

NWX-DHHS-OS

**Moderator: Paul Dioguardi
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3:30 pm CT**

Coordinator: Welcome and thank you for standing by. At this time all participants are in a listen only mode until the question and answer session of today's conference.

At that time you may press star 1 on your touch tone phone to ask a question. I would also like to inform all parties that this call is being recorded. If you have any objections please disconnect at this time.

I would now like to turn the call over to Mr. Dioguardi, thank you sir you may begin.

Paul Dioguardi: Thank you, thanks everyone for joining our call today, this is Paul Dioguardi at the HHS Office of Intergovernmental Affairs.

I know many of you were on a call we had last week letting you know that this Exchange funding opportunity announcement would be forthcoming. Now that we have released the FOA we thought it would be helpful to get on the phone and walk through the announcement and give you an overview of the opportunity, and then answer any questions you may have. As you know from our last conversation and may have seen from looking at the FOA, it is

somewhat complicated and there are some important decisions to be made at this point as we move forward and look at the opportunities available for establishing Exchanges in the territories and otherwise moving forward with implementation of the Affordable Care Act.

So we wanted to give you every opportunity along the way to provide you with the information you need to make an informed decision about how you would like to proceed.

So I first want to turn it over to Chiquita Brooks-LaSure from our Office of Health Reform, who many of you know from previous calls, to go over some of the key points and the key decisions as we look at this funding opportunity announcement.

So Chiquita, take it away.

Chiquita Brooks-LaSure: Great, thank you so much Paul. As you know all know we've been working internally through HHS and with you, our partners in the territories to figure out exactly how the Affordable Care Act applies to the territories.

And as you know there's no one-size-fits-all approach and it certainly comes to this decision about whether to establish an exchange, each of you is going to make this decision based on the conditions within your own territories.

As you know Section 1323 of the Affordable Care Act provides a total of \$1 billion to the territories for the period of time between 2014 and 2019, those fiscal years.

Territories that elect to establish an Exchange and establish an Exchange can use this money to provide premium and cost sharing assistance to your residents who want to attain coverage through the exchange.

If you choose not to establish an Exchange that money would go to increasing your Medicaid cap. So I'm just going to spend a couple of minutes going through both of those options and things that you might want to consider and then we'll get into the details of the grant solicitation.

Under the law, under 1323 if you elect to establish an Exchange you're treated as a state for purposes of other parts of the law, 1311, 1312 and 1313. It's through this mechanism that our lawyers have determined that you're eligible for the grants that are authorized to states.

And that those grants can be extended to you, but because of the length of those parts of the statute the eligibility for this funding requires that you state in your election - that you elect to establish an Exchange and then that you are going to establish an exchange.

So through the FOA the cooperative agreement that we're going to talk about today it's a requirement that you provide an attestation that you have elected to establish an Exchange consistent with federal requirements.

And that you actually establish one. And as we talked about before if you say that you're going to do so that that's part of the grant agreement. And so if you change your mind you would be in violation of the grant agreement.

We recognize that this is a big decision for you to make in a rather short of period of time so we just want to remind you that there are a couple of options you have here.

You can apply for a grant up to \$1 million, so it doesn't have to be \$1 million, it could be a lesser amount and you can think about you know if for whatever reason you changed your mind and made a decision, made a determination and then decided to repay the funds, you'd only be repaying back what you've spent.

So while the award might be made, you would not be paying back anything that you hadn't yet spent. So you might think about that in terms of how rapidly you spend the money. So as a reminder this is the first FOA so if you meet the requirements, if you ask for say a smaller amount, you meet the requirements under this FOA.

And wanted to ask for additional money, just like the states are doing right now, that's allowable and the Exchange grants pay for the amounts that are permissible.

So you don't have to feel as though in this FOA you're asking - you have to ask for all of the money that you need to establish your exchange. And so that's kind of the big picture on the Exchange option.

Alternatively you can use that funding for the Medicaid program. If you elect not to establish an Exchange you're entitled to an increase in the dollar limitation applied to your Medicaid program cap in the territory.

In 2014 the Affordable Care Act requires that Medicaid be simplified and expanded to more uniformly cover adults and children with incomes at or below 133% of the federal poverty level and for the territories there's a procedure to determine exactly what the poverty level would be.

This applies to the Medicaid program both in the territories as well as the states and just as a reminder if you decide to choose the Medicaid option you do - excuse me, the Exchange option you do need to go up to the Medicaid level of 133% in coverage.

