

**Department of Health and Human Services
Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services**

**MEDICAID PROGRAM AND CHILDREN'S HEALTH
INSURANCE PROGRAM GRANTS**

Initial Announcement

Invitation to Apply for FFY 2012:

**CHILDREN'S HEALTH INSURANCE PROGRAM
REAUTHORIZATION ACT (CHIPRA)
PROSPECTIVE PAYMENT SYSTEM (PPS) FOR
FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs) AND
RURAL HEALTH CLINICS (RHCs) TRANSITION GRANTS –
SECOND RELEASE**

Agency Funding Opportunity Number

CMS-1Z0-12-001

Competition ID Number

CMS-1Z0-12-001-013519

CFDA 93.767

DATE: January 11, 2012

Applicable Dates:

Voluntary Notice of Intent to Apply:	February 13, 2012
Electronic Grant Application Due Date:	March 12, 2012
Anticipated Issuance of Notice of Awards:	April 11, 2012
Anticipated Grant Period of Performance/Budget Period:	April 11, 2012 – April 10, 2013 (12 months)

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I. FUNDING OPPORTUNITY DESCRIPTION

1. Funding Description

Purpose

On February 4, 2009, the President signed into law the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA). CHIPRA ensures that States are able to continue their existing CHIP programs and provides funding to expand health insurance coverage to additional low-income, uninsured children. Section 503 of CHIPRA requires State CHIP programs to follow the requirements of Section 1902(bb) of the Social Security Act (the Act), which implemented a prospective payment system for Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) under the Medicaid program in 2001.

To comply with section 1902(bb) of the Act, State CHIP programs are required to develop a prospective payment system (PPS) or an alternative payment methodology (APM) agreed to by the FQHCs and RHCs to pay for these services. In February 2010, CMS issued a State Health Official (SHO) Letter explaining the options available to States to comply with this provision. Applicants are advised to review this SHO letter.

Authority

To help State CHIP programs meet these requirements, CHIPRA authorizes \$5 million in grant funds to assist States in the transition to making payments for services provided by FQHCs and RHCs under a PPS or APM. Specifically, the States eligible for these grants are States that operate a separate CHIP (i.e., separate from their Medicaid program) including those States that operate a combination CHIP (i.e., part of the State's CHIP is separate and the other part is an expansion of their Medicaid program).

Background

On February 22, 2010, the Centers for Medicare & Medicaid Services (CMS), released a competitive grant solicitation to offer available grant funding to States operating a separate or combination CHIP program for the purpose of assisting States with transitioning from current payment arrangements to a PPS or an APM to pay for FQHC/RHC services. In June 2010, CMS awarded \$1,934,345 in grant funds to four States. The Funding Opportunity Announcement (FOA) will offer an additional \$3,065,655 in grant funds to be made available for a one year period. The FOA is designed to once again provide assistance to States in the transition from the current payment methodology to a PPS or APM to pay for FQHC/RHC services provided to CHIP enrollees.

While CMS does not suggest one method of implementation over the next, the following is an example of one State's approach to transitioning from the State's current payment arrangement to a PPS. The State chose to make changes in its reimbursement methodology for FQHCs and RHCs from a fee for service arrangement to a separate CHIP PPS rate for the FQHCs and RHCs in the State.

A separate CHIP PPS model approach was chosen to effect this change to help assure CHIP enrollees access to services, particularly for mental health and dental services in the predominantly rural areas of the state. The State formed a stakeholder's advisory group, which

met several times in 2010 and 2011, and an accounting firm was selected through a competitive process by management to assist in the development of the PPS methodology.

In order to develop this new CHIP PPS rate, The State followed the process as outlined in the February 4, 2010 CHIPRA SHO letter. The State required each FQHC and RHC to complete Medicare cost reports for the period of 2006 through 2007, to calculate the total costs incurred by each FQHC and RHC in furnishing covered CHIP services during the base years. The State then divided the resulting sum by the total number of CHIP-covered visits in the base years, to establish a cost per visit amount. For succeeding years, the State increased the per visit rate to reflect the percentage of change in the Medicare Economic Index (MEI) applicable to these CHIP services. All of the FQHCs and RHCs in the State have agreed to the new CHIP PPS rates.

