

**U.S. Department of Health and Human Services**  
**Office of Consumer Information and Insurance Oversight**

**Cooperative Agreements to Support Innovative Exchange Information  
Technology Systems**

**New Announcement**

**Funding Opportunity Number: TBA**  
**CFDA: 93.525**

**Date: October 29, 2010**

**Applicable Dates**

Electronic Application Due Date: December 22, 2010 11:59 pm EST

Anticipated Notice of Award Date: February 15, 2011

Period of Performance: 2 years

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## **OVERVIEW INFORMATION**

**Agency Name:** Department of Health and Human Services  
Office of Consumer Information and Insurance Oversight

**Funding Opportunity Title:** Cooperative Agreement to Support Innovative Exchange Information Technology Systems

**Announcement Type:** New

**Funding Opportunity Number:** TBA

**Catalog of Federal Domestic Assistance (CFDA) Number:** 93.525

### **Key Dates:**

Date of Issue: October 29, 2010

Electronic Application Due Date: December 22, 2010 11:59 pm EST

Anticipated Notice of Award Date: February 15, 2011

Period of Performance: 2 Years

Pre-Application Conference Calls: November 4 at 3:00 PM EDT, November 18 at 3:00 PM EST, December 14 at 3:00 PM EST (See Section III.C for more information)

## **I. FUNDING OPPORTUNITY DESCRIPTION**

### **A. Purpose**

This Funding Opportunity Announcement (FOA) will provide competitive incentives for States to design and implement the Information Technology (IT) infrastructure needed to operate Health Insurance Exchanges – new competitive insurance market places that will help Americans and small businesses purchase affordable private health insurance starting in 2014. This competitive “Early Innovators” grant announcement will reward States that demonstrate leadership in developing cutting-edge and cost-effective consumer-based technologies and models for insurance eligibility and enrollment for Exchanges. These “Early Innovator” States will develop Exchange IT models, building universally essential components that can be adopted and tailored by other States. The innovations produced from this Cooperative Agreement will be used to help keep costs down for taxpayers, States, and the Federal Government.

Two-year grants will be awarded by February 15, 2011 to up to five States or coalitions of States that have ambitious yet achievable proposals that can yield IT models and best practices that will benefit all States. These States will lead the way in developing consumer-friendly, cost-effective IT systems that can be used and adopted by other States and help all States and the Federal government save money as they work to develop these new competitive market places.

This FOA is the second in a series of grant opportunities the Office of Consumer Information and Insurance Oversight (OCIIO) is making available to States to establish their Exchanges. The first grant opportunity was awarded to States in September of 2010 to support the planning

process. The funding announcement for the third round of Exchange grants will be available to all States, in early 2011, to enable States to establish Exchanges.

The Exchange IT system components (e.g., software, data models, etc.) developed by the awardees under this Cooperative Agreement will be made available to any State (including the District of Columbia) or eligible territory for incorporation into its Exchange. States that are not awarded a Cooperative Agreement through this FOA can also reap early benefits from this process by reusing valuable intellectual property (IP) and other assets capable of lowering Exchange implementation costs with those States awarded a Cooperative Agreement. Specifically, States can share approaches, system components, and other elements to achieve the goal of leveraging the models produced by Early Innovators.

The expected benefits of the Cooperative Agreements would include:

1. Lower acquisition costs through volume purchasing agreements.
2. Lower costs through partially shared or leveraged implementations. Organizations will be able to reuse the appropriate residuals and knowledge base from previous implementations.
3. Improved implementation schedules, increased quality and reduced risks through reuse, peer collaboration and leveraging "lessons learned" across organizational boundaries.
4. Lower support costs through shared services and reusable non-proprietary add-ons such as standards-based interfaces, management dashboards, and the like.
5. Improved capacity for program evaluation using data generated by Exchange IT systems.

## **B. Authority**

This Cooperative Agreement is being issued by the Office of Consumer Information and Insurance Oversight (OCIO), within the HHS Office of the Secretary. OCIO's Office of Health Insurance Exchanges administers the grant. Section 1311 of the Patient Protection and Affordable Care Act (P.L. 111-148) authorizes the funding for this opportunity.

## **C. Background**

On March 23, 2010, the President signed into law the Patient Protection and Affordable Care Act. On March 30, 2010, the Health Care and Education Reconciliation Act of 2010 was signed into law. The two laws are collectively referred to as the Affordable Care Act. The Affordable Care Act includes a wide variety of provisions designed to expand coverage, provide more health care choices, enhance the quality of health care for all Americans, hold insurance companies more accountable, and lower health care costs. Among its provisions, the law provides grant funding to assist States in implementing parts of the Affordable Care Act.

Section 1311 of the Affordable Care Act provides funding assistance to the States for the planning and establishment of Health Insurance Exchanges ("Exchanges"). The Affordable Care Act provides that each State may elect to establish an Exchange that would: 1) facilitate the purchase of qualified health plans (QHPs); 2) provide for the establishment of a Small Business Health Options Program ("SHOP Exchange") designed to assist qualified employers in facilitating the enrollment of their employees in QHPs offered in the SHOP Exchange; and 3) meet other requirements specified in the Act.

Beginning in 2014, tens of millions of Americans will have access to health coverage through newly established Exchanges in each State. These Exchanges will help individuals and small businesses shop for, select and enroll in high-quality, affordable private health plans that fit their individual needs at competitive prices. Exchanges will ensure that participating health plans meet certain standards and facilitate competition and choices. By providing a place for one-stop shopping, Exchanges will make purchasing health insurance easier and more understandable. As with the banking and airline industries, having a sophisticated, consumer-friendly IT infrastructure will be critical to success.

#### **D. Program Requirements**

The Cooperative Agreements to Support Innovative Exchange Information Technology Systems will be awarded to up to five States and/or consortia (consortia of States are eligible to apply for these Cooperative Agreements provided a single application is submitted.)

The selected States will establish Exchange IT system capabilities and thus serve as models for other States as they work to establish their respective Exchange IT system capabilities. Applicants should seek to coordinate with other States on opportunities for re-use of Exchange IT systems' components. Applicants for this Cooperative Agreement should attempt to obtain letters of interest from States with which they are partnering to leverage the IT components of an Early Innovator State. While these designs will act as models for other States or consortia that elect to use them, each State or consortia will still be able to tailor the IT components to incorporate into their unique Exchange environment(s).

Awards will be based on the following requirements. The applicants:

1. Have made progress in assessments and gap analysis for establishing an Exchange in their State;
2. Achieved an advanced state of readiness to engage in early phases of a systems development lifecycle process (i.e., initiation, concept development, requirements, etc.);
3. Demonstrated the technical expertise to accomplish an accelerated development schedule;
4. Demonstrated a clear understanding of the importance of using standards and are committed to their use in the Exchange;
5. Will share the specification, design, implementation, test methodology and results of their Exchange IT systems solutions with other States;
6. Will comply with any IT guidance relating to the Exchange or Medicaid issued by HHS and continue to update their plans based on changes to guidance; and
7. Will build Exchange IT systems that are cost effective, consumer oriented, and take into account the interests of employers, especially small businesses.

The products of this Cooperative Agreement will be available to all States and the District of Columbia for evaluation and adaptability throughout the process so that non-grantee-States will not have to wait until a complete product is finished to test for adaptability for its existing systems. As IT systems are developed, attention should be paid to assuring that information gathered will be accessible for evaluation purposes. U.S. Territories that establish Exchanges under Section 1323 will be eligible to participate in the evaluation and adaptability process and the products developed under this Cooperative Agreement will be available to them.

Selected applicants must adhere to the following Key Principles and Core Functions for IT Systems:

*Key Principles of Exchange IT capabilities for Early Innovators*

- The organization governing the design, development, and implementation of the core capabilities must follow standard industry Systems Development Life Cycle (SDLC) frameworks including the use of iterative and incremental development methodologies. The governing body must also be able to produce requirement specifications, analysis, design, code, and testing that can be easily shared with other interested and authorized stakeholders (i.e., other States, consortia of States, or any entity that is responsible for establishing an Exchange).
- The design must take advantage of a Web Services Architecture (using XML, SOAP and WSDL or REST) and Service Oriented Architecture approach for design and development leveraging the concepts of a shared pool of configurable computing resources (e.g., Cloud Computing).
- The services description/definition, services interfaces, policies and business rules, must be published in a web services registry to support both internal and external service requests that are public and private, and be able to manage role-based access to underlying data.
- Per Section 1561 of the Affordable Care Act, all designs must follow the standards that are currently outlined in the recommendations published by the Office of the National Coordinator (ONC). For details on Section 1561 Standards, see: <http://healthit.hhs.gov/portal/server.pt?open=512&mode=2&objID=3161>.
- Per National Institute of Standards and Technology (NIST) publications, the design and implementation must take into account security standards and controls. (For details on NIST publications, see: <http://csrc.nist.gov/publications/PubsSPs.html>)

OCIIO will closely monitor, assess, and guide grantees to ensure the highest quality results are attained. Grantees will be required to complete certain planning tasks that are pursuant to Systems Development Life Cycle (SDLC) practices. The applicant shall follow the SDLC framework for its planning activities (an example of an SDLC framework can be found here:

[http://www.cms.gov/ILCPhases/01\\_Overview.asp#TopOfPage](http://www.cms.gov/ILCPhases/01_Overview.asp#TopOfPage).) The OCIIO Chief Information Officer and designated team will conduct and oversee the lifecycle reviews. The list of required activities and due dates are as follows:

*Core Exchange Functions supported by IT*

To ensure the Exchange IT systems are comprehensive and reusable by other States, the key modules shall include, but not be limited to:

- 1) Eligibility
- 2) Enrollment
- 3) Premium tax credits administration
- 4) Cost-sharing assistance administration

Systems must also be interoperable and integrated with State Medicaid/Children's Health Insurance Program (CHIP) programs and be able to interface with HHS and/or other Federal agencies and data sources in order to verify and acquire data as needed. Examples of additional core Exchange functions that could be added initially or eventually include consumer assistance, Exchange administration, and qualified health plan administration (including data and bid management).