So that's a very important part to think about when you're trying to decide which option is best because the law says very clearly that the Exchange premium and cost sharing, that's just in - there cannot be a gap between you Medicaid level and the income level for the premium assistance.

So if you decide to run an Exchange you need to increase your Medicaid level up to this mandatory level, one way or another.

Therefore you're thinking about this, you might want to estimate the territory only cost would be for expanding Medicaid if you use this funding in the Exchange versus funding the established Medicaid.

One kind of last factor to think about is the grant funding for exchanges, for states and territories and starting January 1 2015. So the law requires the federal government to pay the cost to establish the Exchange up to 2015 but after that the exchanges themselves must be self funded and federal dollars no longer are usable and territories and states etcetera have to continue to support their Exchange costs through user fees or other fees.

And if you operate a Medicaid program, Medicaid funds continue at their same administrative rate and these rules are the same for the states and the territories.

So with that in a minute I'm going to turn over to (Susan) who's going to go through in a little bit more detail about the grant application. But we want to

make sure you have all the information you need to help try to make the decisions that are before you.

So we'll talk a little bit more about the grants and then also have people from CMS, the centers for Medicare and Medicaid services available to answer any of your questions about the Medicaid program.

(Susan) do you want to go ahead and start talking about the grant?

Susan Lumsden: Sure, thank you Chiquita. Just a couple things, I'm just going to run through a couple key places in the grant application that - to highlight for you. The first thing is when your applications are due.

They are due on February 22 at midnight and I'm going to probably start with this and end with this so please not wait until the last minute. I think many of you have applied for federal funding before so you're used to the grants.gov system.

But sometimes it can be a little quirky so I just always advise applicants to not wait till the last minute. Every territory is - can apply for a grant and is eligible to receive up to \$1 million.

That doesn't mean you have to apply for that full amount, just what you need. Just going through on Page 9 of the application I'm just going to do a brief walk through of the requirement elements of the application.

The first piece is the cover sheet and those are the standard forms in grants.gov. The second piece that is required are the letters of support that you see there and the cover letter that's self explanatory.

The project abstract, there's a form in grants.gov that you should use to submit this information and then we get to the project narrative.

This should be about 15 pages in length, it shouldn't - it does not need to be lengthy. In your project narrative you will want to address everyone of those components listed from stakeholder consultation through regulatory processes.

And each of those areas you'll need to address in a narrative form. In the next piece is the work plan and the timeline. That just gives certain key dates of when you'll do activities, who's responsible for those activities.

Because of the quick turn around of the application you may not have specific people who are responsible for those activities, they may have titles or you may end up subcontracting that out.

And that's fine; we'll probably follow up later as to the person responsible. But again we'd need a title of who's responsible for each activity. The next piece that I'm going to talk about is the budget narrative.

This is a critical piece of the application. I would reference you to the appendix in the back, I believe it's Appendix D in the back, D as in Dog that goes over the key components of the budget narrative.

It's actually Attachment E, guidelines for budget preparation. And those go through it's a pretty detailed but it does go through each component and what to include. A lot of the states are subcontracting out activities and that's fine but we do if that's the case then we will want detailed information about that contract.

And that again is included in that attachment. Again I think the only thing that I'll end with is don't wait until the last minute to apply and if you have any technical questions you can email Michele Feagins and we also have our grants management, the lead for our grants management is on the phone, Cynthia Montgomery if you may have some technical business questions related to the application process.

Thank you Chiquita.

Paul Dioguardi: Great, I think with that we're ready to open it up for questions. (Susan) noted we have other folks on the phone from our grants office and from CMS and OCIO so hopefully we'll be able to field whatever questions you have.

So operator can we go ahead and open it up?

Chiquita Brooks-LaSure: Operator? Paul you may have to press star 0 to get the operator.

Paul Dioguardi: Okay.

Coordinator: Thank you, we will now begin the question and answer session. If you would like to ask a question please press star 1, unmute your phone and record your name clearly.

If you need to withdraw your question press star 2. Again to ask a question please press star 1. It will take a few minutes for the questions to come through, please stand by.

Your first question comes from (Peter Hubert); go ahead your line is open.

Peter Hubert: Okay. I just wanted some additional clarification on the requirement that the Exchange be available to persons that are only above 133% of federal poverty level.