For a new provider who qualifies as an FQHC or RHC after the base years (2006 and 2007), PPS rates will be established using a different methodology than the methodology used for existing FQHCs and RHCs. The State has opted to provide interim encounter rates based on the average encounter rates for centers providing similar services until the new center has enough cost experience to complete cost reports for two years. Once cost reports are available, the average cost per visit for two years would become the “base rate” for the center and that rate would be trended forward for future years.

Some States have chosen to adopt the Medicaid PPS rate and use grant funding to adapt their systems. While other States have formulated an APM to make payments to the FQHCs and RHCs by way of the MCOs, making the payments received for the CHIP services equal to at least the PPS rate.

CMS envisions that the current grant opportunity will further help support States in the transition to a PPS or APM for FQHC and RHC services provided to CHIP beneficiaries.

Program Requirements

Awardees will implement specific activities designed to help them transition from current payment arrangements to a PPS or APM for benefits provided by FQHCs and RHCs to CHIP enrollees.

Grant funds may be used for a variety of activities aimed at allowing States to comply with the PPS transition requirements. During the past grant period, grantees have undertaken transition activities including, but not limited to the following:

- Financial system modifications;
- Implementing new auditing and reconciliation procedures;
- Collection and analysis of center cost reports;
- Obtaining contractual assistance for data gathering; or
- State plan modifications and potential contract re-negotiations with managed care plans.

Technical Assistance

All questions about the CHIPRA PPS/APM for FQHCs and RHCs Transition Grants – Second Release may be directed to Ticia Jones at Ticia.Jones@cms.hhs.gov and Cathy Cope at Cathy.Cope@cms.hhs.gov.

II. AWARD INFORMATION

1. Total Funding:

This solicitation discusses the available funding from CMS for CHIPRA PPS Transition Grants. CMS will offer a second round of grant funding totaling \$3,065,655, to States intending to implement this CHIPRA provision.

2. Awards/Number of Awards/Type of Award

CMS anticipates awarding 4 to 8 grants, with the individual award amounts ranging from a minimum of \$200,000 to a maximum of \$500,000. CMS will continually evaluate each awardee's performance and ability to show demonstrated progress toward program goals.

Termination of Award

Continued funding is dependent on satisfactory performance against operational performance measures and a decision that continued funding is in the best interest of the Federal Government. Projects will be funded subject to meeting terms and conditions specified and may be terminated if these are not met [see 1115A[42 USC 1315 a](b)(3)(B)].

3. Anticipated Award Date:

The anticipated award date is April 11, 2012.

4. The Period of Performance:

The anticipated period of performance for the one-year project is April 11, 2012 – April 10, 2013.

CMS is under no obligation to make additional awards under this program.

III. ELIGIBILITY INFORMATION

1. Eligible Applicants

This grant opportunity is open to any State that operates its State CHIP program separately or in combination with its Medicaid program. As defined under 45 CFR 74.2, "State" refers to "any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State

exclusive of local governments.” The terms “territory or possession” refers to Guam, the United States Virgin Islands, American Samoa, Puerto Rico, and the Commonwealth of the Northern Mariana Islands.

Additionally, this grant opportunity is open to both those States that have not yet implemented this CHIPRA provision as well as to States that would like to make enhancements to their current PPS/APM. Previous grantees may submit proposals to improve the PPS developed under the first grant, to fund a completely new project activity, or to fund a portion of the previous project that was not previously funded. Previous grantee States must explain what was accomplished during the previous grant period and why additional funding is needed at this time.

2. Cost Sharing/Matching and Maintenance of Effort:

Awardees are not required to provide a matching contribution.

3. Other

Letter of Support:

A State may include letter(s) of support from the State Primary Care Association and/or the Association of Rural Health Clinics, or other similar organization representing FQHCs and RHCs in the State.

4. Foreign and International Organizations:

Foreign and International Organizations are not eligible to apply.

5. Faith-Based Organizations:

Faith-Based Organizations are not eligible to apply.

IV. APPLICATION AND SUBMISSION INFORMATION

1. Website Address to Complete Application:

Applicants must submit their applications electronically through <http://www.grants.gov>.

The Centers for Medicare and Medicaid Services (CMS) requires that all applications be submitted electronically via the Grants.gov portal. Any applications submitted via any other means of electronic communication, including facsimile or electronic mail, *will not* be accepted for review.

