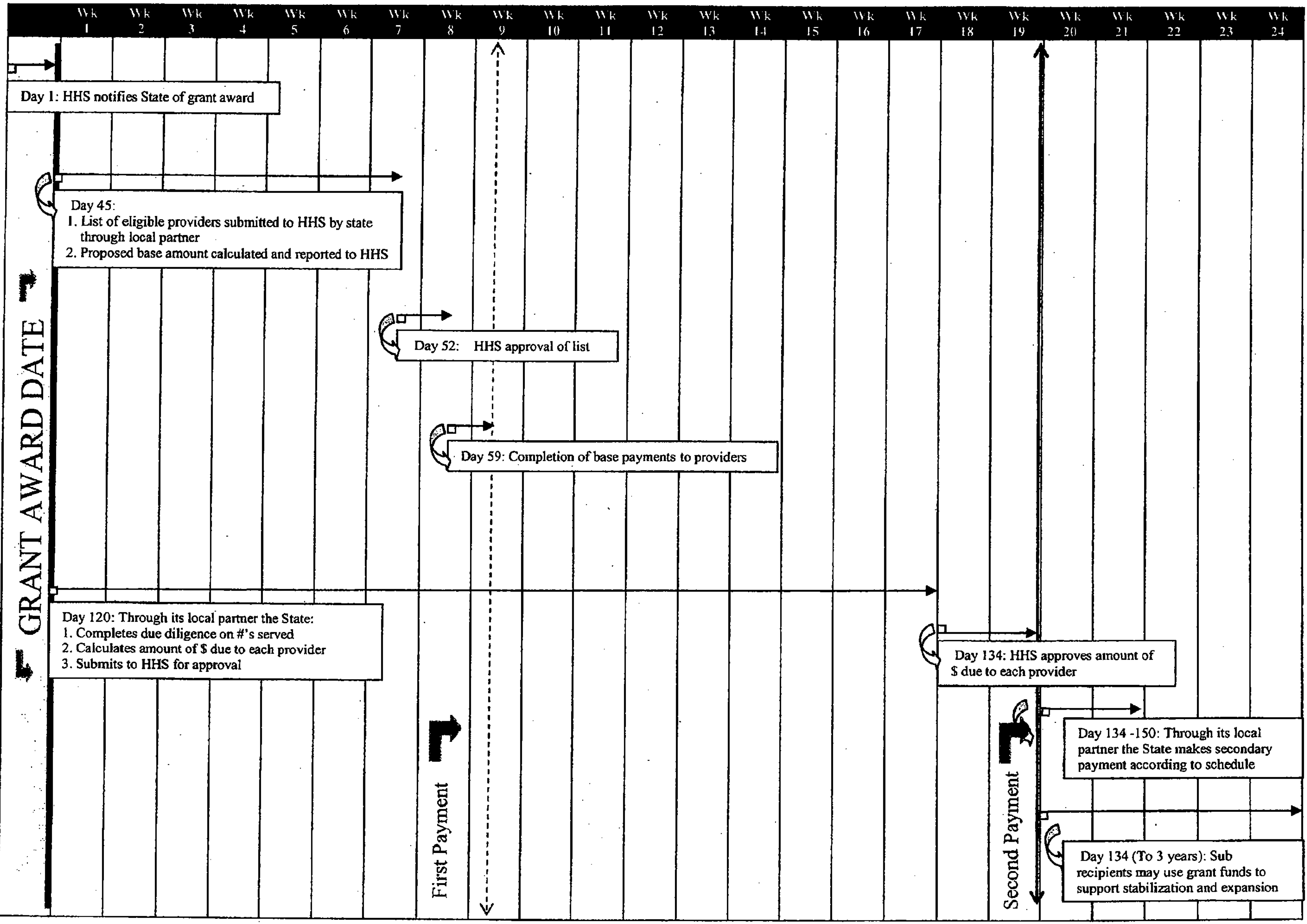
Day 134: (14 days after calculation/schedule of payments submitted to HHS)
- HHS approval provided

Day 134 up to 150 Days
- Payments made to providers according to approved schedule.

Day 134 up to 3 years
- Grantee clinics may spend their DRA funds to expand access to primary care

Note: There will be weekly or bi-weekly meetings initially, then monthly meetings with HHS (as agreed) to update grant administration, until all grant funds are expended.

PAYMENT – RELATED DELIVERABLES AND TIMETABLE



ALLOWABLE DIRECT PATIENT CARE EXPENDITURES[5, 6] FOR ELIGIBLE GRANTEE CLINICS UNDER THE DRA-FUNDED STATE GRANT PROGRAM

Personnel Costs:
Costs for clinical practitioners and other staff who directly support them in the provision of direct patient primary care services as defined in **Enclosure A** are allowable. Support staff includes but is not limited to nurses, nurses' aides, laboratory technicians, radiological technicians, clinical administrative staff, translators, ancillary health staff, etc. Allowable costs include annual salary and wages, and recruitment or retention incentives[7] and must have been incurred as a result of direct patient primary care services provided during the grant period.

