

# Operational Grants for State High Risk Pools

## OVERVIEW INFORMATION

### **Agency Name**

Health and Human Services/Centers for Medicare & Medicaid Services/Center for Medicaid and State Operations

### **Funding Opportunity Title**

Operational Grants to States for High Risk Pools

### **Announcement Type**

New and Competitive Continuation

### **Funding Opportunity No.**

HHS-2008-CMS- HRP-0004

### **Catalog of Federal Domestic Assistance No.**

93.780

### **Key Dates**

Application Posting Date	April 7, 2008
Application Due Date	June 9, 2008

## FULL TEXT OF ANNOUNCEMENT

### **1. Funding Opportunity Description**

The Centers for Medicare & Medicaid Services (CMS) will make grants available from the appropriations authorized under section 2745(d)(1)(B) of the Public Health Service Act (PHS Act) for the costs of operational losses for the operations of qualified high risk pools by States.

The following grant opportunities are available to states operating qualified high-risk pools:

**Grants for Operational Losses-** States that have established a qualified high risk pool that has incurred losses and (1) restricts premiums charged under the pool to no more than 200 percent of the premium for applicable standard risk rates; (2) offer a choice of two or more coverage options through the pool; and (3) has in effect a mechanism reasonably designed to ensure continued funding of losses incurred by the state in connection with operations of the pool after the end of the last fiscal year for which a grant is provided under this paragraph.

*Special Rule for Pools Charging Higher Premiums* - In the case of a qualified high-risk pool of a state which charges premiums that exceed 150 percent of the premium for applicable standard risks, the State shall use at least 50 percent of the amount of the grant provided to the state to reduce premiums for enrollees.

**Bonus Grants for Supplemental Consumer Benefits** - States that have established a qualified high risk pool and are receiving grants for operational losses are eligible to apply for a grant to be used to provide supplemental consumer benefits to enrollees or potential enrollees (or defined subsets of such enrollees or potential enrollees) in qualified high risk pools.

### **II. Award Information**

Award Type:	Grant
Total Amount of Funding:	\$49,127,000
Anticipated Number of Awards:	Multiple awards
Individual Award Amounts:	Varied
Anticipated Award Date:	July 1, 2008
Period of Performance:	July 1, 2008 – December 31, 2009
Whether renewal or supplements of existing projects are eligible to compete with new awards:	States with eligible high risk pools who do not have an active high risk pool grant as of March 31, 2008 are eligible to apply for a new grant. States with a high risk pool grant extended beyond March 31, 2008 are eligible to apply for a competitive continuation grant under this solicitation.

### **III. Eligibility Information**

This is a COMPETITIVE opportunity for State High Risk Pools with an active CMS grant that has been awarded a no-cost extension beyond March 31, 2008, see section below entitled “Competitive Continuation Grants.”

#### **1. Eligibility Criteria**

A qualified high risk pool as defined in sections 2744(c)(2) and 2745(g) of the PHS Act is a risk pool that (a) provides to all eligible individuals health insurance coverage (or comparable coverage) that does not impose any preexisting condition exclusion with respect to such coverage for all eligible individuals, except that it may provide for enrollment of eligible individuals through an acceptable alternative mechanism (as defined for purposes of section 2744) that includes a high risk pool as a component, and (b) provides for premium rates and covered benefits for such coverage consistent with standards included in the NAIC Model Health Plan for Uninsurable Individuals Act that was in effect at the time of the enactment of the Health Insurance Portability and Accountability Act of 1996 (August 21, 1996).

To be eligible for a grant, a state must have an established qualified high risk pool that has incurred losses and (1) restricts premium charged under the pool to no more than 200 percent of the premium for applicable standard risk rates; (2) offers a choice of two or more coverage options through the pool; and (3) has in effect a mechanism reasonably designed to ensure continued funding of losses incurred by the state in connection with operations of the pool after the end of the last fiscal year for which a grant is provided under this paragraph. The state must provide sufficient documentation of the losses incurred in the operations of the qualified high risk pool for the covered grant period.

#### **2. Cost Sharing or Matching**

There is no cost sharing or matching requirement associated with this grant program.