#### *Exchange IT SDLC Reviews*

Listed below are the requisite lifecycle reviews, products that will accompany each stage and a table containing delivery dates for each review (some of these steps will include OCIO consultation with CMS and other Federal agencies as warranted):

##### Project Startup Review (PSR)

Deliverables: Acquisition Strategy, Concept of Operations, Risk Analysis, Alternatives Analysis, Scope Definition, Performance Measures, briefings/presentations to OCIO

##### Architecture Review (AR)

Products: Business Process Models, Requirements Document, Architectural diagrams, briefings/presentations to OCIO

##### Project Baseline Review (PBR)

Products: Project Process Agreement (Charter), Information Security Risk Assessment, Information Security Risk Assessment, Project Management Plan, Project Schedule, Release Plan, briefings/presentations to OCIO

##### Preliminary Design Review (PDR)

Products: System Security Plan, Test Plan(s) and Traceability Matrix, Logical Data Model, Data Use Agreement(s), Technical Architecture Diagrams (Software/Hardware Architectures, Network, Overall Infrastructure, Security, etc.), briefings/presentations to OCIO

##### Detailed Design Review (DDR)

Products: System Design Document, Interface Control Document, Database Design Document(s), Physical Data Model, Data Management Plan, Data Conversion Plan, Automated Code Review Results briefings/presentations to OCIO

##### Final Detailed Design Review (FDDR)

Products: See DDR products

##### Pre-Operational Readiness Review (PORR)

Products: Contingency Plan, Inter/Intra-agency Agreement(s) (IAs), Test Case Specification, Implementation Plan, User Manuals, Operations & Maintenance Manual, Training Plan, Integration Testing, End-to-End Testing, Test Summary Report, Defect Reports, Security Testing Results, briefings/presentations to OCIO

##### Operational Readiness Review (ORR)

Products: See PORR products

For an explanation of each product, please reference the following CMS ILC framework:  
[https://www.cms.gov/ILCReviews/01\\_Overview.asp](https://www.cms.gov/ILCReviews/01_Overview.asp)

For examples of product templates, please refer to the following:  
<http://www3.cms.gov/SystemLifecycleFramework/Tmpl/list.asp#TopOfPage>

*Early Innovator Exchange IT SDLC Review Timeline (dates are approximate)*

Architecture Review	Project Startup Review	Project Baseline Review	Preliminary design Review	Detailed Design Review	Final Detailed Design Review	Pre-Operational Readiness Review	Operational Readiness Review	IT Project Dashboard Reports
3/16/2011 (additional iterations, if needed)	TBD	4/13/2011	6/8/2011 (additional iterations, if needed)	9/14/2011 (additional iterations, if needed)	12/7/2011 (additional iterations, if needed)	6/13/2012 (additional iterations, if needed)	10/10/2012 (additional iterations, if needed)	Delivered starting before PSR and weekly thereafter

The Project Startup Review (PSR) may be combined with Architecture Review (AR) to kick-off the project, but PSRs may also be required depending on how many “phases” there are in the overall project

Products coming out of the SDLC process will be available to States that partner with each other either as consortia or are sharing designs, code, etc. In addition States that are not the grantees of the Early Innovator Exchange IT Systems Cooperative Agreements and US Territories will also be able to share in the products for evaluation and adaptability throughout the process so that partner-States will not have to wait until a complete product is finished to test for usage.

## II. AWARD INFORMATION

### A. Total Funding

In determining grant amounts, OCIO will look for efficiencies and consider if the proposed budget is sufficient, reasonable and cost effective to support the activities proposed in the State’s application.

### B. Award Amount

Funds are available to support up to five (5) awards for up to two years.

### C. Anticipated Award Date

February 15, 2011

### D. The Period of Performance

The project period will be up to two years in length. The full Cooperative Agreement amount is anticipated to be awarded during the first year of funding. However, drawdown of funds will be dependent on annual acceptance of the required semi-annual progress reports and grantee performance according to set review delivery dates outlined in the program requirements.

**E. Number of Awards**

Up to five (5) awards will be made available.

**F. Type of Award**

Cooperative Agreements

**III. ELIGIBILITY INFORMATION**

**A. Eligible Applicants**

This FOA is open to all States as that term is defined in Section 1304(d) of the Affordable Care Act. This includes the 50 States, consortia of States, and the District of Columbia. Territories are not eligible for these Cooperative Agreements due to the statutory restrictions on Section 1311 funding. As previously indicated, HHS will work with the territories to address their unique characteristics as we implement Section 1323 which gives each territory the option to receive funds to make coverage affordable through an Exchange starting in 2014. Consortia of States are eligible to apply for these Cooperative Agreements provided the consortia submit a single application. The Governor of each State (the Mayor, if from the District of Columbia) must designate a State entity as the grant applicant. Only one application per State is permitted. As a part of the Cooperative Agreement, consortia awardees will be required to designate one of their member States as having fiduciary responsibility for the Cooperative Agreement. A State cannot be awarded as both an individual Early Innovator and as a member of a consortium.

Each applicant must submit a letter from the Governor (or the Mayor, if from the District of Columbia) officially endorsing the grant application and the proposed Cooperative Agreement. The letter must express a commitment to establish an Exchange. If the applicant is part of a consortium, it must include letters of support from each participating Governor (and the Mayor, if from the District of Columbia) officially endorsing the grant application and the proposed Cooperative Agreement.

Each applicant also must submit a letter of support from the State Medicaid Director (if a consortia, a letter is required for each State Medicaid Director) agreeing not to duplicate efforts between the Exchange and the State Medicaid office, and to work with the Exchange on developing shared functionalities.

Any application that fails to satisfy the deadline requirements referenced in Section IV, *Application and Submission Information* will be considered non-responsive and will not be considered for funding under this FOA.

**B. Cost-Sharing / Matching Medicaid Federal Financial Participation**

Cost Sharing and Matching is not required for this program. Please refer to Section IV.D.2.e.i. for more information on how States must address the Medicaid, CHIP, and other Health and Human Services Programs cost allocation portion of their IT systems.

### **C. Pre-Application Conference Call**

OCIIO will hold pre-application conference calls for potential applicants. The conference call will provide an overview of this project guidance and will include an opportunity for States to ask questions. The pre-application call information is as follows:

- Thursday, November 4 – 3:00 PM EDT
  - Call in number: (800) 779-5194; Passcode: 6714482
- Thursday, November 18 – 3:00 PM EST
  - Call in number: (877) 918-1353; Passcode: 3630673
- Tuesday, December 14 – 3:00 PM EST
  - Call in number: (800) 779-5194; Passcode: 6714482
- A recording of the call will be on HHS's website at <http://www.hhs.gov/ociio>.
- The recording will be available within 24 hours of the call and will remain available for 60 days.

## **IV. APPLICATION AND SUBMISSION INFORMATION**

### **A. Address to Request Application Package**

This FOA serves as the application package for this Cooperative Agreement and contains all the instructions to enable a potential applicant to apply for this Cooperative Agreement. The application should be written primarily as a narrative with the addition of standard forms required by the Federal government for all grants.

Application materials will be available for download at <http://www.grants.gov>. Please note that OCIIO is requiring applications for all announcements to be submitted electronically through <http://www.grants.gov>. For assistance with [grants.gov](http://www.grants.gov), contact [support@grants.gov](mailto:support@grants.gov) or call 1-800-518-4726. At <http://www.grants.gov>, applicants will be able to download a copy of the application packet, complete it off-line, and then upload and submit the application via the Grants.gov website. The FOA can also be viewed on HHS's website at <http://www.hhs.gov/ociio>.

Specific instructions for applications submitted via <http://www.grants.gov>:

- You can access the electronic application for this project on <http://www.grants.gov>. You must search the downloadable application page by the CFDA number **93.525**.
- At the <http://www.grants.gov> website, you will find information about submitting an application electronically through the site, including the hours of operation. OCIIO strongly recommends that you do not wait until the application due date to begin the application process through <http://www.grants.gov> because of the time delay.
- All applicants must have a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number. The DUNS number is a nine-digit identification number that uniquely identifies business entities. Obtaining a DUNS number is easy and there is no charge. To obtain a DUNS number, access the following website: [www.dunandbradstreet.com](http://www.dunandbradstreet.com) or call 1-866-705-5711. This number should be entered in the block with the applicant's name and address on the cover page of the application (Item 8c on the Form SF 424, Application for

Federal Assistance). The name and address in the application should be exactly as given for the DUNS number.