2. Content and Form of Application Submission

A. Form of Application Submission. Each application must conform with the following specifications:

- Document must be 8.5” x 11” letter-sized with 1” margins (top, bottom, and sides). Other paper sizes will not be accepted. This is particularly important as it is often not possible to reproduce copies in a size other than 8.5” x 11”.
- All pages of the narrative sections must be DOUBLE-SPACED, using no smaller than 12 point font with an average character density no greater than 14 characters per inch. Application must be paginated in a single sequence.

The application Project Narrative will not exceed 12 pages in length, and the Budget Narrative will not exceed 3 additional pages (a total of 15 pages in length). The Project Abstract, additional supporting documentation in subsection B, and standard forms are excluded from the page limitation.

B. Overview of Grant Application Structure and Content

1. Application Check-off Cover Sheet (Attachment 4). Complete the cover sheet as indicated.
2. Application Cover Letter. The letter should be addressed to Paul Schimmel, 7500 Security Boulevard, B3-30-03, Baltimore, MD 21244 and must identify the State (or States) applying for the grant; Title of the project; Total amount of funding requested for the grant period; and Principal Investigator/Project Director of the grant project with contact information. The Cover Letter must be uploaded with the application and does not count toward the page limit.
3. Standard Forms. Standard forms must be completed using the instructions provided at: http://www.grants.gov/agencies/aforms_repository_information.jsp. The following standard forms must be completed and submitted as part of the application.
 - i. SF 424: Application for Federal Assistance
 - ii. SF 424 A: Budget Information (Sections A& B, column one only)
 - iii. SF 424 B: Assurances
 - iv. Additional Assurances
 - v. SF LLL: Disclosure of Lobbying Activities
 - vi. Key Contacts

Note:

- On SF 424 “Application for Federal Assistance”, please indicate in Item 15 (Descriptive Title of Applicant’s Project) the name of this grant: Children’s Health Insurance Program Reauthorization Act Prospective Payment System for Federally-Qualified Health Centers and Rural Health Clinics Transition Grants – Second Release.
- On Item 15 “Descriptive Title of Applicant’s Project”, state the specific grant opportunity for which you are applying: CHIPRA PPS for FQHCs and RHCs Transition Grants.

4. Project Abstract. A single-spaced one-page abstract should serve as a succinct description of the proposed project and should include the goals of the project, the total budget, a description of how the grant will be used by the State (or States) to develop or improve a system to make PPS payments to FQHCs and RHCs.
5. Project Narrative (Section V – no more than 12 pages double spaced)
6. Proposed Budget. The detailed Budget Narrative (no more than 3 pages double spaced) must include:
 - Estimated Budget Total.
 - Total estimated budget broken down by State;
 - Funding from other sources.
 - Total estimated funding requirements for each of the following line items, and a break down for each line item by grant quarter:
 - Personnel
 - Fringe benefits
 - Contractual costs, including subcontract contracts
 - Equipment
 - Supplies
 - Travel
 - Indirect charges, in compliance with the appropriate OMB Circulars. If requesting indirect costs in the budget, a copy of the indirect cost rate agreement is required.
 - Other costs
7. Appendices (not included in 12 page project narrative)
 - Letter(s) of Support
 - Resumes/Job Descriptions for Project Director and Assistant Director and the percentage of time that each person will be working on this project and the percentage of time that is spent on duties outside of the grant activities

3. Submission Dates and Times:

All grant applications must be submitted electronically and are due in on **March 12, 2012**. Applications received through <http://www.grants.gov> until 11:59 p.m. Eastern Standard time on **March 12, 2012** will be considered “on time.” All applications will receive an automatic time stamp upon submission and applicants will receive an automatic e-mail reply acknowledging the application’s receipt.

Electronic applications that do not meet the above criteria will be considered late. **Late applications will not be reviewed.**

4. Intergovernmental Review:

Applications for these grants are not subject to review by States under Executive Order 12372, “Intergovernmental Review of Federal Programs” (45 CFR 100). Therefore, please check box “C” of item 19 on the SF-424 (Application for Federal Assistance).

5. Funding Restrictions:

A. Indirect Costs. If requesting indirect costs, an Indirect Cost Rate Agreement will be required. Please submit a copy of the federally approved Indirect Cost Rate Agreement used in calculating the budget, if applicable. The provisions of OMB Circulars A-87 govern reimbursement of indirect costs under this announcement. Copies of OMB Circulars are available online at: <http://www.whitehouse.gov/omb/circulars>.

