



Office of the Secretary: Funding for Oversight and Implementation – Implementation of Increased Federal Medical Assistance Percentage (FMAP)

A. Funding Table for Mandatory Programs:

(Dollars in millions)

Project/Activity	Program Level	FY 2009	FY 2009 Actual Obligations	FY 2010 Estimate	FY 2011 Estimate	FY 2012-2019 Estimate
CMS	\$4.27	\$1.52	\$1.52	\$2.43	\$.40	\$0
ACF	\$.67	\$.26	\$.26	\$.27	\$.07	\$0
ASPE	\$.06	\$.02	\$.02	\$.03	\$0	\$0
Total Amount	\$5.00	\$1.81	\$1.80	\$2.72	\$.48	\$0

B. Objectives

The purpose of these funds is to implement section 5001- Temporary Increase of the Federal Medical Assistance Percentage (FMAP) for Medicaid, Foster Care, and Adoption Assistance. Generally, Section 5001 of the Recovery Act provided for an increase in the States' FMAPs during a 9-calendar quarter recession adjustment period beginning October 1, 2008 and ending December 31, 2010. The Recovery Act provided \$5 million to the Office of the Secretary of HHS for implementation of the increased FMAP provision. The Secretary will allocate funds to the Centers for Medicare & Medicaid Services (CMS), the Administration for Children and Families (ACF), and the Office of the Assistant Secretary for Planning and Evaluation (ASPE) for costs associated with implementing the provision on a quarterly basis for FY 2010 and FY 2011.

C. Activities

Estimates for FY 2010 (dollars in thousands)

Agency	Project/Activity	FY 2010
CMS	FTEs	\$2,374
	Systems Changes	\$55
	CMS Total Amount	\$2,429
ACF	FTEs	\$153.5
	IT, Grant Making, and Reporting	\$107
	PSC Charges	\$6.5
ACF Total Amount	\$267	
ASPE	FTEs	\$30
ASPE Total Amount	\$30	

The following activities will be performed to implement section 5001. For ACF, funds will be needed for staff and overhead (1 FTE in 2009 & 2010; .5 FTE in 2011), IT, grant making (the GATES system), reporting, and PSC Charges. PSC Charges are based on current rates for Payment Management Services and the estimated # of grants (10% inflation). In FY 2010, ACF anticipates that systems costs will decline and therefore, funds will be



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used to pay the federal FTE costs for the grants and program offices. Staff time will be spent providing training and technical assistance to States, as well as reviewing expenditure reports and awarding FY 2010 funds. ACF also will be continuing to ensure that systems can provide support for awarding grants and reporting on the FMAP funds. Fees based on the number of documents processed through the PMS system will also be paid.

For CMS, funds will be used for the costs of employees working on the implementation of provisions of the Recovery Act related to Medicaid and CHIP; for the costs of employees (16.5 FTEs in FY 2010) needed for continued oversight and reporting on the increased FMAP; and to make the systems changes to CMS accounting/payment systems necessary to make the increased FMAP grant awards. CMS has the additional responsibility of working with States to ensure that they meet the requirements of Section 5001(f) (Maintenance of Eligibility) and Section 5001(f)(2) (States Prompt-Pay for Providers).

ASPE obtains annual State and National per capita income data and quarterly unemployment data from other Federal agencies in order to calculate the Federal Medical Assistance Percentages for each State. Funds will be needed for staff to coordinate the receipt of this information (e.g., BLS for unemployment data). ASPE is also responsible for publishing the rates in the Federal Register. Funds will be needed for the calculations and reporting of adjustments on a quarterly basis (FTE in each year of ARRA).

D. Characteristics

Section 5007 of the Recovery Act appropriated \$5 million to the Secretary. Funds from the Secretary will be allocated to CMS, ACF, and ASPE for costs of implementation activities.

E. Delivery schedule

Funds will be allocated to ASPE, CMS, and ACF upon submission and approval of request for funds to carry out Section 5007(b) of the Recovery Act for FY 2010 and FY 2011.