- The applicant must also register in the Central Contractor Registration (CCR) database in order to be able to submit the application. Applicants are encouraged to register early. You should allow a minimum of five days to complete the CCR registration. Information about CCR is available at <http://www.ccr.gov>. The central contractor registration process is a separate process from submitting an application. In some cases, the registration process can take approximately two weeks to be completed. Therefore, registration should be completed in sufficient time to ensure that it does not impair your ability to meet required submission deadlines.
- Authorized Organization Representative: The Authorized Organization Representative (AOR) who will officially submit an application on behalf of the organization must register with Grants.gov for a username and password. AORs must complete a profile with Grants.gov using their organization's DUNS Number to obtain their username and password. [http://grants.gov/applicants/get\\_registered.jsp](http://grants.gov/applicants/get_registered.jsp). AORs must wait one business day after registration in CCR before entering their profiles in Grants.gov.
- When an AOR registers with Grants.gov, the E-Biz POC will receive an email notification. The E-Biz POC must login to Grants.gov (using your organization's DUNS number for a username and the "M-PIN" password obtained in Step 2) and approve the AOR, thereby giving him or her permission to submit applications.
- When an AOR registers with Grants.gov to submit applications on behalf of an organization, that organization's E-Biz POC will receive an email notification. The email address provided in the profile will be the email used to send the notification from Grants.gov to the E-Biz POC with the AOR copied on the correspondence.
- The E-Biz POC must then login to Grants.gov (using the organization's DUNS number for the username and the special password called "M-PIN") and approve the AOR, thereby providing permission to submit applications.
- You must submit all documents electronically in PDF format, including all information included on the SF 424 and all necessary assurances and certifications, and all other attachments.
- Prior to application submission, Microsoft Vista and Office 2007 users should review the Grants.gov compatibility information and submission instructions provided at <http://www.grants.gov>. Click on "Vista and Microsoft Office 2007 Compatibility Information."
- After you electronically submit your application, you will receive an automatic acknowledgement from <http://www.grants.gov> that contains a Grants.gov tracking number. OCIIO will retrieve your application form from Grants.gov.
- After OCIIO retrieves your application form from Grants.gov, a return receipt will be emailed to the applicant contact. This will be in addition to the validation number provided by Grants.gov.

- Each year organizations and entities registered to apply for Federal grants through <http://www.grants.gov> will need to renew their registration with the Central Contractor Registry (CCR). You can register with the CCR online; registration will take about 30 minutes to complete (<http://www.ccr.gov>).

Applications cannot be accepted through any email address. Full applications can only be accepted through <http://www.grants.gov>. Full applications cannot be received via paper mail, courier, or delivery service, unless a waiver is granted per the instructions below.

All grant applications must be submitted electronically and be received through <http://www.grants.gov> by 11:59 pm Eastern Standard Time on December 22, 2010. All applications will receive an automatic time stamp upon submission and applicants will receive an automatic e-mail reply acknowledging the application's receipt.

The applicant must seek a waiver at least ten days prior to the application deadline if they wish to submit a paper application. Applicants that receive a waiver to submit paper application documents must follow the rules and timelines that are noted below.

Applicants that do not adhere to the timelines for Central Contractor Registry (CCR) and/or Grants.gov registration and/or request timely assistance with technical issues will not be considered for a waiver to submit a paper application.

Please be aware of the following:

- Search for the application package in Grants.gov by entering the CFDA number. This number is located on the first page of this announcement.
- Paper applications are not the preferred method for submitting applications. However, if you experience technical challenges while submitting your application electronically, please contact Grants.gov Support directly at: [www.grants.gov/customersupport](http://www.grants.gov/customersupport) or (800) 518-4726. Customer Support is available to address questions 24 hours a day, 7 days a week (except on Federal holidays).
- Upon contacting Grants.gov, obtain a tracking number as proof of contact. The tracking number is helpful if there are technical issues that cannot be resolved and waiver from the agency must be obtained.
- If it is determined that a waiver is needed, you must submit a request in writing (emails are acceptable) to [Michelle.Feagins@hhs.gov](mailto:Michelle.Feagins@hhs.gov) with a clear justification for the need to deviate from our standard electronic submission process.
- If the waiver is approved, the application should be sent directly to the Grants Management Division by the deadline date of December 22, 2010.

To be considered timely, applications must be sent on or before the published deadline date. However, a general extension of a published application deadline that affects all applicants or only those applicants in a defined geographical area when justified by circumstances such as acts of God (e.g., floods or hurricanes), or disruptions of electronic (e.g., application receipt services) or other services, such as a prolonged blackout, that affect the public at large may be authorized.

**No other deadline extensions are permitted.**

**B. Format, Standard Form (SF), and Content Requirements**

Each application must include all contents described below, in the order indicated, and in conformity with the following specifications:

The Project Narrative section of the Application must be **single spaced**, on 8 ½ inches x 11 inches plain white paper with **1 inch margins** on both sides, and a **font size of not less than 12**.

**The Project Narrative must not exceed 30 pages.** NOTE: The Project Work Plan, Letters of Commitment, and Vitae of Key Project Personnel **are not counted** as part of the Project Narrative for purposes of the 30-page limit.

- All applications must meet the requirements outlined in Section III, *Eligibility Information*, Section IV, *Application and Submission Information*, and Section V, *Application Review Information*.
- The total size of all uploaded files may not exceed the equivalent of 80 pages when printed by OCIIO, or a total file size of 10 MB. This 80-page limit includes the project abstract, project and budget narratives, attachments, letters of commitment and support, and other applicable documents. Standard forms are NOT included in the page limit.

The following documents are required for a complete application:

**1. Standard Forms**

The following forms must be completed with an original signature and enclosed as part of the application:

- SF 424: Official Application for Federal Assistance (see note below)
- SF 424A: Budget Information Non-Construction
- SF 424B: Assurances-Non-Construction Programs
- SF LLL: Disclosure of Lobbying Activities
- Project Site Location Form(s)
- Lobbying Certification Form (HHS checklist, 5161)

**Note:** On SF 424 “Application for Federal Assistance:”

- Item 15 “Descriptive Title of Applicant’s Project.” Please indicate in this section the name of this grant: **Cooperative Agreements to Support Innovative Exchange Information Technology Systems**
- Check box “C” to item 19, as Review by State Executive Order 12372 does not apply to these grants.
- Assure that the total Federal grant funding requested is for the period of the grant.

**2. Required Letters of Support**

Each applicant must submit a letter from the Governor (or the Mayor, if from the District of Columbia) officially endorsing the grant application and the proposed Cooperative

Agreement. The letter must express a commitment to establish an Exchange. If the applicant is part of a consortium, they must include letters of support from all other Governors (or the Mayor, if from the District of Columbia) officially endorsing the grant application and the proposed Cooperative Agreement.

Each applicant also must submit a letter of support from the State Medicaid Director (if a consortia, for each State Medicaid Director) agreeing not to duplicate efforts between the Exchange and State Medicaid office and to work with the Exchange on developing shared functionalities. States are encouraged, but not required to submit letters from other agencies that are responsible for health and human service programs for which the Exchange – in the short or long run – will facilitate applications or enrollment.

### **3. Applicant's Application Cover Letter**

A letter from the applicant must identify the:

- Project Title
- Applicant Name
- Principal Investigator/Project Director Name (with email and phone number)

### **4. Project Abstract**

Provide a summary of the application. Because the abstract is often distributed to provide information to the public and Congress, prepare this so that it is clear, accurate, concise, and without reference to other parts of the application. It must include a brief description of the proposed OCIO grant proposal including the needs to be addressed, the proposed projects, and the population group(s) to be served.

The abstract must be single-spaced and limited to one page in length. Place the following at the top of the abstract for the application:

- Application title
- Applicant organization name
- Program applying under, including funding opportunity number
- Project Director
- Address
- Congressional district(s) served
- Project Director phone numbers (phone and fax)
- Email address
- Organizational Website address, if applicable
- Type of project(s)
- Projected date(s) for project(s) completion

The abstract narrative should include:

- A brief history of the applicant organization;
- A brief description of the populations served by the project;
- A brief description of the proposed projects; and
- A brief description of any other relevant information.

## 5. Project Narrative

The project narrative must address the State's ability to meet the following:

### a. Commitment

An applicant's project narrative must communicate a strong commitment to establishing an Exchange that serves the State. The applicants may include a list of the stakeholders within the States who will be involved in the planning/implementation of the Exchange, including the role proposed for each stakeholder as well as agreements with those stakeholders that may be in place at this time. The applicant may also include scope and details of pending/existing enabling legislation.

### b. Opportunities to Share, Leverage, and Re-use Exchange IT Systems' Components

- Applicants should attempt to obtain letters from other States expressing an interest in using the IT components developed by the applicant State(s). States that apply as a consortium with three or more States fulfill this criterion, though are still encouraged to seek letters of support from additional States.

The project narrative must demonstrate:

- Extent to which applicant includes commitment to include other States in an advisory panel or other consultative roles.
- Extent to which the project may be broadly applicable to and/or replicable in other States.

