



The State Flexibility to Stabilize the Market Cycle II Grant Program



*CCIIO
Oversight Group*

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Background

- Section 1003 of the Affordable Care Act (ACA) added section 2794 to the Public Health Service Act (PHS Act) entitled, “Ensuring That Consumers Get Value for Their Dollars.”
- Congress appropriated \$250 million to be awarded in Federal fiscal years (FYs) 2010 through 2014 for the Rate Review Grant Program.
- Any appropriated Rate Review Grant funds that are not fully obligated by the end of FY14, will remain available to the Secretary for grants to States for planning and implementing the insurance market reforms and consumer protections under Part A of title XXVII of the PHS Act.

The State Flexibility to Stabilize the Market Cycle II Grant Program

- The State Flexibility to Stabilize the Market Cycle II Grant (State Flexibility Cycle II Grant) Program will provide States with the opportunity to ensure their laws, regulations, and procedures are in line with Federal requirements, and enhance the States ability to effectively regulate their respective health insurance markets through innovative measures that support the pre-selected provisions under Part A of title XXVII of the PHS Act.
- Funding for the grant program can help States assess the needs of consumers and support the development of innovative measures to ensure access to affordable health coverage in their respective individual and small group markets.

Applicable Reforms

Funding under the State Flexibility Cycle II Grant Program is available to States for activities related to planning and implementing the following provisions of Part A of title XXVII of the PHS Act:

- I. Section 2702 – Guaranteed Availability of Coverage
- II. Section 2703 – Guaranteed Renewability of Coverage
- III. Section 2707 – Non-discrimination under Comprehensive Health Insurance Coverage (Essential Health Benefits Package)

Permissible Use of Funds Activities

Section 2702- Guaranteed Availability of Coverage and

Section 2703- Guaranteed Renewability of Coverage

- States may use funds to assess whether other innovative measures are needed to strengthen the type of coverage provided by health insurance issuers in the individual, small group, and large group markets.
- Investigate ways to improve access to coverage, including addressing access in underserved areas.
- Perform or obtain the services of a contractor to assess whether issuers are in compliance with these provision.
- Use a market scan, actuarial or economic analysis to assess whether the coverage is comprehensive and affordable.

Permissible Use of Funds – Continued

Section 2707- Non-discrimination under Comprehensive Health Insurance Coverage (EHB Package)

- Perform an assessment of their EHB-Benchmark plan(s) to inform whether plans offering EHB in the State are meeting the needs of their respective individual and small group markets and are affordable for consumers.
- Research other State EHB-Benchmark plans and perform an analysis of potential adjustments to the respective State's existing EHB.
- Enhance or reconcile State law with Federal EHB requirements.
- Develop standard operating procedures and/or tools or use currently available tools to review plans to identify discriminatory benefit design.
- Utilize tools or hire staff to conduct formulary review.

Impermissible Use of Funds

- A State may only apply for activities that the State is not currently receiving Federal grant funding to plan and implement.
- A State must submit a letter as part of its application package attesting that the State is not receiving other Federal grant dollars for the same activity.
- For example: A State through another current federal grant proposed to develop training materials to aide in the review of plans and networks for discriminatory formulary and network design. Therefore, it is impermissible for a State to utilize State Flexibility Grant funds to perform the same activity. The State must propose different EHB related-activities under the State Flexibility Cycle II Grant.

Eligibility

- All 50 States and the District of Columbia are eligible to apply to plan and/or implement one or more of the pre-selected market reforms and consumer protections in Part A of Title XXVII of the PHS Act.
- Only one application per State is permitted, except in a State in which there is more than one regulating entity.
- Multiple applicants will be required to split the total grant award allocated for that State.
- Current grantees of the State Flexibility Cycle I Grant may apply for Cycle II; however, the activities proposed must be different.

Key Dates

- All applicants must submit a mandatory Letter of Intent (LOI) by **December 11, 2020**. Send LOI's to **James.Taing@cms.hhs.gov**.
- CMS will provide applicants with information on funding allocation prior to December 15, 2020.
- Applications are due **January 20, 2021** (3:00 p.m. EST) in **[Grants.gov](https://www.grants.gov)** (search CFDA # 93.413).
- State Flexibility Cycle II Grant awards will be issued by **April 1, 2021**.
- The grant will have a project and budget period of 24 months from the award date: **April 1, 2021 to March 31, 2023**.

Funding

- CMS anticipates approximately \$23.7 million will be available for the State Flexibility Cycle II Grant pending on the availability of funds.
- Baseline Funding: Each State will receive a minimum of \$445,000 for a two-year project period.
- CMS will inform States of additional funding allocations, including whether baseline award amounts have increased and if there are sufficient funds available for the “Workload” supplemental awards.
- States can apply and receive grant funds to support activities on one, two, or a combination of all three of the pre-selected Market Reforms.
- States will be awarded the same baseline award amount regardless of the number or type of market reform provisions selected.