You indicated that the territories could set their own FPL. I want to make sure that it's for the purpose of this Exchange only, it's not - would have no implications for setting you know poverty levels in territories for other programs.

Chiquita Brooks-LaSure: This is Chiquita and it's the secretary is permitted to use another procedure for setting poverty levels in the territories.

And I know that some of you have adopted your own FPLs. I actually would like if someone from CMS is on the phone and could answer because I believe it actually would - it's about setting the federal poverty level for the Medicaid program.

Richard Strauss: This is Richard Strauss with CMS. Chiquita said the - before we get to the poverty level remember the poverty level, the 133% number is still applicable.

It's just that what the 133% applies to is what we're talking about here and as Chiquita was just indicating the secretary has allowed that the - that poverty level that you're multiplying by 133 can be set with respect to specific information from the territories.

And we have worked with the territories for that purpose. So it doesn't have to be the national - the 50 state and DC poverty level it's something specific to each territory.

So it makes it more reasonable and more tailored to what the territory has for that number.

Peter Hubert: Can I ask a follow up question then? Okay, the - so whatever that level is, the territory would have to cover all newly eligible's up to 133% and then participation in the Exchange would be available to persons above that level.

Richard Strauss: That's correct. The Medicaid - I'm just repeating what you said just to make sure we get the point, the Medicaid level is that 133% number times the poverty level and in Medicaid you must cover the territories having the Medicaid program, this is a plan requirement.

Having the program you are required to cover them to that level, for the new group and then just as you said, after that they'd be covered under the exchange.

Peter Hubert: Okay.

Coordinator: Your next question comes from Michael Elias; go ahead your line is open.

Michael Elias: Yes hi, in the application it states that either governmental or quasi-governmental organizations may apply for this grant.

But not a private not for profit, could you clarify what a quasi-governmental organization is for purposes of this application and specifically could a public-private partnership that operates as a 501(c)(3) be eligible for this?

Susan Lumsden: This is Susan, I'll start and then I'll ask the Grants people to chime in. The official state or territory should apply for this grant and they could subcontract

with a private 501(c)(3) organization if they'd like to but they'd have to be the lead applicant and the one responsible for this grant and the funds.

Coordinator: Your next question comes from Serena Ramirez; go ahead your line is open.

Serena Ramirez: My question - I just need some clarification, we decided to apply for something less than \$1 million could we come back later, you said we could come back later and apply for additional funds up to the \$1 million?

Susan Lumsden: Within that year project period you really need to apply for what you want for this application, you can't come at it in spurts. So throughout the year project period you should apply for what you need.

Serena Ramirez: Thank you.

Coordinator: Your next question comes from Marsha Morgan; go ahead your line is open.

Marsha Morgan: I need to withdraw my question because Mr. (Hubert) asked it relative to the 133%.

Coordinator: Thank you. Your next question comes from (John Ferenbach); go ahead your line is open.

John Ferenbach: Can you hear me?

Susan: Yes.

John Ferenbach: Okay. I have a few just sort of language questions and this relates to the - on Page 8 the recitation of the attestation requirements.

There are certain references to Part 2 of Subtitle D and I assume those references and it's in items two and three, those are intended to be references to Part 2 of Subtitle D of Title I of the act. Is that correct?

Paul Dioguardi: Anyone on the line who can field that question?

Katherine Harkins: Hi, this is Katherine Harkins, yes, that is correct.

John Ferenbach: Okay. Also while we're going through that list of the attestation requirements, in item 2 the first - well actually it's one sentence long. It says that the territory acknowledges that eligibility for an entitlement to federal funding under Section 1311A are contingent on the election, it goes on from there.

Only A1 is relevant to the election, to establish an Exchange so I suggest that if you clarify that the eligibility for an entitlement to funding under 1311(a)(1) is contingent on the election to make it clear that eligibility for an entitlement to federal funding under 1311(a)(2) isn't contingent on the election.

Secondly in item three, I think I just talked about that, in item four I believe there's a typo, I don't know if you can answer it now, but item four states that the territory acknowledges or would acknowledge that if an election is received pursuant to Section 1323(a)(2) the territory is not entitled to use the funds for Medicaid.

I think the intention was that if the elections received pursuant to Section 1323 (a)(1) then territory would read should not be entitled to apply those funds to its Medicaid program. Is that correct?

Susan Lumsden: Richard I don't know if you want to start.