#### **3. Other**

*Competitive Continuation Grants* – States who have an on-going high risk pool grant from CMS that has been extended beyond March 31, 2008, must submit an application for a competing continuation grant. On the 424 form, continuation applicants must check “continuation” as the grant type, not “new.”

### **IV. Application and Submission Information**

#### **1. Address to Request Application**

All applicants must submit their applications electronically through <http://www.grants.gov>. **Applications submitted in hard copy will not be accepted or reviewed.** Please note when submitting your application electronically, you are required, additionally, to mail a signed SF-424 only to:

Louise Amburgey  
Centers for Medicare & Medicaid Services

Office of Acquisition and Grants Management  
C2-21-15 Central Building  
7500 Security Boulevard  
Baltimore, MD 21244-1850

## **2. Content and Form of Application Submission**

The mailed SF-424 form must be received at CMS within two (2) business days of the application closing date.

Please note the following information as it pertains to the electronic submission of applications through <http://www.grants.gov>:

**A. Form of Application Submissions** – Only in the event that the electronic submission of the application has failed through [www.grants.gov](http://www.grants.gov) should the applicant submit an original and two copies of the application, which must be in the following format:

- 8.5" x 11" letter-sized white paper with 1" margins (top, bottom, and sides);
- No binding, staples, or tabs;
- Written in English with black ink;
- Single-sided, single-spaced, using no smaller than 12 point font; and
- Narrative sections sequentially numbered.

If the electronic submission of the application has failed through [www.grants.gov](http://www.grants.gov), the applicant must include a copy of the failed submission notice from [www.grants.gov](http://www.grants.gov) with the paper application submission.

## **B. Contents of the Application**

1. Notice of Intent to Apply - Applicants are strongly encouraged to submit a Notice of Intent to Apply for the Seed Grants. Notices of Intent are not required and a submission or failure to submit has no bearing on the review of your application. CMS will use the Notice of Intent for planning of the review process. The Notice of Intent should include: Name of the State, Contact Name and Title, Address, Telephone, Facsimile, e-mail address, and a brief description of the type of seed grant mechanism. All Notices of Intent to Apply must be faxed or e-mailed by May 31, 2008, to Louise Amburgey (410) 786-9088, or by e-mail at [louise.amburgey@cms.hhs.gov](mailto:louise.amburgey@cms.hhs.gov).
2. Grant Application Submission Check-Off Coversheet - This form is only intended to assist the applicant in identifying the contents of the completed grant application for submission to CMS.
3. Standard Forms (SF) - Standard forms must be completed using the instructions provided at: [http://www.grants.gov/agencies/forms\\_repository\\_information.jsp](http://www.grants.gov/agencies/forms_repository_information.jsp). The following standard forms must be completed with an original signature and enclosed as part of the application.

SF 424: Application for Federal Assistance  
SF 424 A: Budget Information  
SF 424 B: Assurances  
SF LLL: Disclosure of Lobbying Activities

In the event that the electronic submission of the application has failed through [www.grants.gov](http://www.grants.gov), the following Web site should be accessed for the standard forms: [www.cms.hhs.gov/GrantOpportunities/](http://www.cms.hhs.gov/GrantOpportunities/).

4. Narrative Description of the Program -

*History and Description of the Qualified High Risk Pool* –Provide a detailed description of the following:

- a) Brief history of the program including the date of inception;
- b) Enrollment criteria (including provisions for the admission of eligible individuals as defined in section 148.103) and number of enrollees;
- c) Description of how coverage is provided administratively in the qualified high risk pool (i.e. self-insured, through a private carrier, etc);
- d) Benefit options and packages offered in the qualified high risk pool to both eligible individuals as defined in section 148.103 and other applicants;
- e) Outline of the plan benefits and coverage offered by the pool and provide evidence that the level of plan benefit is consistent with either Alternative One or Alternative Two in Section 8 of the NAIC Model Health Plan for Uninsurable Individuals Act;
- f) Premiums charged (in terms of dollars and in percentage of standard risk rate) and other cost-sharing mechanisms, such as co-pays and deductibles, imposed on enrollees (both eligible individuals as defined in section 148.103) and non-eligible individuals if a distinction is made);
- g) How the standard risk rate for the state is calculated and when the rate was last calculated;
- h) Revenue sources for the qualified high risk pool, including current funding mechanisms and, if different, future funding mechanisms, and provide projections of future income;
- i) Copies of all governing authorities of the pool, including statutes, regulations, and plan of operation.
- j) If an alternative mechanism is used to provide a clear description of the accounting for expenditures and losses for eligible qualified high risk pool enrollees.