### c. Readiness to Establish an Exchange IT Systems Based on Readiness Assessment

The project narrative must:

- Demonstrate an advanced state of readiness to engage in early phases of a SDLC (i.e., initiation, concept development, requirements, etc. – see Key Principles of Exchange IT Capabilities for Early Innovators under Program Requirements.
- Include the complete Readiness Assessment that is laid out in detail in Appendix A. The Readiness Assessment must address all the categories and details laid out in the appendix.

### d. Program Requirements

The project narrative must explain how the applicant intends to meet the program requirements laid out in the FOA, including:

- Demonstrating IT governance and technical competence in addressing Key Principles and Core Functions found in the Program Requirements (see Section I, Part D)
- Demonstrating an understanding of the importance of using IT standards and are committed to their use in the Exchange. For details on Section 1561 standards, see: <http://healthit.hhs.gov/portal/server.pt?open=512&mode=2&objID=3161>.
- Demonstrating the extent to which the program may be broadly applicable to and/or replicable in other States
- Demonstrates a plan for compliance with any IT guidance relating to the Exchange or Medicaid issued by HHS. Visit the HHS website for information on IT Guidance.

- If a State has submitted an Advanced Planning Document (APD) to the Centers for Medicare & Medicaid Services (CMS) for Medicaid systems funding in last three years, please provide a summary of any submission(s) and CMS' response if applicable.

#### e. Resources and Capabilities

The project narrative must include evidence that the applicant demonstrates:

- The ability to lead, manage, and implement the program
- Authority to oversee the program and ensure collaboration among critical partners
- Qualification of staff and contractors to carry out the program
- Capabilities of partners to engage in the program
- Cooperative agreements with other entities
- Ability to act quickly upon awarding of cooperative agreement
- Focus on cost effectiveness of the proposal as well as its ability to meet consumer and employer demands

#### f. Evaluation Plan

The project narrative must include a description of how the Exchange will evaluate its progress and measure success of its IT Exchange systems.

### 6. Work Plan

A timeline is required that lists the project goals and objectives consistent with those outlined in this FOA. The work plan submitted with the application should document reasonable milestones with associated timeframes, and funding resources. Identify by name and title of the individual responsible for accomplishing the goals of creating Exchange IT systems.

### 7. Budget Narrative

Provide a narrative that explains the amounts requested for each line in the budget for the entire project period. The budget justification should specifically describe how each line item will support the achievement of proposed objectives in alignment with the work plan. It should also clearly identify funds that were spent prior to the project period (up to 90 days prior to the start of the project period).

Include a description that indicates which elements of your proposal you expect will also benefit your State's Medicaid system and your proposal for how you will allocate costs between these two sources of funding in line with the cost-sharing/matching requirements in Section IV.D.2.g.

Line item information must be provided to explain the costs entered in the appropriate form, Application Form 5161-1. **The budget justification must clearly describe each cost element and explain how each cost contributes to meeting the project's objectives/goals on an annual basis.** Carefully justify each item in the "other" category. The budget justification **MUST** be concise. Do NOT use the justification to expand the project narrative.

The Budget Narrative/Justification should be provided using the format included as Appendix C, Guidelines for Budget Preparation of this FOA. **PLEASE NOTE THAT WHEN MORE THAN 33% OF A PROJECT'S TOTAL BUDGET IS LISTED IN THE CONTRACTUAL LINE ITEM, DETAILED BUDGET NARRATIVES/JUSTIFICATIONS MUST BE PROVIDED FOR EACH SUB-CONTRACTOR OR SUB-GRANT.** In addition, applicants are encouraged to review Appendix B on Federal Procurement Requirements for Grantees.

**8. Letters of Agreement and/or Description(s) of Proposed/Existing Project**

Provide any documents that describe working relationships between the applicant and agencies and programs cited in the application. Documents that confirm actual or pending contractual agreements should clearly describe the roles of the subcontractors and any product. Letters of agreements must be dated and must contain the following language:

“Under 45 CFR 92.34 HHS retains a royalty-free, nonexclusive, irrevocable *license* to reproduce, publish or otherwise use and authorize others to use, for Federal Government purposes, the copyright in any work developed under the grant, or a subgrant or subcontract, and in any rights to a copyright purchased with grant support. HHS shall be provided with a working electronic copy of the software (including object source and code) with the right to distribute it to others for Federal purposes consistent with and throughout the execution of the Cooperative Agreement”

**9. Descriptions for Key Personnel & Organizational Chart**

Applicants must present a staffing plan and provide a justification for the plan that includes education and experience qualifications and rationale for the amount of time being requested for each staff position. Position descriptions that include the project specific roles, responsibilities, and qualifications of proposed project staff must be included as an Attachment. An organizational chart should be included as well. Copies of biographical sketches for any key employed personnel that will be assigned to work on the proposed project must be included as an Attachment.

**C. Intergovernmental Review**

Applications for these Cooperative Agreements are not subject to review by States under Executive Order 12372, “Intergovernmental Review of Federal Programs” (45 CFR 100). Please check box “C” to item 19 of the SF 424 (Application for Federal Assistance) as Review by State Executive Order 12372, does not apply to these grants.

**D. Funding Restrictions**

**1. Reimbursement of Pre-Award Costs**

Funds awarded under this FOA may be used to reimburse pre-award costs up to 90 days.

**2. Prohibited Uses of Grant Funds**

The Department of Health and Human Services Cooperative Agreement to Support Innovative Exchanges Information Technology Systems may not be used for any of the following:

- a. To cover the costs to provide direct services to individuals;
- b. To meet matching requirements of any other Federal program;
- c. To cover excessive executive compensation;
- d. To promote Federal or State legislative and regulatory modifications;
- e. To improve systems or processes solely related to Medicaid/ CHIP, or any other Federal program's eligibility;
  - i. States will need to allocate the costs of their IT systems proposals, per OMB Circular A-87, between the Exchange and other health and human services programs for those activities that will benefit other health and human services programs such as SNAP. Examples of modules we anticipate needing to be cost-allocated include eligibility, enrollment and, possibly, consumer assistance. Examples where we think it is unlikely that costs need to be allocated between the two sources of funding are Exchange administration and qualified health plan administration. Following determination of the final awardees, States will need to submit an Advance Planning Document (APD) to CMS requesting Federal financial participation (FFP) of the Medicaid portion of the allocated costs, or costs attributable to other Federal programs. CMS and OCIO will work collectively and expeditiously to review grant solicitations and APD submissions. CMS and OCIO will provide technical assistance and leadership throughout this process. We recognize that some States may not be in a position to build IT systems that work to meet the requirements of the Exchange while also determining Medicaid eligibility; consequently, States can continue to submit APDs to CMS directly for consideration of State reimbursement for Medicaid eligibility IT systems.
- f. Activities unrelated to Exchange planning and establishment such as:
  - i. Staff retreats;
  - ii. Promotional giveaways; and
  - iii. To provide services, equipment, or supports that are the legal responsibility of another party under Federal or State law (e.g.; vocational rehabilitation or education services) or under any civil rights laws. Such legal responsibilities include, but are not limited to, modifications of a workplace or other reasonable accommodations that are a specific obligation of the employer or other party.

## **V. APPLICATION REVIEW AND SELECTION INFORMATION**

In order to receive a Cooperative Agreement for establishing Exchange IT Systems related to the implementation of an Exchange, States must submit an application, in the required format, no later than the deadline date.

If an applicant does not submit **all** of the required documents and does not address each of the topics described below, the applicant risks not being awarded a grant.

As indicated in Section IV, Application and Submission Information, all applicants **must** submit the following:

1. Standard Forms
2. Required Letters of Support
3. Applicant's Application Cover Letter
4. Project Abstract
5. Project Narrative
6. Work Plan
7. Budget Narrative
8. Letters of Agreement and/or Description(s) of Proposed/Existing Project
9. Descriptions for Key Personnel & Organizational Chart

#### **A. Review Criteria**

The review criteria for applications are based on a total of 100 points for the following areas:

##### **1. Project Narrative**

###### **a. Commitment – 5 points**

- Discussion of the existence or pending passage of necessary State and local statutory or regulatory changes required to implement the program quickly.
- Inclusion of a list of the stakeholders within the State, including the State Medicaid Director who will be involved in the planning/implementation of the Exchange, including the role proposed for each stakeholder as well as agreements with those stakeholders that may be in place at the time of application. The applicant should specifically address collaboration with the State Medicaid program in design, development, and implementation of the Exchange IT system. The applicant may also include scope and details of pending/existing enabling legislation.

###### **b. Opportunities to Share, Leverage, and Re-use Exchange IT Systems' Components – 15 points**

- Inclusion of letters from other States expressing an interest in using components of Exchange IT systems developed by the applicant State(s). States that apply as a consortium with three or more States are considered to have fulfilled this criterion.
- Extent to which applicant includes commitment to include other States in an advisory panel or other consultative roles.
- Extent to which the program may be broadly applicable to and/or replicable in other States.
- Extent to which applicant expresses commitment to share architecture with other States.

###### **c. Readiness to Establish an Exchange IT Systems - 35 points (the seven areas in the Readiness Assessment (Appendix A) are each worth five points)**

- Extent to which the applicants demonstrated they are in an advanced state of readiness to engage in early phases of a systems development lifecycle process (i.e., initiation, concept development, requirements, etc.). Also, the extent to which to applicant provided substantiated evidence of a high-level of readiness through the Readiness Assessment presented in Appendix A: Readiness Assessment for Project Narrative. Also, note this includes the reasonableness and cost effectiveness of the proposed budget in relation to the objectives, the complexity of the activities, and the anticipated results.