Fringe Benefits:
These costs include malpractice or liability insurance, taxes, unemployment insurance, life and health insurance, retirement plan. Fringe benefits are directly proportional to that portion of personnel costs that are allowable for the project.

Travel:
These costs include mostly local, but may include long distance travel in rare instances. Travel may be by public transport, privately owned vehicle or by vehicles owned by the clinic site or provider entity. Travel expenses are often associated with participating in primary care treatment planning meetings, procuring treatment related equipment and supplies, and transporting patients to and from their primary care visits when necessary (e.g., homeless, indigent, in need of escort).

Equipment:
This covers all direct patient care related equipment needed to carry out the purpose of the grant. Only major equipment items (costing over $5,000 per unit) need to be itemized, with equipment costs and justifications. Equipment for new providers funded under the grant might include stethoscopes, otoscopes, speculums, dental surgical equipment, visual acuity measurement devices, etc. NOTE: Equipment costs do not included HIT hardware and software.

Supplies:
This category includes clinical office supplies and patient educational materials used to help patients comply with the treatment regimen given after examinations and treatment (e.g., explanation of their disease, diets, exercise, activity limitations, blood sugar testing, etc.). Clinical office supplies could include paper, pencils, claim forms, etc.; medical supplies are syringes, blood tubes, plastic gloves,

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[5] Expenditures conforming to the budget category descriptions described herein this **Enclosure "D"** may be incurred by grantee clinics without advanced authorization by the State's local partner. The State's local partner will issue guidance (subject to the State and CMS' approval) of additional expenditures that may be considered appropriate, but only with advance approval of the State's local partner. All expenditures of Federal finds by grantee clinics are subject to at least annual audit and internal control processes and accounting systems required of all grantees under the terms and conditions of the DRA grant.

[6] See also Item 10 in **Enclosure "B"** for other requirements associated with allowability of expenses to this Grant.

[7] Where comparable, incentive payment amounts attributed to this DRA grant, are limited to their corresponding counterpart amounts identified by the State as part of its New Orleans Health Service Corps Program, funded by the Professional Workforce Fulfillment Federal DRA grant

etc., and educational supplies may be pamphlets and educational videotapes about condition related treatments.

Contracts

This category includes contract costs which procure practitioner services or services and supplies incident to the provision of primary care (e.g., medical practitioners, dental services, clinical laboratory services to analyze blood and urine specimens, behavioral health consultation, radiological services, eyeglass manufacturing, contract pharmacy to fill prescriptions for uninsured patients seen by clinic practitioners).

Alteration and Renovation:

This category refers to alteration and renovation (A&R) that is required to change the interior arrangements or other physical characteristics of an existing facility or installed equipment so that it may be more effectively utilized or adapted to meet programmatic requirements of this grant. A&R costs, but not construction[8] costs, may be allowable costs but ***only when recommended by the State's partner and approved by the State*** .To be considered for approval the A & R costs must be less than 25% of the clinics DRA funding and must result in the capacity to serve at least 50% more people than the clinic was serving at the time of the grant award.

Other Costs:

Costs not listed in categories noted above may be allowable, but only if the evidence justifies how they were necessary to the provision of direct patient primary care, as defined in Enclosure A, and funded under this grant. Such costs might include e.g., outreach into the area served to notify residents of the availability of care.

[8] In the context of this grant, "Alteration and Renovation" refers to an existing physical structure, versus "Construction" which refers to the creation of a brand new building structure.

Enclosure E

DEFICIT REDUCTION ACT HURRICANE KATRINA HEALTHCARE RELATED PRIMARY CARE ACCESS STABILIZATION GRANT APPLICATION INSTRUCTIONS FOR FY 2007, FY 2008, FY 2009, FY 2010

Announcement Date:	**May 24, 2007**
CMS Teleconference:	**TBD**[i]
Due Date of Application:	**June 15, 2007**
Award Announcement:	**June 29, 2007**
Effective Date:	**June 29, 2007**

Grant Application Requirements / Content and Submission (see also Enclosure B)

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 to help stabilize and/or expand primary healthcare access in Greater New Orleans in neighborhoods that are not yet served adequately as a result of Hurricane Katrina and its subsequent floods.

4. The Proposal must identify the name of the State's local partner as required in **Enclosure B** of this solicitation, and through which the State will implement timely payments to the grantee clinics and the City of New Orleans Health Department (CNOHD), and responsive oversight of day to day conditions in New Orleans, especially as these conditions impact on timely grant payment delivery.

5. The Proposal must indicate the agreement by the State's local partner to assume the duties required under the grant, including financial accountability for the Federal funds it administers, pending award to the State by CMS.

6. The Proposal for the Application Process required of all clinic applicants to determine their eligibility for the grant, must be developed with substantial input from the State's local partner.

6. See also **Enclosure B** for Additional Grant Requirements.

In applying for Hurricane Katrina Primary Care Access Stabilization Grant funds, the State must submit a cover letter.