Reimbursement of Pre-Award Costs

- Funds awarded under this Notice of Funding Opportunity may be used to reimburse pre-award costs that are allowable and incurred up to 90 days before grant award.
- The applicant must seek prior approval in writing before incurring pre-award costs. If a State does not receive a grant award, HHS is not liable for costs incurred by the applicant.

Application and Submission Process

- A Letter of Intent is required to apply for Cycle II funding. **Due on December 11, 2020.** E-mail letters of intent to James.Taing@cms.hhs.gov.
- All grant applications must be submitted electronically and be received through <http://www.grants.gov> by 3:00p.m.-Baltimore, MD on **January 20, 2021**.
- All applications will receive an automatic time stamp upon submission and applicants will receive an email reply acknowledging the application's receipt. **Applications not received by the application deadline through www.grants.gov will not be reviewed.**

Application and Submission Process - Continued

- In order to submit the application, a State must register through Grants.gov to receive a User ID and password.
- If a State wishes to submit a paper application, seek a waiver from at least 10 days prior to the application deadline. If it is determined that a waiver is needed, provide a written justification to Iris Grady (Iris.Grady@cms.hhs.gov) from the Office of Acquisition and Grants Management (OAGM) and James.Taing@cms.hhs.gov from the Center for Consumer Information and Insurance Oversight (CCIIO) to deviate from the standard electronic submission process.
- If approved, OAGM should receive the application by the due date. The application cannot be submitted until the State has received final word from OAGM.
- All applications should be submitted in a PDF file. Do not submit applications in a ZIP file.

Application and Submission Process - Continued

The following documents are required for a complete application:

- ✓ Required Forms/Mandatory Documents (Grants.gov) (with an electronic signature)
- ✓ SF-424/SF-424A/SF-424B
- ✓ SF-LLL
- ✓ Project Site Location Form (s)
- ✓ Project Narrative
- ✓ Work Plan
- ✓ Applicant's Application Cover Letter (excluded from page limitations)
- ✓ Project Abstract (excluded from page limitations)
- ✓ Budget Narrative (maximum of 10 pages)
- ✓ Business Assessment of Applicant Organization (maximum of 10 pages)
- ✓ Required Supporting Documentation (excluded from page limitations)
- ✓ State Certification of Maintenance of Effort
- ✓ Job Descriptions of Key Personnel & Organizational Chart
- ✓ Letter attesting to not receiving other Federal grant funding for the pre-selected market reform activities that the State plans on pursuing

Unique Agency Identifier and System for Award Management (SAM)

- An applicant is required to:
 - (i) Be registered in System Award Management (SAM) www.sam.gov before submitting its application;
 - (ii) Provide a valid unique entity identifier in its application; and
 - (iii) Continue to maintain an active SAM registration with current information at all times during which it has an active Federal award or an application or plan under consideration by a Federal awarding agency.
- All applicants must provide their Data Universal Numbering System (DUNS) and Employee Identification Number/Tax Identification Number (EIN/TIN) numbers in order to be able to register in the System for Award Management (SAM)* <https://www.sam.gov/portal/public/SAM/>.

Employer Identification Number (EIN)

- All applicants must have a valid Employer Identification Number (EIN), otherwise known as a Taxpayer Identification Number (TIN) assigned by the Internal Revenue Service.

Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS number)

- All applicants must have a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number in order to apply. The DUNS number is a nine-digit identification number that uniquely identifies business entities.
- To obtain a DUNS number, access the following website: www.dunandbradstreet.com or call 1-866-705-5711.
- Register as soon as possible. The process takes anywhere between 2-4 weeks.

Review and Selection Process

- Applications will be screened to determine eligibility for further review.
- Applications will be evaluated by an objective review committee. The objective review committee may include Federal and/or non-Federal reviewers.
- The results of the objective review of the applications by qualified experts will be used to advise the CMS approving official. Final award decisions will be made by a CMS approving official.
- CMS will do a review of risks posed by applicants prior to award.
- CMS reserves the right to conduct pre-award Negotiations with potential awardees.
- Factors other than merit that may be used in selecting applications for award.
- 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.

Federal Award Notices

- Successful applicants will receive a Notice of Award (NoA) issued by the HHS Grants Management Officer.
- The NoA is the document authorizing the grant award and will be issued to the applicant as listed on the SF-424 and available to the organization through the online grants management system used by CMS and awardee organizations.

Reporting Documents

- All successful applicants under this announcement must comply with the following reporting and review activities:
 - ✓ Four (4) Quarterly Progress Reports
 - ✓ Annual Progress Report
 - ✓ Final Progress Report
 - ✓ Work Plan Updates
 - ✓ Performance Review
 - ✓ Federal Financial Report (FFR)
 - ✓ Audit Requirements
 - ✓ Payment Management Requirements

Programmatic Contacts

Programmatic Contact:

Jim Taing

The Center for Consumer Information and Insurance Oversight

Centers for Medicare and Medicaid Services

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Grants Management Specialist/Business Administration Contact:

Iris Grady

Office of Acquisition and Grants Management

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