Richard Strauss: Yes, the Section 1323 it provides you know that \$1 million, actually it's \$1 billion which is the territory elects to have an exchange, it's entitled to use that money for such purposes.

And as you indicated in the section there if they don't make such an election what's done is that the amounts of funds that would have otherwise been used for the Exchange would be added or used to increase their so-called 1108 cap, that's the money that the territories use in the Medicaid fund program to fund the federal share of the Medicaid program.

And that would be available beginning with the 2014 for Medicaid expenditures. I'm not sure if there's some refinement that you're looking for in that context, obviously if it's going to be used for the Medicaid expenditures it's whatever is allowable in Medicaid.

Is that what you're asking?

John Ferenbach: What I'm saying is I think there's a typo and you can go back and look at it and maybe it just could be reworded because it suggests, what it says is that if the election is received pursuant to 1323(a)(2), in other words elect to establish an exchange.

Richard Strauss: You think it should be (a)(1).

(John Ferenbach): And it's really the elections pursuant to 1323(a)(1).

Richard Strauss: Okay, so it was just a technical...

John Ferenbach: And maybe it's a matter of moving a couple words around, that's all. The final in terms of these items is common or question I guess relates to item six and

there are two references to Section 1323, just 1323 no subsections. And I'll just sort of paraphrase it, it says the territory agrees to any funds provided you know during 2014 through 2019 pursuant to Section 1323 shall be used only for premium and cost sharing assistance.

And then the next sentence says territory acknowledges that funding pursuant to again 1323 just generally may be subject to additional requirements. The only point I'm making is that I think it should be specified that what we're talking about is again pursuant to Section 1323(a)(1).

Because in fact (a)(2) wouldn't apply, if there is no election then in fact you know the funds do not have to be used solely for premium and cost sharing assistance.

In fact what the note seems to be saying is you can't use it for those purposes, you would use it for Medicaid.

So again what I'm asking is that the - it be clarified that the two references to Section 1323 without reference to subsections be changed so it refers to Section 1323(a)(1).

Richard Strauss: This is Richard again, I would certainly defer to the lawyers and the folks who are working with the Exchange but I personally look at the statute exactly as you're saying it.

John Ferenbach: Okay.

Richard Strauss: I mean it's exactly that, it talks about if you make in effect election under (a)(2) and it does refer to it just exactly how you're saying it, the premiums, cost sharing, so forth.

But if they don't make the election as I said earlier, if they're just going the (a)(2) route we are going to increase the territorial cap under 1108 of the statute and that's of course available for whatever funding needs you have in the Medicaid program.

Katherine Harkins: Hi there, John this is Katherine Harkins, we'll take a look at that, thank you very much for your comment.

John Ferenbach: Yeah and I appreciate that and you know I apologize, I meant to send you know sort of these very specific discreet questions ahead of time but just ran out of time with the weather.

Spent the last I don't want to tell you how long in my car trying to deal with the weather here.

Katherine Harkins: Thank you.

Coordinator: And the next question comes from Katherine McCutchin, your line is open. Katherine can you please check your mute button?

Katherine McCutchin: Good morning, hi. Okay, I have two questions, one was I'm sorry I logged in just as Chiquita was speaking to the there should be no gap between the Medicaid level and the eligible threshold or income level whereby people could be covered or provided premium assistance to the Exchange dollars.

And I wanted to ask if the premium level to be eligible for assistance through the Exchange is set let's say for example at 133%.

Is there a cap to people's income eligibility to receive the premium assistance?
Is that stipulated in the statute or is that set through some other process?

Chiquita Brooks-LaSure: The - it is not described in the statute so for the states because they're getting the money is flowing directly from the tax credits it's between 133% and 400% but HHS would need to establish guidelines and work with you but presumably because the funding is capped you wouldn't have to go up to 400% assuming that that would cost you know more than the money that you have allotted.

The point would be making sure that the people at the lowest end of the income scale are taken care of so there isn't a gap between the Medicaid side and the Exchange side.

Katherine McCutchin: Okay, thank you. My next question is if a territorial ex-pat can not set up an Exchange and have this funding or what's available going to the Medicaid pot? Will it be treated as regular Medicaid dollars are now and we'd be required to provide matching dollars?

Or would that be just a supplemental funding stream that's added to what's available through Medicaid expenditures?