**d. Program Requirements - 20 points**

- Extent to which the applicant demonstrates governance and technical competence in addressing Key Principles and Core Exchange Functions supported by IT found in the program requirements.
- Extent to which the applicant provides a thorough understanding of the importance of using IT standards and is committed to their use in the Exchange. For details on Section 1561 standards, see: <http://healthit.hhs.gov/portal/server.pt?open=512&mode=2&objID=3161>.
- Extent to which the applicant demonstrates a plan for compliance with any IT guidance relating to the Exchange or Medicaid issued by HHS.
- If applicable (if a State has submitted an Advanced Planning Document (APD) to Center for Medicaid and Medicare Services (CMS) for Medicaid systems funding in last three years), the extent to which the applicants provides a summary of any submission(s) and CMS' response.

**e. Resources and Capabilities - 15 points**

- Extent to which the applicant organization is capable of leading, managing, and implementing the program.
- Extent to which the described organizational structure has the appropriate authority, can provide adequate oversight of the project, and can ensure collaboration among critical players.
- Extent to which proposed key program personnel, including proposed contractors and/or consortium members, are qualified by training and/or experience to implement and carry out the project.
- Expertise and experience of proposed project staff to carry out their specific roles in the program as supported by education and/or work history.
- Capabilities of other key organizations playing a role in the program's implementation.
- Cooperative arrangements among State entities and other participating organizations or groups are well described and documented (if consortia, as applicable).
- Engagement of agencies that are responsible for other key health and human services programs in the planning and development processes.
- Demonstration of readiness to initiate grant activities after award without undue delay and complete them in a timely fashion.

**f. Evaluative Measures - 5 points**

- Inclusion of a detailed multi-year impact evaluation plan.
- Discussion of key indicators to be measured.
- Effectiveness of methods proposed to monitor progress and evaluate the achievement of program goals.
- Inclusion of plans for timely interventions when targets are not met or unexpected obstacles delay plans.

## 2. Budget and Work plan - 5 points

- Reasonableness and completeness of the description of the specific tasks to be conducted under the 2 year project with associated milestones which are linked budget resources with specified product dates.
- Inclusion of a description that indicates which elements of the proposal the applicant expects to also benefit the State's Medicaid system and how the applicant will allocate costs between these two sources of funding.

## B. Review and Selection Process

A team consisting of qualified experts will review all applications. The review process will include the following:

1. Applications will be screened to determine eligibility for further review using the criteria detailed in the Section III, *Eligibility Information* of this FOA. Applications that are received late or fail to meet the eligibility requirements as detailed in this FOA or do not include the required forms will not be reviewed.
2. Procedures for assessing the technical merit of grant applications have been instituted to provide for an objective review of applications and to assist the applicant in understanding the standards against which each application will be judged. Review criteria are used to review and to rank applications. Critical indicators have been developed for each review criterion to assist the applicant in presenting pertinent information related to that criterion and to provide the reviewer with a standard for evaluation. Review criteria, according to which all applications will be evaluated, are outlined above with specific detail and scoring points. Applications will be evaluated by a peer review committee. Applicants should pay strict attention to addressing all these criteria, as they are the basis upon which the reviewers will evaluate their applications.
3. Final award decisions will be made by the Director of OCIIO. In making these decisions, the Director of OCIIO will take into consideration: recommendations of the review panel; reviews for programmatic and grants management compliance; the reasonableness of the estimated cost to the government considering the available funding and anticipated results; and the likelihood that the proposed project will result in the benefits expected.

The government reserves the right to conduct pre-award Budget Negotiation with potential awardees.

### *Funding Preference*

The Office of Consumer Information and Insurance Oversight will consider geographic diversity in the allocation of these Cooperative Agreement awards.

### **C. Anticipated Announcement and Award Date**

The anticipated date of award for Cooperative Agreement to Support Innovative Exchange Information Technology Systems is February 15, 2011.

## **VI. AWARD ADMINISTRATION INFORMATION**

### **A. Award Notices**

Successful applicants will receive a Notice of Grant Award signed and dated by the HHS Grants Management Officer. The Notice of Grant Award is the document authorizing the grant award and will be sent through the U.S. Postal Service to the State as listed on the SF 424. Any communication between HHS and applicants prior to issuance of the Notice of Grant Award is not an authorization to begin performance of a project. Unsuccessful applicants are notified within 30 days of the final funding decision and will receive a disapproval letter via U.S. Postal Service or electronic mail.

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

The following standard requirements apply to applications and awards under this FOA:

1. Specific administrative requirements, as outlined in 2 CFR Part 215 and 45 CFR Part 92, apply to this grants awarded under this announcement.
2. All States receiving awards under this grant project must comply with all applicable Federal statutes relating to nondiscrimination including, but not limited to:
  - a. Title VI of the Civil Rights Act of 1964,
  - b. Section 504 of the Rehabilitation Act of 1973,
  - c. The Age Discrimination Act of 1975,
  - d. Hill-Burton Community Service nondiscrimination provisions, and
  - e. Title II Subtitle A of the Americans with Disabilities Act of 1990,
3. All equipment, staff, other budgeted resources, and expenses must be used exclusively for the project identified in the applicant's original grant application or agreed upon subsequently with HHS, and may not be used for any prohibited uses.
4. Consumers and other stakeholders must have meaningful input into the planning, implementation, and evaluation of the project. All grant budgets must include some funding to facilitate participation on the part of individuals who have a disability or long-term illness and their families. Appropriate budget justification to support the request for these funds must be included.

### **C. Terms and Conditions**

Grants issued under this FOA are subject to the *Health and Human Services Grants Policy Statement (HHS GPS)* at <http://www.hhs.gov/grantsnet/adminis/gpd/>. Standard terms and special terms of award will accompany the Notice of Grant Award. Potential applicants should be aware

that special requirements could apply to grant awards based on the particular circumstances of the effort to be supported and/or deficiencies identified in the application by the HHS review panel. The general terms and conditions that are outlined in Section II of the HHS GPS will apply as indicated unless there are statutory, regulatory, or award-specific requirements to the contrary (as specified in the Notice of Grant Award).

**Subaward Reporting and Executive Compensation:** As required by the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109–282), as amended by Section 6202 of Public Law 110–252, recipients must report information for each subaward of \$25,000 or more in Federal funds and executive total compensation for each of your five most highly compensated executives for the preceding completed fiscal year as outlined in Appendix A to 2 CFR Part 170. Information about the Federal Funding and Transparency Act Subaward reporting System (FSRS) is available at [www.fsr.gov](http://www.fsr.gov).

All prime grantees will be required to provide a DUNS number in order to be able to register in FSRS as a prime grantee user. If your organization does not have a DUNS number, you will need to obtain one from Dun & Bradstreet. Call D&B at 866-705-5711 if you do not have a DUNS number. Once you have obtained a DUNS Number from D&B, you must then register with the Central Contracting Registration (CCR) at [www.ccr.gov](http://www.ccr.gov). Organization must report executive compensation as part of the registration profile at [www.ccr.gov](http://www.ccr.gov) by the end of the month following the month in which this award is made, and annually thereafter. After you have completed your CCR registration, you will be able to register in FSRS as a prime grantee user.

#### **D. Cooperative Agreement Terms and Conditions of Award**

The following special terms of award are in addition to, and not in lieu of, otherwise applicable OMB administrative guidelines, HHS grant administration regulations at 45 CFR Parts 74 and 92 (Part 92 is applicable when State and local Governments are eligible to apply), and other HHS, PHS, and OCIO grant administration policies.

The administrative and funding instrument used for this program will be the Cooperative Agreement, an assistance mechanism in which substantial OCIO programmatic involvement with the recipients is anticipated during the performance of the activities. Under the Cooperative Agreement, the OCIO purpose is to support and stimulate the recipients' activities by involvement in and otherwise working jointly with the award recipients in a partnership role. To facilitate appropriate involvement during the period of this Cooperative Agreement, OCIO and the recipient will be in contact monthly and more frequently when appropriate.

Cooperative Agreement Roles and Responsibilities are as follows:

#### **Office of Consumer Information and Insurance Oversight**

OCIO will have substantial involvement in program awards, as outlined below:

- **Technical Assistance** – This includes Federal guidance on the evolution of Exchanges in accordance with criteria to be established by the Secretary through the rulemaking process and guidance issued by OCIO and CMS. Over time, OCIO will also assist

- States in meeting the strategic goals of the State and overall program on a national level through ongoing support made available through other OCIIO-funded programs.
- Collaboration – To facilitate compliance with the terms of the Cooperative Agreement and to more effectively support recipients, OCIIO will actively coordinate with critical stakeholders, such as:
    - State Designated Entities
    - State Government HIT and Health Insurance Exchange Leads
    - Other Relevant Federal Agencies including the Internal Revenue Service, the Department of Homeland Security, and the Social Security Administration.
  - Program Evaluation – OCIIO will work with recipients to implement lessons learned to continuously improve this program and the nation-wide implementation of the Health Insurance Exchanges.
  - Project Officers and Monitoring – OCIIO will assign specific Project Officers to each Cooperative Agreement award to support and monitor recipients throughout the period of performance. OCIIO Grants Management Officers and Project Officers will monitor, on a regular basis, progress of each recipient. This monitoring may be by phone, document review, on-site visit, other meeting and by other appropriate means, such as reviewing program progress reports and Federal Financial Reports (SF425). This monitoring will be to determine compliance with programmatic and financial requirements.
  - Conference and Training Opportunities – OCIIO will host opportunities for training and/or networking and will also host conference calls and other vehicles.