*Accounting of the Qualified High Risk Pool Losses* – Provide the following information regarding the accounting process:

- a) Detailed accounting of the claims paid;
- b) Administrative expenses;

- c) Premiums collected for the fiscal year for which the grant is being requested;
- d) Indicate the timing of the fiscal year upon which the accounting is based;
- e) Provide the methodology of projecting losses and expenses and include current projections of future operating losses (this is needed to judge compliance with the requirement in section 148.310(d));
- f) Contact person – identify the name, position title address, e-mail address and telephone number of the person to contact for further information and questions;

*Bonus Grants for Supplemental Consumer Benefits* – Provide a narrative description of one or more of the following of the supplemental consumer benefits to be provided to enrollees and /or potential enrollees in the high risk pool:

- a) Low-income premium subsidies;
- b) Reduction in premium trends, actual premium or other cost- sharing Requirements;
- c) An expansion or broadening of the pool of individuals eligible for coverage, such as through eliminating waiting lists, increasing enrollment caps, or providing flexibility in enrollment;
- d) Less stringent rules, or additional waiver authority with respect to coverage of pre-existing condition;
- e) Increased benefits and;
- f) The establishment of disease management programs.
- g) Provide a description of the population or subset of the population that will be eligible for the supplemental consumer benefits.
- h) Provide a projected budget for the use of bonus grant funds using the SF 424A.

For options e) increased benefits and f) establishment or expansion of a disease management program, the narrative should include measurable indicators of program efficacy, which would demonstrate the impact of these activities on the health care access and health status of affected members. A description of the proposed disease management program should include details on the program methodology and processes.

*Appendices:* This section should include documents referenced in the grant application that would be more appropriately identified as attachments (i.e. resumes, organizational charts)

### **3. Submission Dates and Times**

#### **A. Grant Applications**

All applications must be received no later than **June 9, 2008** in order to be considered on time. Applications submitted through [www.grants.gov](http://www.grants.gov) until 11:59 pm. Eastern Time on June

7, 2008 will be considered “on time”. All applications will receive an automatic time stamp upon submission and applicants will receive an automatic e-mail reply acknowledging the application receipt.

Please note when submitting your application electronically, you are also required to mail a signed SF 424 to Louise Amburgey, Centers for Medicare & Medicaid Services, OAGM, MS C2-21-15, 7500 Security Blvd, Baltimore, MD 21244-1850. The **mailed** SF 424 form may be received at CMS within two (2) days of the application closing date.

Any paper applications mailed through the U.S. Postal Service or a commercial delivery service will be considered “on time” if received by the close of business on the closing date or postmarked (first class mail) by the date specified. If express, certified, or registered mail is used, the applicant should obtain a legible dated mailing receipt from the U.S. Postal Service. Private metered postmarks are not acceptable as proof of timely mailings.

**Applications by facsimile (fax) transmission will not be accepted.**

#### **4. Intergovernmental Review**

Applications for these grants are not subject to review by States under Executive Order 12372 “Intergovernmental Review by Federal Agencies” (45 CFR Part 100).

#### **5. Funding Restrictions**

##### Indirect Cost

We recommend applicants review the Office of Management and Budget circulars in preparing budget information. This information is available at the following link: <http://www.whitehouse.gov/omb/circulars>.

All funds awarded for operational losses to the grantee under this program must be used exclusively for the operation of a qualified high risk pool that meets the eligibility requirements for this program.