B. Direct Services. Grant funds may not be used to provide individuals with services that are already funded through Medicare, Medicaid, and/or CHIP.

C. Reimbursement of Pre-Award Costs

No grant funds awarded under this solicitation may be used to reimburse pre-award costs (e.g., consultant fees associated with preparing the CHIPRA PPS Transition Grant – Second Release).

D. Prohibited Uses of Grant Funds

No grant funds awarded under this solicitation may be used for any item listed in the Prohibited Uses of Grant Funds as detailed in Attachment 2.

The same scope of work may not be paid for by more than one CHIPRA PPS Transition Grant award or other Federal funding stream.

6. Other Submission Requirements:

The Centers for Medicare and Medicaid Services (CMS) requires that all applications be submitted electronically via the Grants.gov portal. Any applications submitted via any other means of electronic communication, including facsimile or electronic mail, *will not* be accepted for review.

Valid Applications

Applications will not be considered valid until all electronic application components are received by the CMS Office of Acquisitions and Grants Management according to the deadlines specified in this announcement. Application submissions that do not adhere to the due date requirements will be considered late and will be deemed ineligible.

Applicants are encouraged to initiate electronic applications early in the application development process. This will aid in addressing any problems with submissions prior to the application deadline. Grants.gov can take up to 48 hours to verify the submission and notify the applicant that the application has not been verified. The Centers for Medicare and Medicaid Services **will not** accept late applications due to verification failure.

Electronic Submission via the Grants.gov Website Portal

The Grants.gov Website Portal provides organizations with the ability to submit applications for CMS grant opportunities. Organizations must successfully complete the necessary registration processes in order to submit an application. Information about this system is available on the Grants.gov website, <http://www.grants.gov>. The registration process for an Organization can take between **three to five business days or as long as four weeks** if all steps are not completed in a timely manner. Please register early! Applications not submitted “on time” due to applicant’s failure to complete the entire grants.gov registration process in a timely manner will not be accepted.

- Electronic applications submitted via the Grants.gov Website Portal must contain all completed online forms required by the application kit, the Program Narrative, Budget Justification, and any appendices. Any files uploaded or attached to the Grants.gov application must be of the following file formats – Microsoft Word, Excel or PowerPoint, Corel WordPerfect, ASCII Text, Adobe PDF, or image formats (JPG, GIF, TIFF, or BMP only). Even though Grants.gov allows applicants to attach any file format as part of their application, CMS restricts this practice and only accepts the file formats identified above. Any file submitted as part of the Grants.gov application that is not in a file format identified above will not be accepted for processing and will be excluded from the application during the review process. The application must be submitted in a file format that can easily be copied and read by reviewers. It is recommended that scanned copies not be submitted through Grants.gov unless the applicant confirms the clarity of the documents. Pages cannot be reduced resulting in multiple pages on a single sheet to avoid exceeding the page limitation. All documents that do not conform to the above will be excluded from the application during the review process
- Upon completion of a successful electronic application submission via the Grants.gov Website Portal, the applicant will be provided with a confirmation page from Grants.gov indicating the date and time (Eastern Time) of the electronic application submission, as well as the Grants.gov Receipt Number. It is critical that the applicant print and retain this confirmation for their records, as well as a copy of the entire application package.
- All applications submitted via the Grants.gov Website Portal will be validated by Grants.gov. Any applications deemed “Invalid” by the Grants.gov Website Portal will not be transferred to CMS, and CMS has no responsibility for any application that is not validated and transferred to CMS from the Grants.gov Website Portal. Grants.gov will notify the applicant regarding the application validation status.
- Please note this is a two-step process. You will initially receive a notice that your application has been received by Grants.gov and is being validated. Validation may take up to 2 business days. You will receive a notice via email when your application has been validated by Grants.gov and is ready for CMS to retrieve and review. If your application fails validation it will not be accepted for review. Therefore, you should submit your electronic application with sufficient time to ensure that it is validated in case something needs to be corrected.
- Applicants should contact Grants.gov with any questions or concerns regarding

the electronic application process conducted through the Grants.gov Website Portal. At the <http://www.grants.gov> website, you will find information about submitting an application electronically through the site. However, if you experience technical challenges while submitting your application electronically, please contact Grants.gov Support directly at: support@grants.gov or (800) 518-4726. Customer Support is available to address questions 24 hours a day, 7 days a week (except on Federal holidays).