### **Recipients**

Recipients and assigned points of contact retain the primary responsibility and dominant role for planning, directing and executing the proposed project as outlined in the terms and conditions of the Cooperative Agreement and with substantial OCIIO involvement. Responsibilities include:

- Requirements – Recipients shall comply with all current and future requirements of the project, including those issued through rulemaking and guidance specified and approved by the Secretary of HHS.
- Collaboration – Recipients are required to collaborate with the critical stakeholders listed in this FOA and the OCIIO team, including the assigned Project Officer. Recipients are also required to collaborate with their State Medicaid Directors and other key State stakeholders such as the HIT Coordinators.
- Reporting – Recipients are required to comply with all reporting requirements outlined in this FOA and the terms and conditions of the Cooperative Agreement to ensure the timely release of funds.
- Program Evaluation – Recipients are required to cooperate with OCIIO-directed national program evaluations.

### **Intellectual Property**

As a term and condition of a grant award, under 45 CFR 92.34, the Federal awarding agency will retain a royalty-free, nonexclusive, irrevocable license to reproduce, publish or otherwise use and authorize others to use, for Federal Government purposes, the copyright in any work developed under the grant, or a subgrant or subcontract, and in any

rights to a copyright purchased with grant support. Grantees must provide HHS with a working electronic copy of the software (including object and source code) with the right to distribute it to others for Federal Purposes throughout the execution of the Cooperative Agreement.

The system design and software would be developed in a manner very similar to an open source model.

State grantees under this cooperative agreement shall not enter in to any contracts supporting the Exchange systems where Federal grant funds are used for the acquisition or purchase of software licenses and ownership of the licenses are not held or retained by either the State or Federal government.

## **E. Reporting**

All successful applicants under this announcement must comply with the following reporting and review activities:

### **1. Semi-Annual Project Report**

Grantees must provide the Project Officer information such as, but not limited to, project status, implementation activities initiated, accomplishments, barriers, and lessons learned in order to ensure that funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated. More details of the report will be outlined in the Notice of Grant Award. The report could include, but will not be limited to:

- Progress on goals, objectives, activities
- Changes in work plan components
- Lessons learned

### **2. Public Report**

Grantees will be required to prominently post specific information about planning grants on their respective Internet websites to ensure that the public has information on the use of funds. More details will be outlined in the Notice of Grant Award.

### **3. Performance Review**

OCIIO is interested in enhancing the performance of its funded programs within communities and States. As part of this agency-wide effort, grantees will be required to participate, where appropriate, in an on-site performance review of their OCIIO-funded project(s) by a review team. The timing of the performance review is at the discretion of OCIIO.

### **4. Financial Status Report (FSR) (SF 269: Expenditure Report)**

Grantees are required to submit a final FSR within 90 days of the end of the project/budget period. The report is an accounting of expenditures made by the recipient under the current reporting period. More details will be outlined in the Notice of Grant Award.

The FFR SF425 was designed to replace the Financial Status Report SF269 and the Federal Cash Transactions Report SF272 with one comprehensive financial reporting form. Until HHS fully migrates to the SF425 FFR, recipients are still required to submit the SF269 Financial Status Report (FSR) within 90 days of the budget period end date.

**5. Audit Requirements**

Grantees must comply with audit requirements of Office of Management and Budget (OMB) Circular A-133. Information on the scope, frequency, and other aspects of the audits can be found on the Internet at [www.whitehouse.gov/omb/circulars](http://www.whitehouse.gov/omb/circulars).

**6. Payment Management Requirements**

Grantees must submit a quarterly electronic SF 425 via the Payment Management System. The report identifies cash expenditures against the authorized funds for the grant. Failure to submit the report may result in the inability to access grant funds. The SF 425 Certification page should be faxed to the PMS contact at the fax number listed on the SF 425, or it may be submitted to the:

Division of Payment Management  
HHS/ASAM/PSC/FMS/DPM  
PO Box 6021  
Rockville, MD 20852  
Telephone: (877) 614-5533

**F. Agency Contacts**

For questions and concerns regarding this cooperative agreement, please contact:

**Grants Management Official/Business**

**Administration**

Michelle Feagins  
Office of Consumer Information and Insurance  
Oversight  
Department of Health and Human Services  
(301) 492-4312

[Michelle.Feagins@hhs.gov](mailto:Michelle.Feagins@hhs.gov)

**Program Official/Programmatic**

**Management**

Terence Kane  
Office of Consumer Information and Insurance  
Oversight  
Department of Health and Human Services  
(301) 492-4449

[Terence.kane@hhs.gov](mailto:Terence.kane@hhs.gov)

## VII. APPENDICES

### A. Appendix A: READINESS ASSESSMENT for Project Narrative

The applicant is required to perform a Readiness Assessment to identify the gaps between their current state of readiness and the future Exchange environment. **Please critically evaluate your state of readiness to implement Exchange IT systems for each criterion.** The following set of topics shall be addressed as the applicant conducts the review. In addition, provide a summary of conclusions regarding your readiness.

#### 1. Technical Architecture

- The applicant shall provide specific details regarding their current systems and how they expect their Exchange environment to differ from the As-Is environment.
  - Identify all current/legacy software
  - Identify all current/legacy hardware
  - Identify all target system software
  - Identify all target system hardware

#### 2. Applicable Standards (The following standards do not represent an exhaustive list by which a State must consider in planning the target environment in which to maximize the use of standards)

- 1561 Recommendations
  - Per statutory requirement, ONC has developed a set of specific recommendations that pertain to standards and protocols that facilitate enrollment of individuals in Health and Human Services programs. For details on Section 1561, see:  
<http://healthit.hhs.gov/portal/server.pt?open=512&mode=2&objID=3161>.  
One of the chief recommendations is that States will collaborate by using the NIEM (National Information Exchange Model) framework. This framework will allow for use of common data between multiple users and facilitate many aspects of enrollment.
    - How is the applicant incorporating NIEM into its processes?
    - What implications will this have from a data management standpoint?
    - How will the Applicant adapt to the Section 1561 recommendations?
    - Use of x12n HIPAA 834 enrollment and 270/271 eligibility transactions.
- HIPAA
  - The HIPAA Privacy Rule provides Federal protections for personal health information held by covered entities and gives patients an array of rights with respect to that information. At the same time, the Privacy Rule is balanced so that it permits the disclosure of personal health information needed for patient care and other important purposes.
    - How will the administrative, physical and technical requirements of HIPAA relate to future Exchange operations?

- Is the applicant prepared to adhere to these rules as it develops new Exchange interfaces?
- Accessibility for individuals with disabilities
  - Enrollment and eligibility systems should be designed to meet the diverse needs of users (e.g., consumers, State personnel, other third party assisters) without barriers or diminished function or quality, using legal requirements under Section 508 (for the Federal government), Section 504 (for recipients of Federal financial assistance), and Title II of the Americans with Disabilities Act (for State and local governments). Therefore, electronic eligibility and enrollment systems shall include usability features or functions that accommodate the needs of persons with disabilities, including those who use assistive technology. To meet these standards and to meet the needs of diverse users, applications should address how they will comply with the latest 508 guidelines issues by the US Access Board or standards that provide greater accessibility for individuals with disabilities.
  - How is the applicant poised to adapt to these standards?
- Security
  - The applicant shall address Fair Information Practices (FIP) in new and existing eligibility and enrollment systems to safeguard consumer information. The following are best practices the applicant can consider for implementing FIPs in the State systems:
    - **Collection Limitation:** State systems shall be designed to collect the minimum data necessary for an eligibility and enrollment determination. This shall be balanced with the desire to reuse information for multiple eligibility decisions.
    - **Data Integrity & Quality:** States shall establish a minimum threshold level for data matches, adopting a glide-path towards achieving advanced probabilistic matching.
    - **Openness & Transparency:** Clear, transparent policies about authorizing access and use of data shall be provided to the applicant in the Privacy Notice.
- Federal Information Processing Standards (FIPS)
  - Under the Information Technology Management Reform Act (Public Law 104-106), the Secretary of Commerce approves standards and guidelines that are developed by the National Institute of Standards and Technology (NIST) for Federal computer systems. These standards and guidelines are issued by NIST as Federal Information Processing Standards (FIPS) for use government-wide. NIST develops FIPS when there are compelling Federal government requirements such as for security and interoperability and there are no acceptable industry standards or solutions. See Recommendation 5.3 in Section 1561 recommendations for more details:  
<http://healthit.hhs.gov/portal/server.pt?open=512&mode=2&objID=3161>.

- How is the applicant poised to adapt to these standards?

### 3. Stakeholder Engagement

- One of the minimum functions of an Exchange is to ensure stakeholder involvement in the planning and establishment of the Exchange.
- The applicant should identify stakeholders that it has already consulted and share its plan for continuing to engage other stakeholders in its planning and implementation. The plan should identify key stakeholders, including the State Medicaid Director.