The cover letter must include the following:

- Name of the 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: ***(The state develops this proposal with the direct consultation of the local partner organization.)*** **Each of the four sections (described below) of the State's proposal must contain a narrative addressing how it will meet both purposes of the grant:**

(a) $ 96 million for Short-Term Stabilization and Expansion of Access to Primary Care within Greater New Orleans regardless of the ability to pay; and

(b) $ 4 million to Restore the City of New Orleans Health Department's ability to meet its mission of providing primary care to its citizens most in need.

The four sections to be addressed are as follows:

1. <u>Justification for Grant Funds</u> – ***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 concise description of

- How this grant will be used to restore access to health care in impacted communities affected by Hurricane Katrina by assisting the State to increase the capacity of providers or clinics to meet the current demand for primary care (as defined in **Enclosure A)** in Greater New Orleans, and decrease the uninsured population's reliance on emergency rooms for such care, and to stabilize and/or supplement existing capacity with additional capacity in neighborhoods that are not adequately served;
- Region 1's current or projected needs for primary care access, including access to mental health care;
- The expected benefits to the local health care system in Region 1, including assuring services to underserved populations, including low income and uninsured residents;
- The data the State intends to use to benchmark its own performance in subsequent years.

2. <u>Target Area/Primary Care Clinics</u> – ***The Secretary of DHHS or LA DHH has determined to define "impacted communities" for this purpose to 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 the specific impacted primary care clinics that may receive grant funding.

3. <u>Implementation</u> – ***The grant funds must be used only to enable Greater New Orleans primary care clinics to expand access to outpatient primary care (as defined in Enclosure A) that includes professionally delivered medical and mental health services, substance abuse treatment, oral health care, and optometric health care (administered in a clinical setting).***

Please provide a detailed description of:

- The grant funding or screening application process, time frames, and whatever other consideration or criteria will be used by the State's partner to determine eligibility for a clinic applicant to receive funding under the terms and conditions of the grant. The process developed by the State and its partner *must be as streamlined as possible* and must result in the local partner disbursing the initial Base Payment to grantee clinics no later than 60 days after HHS Grant Award made to the State

- NOTE: The grant application will be evaluated by CMS on its anticipated effectiveness in addressing:
  - the grant purposes;
  - how the proposal maximizes the amount and the timeliness of the intended payment distributions *as quickly as possible* yet minimizes administrative costs; and
  - how the need for the clinic's timely access to funding will be balanced against the need for reasonable accountability for all Federal grant funds spent.

- How the State and its partner will assure that primary care clinics use their funds to expand services to meet new needs for access to care *as they are emerging.*
- How the State and its partner will assure that grantee clinics remain eligible throughout the course of the grant.
- How the State or its partner will support the local clinics' ability to screen uninsured patients for eligibility in Medicaid or SCHIP so that providers may bill for services and further extend the ability of the DRA funds to purchase needed care..
- How the State would handle grantee non-compliance with terms and conditions of the grant, including securing repayment of amounts found to be spent for non-allowable expenditures
- How the State will oversee the local partner's performance.
- How the State will use its resources, if at all, to support the quality of care supplied by local clinics.
- How the State will assure that access to essential services will be sustained after this DRA funding is expended; and if it will consider matching funds to further extend the ability of the DRA funds to go further.
- The administrative infrastructure of both the State and its partner to administer this grant.
- The State's proposed budget, including estimated administrative expenditures and costs for the State's local partner, and
- How the State and its partner will achieve the time frames required at each phase of the grant, namely:
  - The time table for making grant payments to eligible primary care clinics in Greater New Orleans within the time frames required in **Enclosure C;**
  - The process to be used in conducting due diligence within the time frames required in **Enclosure C;**
  - Establishing a legal mechanism with each grantee clinic (where none may currently exist) so that it can disburse the first base payment to eligible clinics within the time frames required in **Enclosure C;** and,
  - Calculating the 2nd per patient payment and distribution of remaining grant funds within the time frames required by **Enclosure C.**

4. Distribution of Grant Funds –

Please provide a description of:

- The State's plan to distribute grant funds (as per **Enclosure B**) to the eligible primary care clinics; and

- The State's cost proposal or budget for grant administration (NTE .5% of total grant awards for the State and 5.0% of total grant award for the State's local partner organization)
- Provide the breakdown, both by the requested Federal grant amount, and by each grant year (e.g., Federal fiscal years 2007, 2008, etc.), in other than a lump sum distribution.

Application Submission Process:

Each grant application must be submitted on the Office of Management and Budget (OMB)-approved application form. The complete application can be downloaded from the following CMS website:

http://www.cms.hhs.gov/GrantOpportunities/

The grant application must be submitted electronically to: Judith.Norris@cms.hhs.gov by 5:00pm (Eastern) on June 15, 2007 with a cc to Ms. Wendy Taparanskas at wendy.taparanskas@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. Wendy Taparanskas. She may be reached at 410-786-5245 (wendy.taparanskas@cms.hhs.gov)

CMS will convene a teleconference call with Louisiana to discuss this unique grant funding opportunity on May 25, 2007, time TBD. After the grant is awarded, CMS will convene weekly or bi-weekly status meetings with the Grant Project Officer. In addition, monthly meetings with CMS's Louisiana Healthcare Rebuild Staff Director (or designee) will occur.

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