Bonus grants for supplemental consumer benefits must be used for one or more of the following benefits: (a) low income premium subsidies; (b) reduction in premium trends, actual premium or other cost-sharing requirements; (c) an expansion or broadening of the pool of individuals eligible for coverage, such as through eliminating waiting lists, increasing enrollment caps, or providing flexibility in enrollment rules; (d) less stringent rules or additional waiver authority with respect to coverage of pre-existing conditions; (e) increased benefits; and (f) the establishment of disease management programs.

### **V. Application Review Information**

#### **1. Criteria**

The review team will use the following criteria in reviewing the applications:

A. *Compliance with special terms and conditions:* The state will be evaluated related to the compliance of submitting the required program(operations) and financial reporting requirements as outlined in 45 CFR Part 92.

B. *Documentation of expenses incurred during the operations of the qualified high risk pool:* The losses and expenses incurred in the operations of a state's pool are sufficiently documented as requested in this announcement.

C. *Funding mechanism:* The state has outlined funding sources, such as assessments and state general revenue, which can cover the projected costs and are reasonably designed to ensure continued future funding of losses a state incurs in connection with the operations of the qualified high risk pool.

D. *Evidence-based Bonus Programs:* If applying for bonus funds to: a) increase consumer benefits and/or b) implement a disease management program, the state has identified measurable outcomes to indicate the efficacy of these approaches. If the funds are requested for continuation or expansion of existing activities, the state has adequately described the impact on a) access to health care services for expanded benefits, and/or b) improved health status for members with chronic diseases participating in the disease management program.

Whether for the expansion or initiation of either above activity, evaluation criteria were included to demonstrate measurable outcomes.

## **2. Review and Selection Process**

A team consisting of qualified staff from CMS will review all applications. The team will meet as necessary on an ongoing basis as applications are received.

## **3. Anticipated Announcement and Award Dates**

The anticipated award date is July 1, 2008

# **VI. Award Administration Information**

## **1. Award Notices**

### **A. Grant Awards - Notification and Award Letter -**

Successful applicants will receive a Notice of Award (NoA) signed and dated by the CMS Grant Management Officer. The NoA is the legal document authorizing the grant award and will be sent through the U.S. Postal Service to the applicant organization as listed on its SF 424. Any communication between CMS and the applicants prior to issuance of the NoA is not authorization to begin performance of the project. If the applicant is awarded a grant, the award letter will contain special terms and conditions required for this grant.

### **B. Grant Administration**

Each state that submits an application that is approved by CMS is eligible to receive grant funds as follows:



1. Allocation of Grant Amounts for the Operational Losses Grants- The amount of dollars available for the operational grants is based on the following funding methodology: Two-thirds of the total appropriations will be available for operational grants. This amount will be divided among the states that apply and are awarded grants according to the allotment rules that generally provide that 40 percent will be equally divided among those states; 30 percent will be divided among states and territories based on their number of uninsured residents in the state during the specified year as compared to all states that apply; and 30 percent will be divided among states and territories based on the number of people in states high risk pools during the specified year as compared to all states that apply.

2. Allocation of Bonus Grants for Supplemental Consumer Benefits - The amount of dollars available for the bonus grants is based on the following funding methodology: One-third of the total appropriations are set aside to be used for grants for supplemental consumer benefits. In no case shall a state receive bonus grants which exceed 10 percent of the total allotted funds for bonus grants.

### **C. Grant Acceptance**

Grantees must submit a letter of acceptance to CMS, within 30 days of the date of the award, agreeing to the terms and conditions of the award letter. The letter should be mailed to: Louise Amburgey, Centers for Medicare & Medicaid Services, OAGM, C2-21-15 Central Building, 7500 Security Blvd, Baltimore, MD 21244-1850. Please remember to include the award number located in section three of the NoA on all correspondence.

## **2. Administrative and National Policy Requirements**

A. Specific administrative and policy requirements of grantees as outlined in 45 CFR Part 92 apply to this grant opportunity.

B. Terms and Conditions – The grantees will be required to comply with the special terms and conditions associated with this grant award.