### 4. Governance

- How will the Exchange be structured i.e. State agency, non-profit, or independent State agency? If the State has not formally established this structure, please provide a status of this decision.

### 5. Planning and Resource Capabilities

- Project Plan
  - It is critical for the applicant to develop a comprehensive project plan to track all operations. During this planning process, the applicant shall consider crucial milestones, dates, etc. that will be tracked as they begin building/expanding their Exchange IT systems.
  - The applicant is encouraged to use the Systems Development Life Cycle (SDLC) framework while developing the said project plan. An example of an SDLC framework can be found here:  
[http://www.cms.gov/ILCPhases/01\\_Overview.asp#TopOfPage](http://www.cms.gov/ILCPhases/01_Overview.asp#TopOfPage)
- Resource Plans
  - The applicant shall develop detailed resource plans to help them understand how significant the burden will be as they integrate their existing systems with the Exchange. This analysis will require them to provide details on:
    - Predicted annual budgets
    - FTE estimates
    - Potential risks that could be incurred during integration
    - Reasonableness and cost effectiveness of the proposed budget in relation to the objectives, the complexity of the activities, and the anticipated results.

### 6. Collecting Data and Information

- The Applicant shall outline its process for reporting data and information to key entities. (Note: This reporting will be separate from the required grant reporting that is required of all applicants.)
  - How is the current system structured for reporting?
  - Is this system conducive for adapting to new reporting demands?
  - How will the State receive, process, and respond to complaints by consumers and small businesses on Exchange operations?

- Does the system support the transmission of certain information to insurers for resolution purposes and the transition of certain data to HHS, for monitoring and oversight purposes?
- How will the State manage health plan data?

7. Meeting Consumer Needs

- The State should indicate plans for providing access to consumer information.
  - Indicate plans for the Exchange to operate a call center, web portal, etc.

## **B. Appendix B: Federal Procurement Requirements for Grantees**

A grantee may acquire a variety of commercially available goods or services in connection with a grant-supported project or program. Grantees can use their own procurement procedures that reflect applicable State and local laws and regulations, as long as those procedures conform to the following applicable U.S. Department of Health and Human Services (HHS) regulations:

- HHS regulations at 45 CFR Part 92, Procurement Requirements for State, Local and Tribal Governments <http://www.hhs.gov/opa/grants/toolsdocs/45cfr92.html>.
- States must follow the requirements at Title 45 CFR Part 92.36(a). Generally, States must follow the same policies and procedures they use for procurements from non-Federal funds <http://www.hhs.gov/opa/grants/toolsdocs/45cfr92.html>.

Note: Regardless of the portion of the project that is supported by Federal funds, the applicant will be required to follow the Federal procurement requirements for all contracts related to the project.

### **Responsibility**

The grantee is responsible for the settlement and satisfaction of all contractual and administrative issues related to contracts entered into in support of an award. This includes disputes, claims, protests of award, source evaluation, or other matters of a contractual nature.

### **Simplified Acquisition**

Procedures shall be used to the maximum extent practicable for all purchase of supplies or services not exceeding the simplified acquisition threshold. The threshold for purchases utilizing the Simplified Acquisition Procedures cannot exceed \$100,000. Procurement actions may not be split to avoid competition thresholds. The simplified acquisition procedures were not developed to eliminate competition but to reduce administrative costs, improve opportunities for small, small disadvantaged, and women-owned small business concerns, promote efficiency and economy in contracting, and avoid unnecessary burdens.

### **Avoiding Conflicts of Interest**

Grantees shall avoid real or apparent organizational conflicts of interests and non-competitive practices among contractors with procurement supported by Federal funds. Procurement shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.

In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft grant applications, or contract specifications, requirements, statements of work, invitations for bids, and/or requests for proposals shall be excluded from competing for such procurements.

### **Contracts Pre-existing to the Grant Award**

When a grantee enters into a service-type contract in which the term is not concurrent with the budget period of the award, the grantee may charge the costs of the contract to the budget period in which the contract is executed:

- The awarding office has been made aware of this situation either at the time of application or through post-award notification.
- The contract was solicited and secured in accordance with Federal procurement standards.
- The recipient has a legal commitment to continue the contract for its full term.

Contract costs will be allowable only to the extent that they are for services provided during the grant's period of performance. The grantee will be responsible for contract costs that continue after the end of the grant budget period. Piggybacking onto existing, open contracts is generally unallowable.

**Factors that should be considered when selecting a contractor are:**

- Contractor integrity;
- Compliance with public policy;
- Record of past performance;
- Financial and technical resources;
- Responsive bid; and
- Excluded Parties Listing (Debarred Contractors <https://www.epls.gov/>).

**Contracts will be normally competitively bid unless:**

- The item is available only from a single source;
- After solicitation of a number of sources, competition is determined inadequate; or
- Meets the requirements of simplified acquisition.

## C. Appendix C: GUIDELINES FOR BUDGET PREPARATION

### INTRODUCTION

Guidance is offered for the preparation of a budget request. Following this guidance will facilitate the review and approval of a requested budget by insuring that the required or needed information is provided. This is to be for done for each 12 month period of the grant project period.

#### A. Salaries and Wages

For each requested position, provide the following information: name of staff member occupying the position, if available; annual salary; percentage of time budgeted for this program; total months of salary budgeted; and total salary requested. Also, provide a justification and describe the scope of responsibility for each position, relating it to the accomplishment of program objectives.

#### *Sample budget*

##### *Personnel*

Total \$ \_\_\_\_\_  
 OCIO Grant \$ \_\_\_\_\_  
 Non OCIO Grant \$ \_\_\_\_\_  
 Funding Source(s) of Non-OCIO Grant \_\_\_\_\_

<i>Position Title and Name</i>	<i>Annual</i>	<i>Time</i>	<i>Months</i>	<i>Amount Requested</i>
<i>Project Coordinator Susan Taylor</i>	<i>\$45,000</i>	<i>100%</i>	<i>12 months</i>	<i>\$45,000</i>
<i>Finance Administrator John Johnson</i>	<i>\$28,500</i>	<i>50%</i>	<i>12 months</i>	<i>\$14,250</i>
<i>Outreach Supervisor (Vacant*)</i>	<i>\$27,000</i>	<i>100%</i>	<i>12 months</i>	<i>\$27,000</i>

#### *Sample Justification*

*The format may vary, but the description of responsibilities should be directly related to specific program objectives.*

##### *Job Description: Project Coordinator - (Name)*

*This position directs the overall operation of the project; responsible for overseeing the implementation of project activities, coordination with other agencies, development of materials, provisions of in service and training, conducting meetings; designs and directs the gathering, tabulating and interpreting of required data, responsible for overall program evaluation and for staff performance evaluation; and is the responsible authority for ensuring necessary reports/documentation are submitted to OCIO. This position relates to all program objectives.*

**B. Fringe Benefits**

Fringe benefits are usually applicable to direct salaries and wages. Provide information on the rate of fringe benefits used and the basis for their calculation. If a fringe benefit rate is not used, itemize how the fringe benefit amount is computed.

**Sample Budget**

*Fringe Benefits*

*Total \$* \_\_\_\_\_  
*OCIIO Grant \$* \_\_\_\_\_  
*Non OCIIO Grant \$* \_\_\_\_\_  
*Funding Source(s) of Non-OCIIO Grant* \_\_\_\_\_

*25% of Total salaries = Fringe Benefits*

*If fringe benefits are not computed by using a percentage of salaries, itemize how the amount is determined.*

*Example: Project Coordinator — Salary \$45,000*

<i>Retirement 5% of \$45,000</i>	<i>=</i>	<i>\$2,250</i>
<i>FICA 7.65% of \$45,000</i>	<i>=</i>	<i>3,443</i>
<i>Insurance</i>	<i>=</i>	<i>2,000</i>
<i>Workers' Compensation</i>	<i>=</i>	_____
<i>Total:</i>		

**C. Consultant Costs**

This category is appropriate when hiring an individual to give professional advice or services (e.g., training, expert consultant, etc.) for a fee but not as an employee of the grantee organization. Hiring a consultant requires submission of the following information to OCIIO (see **Required Reporting Information for Consultant Hiring later in this Appendix**):

1. Name of Consultant;
2. Organizational Affiliation (if applicable);
3. Nature of Services to Be Rendered;
4. Relevance of Service to the Project;
5. The Number of Days of Consultation (basis for fee); and
6. The Expected Rate of Compensation (travel, per diem, other related expenses)—list a subtotal for each consultant in this category.

If the above information is unknown for any consultant at the time the application is submitted, the information may be submitted at a later date as a revision to the budget. In the body of the budget request, a summary should be provided of the proposed consultants and amounts for each.

**D. Equipment**

Provide justification for the use of each item and relate it to specific program objectives. Maintenance or rental fees for equipment should be shown in the “Other” category.

**Sample Budget**

*Equipment*

Total \$ \_\_\_\_\_  
OCHIO Grant \$ \_\_\_\_\_  
Non OCHIO Grant \$ \_\_\_\_\_  
Funding Source(s) of Non-OCHIO Grant \_\_\_\_\_

<u>Item Requested</u>	<u>How Many</u>	<u>Unit Cost</u>	<u>Amount</u>
Computer Workstation	2 ea.	\$2,500	\$5,000
Fax Machine	1 ea.	600	600
		Total	\$5,600

**Sample Justification**

Provide complete justification for all requested equipment, including a description of how it will be used in the program.