F. Environmental Review Compliance

In general, the use of these funds: (1) mitigates social and environmental impacts; (2) does not include facility construction or alterations of the human environment; and (3) have no anticipated individual or cumulative significant effect on natural or cultural assets.

The environmental impact for acquisition and use of IT and other products and equipment will be mitigated by compliance with criteria described in Executive Orders 13514, 13423 and the HHS Sustainable Building Implementation Plan and the HHS Affirmative Procurement Plan (APP).

Both E.O.s are complementary in that they require federal agencies to take steps to reduce environmental impacts. E.O. 13514 specifically addresses Green House Gas and the role of advancing sustainable acquisitions and electronic stewardship in mitigating impacts from emissions. The E.O. 13423 requires that preference be given to the purchase of EPEAT-registered electronic products and at least 95 percent of electronic products be EPEAT-registered unless there is no EPEAT standard. When available, the purchase of EPEAT Silver-rated electronic products or higher is required.

The APP has five major objectives: 1) Inform all appropriate HHS employees on the requirements of the Federal green procurement preference programs, their roles and responsibilities relevant to these programs and the



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opportunities to purchase green products and services; 2) Promote purchase of green products and services to the maximum extent practicable, consistent with the demands of mission, efficiency, cost-effectiveness, and performance with continual improvement toward meeting federally established procurement goals; 3) Reduce the amount of solid and hazardous waste generated; 4) Reduce the consumption of energy and natural resources; and, 5) Expand markets for green products and services.

The distribution of additional funds for FMAP as a result of the Recovery Act is determined to be categorically excluded based on a Category 2.f - :Functional Exclusion: Grants for Social Services” and Category 2.c “Functional Exclusion: Information Technology Management” under Chapter 30-20-30 of the HHS General Administration Manual.

To fulfill the environmental review process, the program manager under consultation with the DHHS Environmental Program Manager, will document the categorical exclusions through a memorandum to the record.

This activity is funded under the Recovery Act Division B and is not subject to Section 1609(c) reporting requirements.

G. Measures

Compliance with the implementation of Section 5001 will be evaluated on a quarterly basis. A report that will provide specific detail on how the operating divisions are using these funds and ensuring they are meeting all applicable requirements of the Recovery Act will be produced quarterly.

Outcome / Achievement	Units	Type	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	Program End
Number of quarters that the FMAP is calculated and published in the Federal Register in a timely fashion.	# of quarters	TARGET	1	2	3	4	5	6	7	8	9	9
		ACTUAL	1	2	3							
The number of quarters in which the increased FMAP is implemented and recovery funds provided to States for relief to State budgets by increasing the Federal payments to States.		TARGET	1	2	3	4	5	6	7	8	9	9
		ACTUAL	1	2	3							



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H. Monitoring/Evaluation

All Recovery Act programs will be assessed for risk and to ensure that appropriate internal controls are in place throughout the entire funding cycle. These assessments will be done consistent with the statutory requirements of the Federal Manager's Financial Integrity Act and the Improper Payments Information Act, as well as OMB's circular A-123 "Management's Responsibility for Internal Control" (including Appendices A, B & C).

ACF, APSE, and CMS's risk management process fits within the overall governance structure established at HHS to address Recovery Act program risks. The HHS Risk Management and Financial Oversight Board provides executive leadership and establishes accountability for the risk assessment process related to internal controls over financial reporting, and the HHS Senior Assessment Team ensures that risk assessment objectives are clearly communicated throughout the Department. ACF, ASPE, and CMS's Senior Assessment Team carries out comprehensive annual assessments of its Recovery Act program(s) to identify risks and develop strategies to address them, including those associated with selecting recipients, awarding and overseeing funds, and achieving program goals. It meets weekly/monthly/quarterly to monitor and assess the effectiveness of mitigation strategies and identify emerging risks.

In addition, ACF, ASPE, and CMS has presented/will present its high level risks to the Recovery Act Implementation Team. Chaired by the Deputy Secretary and comprised of senior policy officials from throughout the Department, the Implementation Team convenes monthly to monitor progress in carrying out Recovery Act programs and address the obstacles and risks that could impact on their success."