Richard Strauss: As far as if you're going for the Exchange but having the cap be increased it's available for Medicaid expenditures in the normal way that it's available under the Medicaid program so the answer is yes, depending on the type of expenditure typically you know for the territories beginning next July the FMAP, the federal medical assistance percentage rate is 55%.

So regular FMAP there are certain expenditures that are different than that but generally that would be the federal percentage and of course the non-federal percentage, the 45 would be needed for the territory to claim expenditures.

Katherine McCutchin: Okay and that addition to the Medicaid would not go into effect until 2014, is that correct?

Richard Strauss: If we're talking about the 1323 which is that total of \$1 billion the answer is yes, it starts in 2014, that's when it becomes available.

Katherine McCutchin: Okay. And then has there been a discussion about how the allotment for the other four territories would be allocated? The statute does say you know there's X amount of dollars specifically for Puerto Rico and then it lumps all the other four jurisdictions together.

Is there a formula, is it on a population basis, it is an equitable split?

Richard Strauss: Well that's an excellent question, the answer is we have had discussions; we have not at all come to any definitive decision on that. We were thinking and this is just only because it was there in the statute, in another provision in ACA, the Affordable Care Act there was a \$6.3 billion, maybe you know about that which was available to the territories to increase their caps.

And that had a very specific allocation mechanism. We were thinking that may be useful for this but again I want to make clear no final decisions on that as yet.

But - and if there's any other ideas that if you - for the folks who are on the line or the territories are on line, you might want to react if you want right

now to what I just said as input or if you have other ideas, certainly we'll consider any other ideas.

Katherine McCutchin: Thank you, one last question.

Richard Strauss: And then just for those who are - sorry - the allotment under that other section was essentially based on the same proportions of the territories allotments as of the date of enactment of the Affordable Care Act.

That's what that allocation basis was. I'm sorry, so your other...?

Katherine McCutchin: I just had a follow up question, so if we opted to not set up an Exchange and allow funds to be added to our Medicaid pot then we would not submit an application for this funding, is that correct, is that the expectation?

Chiquita Brooks-LaSure: Yes. So if you decided that you're sure right now that you want the funds for the Medicaid program then you don't need to apply for this grant announcement right now.

Katherine McCutchin: Okay. Thank you very much.

Coordinator: Your next question comes from Michael Elias, your line is open.

Michael Elias: Yes, I have some more questions relating to the attestation (unintelligible) there are a couple of numbered items there I wanted to go back about.

On number two states that you know deals with the attestation (unintelligible) and basically that sounds like it needs to be submitted with this application. So I wanted - the first (unintelligible) is it correct that the attestation must accompany this application where it relates to items three and four, which

both refer to an election that needs to be received on or before October 1 (unintelligible). Could you basically confirm that that is a separate attestation that (unintelligible).

But would be submitted by that date October 1 and is that the same as appendix D in this application, is that the same form?

Katherine Harkins: Michael this is Katherine Harkins, I can answer your first question, then there was some interference on the line and I might ask you to just repeat the second two.

But yes it's correct that your attestation must accompany your application.

Michael Elias: Okay thanks and sorry, I'll repeat the second part of the question. So in referring to items three and four on that list you know it sounds like that's a separate attestation, that that is not required to be submitted at the time of this application.

But rather on or before October 1, 2013 could you confirm that that is the correct interpretation, that it's a separate attestation and also is that the chain that is Appendix D in this package?

Donna Laverdiere: John this is Donna Laverdiere, no there's one attestation, it includes items three and four. And as for Appendix D, once you have a chance just to read through the announcement Attachment D's really envisioned as being part of the attestation; it's just sort of a separate agreement that specifically addresses the funds for premium and cost sharing assistance.

Michael Elias: So just to clarify basically by submitting that one attestation with the application you're basically addressing all of these sections, two three and four?

Katherine Harkins: That's correct.

Michael Elias: Okay thanks.

Coordinator: The next question comes from (Peter Hubert), your line is open.

Peter Hubert: Yeah, there's a little bit of ambiguity here in the guidance relating to the election. If you elect to establish - do you have to elect to establish an Exchange in order to be eligible for this grant? So the grant is supposed to give you resources to in fact do due diligence, to do market research, to really determine you know how and frankly whether to go forward with actually exchanging the grant.

Whether you have the capacity to do so, I understand the claw back provisions, but I want to make sure that if a territory subject to the claw back provision that if a territory elects to establish an Exchange in order to do the planning and the due diligence in order to make a final decision.