HHS strongly recommends that you do not wait until the application due date to begin the application process through <http://www.grants.gov>.

Following is a list of standard forms available in Grants.gov that can be used as part of the Application Package:

Application for Federal Assistance (SF-424)
Budget Information for Non-Construction Programs (SF-424A)
Assurances for Non-Construction Programs (SF-424B)
Lobbying SF-LLL
Project Abstract

Application Materials

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

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

- You can access the electronic application for this project at <http://www.grants.gov>. You must search the downloadable application page by the CFDA number shown on the cover page of this announcement.
- 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 free. To obtain a DUNS number, access the following website: 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 Organizational Representative: The Authorized Organizational 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. AORs must wait one business day after registration in CCR before entering their profiles in Grants.gov.
- When an AOR registers with Grants.gov to submit applications on behalf of an organization, that organization's E-Biz point-of-contact 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. HHS will retrieve your application form from Grants.gov. The tracking number is helpful if there are technical issues that cannot be resolved and a waiver from the agency must be obtained. When contacting Grants.gov please have the following information available to expedite your inquiry:
 - Funding Opportunity Number (FON)
 - Name of Agency You Are Applying To
 - Specific Area of Concern
- After HHS 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 and cooperative agreements 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 applications for the second round of awards, must be submitted electronically and be received through <http://www.grants.gov> by 11:59 pm Eastern Time on March 12, 2012.

All applications will receive an automatic time stamp upon submission and applicants will receive an automatic e-mail reply acknowledging the application's receipt.

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 may be authorized by circumstances that affect the public at large, such as natural disasters (e.g., floods or hurricanes) or disruptions of electronic (e.g., application receipt services) or other services, such as a prolonged blackout.

The applicant must seek a waiver **at least** ten days prior to the application deadline if the applicant wishes to submit a paper application. Applicants that receive a waiver to submit paper application documents must follow the following rules and timelines:

- If it is determined that a waiver is needed from the requirement to submit your proposal electronically, you must submit a request in writing (emails are acceptable) to Mary.Greene@cms.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 Division of Grants Management/OAGM by the application due date.
- In order to be considered for a waiver application, an applicant **must** adhere to the timelines for Central Contractor Registry (CCR) and Grants.gov registration, as well as request timely assistance with technical problems.

Grants.gov complies with Section 508 of the Rehabilitation Act of 1973. If an individual uses assistive technology and is unable to access any material on the site including forms contained with an application package, they can email the Grants.gov contact center at support@grants.gov or call 1-800-518-4726.

Notice of Intent to Apply

Applicants are strongly encouraged to submit a non-binding Notice of Intent to Apply (See Attachment 1). Notices of Intent to Apply are not required and submission or failure to submit a notice has no bearing on the scoring of proposals received; however, these notices do enable CMS to better plan for the application review process. Notices of Intent to Apply are due February 13, 2012, and must be submitted by facsimile to 410-786-8534 or, in the case of technical difficulties, 410-786-5882.

V. APPLICATION REVIEW INFORMATION

1. Criteria

This section fully describes the evaluation criteria for this grant program. In preparing applications, applicants are strongly encouraged to review the programmatic requirements detailed in Section I, Funding Opportunity Description. The application must be organized as detailed in Section IV, Application and Submission, of this solicitation.

A grant application must include the following components using no more than 15 pages (12 for the Project Narrative, and 3 for the Budget Narrative), excluding the Project Abstract and required forms. Each component will be judged and awarded up to a maximum number of points as noted in parentheses after each component.

Applications will be scored with a total of 100 points available. The following criteria will be used to evaluate applications received in response to this solicitation.