## **3. Reporting**

A. The grantees must submit a quarterly SF269a FSR report to CMS documenting the expenditure of the grant funds. In addition, the grantees must submit a progress report on the program operations for the qualified high risk pools. In addition, for states that receive bonus grant funds the following elements will need to be reported quarterly: the number of individuals insured or served through the supplemental consumer benefits, impact to the reduction of uninsurance, best practices related to a particular benefit (if applicable), and the outcome of the option selected. Disease management programs funded under these grants will be expected to report on measurable outcomes related to members' health care service utilization and chronic disease status using national consensus quality measures, as available. Grantees are required to comply with the provision outlined in 45 CFR Part 92.

B. The grantees must keep sufficient records of the grant expenditures since the grantees will be subject to an audit. Grantees are required to comply with the provision outlined in 45 CFR Part 92.

## **VII. Agency Contacts**

### **CMS Contact Information**

#### Administrative Matters

Louise Amburgey  
Grants Management Specialist  
Centers for Medicare & Medicaid Services  
Office of Acquisition and Grants Management  
MS C2-21-15  
7500 Security Blvd.  
Baltimore, Maryland 21244-1850  
(410) 786-3061 office  
(410) 786-9088 fax  
E-mail: [louise.amburgey@cms.hhs.gov](mailto:louise.amburgey@cms.hhs.gov)

#### Technical Matters

Jessica P. Kahn  
Health Insurance Specialist  
Centers for Medicare & Medicaid Services  
MS S2-01-16  
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(410) 786-5882 fax  
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## **VIII. Other Information**

ATTACHMENT I – Grants Application Submission Check Off Coversheet

**ATTACHMENT I**  
**CENTERS FOR MEDICARE & MEDICAID SERVICES**  
**NEW AND COMPETING CONTINUATION GRANTS FOR OPERATIONAL**  
**LOSSES TO STATE QUALIFIED HIGH RISK POOLS**

**GRANT APPLICATION SUBMISSION CHECK-OFF COVERSHEET**

DATE: \_\_\_\_\_ STATE: \_\_\_\_\_

PROGRAM NAME: \_\_\_\_\_

Please mark an **X** beside all documents included in your application. If the item is not applicable mark "N/A" next to the item. This form should be placed on top of the actual application after your coverletter. Please verify that all items are present in your grant application.

**STANDARD FORMS (please secure all necessary original signatures as specified)**

- \_\_\_ Standard Form 424- Application for Federal Assistance
- \_\_\_ Standard Form 424A–Budget Information (all required sections)
- \_\_\_ Standard Form 424B-Assurances
- \_\_\_ Standard Form –LLL Disclosure of Lobbying Activities
- \_\_\_ Additional Assurances-

[http://apply.grants.gov/forms/sample/SSA\\_AdditionalAssurances-V1.0.pdf](http://apply.grants.gov/forms/sample/SSA_AdditionalAssurances-V1.0.pdf)

**NARRATIVE PROGRAM DESCRIPTION**

**History /Description of the Qualified High Risk Pool**

- \_\_\_ History /Date of Inception of the Program
- \_\_\_ Enrollment Criteria
- \_\_\_ Administrative Mechanism for Providing Coverage
- \_\_\_ Benefit Options
- \_\_\_ Outline of the Plan Benefits offered in the Pool
- \_\_\_ Premium Rates and Cost Sharing Mechanisms
- \_\_\_ Rate Calculation Methodology
- \_\_\_ Revenue Sources and Financial Solvency of the Pool
- \_\_\_ Copies of All Governing Authorities/State Law/Regulations
- \_\_\_ Description of Alternative Mechanism (if applicable)

**Accounting of the Qualified High Risk Pool**

- \_\_\_ Detail Accounting of Claims Paid
- \_\_\_ Administrative Expenses
- \_\_\_ Premium Collection
- \_\_\_ Loss Projection Methodology

**Bonus Grants for Supplemental Consumer Benefits**

- \_\_\_ Description of Type of Consumer Benefits
- \_\_\_ Description of the Eligible Population
- \_\_\_ Projected Budget for the use of Bonus Grants

\_\_\_ **Contact Person**

\_\_\_ **Appendices**