And at the end of that process determines that for whatever reason an Exchange is not feasible or not practicable. I want to make sure that the territory would not then foreclose the possibility of accessing the additional Medicaid funds as the alternative.

In other words you know again any funds expended under the establishment grant for planning and implementation you know clearly would be subject to the claw back provisions.

But it should not necessarily preclude the territory from making a final decision that it's not taxable and then somehow being precluded from addressing the additional Medicaid funds.

Chiquita Brooks-LaSure: That's right, you have and anyone else from HHS feel free to chime in but you have according to the law up until I believe January 2013 to make this election and so if at the end of the planning process decided to use the money for the Medicaid program the part of the billion dollars that is specific to your territory is still available to use it in the Medicaid program.

I'm grabbing the date.

Peter Hubert: That's an important clarification, it was not clear from the...

Chiquita Brooks-LaSure: In the FOA.

Peter Hubert: Right. And I have actually one other clarification, there's some reference to territorial Exchanges, if a territory elects to establish an Exchange and really these funds can also be used to determine whether or not a participation in a regional Exchange - those kinds of activities are permissible also?

Chiquita Brooks-LaSure: Are you asking if using the funds to assess whether the territory can participate in a reasonable Exchange if that's an allowable...

Peter Hubert: Or even if the territory actively pursues other you know partners to establish a regional Exchange if that would qualify under the terms of the (unintelligible).

Chiquita Brooks-LaSure: Yes it would.

Peter Hubert: Okay.

Coordinator: And once again to ask a question and the next question comes from (Katie Full), your line is open.

Katie Full: Thank you, while the CMS people are there I wanted to - I'm with Marsha Morgan by the way, wanted to clarify when you talk about Medicaid has to be expanded up to the 133% poverty level does a requirement of applying a standard 5% income disregard across the population so in essence it's expanded up to 138%, does that apply to the territories?

Richard Strauss: This is Richard Strauss, not that I'm an expert on all the different provisions but I understand that's part of the MAGI, modified adjusted gross income application that's required under the new law in terms of how we evaluate income.

So that is I think applicable to the territories, it's applicable to all states, excuse me, all entities including territories.

Katie Full: Thank you.

Richard Strauss: By the way while I'm talking I wanted to respond to a few questions that were made earlier and other people on the line you can certainly clarify if I get this wrong but there was a couple questions about the amount that would be required.

I think one questioner had asked whether - you know if they should ask for more than a small amount and the answer was in terms of the planning grant I'm talking about.

And the answer was that you only get one chance the first year and then later on you can ask for more. Or you should just ask for exactly what you need.

There's a couple of considerations that each territory should consider here. Even if you ask for \$1 million or whatever the fulsome number is it doesn't mean you necessarily will use all that money.

If you don't use the money you don't use it, the reason I'm sort of pointing all this out is if you're in doubt about exactly what the budget is of course you're going to submit as good a budget as you can.

But once you do that you'd be better off erring so to speak on the side of asking for more because - and I'm saying this in particular because the answer was if you don't get - if you only have once chance the first year to get some number you might as well at least reserve the full amount even if you don't need it.

The other part of the question that I wanted to refine a little bit which was a different question, there was one of the questioners that asked well if we're really sure we don't need it we can just say forget about it and we'll just get the increase in our you know 1108 cap.

Considering that we're sort of have this initial date of February 22 that you should reserve the money so to speak if you want a grant, sort of going along in the same way that I just described earlier you could ask for this money and not use any of it.

So even if you had to pay back everything that you didn't use would be zero since you didn't use it. So the concept is the same, if you really are still thinking about what you want to do and you're really not totally sure or you

have some reservations about whether you should or shouldn't, you might want to think about erring on the side of putting in a - and I'm using this term so please don't think of it as an official term, you put in a placeholder application that you're wanting to establish an Exchange.

And at that point the reason you're doing that is you're still thinking you want to do that so there's nothing wrong with that. You could decide that that's - forget about it.

But I'm only saying that, I'm not trying to advocate any position here so don't think that either, all I'm saying is if you're not totally sure but you want to sort of reserve the right to keep thinking and you want to potentially have the access to this planning grant, you might want to think about it the way I just described.

And of course I encourage all the other folks on the line to refine anything I just said if there's other things they want to add or subtract to what I just said.