- **Abstract (10 points) (single spaced, one page, and not included in the page limit.)**
Provide a clear, concise description of the proposed project that includes the goals of the project, the total projected budget, a description of how the grant will be used to help transition payments to FQHCs and RHCs under the State's CHIP program to a PPS/APM system consistent with section 1902(bb). **The applicant must also include its commitment to sharing best practices and lessons learned with other grantees through a national conference call to be hosted by CMS.**
- **Project Narrative (75 points) – The project narrative should provide a clear description of each of the following:**
 - ***Statement of Project Need and Project Justification (15 points)*** – Describe the delivery system and current payment arrangements for FQHCs and RHCs under the State's CHIP program. Describe how the proposed project will assist the State in successfully and quickly implementing a PPS/APM system for FQHCs and RHCs consistent with section 1902(bb).
 - ***Project Goals and Outcomes (10 points)*** – Describe the goals, measurable outcomes, and anticipated impact of the transition project, including how it will benefit providers, beneficiaries, and the State. Estimate the projected number of managed care entities, FQHCs and RHCs that will be directly affected by the project. Indicate the anticipated implementation date of a PPS or APM if the State is not already in compliance with this CHIPRA provision.
 - ***Description of Project Implementation Readiness (15 points)*** – Describe the State's ability to begin implementation immediately upon award and expend all awarded grant funds within the grant award period.

- ***Description of Specific Project Activities (20 points)*** – Describe the size and scope of the project in terms of transitioning the current CHIP payment system for FQHCs and RHCs to a PPS system. Describe the specific activities that will be implemented under the transition project and identify how these activities will assist in addressing the need previously identified. Outline the State’s proposed process for making the transition to a PPS/APM methodology, including potential challenges to making the transition. Describe the collaboration and cooperation between the CHIP agency and the Medicaid agency (if they are different) that may assist the CHIP agency in making a successful transition to a PPS/APM system. Provide a timeline with implementation tasks and milestones, including the State’s expected participation in the national grantee conference call planned for TBD by CMS.
- ***Support from State Primary Care Association and/or State Association of Rural Health Clinics (5 points)*** – Describe the relationship between the State and the associations representing FQHCs and/or RHCs in the State. If a letter of support was provided by either of the associations, reference the letter(s) that should be appended to the application.
- ***Statement of State’s Ability to Report Progress (10 points)*** – Provide an assurance that the State will submit required interim and final reports on the progress achieved under the grant and will cooperate with the national evaluator in assessing the effectiveness of this grant opportunity. Describe the State’s plan to monitor and evaluate their progress toward stated goals during the grant period and how this information will be used to improve performance as needed.
- **Budget Narrative (15 points) – The budget narrative must include the following:**
 - ***Estimated budget total-*** Provide the budget break down by the requested Federal grant amount.
 - ***Total estimated funding requirements for the transition grant*** – Provide estimated funding requirements and description for each of the following line items.
 - Personnel/Fringe benefits
 - Travel
 - Contractual cost, including consultant contracts
 - Supplies
 - Equipment
 - Other costs- provide clear description and justification

2. Review and Selection Process:

The CMS will use a multi-phased review process to first determine the applications that will be reviewed, and then the merit of only those applications. The multi-phased review process includes the following:

- Applications will be screened to ensure that the applicant meets the eligibility criteria specified in Section III, *Eligibility Information*, of this solicitation. Applications that are received late or fail to meet the eligibility requirements as detailed in this solicitation or do not submit the required forms or exceed the specified page limitations will not be reviewed.
- Applications will be objectively reviewed by a panel of experts, the exact number and composition of which will be determined by the CMS at its discretion, but may include private sector subject matter experts, individuals employed by organizations affiliated with FQHCs and RHCs, and Federal policy staff. The review panel will utilize the objective criteria described in this section of the solicitation to establish an overall numeric score for each individual State application. The results of the objective review of applications will be used by the CMS staff to make final recommendations to the CMS approving official after ranking applications using the review scores, comments from the review panel, and other factors as described in the “Factors in Addition to Merit that May be Used in Selecting Applications for Award” indicated below.
- Factors in Addition to Merit that May be Used in Selecting Applications for Award. The CMS may distribute grant funds (as detailed in the “Award Administration Information” section of this solicitation). The CMS will not fund activities that are duplicative of efforts funded through its grant programs or other Federal resources.

After the applications are scored and ranked based upon the merits of how each application addresses the components outlined in this solicitation, the CMS will determine which applications are eligible to receive grant awards and the dollar amount of each award. CMS reserves the right to make final awards based on additional factors such as geographic distribution or funding a diversity of initiatives. Successful applicants will receive one grant award based on this solicitation, regardless of whether applying individually or as part of a group.