The recipient organizations involved will provide to ASFR periodic reports of staff work needed to implement the increased FMAP provisions. ASFR will analyze the reports and determine whether the fund allocation is appropriate and adjust it as necessary.

I. Transparency

ASPE, CMS, and ACF will be open and transparent in all of its expenditures that involve spending of Recovery Act funding consistent with statutory and OMB guidance.

- Quarterly reporting on the use of the funds related to the implementation from ASPE, CMS, and ACF

J. Accountability

To ensure that managers are held to high standards of accountability in achieving program goals under the Recovery Act, ASPE, ACF, and CMS will build on and strengthen existing processes. Senior ASPE, CMS, and ACF officials will meet regularly with senior Department officials to ensure that projects are meeting their program goals, assessing and mitigating risks, ensuring transparency, and incorporating corrective actions. The personnel performance appraisal system will also incorporate Recovery Act program stewardship responsibilities for program and business function managers.



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ASPE, CMS, and ACF will continue to use their existing internal control infrastructure to implement this provision. Standard FTE accountability measures will apply to the use of these funds. To the extent that ASPE, CMS, and ACF find expenditures that are not allowable or in excess of what is needed for implementation, ASPE, CMS, and ACF will initiate recovery of any unallowable funds.

K. Barriers to Effective Implementation

Not applicable

L. Federal Infrastructure investments

The agency plans to spend funds effectively to comply with energy efficiency and to demonstrate Federal leadership in sustainability, energy efficiency and reducing the agency's environmental impact. The acquisition and use of IT and other products and equipment will be compliant with criteria described in Executive Orders 13514 and 13423 the Sustainable Buildings Implementation Plan and the HHS Affirmative Procurement Plan (APP).

E.O. 13514 specifically addresses Green House Gas and the role of advancing sustainable buildings, sustainable acquisitions, and electronic stewardship in mitigating impacts from emissions. The E.O. 13423 requires that preference be given to the purchase of EPEAT-registered electronic products and at least 95 percent of electronic products be EPEAT-registered unless there is no EPEAT standard. When available, the purchase of EPEAT Silver-rated electronic products or higher will be required. The EPEAT is intended to help purchasers in the public and private sectors evaluate, compare, and select desktop computers, notebooks and monitors based on their environmental attributes. The EPEAT website is: <http://www.epeat.net/>.

The APP has five major objectives: 1) Inform all appropriate HHS employees on the requirements of the Federal green procurement preference programs, their roles and responsibilities relevant to these programs and the opportunities to purchase green products and services; 2) Promote purchase of green products and services to the maximum extent practicable, consistent with the demands of mission, efficiency, cost-effectiveness, and performance with continual improvement toward meeting federally established procurement goals; 3) Reduce the amount of solid and hazardous waste generated; 4) Reduce the consumption of energy and natural resources; and, 5) Expand markets for green products and services.

The HHS Affirmative Procurement Plan (APP) applies to: a) All agency acquisitions, including micro-purchases and purchase card transactions, in which an EPA-designated item is acquired; b) Contractor Operated, Government-owned (GOCO) HHS facilities; and c) State and local recipients of assistance funding. The latest version (April 2009) of the HHS' APP is available from Division of Acquisition Program Support.

The HHS grants policy emphasizes sustainable design considerations should be included to the maximum extent feasible in construction or modernization grants or activities funded at \$1 million or more (AAGAM Chapter 6.99.106-3). Implementing sustainable design principles serves to mitigate health, social and environmental impacts and further the National commitment to reducing energy, and green house gas and related emissions.



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Summary of Significant Changes

- Updated Section A to reflect actual 09 outlays, estimated FY10 outlays, estimated FY11 outlays, and estimated FY12-19 outlays.
- Updated Section C with a chart showing activities by Operating Division.
- Updated Sections F, H and I to reflect updated HHS policies on Environmental Review Compliance, Monitoring and Evaluation, and Transparency.
- Updated Section G with additional measure.