**E. Supplies**

Individually list each item requested. Show the unit cost of each item, number needed, and total amount. Provide justification for each item and relate it to specific program objectives. If appropriate, General Office Supplies may be shown by an estimated amount per month times the number of months in the budget category.

**Sample Budget**

*Supplies*

Total \$ \_\_\_\_\_  
OCHIO Grant \$ \_\_\_\_\_  
Non OCHIO Grant \$ \_\_\_\_\_  
Funding Source(s) of Non-OCHIO Grant \_\_\_\_\_

General office supplies (pens, pencils, paper, etc.)		
12 months x \$240/year x 10 staff	=	\$2,400
Educational Pamphlets (3,000 copies @) \$1 each	=	\$3,000
Educational Videos (10 copies @ \$150 each)	=	\$1,500
Word Processing Software (@ \$400—specify type)	=	\$ 400

**Sample Justification**

General office supplies will be used by staff members to carry out daily activities of the program. The education pamphlets and videos will be purchased from XXX and used to illustrate and promote safe and healthy activities. Word Processing Software will be used to document program activities, process progress reports, etc.

**F. Travel**

Dollars requested in the travel category should be for **staff travel only**. Travel for consultants should be shown in the consultant category. Travel for other participants, advisory committees, review panel, etc. should be itemized in the same way specified below and placed in the “Other” category.

**In-State Travel**—Provide a narrative justification describing the travel staff members will perform. List where travel will be undertaken, number of trips planned, who will be making the trip, and approximate dates. If mileage is to be paid, provide the number of miles and the cost per mile. If travel is by air, provide the estimated cost of airfare. If per diem/lodging is to be paid, indicate the number of days and amount of daily per diem as well as the number of nights and estimated cost of lodging. Include the cost of ground transportation when applicable.

**Out-of-State Travel**—Provide a narrative justification describing the same information requested above. Include OCIHO meetings, conferences, and workshops, if required by OCIHO. Itemize out-of-state travel in the format described above.

**Sample Budget**

*Travel (in-State and out-of-State)*

Total \$ \_\_\_\_\_  
 OCIHO Grant \$ \_\_\_\_\_  
 Non OCIHO Grant \$ \_\_\_\_\_  
 Funding Source(s) of Non-OCIHO Grant \_\_\_\_\_

*In-State Travel:*

<i>1 trip x 2 people x 500 miles r/t x .27/mile</i>	=	\$ 270
<i>2 days per diem x \$37/day x 2 people</i>	=	148
<i>1 nights lodging x \$67/night x 2 people</i>	=	134
<i>25 trips x 1 person x 300 miles avg. x .27/mile</i>	=	2,025
<i>Total</i>		\$ 2,577

**Sample Justification**

*The Project Coordinator and the Outreach Supervisor will travel to (location) to attend an eligibility conference. The Project Coordinator will make an estimated 25 trips to local outreach sites to monitor program implementation.*

**Sample Budget**

*Out-of-State Travel:*

<i>1 trip x 1 person x \$500 r/t airfare</i>	=	\$500
<i>3 days per diem x \$45/day x 1 person</i>	=	135
<i>1 night’s lodging x \$88/night x 1 person</i>	=	88
<i>Ground transportation 1 person</i>	=	50
<i>Total</i>		\$773

**Sample Justification**

The Project Coordinator will travel to OCIO, in Atlanta, GA, to attend the OCIO Conference.

**G. Other**

This category contains items not included in the previous budget categories. Individually list each item requested and provide appropriate justification related to the program objectives.

**Sample Budget**

Other

Total \$ \_\_\_\_\_  
 OCIO Grant \$ \_\_\_\_\_  
 Non OCIO Grant \$ \_\_\_\_\_  
 Funding Source(s) of Non-OCIO Grant \_\_\_\_\_

Telephone

(\$ \_\_\_ per month x \_\_\_ months x #staff) = \$ Subtotal

Postage

(\$ \_\_\_ per month x \_\_\_ months x #staff) = \$ Subtotal

Printing

(\$ \_\_\_ per x \_\_\_ documents) = \$ Subtotal

Equipment Rental (describe)

(\$ \_\_\_ per month x \_\_\_ months) = \$ Subtotal

Internet Provider Service

(\$ \_\_\_ per month x \_\_\_ months) = \$ Subtotal

**Sample Justification**

Some items are self-explanatory (telephone, postage, rent) unless the unit rate or total amount requested is excessive. If not, include additional justification. For printing costs, identify the types and number of copies of documents to be printed (e.g., procedure manuals, annual reports, materials for media campaign).

**H. Contractual Costs**

Cooperative Agreement recipients must submit to OCIO the required information establishing a third-party contract to perform program activities (**see Required Information for Contract Approval later in this Appendix**).

1. Name of Contractor;
2. Method of Selection;
3. Period of Performance;
4. Scope of Work;
5. Method of Accountability; and
6. Itemized Budget and Justification.

If the above information is unknown for any contractor at the time the application is submitted, the information may be submitted at a later date as a revision to the budget. Copies of the actual contracts should not be sent to OCIO, unless specifically requested. In

the body of the budget request, a summary should be provided of the proposed contracts and amounts for each.

**I. Total Direct Costs** \$ \_\_\_\_\_  
 Show total direct costs by listing totals of each category.

**J. Indirect Costs** \$ \_\_\_\_\_  
 To claim indirect costs, the applicant organization must have a current approved indirect cost rate agreement established with the cognizant Federal agency. A copy of the most recent indirect cost rate agreement must be provided with the application.

**Sample Budget**

The rate is \_\_\_% and is computed on the following direct cost base of \$ \_\_\_\_\_.

<i>Personnel</i>	\$	
<i>Fringe</i>	\$	
<i>Travel</i>	\$	
<i>Supplies</i>	\$	
<i>Other</i>	\$ _____	
<i>Total</i>	\$	$x \text{ ___}\% = \text{Total Indirect Costs}$

If the applicant organization does not have an approved indirect cost rate agreement, costs normally identified as indirect costs (overhead costs) can be budgeted and identified as direct costs.

**REQUIRED REPORTING INFORMATION FOR CONSULTANT HIRING**

This category is appropriate when hiring an individual who gives professional advice or provides services for a fee and who is not an employee of the grantee organization. Submit the following required information for consultants:

1. Name of Consultant: Identify the name of the consultant and describe his or her qualifications.
2. Organizational Affiliation: Identify the organization affiliation of the consultant, if applicable.
3. Nature of Services To Be Rendered: Describe in outcome terms the consultation to be provided including the specific tasks to be completed and specific deliverables. A copy of the actual consultant agreement should not be sent to OCIO.
4. Relevance of Service to the Project: Describe how the consultant services relate to the accomplishment of specific program objectives.
5. Number of Days of Consultation: Specify the total number of days of consultation.
6. Expected Rate of Compensation: Specify the rate of compensation for the consultant (e.g., rate per hour, rate per day). Include a budget showing other costs such as travel, per diem, and supplies.

7. Method of Accountability: Describe how the progress and performance of the consultant will be monitored. Identify who is responsible for supervising the consultant agreement.

## REQUIRED INFORMATION FOR CONTRACT APPROVAL

All contracts require reporting the following information to OCIO.

1. Name of Contractor: Who is the contractor? Identify the name of the proposed contractor and indicate whether the contract is with an institution or organization.
2. Method of Selection: How was the contractor selected? State whether the contract is sole source or competitive bid. If an organization is the sole source for the contract, include an explanation as to why this institution is the only one able to perform contract services.
3. Period of Performance: How long is the contract period? Specify the beginning and ending dates of the contract.
4. Scope of Work: What will the contractor do? Describe in outcome terms, the specific services/tasks to be performed by the contractor as related to the accomplishment of program objectives. Deliverables should be clearly defined.
5. Method of Accountability: How will the contractor be monitored? Describe how the progress and performance of the contractor will be monitored during and on close of the contract period. Identify who will be responsible for supervising the contract.
6. Itemized Budget and Justification: Provide an itemized budget with appropriate justification. If applicable, include any indirect cost paid under the contract and the indirect cost rate used.

## D. Appendix D: Application Check-Off List

### REQUIRED CONTENTS

A complete application consists of the following materials organized in the sequence below. Please ensure that the project narrative is page-numbered. The sequence is:

- Forms/Mandatory Documents (Grants.gov) (with an original signature)
  - SF 424: Application for Federal Assistance
  - SF-424A: Budget Information
  - SF-424B: Assurances-Non-Construction Programs
  - SF-LLL: Disclosure of Lobbying Activities
  - Project Site Location Form(s)
  - Lobbying Certification Form (HHS checklist, 5161)
  
- Required Letters of Support (Governor and State Medicaid Director)
  
- Applicant's Application Cover Letter
  
- Project Abstract
  
- Project Narrative
  
- Work plan and Timeline
  
- Budget Narrative
  
- Required Appendices
  - Organizational Chart & Job Descriptions for Key Personnel
  - Letters of Agreement and/or Description(s) of Proposed/Existing Project