3. Anticipated Announcement Dates:

The anticipated announcement date is April 11, 2012.

VI. AWARD ADMINISTRATION INFORMATION

1. Award Notices:

Successful applicants will receive a Notice of Award (NOA) signed and dated by the CMS Grants Management Officer. The NOA is the document authorizing the grant award and will be sent through the U.S. Postal Service to the applicant organization as listed on its SF-424. Any communication between CMS and applicants prior to issuance of the NOA is not an authorization to begin performance of a project. Unsuccessful applicants will be notified by letter, sent through the U.S. Postal Service to the applicant organization as listed on its SF 424, within 30 days after issuance of the grant awards.

2. Administrative and National Policy Requirements:

The following standard requirements apply to applications under this solicitation:

- Specific administrative and policy requirements of applicants as outlined in 45 CFR 74 and 45 CFR 92 apply to this grant opportunity.
- All awardees receiving awards under these grant programs must meet the requirements of:
 - 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.
- All equipment, staff, and other budgeted resources and expenses must be used exclusively for the projects identified in the applicant's original grant application or agreed upon subsequently with the CMS, and may not be used for any prohibited uses.
- Consumers and other stakeholders must have meaningful input into the planning, implementation, and evaluation of the project.

3. Terms and Conditions

A funding opportunity award with the CMS will include the *Health and Human Services (HHS) Grants Policy Statement* at <http://www.hhs.gov/grantsnet/adminis/gpd/index.htm> and may also include additional specific grant "special" terms and conditions. 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 review panel or the CMS.

4. Reporting

The awardee is expected to complete one semi-annual progress report, 6 months after the project period begins, and a final report for CMS. The final report will be due 90 days after the conclusion of the project period.

Awardees must agree to cooperate with any Federal evaluation of the program and provide reports at the intervals listed in the terms and conditions of the award, and a final report at the end of the grant period in a form prescribed by the CMS (including the SF-425 "Financial Status Report" FSR forms). Progress reports may be submitted electronically. These reports will outline how grant funds were used, describe program progress, and describe any barriers and measurable outcomes. The CMS will provide a format for reporting and technical assistance necessary to complete required report forms. A signed, scanned PDF of the SF425 must be sent electronically to the CMS Grants Management Specialist as identified in the terms and conditions. The frequency of the SF425 report will be identified in the terms and conditions of the grant award. The final SF425 submitted to this office must agree with the final expenditures reported on the PSC272 to the Payment Management System. Before final FSR submission all obligations must be liquidated. An original and two copies are due no later than 90 days after the project period end date. Use Standard Form 425, which is available online at: http://www.whitehouse.gov/sites/default/files/omb/assets/grants_forms/SF-425.pdf. Please note

that interim SF425 reports should not be marked as final. If awarded a grant, please be prepared to provide the contact information of the person or office that will complete the Financial Status Reports.

VII. AGENCY CONTACTS

All questions about the CHIPRA PPS/APM for FQHCs and RHCs Transition Grants – Second Release may be directed to Ticia Jones at Ticia.Jones@cms.hhs.gov and Cathy Cope at Cathy.Cope@cms.hhs.gov.

ATTACHMENT 1

Optional Notice of Intent to Apply

**CHILDREN'S HEALTH INSURANCE PROGRAM REAUTHORIZATION ACT
(CHIPRA) PROSPECTIVE PAYMENT SYSTEM (PPS) FOR FEDERALLY –
QUALIFIED HEALTH CLINICS AND RURAL HEALTH CLINICS TRANSITION
GRANTS – SECOND RELEASE**

If submitting this notice, transmission by facsimile required.

Please complete and return by February 13, 2012 to: **Fax: 410-786-8534 (or in case of technical difficulties, 410-786-5882)**

1. Name of State (or States):
2. Applicant(s) Agency/Organization:
3. Lead Contact Name and Title:
4. Address:
5. Phone: _____ Fax:
6. E-mail address:

ATTACHMENT 2

Prohibited Uses of Grant Funds

Children's Health Insurance Program Reauthorization Act Prospective Payment System for FQHCs and RHCs Transition Grants - Second Release for FFY 2012 funds may not be used for any of the following:

1. To cover the costs to provide direct services to individuals.
2. To match any other Federal funds.
3. 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.
5. To supplant existing State, local, or private funding of infrastructure or services such as staff salaries, etc.