Coordinator: Your next question comes from Michael Elias; go ahead your line is open.

Michael Elias: Yes, this is a question relating to program integration and the business operations of the Exchange. You know the Exchanges are really intended to be for private insurance coverage.

However it seems like there's a big component of Medicaid you know coverage in the territories. So the question is to what extent can the planning as well as the establishment grant be used to - you know to plan for a capability to conduct activities like eligible enrollment, span both enrollment and eligibility for private insurance as well as Medicaid.

So more directly you know during the one year planning grant to what extent can the funds be used to research and plan and find requirements for activities that involve the check (unintelligible) program.

And eligibility for enrollment and so forth in Medicaid of the Exchange business operations.

Susan Lumsden: I can start and then - Chiquita do you want to start or do you want me to start with that one.

Chiquita Brooks-LaSure: No, please go ahead Susan.

Susan Lumsden: You can use funds to look at program integration, anything that integrates with your Exchange if it's Medicaid that's fine, so yes, that would be an appropriate use of funds, to look at enrollment and eligibility.

Michael Elias: Okay and then just as a quick follow up, so it would be accessible then to kind of envision the Exchange as a mechanism for potentially you know the kind of mechanics of administration for all health coverage, whether it's public or private for the territory?

Chiquita Brooks-LaSure: This is Chiquita, I am not the expert on this so I would ask - this maybe a question that we have to go back and take a further look at if we can't answer off the cuff.

But I think you just have to be careful about activities that are circling Medicaid because cost allocation still a requirement and this is true for all of the Exchange grants, that it's something that's specific to the Medicaid program.

The same rules that OMB has for how costs are allocated from programs are in effect.

Susan Lumsden: Yeah, I think that was well said, the Circular A-87 on cost allocation, anything that benefits the Medicaid population just would have to be cost allocated.

And we're undergoing that now with a lot of those who are implementing IT systems where it will be both Exchange and Medicaid; they're going through that cost allocation exercise.

Paul Dioguardi: So if we were doing for example technical infrastructure planning we would just need to be careful about the - you know which aspects of the infrastructure or the business services that are being provided are being - are strictly Medicaid only in which case there may be some activities which could apply to either Medicaid or private insurance.

But some activities that are exclusively Medicaid in which case we would have to break those out from this grant.

Susan Lumsden: I'm just going to chime in one more time. These grant funds, you could almost use the funds to detect which as you're building your systems which - what has to be cost allocated.

Because these are just preliminary establishment funds. We may have to come back on that one. I'm suspecting that because this is your jump start if you will use of funds, that kind of plotting that out as to what would be Medicaid and what would not be would be the appropriate use of funds here.

You probably wouldn't have to cost allocate these funds because you're not building.

Michael Elias: Right, at least for pre-planning so it would be requirements gathering at this stage only.

Susan Lumsden: Also as you're going through your budget, when we get your budget if we see you're building then we'll be looking at those kinds of things.

Michael Elias: One more follow up question which is unrelated but I'll ask it, do we need to state in the application whether or not we intend to seek out potentially regional type of Exchange arrangement with other territories?

So - and - or could that be something that's actually put in the plan with a future determination about whether - you know in other words we may not know yet whether it's feasible or whether there's interest or not in doing more of a regional exchange.

Would it be acceptable to defer any decision about that until during the planning period?

Susan Lumsden: Considering that you have to do an attestation before as territories get further down the road and they want to do regional you can use these funds to explore those options.

Michael Elias: Okay, great, thanks.

Coordinator: Your next question comes from Katherine McCutchin; go ahead your line is open.

Katherine McCutchin: No, I'm sorry, I withdraw my question, it was responded to earlier, thank you.

Coordinator: Thank you. Again as a reminder please press star 1 on your phone and record your name if you have a question. One moment please. At this time we show no further questions.

Susan Lumsden: Okay, this is Susan, I'll turn it over to Paul, I just want to say one more thing that the applications are due the 22 of February. If you have any technical questions please get in touch with grants.gov or Michele Feagins and also the awards, we expect to make awards by March 22. With that Paul, I'll turn it back to you for any closing comments, or Chiquita?

Paul Dioguardi: I think that's it, thanks everyone for joining. We are happy to answer any other questions on an individual basis as we move through the application period here, so certainly let us know how we can be of assistance.

So thanks again for joining us today.

Coordinator: That concludes today's conference, thank you for participating, you may disconnect at this time.

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