ATTACHMENT 3

Definitions

Act means the Social Security Act

Children's Health Insurance Program (CHIP) means a program established and administered by a State, jointly funded with the Federal government, to provide child health assistance to uninsured, low-income children through a separate child health program, a Medicaid expansion program, or a combination program as authorized under Title XXI of the Social Security Act.

Combination program means a program under which a State implements part of its CHIP as a Medicaid expansion program and the other part as a separate child health program. For example, a State may provide child health assistance to low-income children in families with incomes up to 200 percent of the Federal poverty level (FPL) through its Medicaid program, but operate a separate program to provide child health assistance to low-income children in families with incomes between 200 percent and 250 percent of the (FPL).

Eligible entity means a State with an approved separate or combination child health plan under Title XXI of the Social Security Act.

Enrollee means a child who receives health benefits coverage through CHIP.

Federal fiscal year starts on the first day of October each year and ends on the last day of the following September.

Federally Qualified Health Center means an entity defined in section 1861(aa)(3) of the Act.

Managed care entity (MCE) means an entity that enters into a contract to provide services in a managed care delivery system, including but not limited to managed care organizations, prepaid health plans, and primary care case managers.

Medicaid expansion program means a program under which a State operates its CHIP as part of its Medicaid program and is therefore subject to the requirements in title XIX of the Act.

Medicaid program means the program for medical assistance established under title XIX of the Act.

Prospective Payment System (PPS) means the methodology that States must use to make payments to each Federally Qualified Health Center (FQHC) or Rural Health Clinic (RHC) providing services to recipients as required by section 1902(bb).

Provider means an individual who provides health services to a health care consumer within the scope of practice for which the individual is licensed or certified to practice as governed by State law. An entity, such as a hospital or a pharmacy, which is duly-licensed pursuant to State law, is also characterized or classified as a provider.

Rural Health Clinic means an entity defined in section 1861(aa)(2) of the Act.

Separate child health program means a program under which a State operates its CHIP separately from its Medicaid program.

State means all States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa and the Northern Mariana Islands.

ATTACHMENT 4

APPLICATION COVER SHEET AND CHECK-OFF LIST

Page 1 of 2

Identifying Information:

Grant Opportunity: **CHILDREN'S HEALTH INSURANCE PROGRAM
REAUTHORIZATION ACT (CHIPRA)
PROSPECTIVE PAYMENT
SYSTEM FOR FEDERALLY-QUALIFIED HEALTH CENTERS AND
RURAL HEALTH CLINICS TRANSITION GRANTS – SECOND
RELEASE**

DUNS #: _____ Requested Grant Award: \$ _____

Applicant(s): _____

Primary Contact Person, Name: _____

Telephone number: _____ FAX number: _____

Email address: _____

State Agency/ies: _____

For CMS Administrative Purposes Only:

Completeness Check: _____

Panel Assignment: _____

APPLICATION COVER SHEET AND CHECK-OFF LIST

Page 2 of 2

Identifying Information:

Grant Opportunity: **CHILDREN'S HEALTH INSURANCE PROGRAM
REAUTHORIZATION ACT (CHIPRA)
PROSPECTIVE PAYMENT
SYSTEM FOR FEDERALLY-QUALIFIED HEALTH CENTERS AND
RURAL HEALTH CLINICS TRANSITION GRANTS – SECOND
RELEASE**

DUNS #: _____ Requested Grant Award: \$ _____

Applicant(s): _____

REQUIRED CONTENTS

A complete proposal consists of the following material organized in the sequence indicated. Please ensure that the project narrative is page-numbered. The sequence is:

- First: Cover Sheet
- Second: Applicant's Application Cover Letter
- Third: Forms / Mandatory Documents (Grants.gov) The following forms must be completed with an original signature and enclosed as part of the proposal:
 - SF 424: Application for Federal Assistance
 - SF 424 A: Budget Information (Sections A& B, column one only)
 - SF 424 B: Assurances
 - Additional Assurances
 - SF LLL: Disclosure of Lobbying Activities
 - Key Contacts
- Fourth: Project Abstract
- Fifth: Project Narrative
- Sixth: Proposed Budget (Narrative/Justification)
- Seventh: Appendices
 - Letter(s) of Support
 - Resume/Job Description for Project Director and Assistant Director