

From: DHHS/CMS/OA/CCIIO/Office of Health Insurance Exchanges
To: Office of Management and Budget
Re: Proposed Revision to Notice of Action: Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges (OMB Control Number 0938-1119)
Date: 16 November 2011

Summary

In January 2011, HHS released the Cooperative Agreement to Establish State-Operated Health Insurance Exchanges (IE-HBE-11-004) funding opportunity announcement (FOA.) This FOA provides States and the District of Columbia with financial assistance for the establishment of their American Health Benefit Exchange. States may choose whether to apply for up to one-year funding or multi-year funding based on their level of progress. State can also choose when to apply for grant funding based on their needs and planned expenditures.

- *Level One Establishment* is open to States that received Exchange Planning grants. These cooperative agreements provide up to one year of funding to States that have made some progress under their Exchange Planning grant but are not yet able to meet the eligibility requirements of *Level Two Establishment*.
- *Level Two Establishment* grants have a project period of up to four years (from the date of award through December 31, 2014). Level Two Establishment applicants have to meet the following additional eligibility criteria:
 - A. Has the necessary legal authority to establish and operate an Exchange that complies with Federal requirements available at the time of the application.
 - B. Has established a governance structure for the Exchange.
 - C.
 - 1) Submits a complete budget through 2014;
 - 2) Submits an initial plan discussing financial sustainability by 2015; and
 - 3) Submits a plan outlining steps to prevent fraud, waste, and abuse.
 - D. Submits a plan describing how capacity for providing assistance to individuals and small businesses in the State will be created, continued, and/or expanded, including provision for a call center.

In the months following the publication of this FOA, we have learned more about the flexibility available to States as they work to establish Exchanges. As a result there are some key amendments to the Establishment FOA that would allow for States to continue to apply for Level One funding into June 2012 as needed to establish Exchanges, as well as provide clarification on use of Establishment grant funds and activities States are to carry out.

We do not anticipate that this amendment will result in a significant change in the burden to respondents. We are requesting that the PRA revision for this amendment be approved and issued by November 29th, so that the FOA amendment can be published by November

30th. This will alert potential applicants that the last date to apply for Level One funds has been extended beyond the December 30th 2011 deadline.

Amendments

Amendments are needed around three issues:

- 1) Extending the application deadline
- 2) Introducing the different pathways
- 3) Clarifications around allowable costs as well as cost allocation methodology

(1) Extending Level One Applications through June 29, 2012

Currently, CCIO can accept Level One Establishment Grant applications through December 30, 2011 and Level Two Establishment Grant applications through June 29, 2012.

This amendment will extend the application deadline for Level 1 until June 29, 2012. Extending the Level One application deadline allows all States two additional opportunities to request funds to support activities.

(2) Introduction of Pathways

This amendment will revise the FOA to introduce the pathway model to State operated or federal facilitated, or State partnership. This will reference forthcoming guidance to be made available on the CCIO website.

(3) Proposed Content Clarifications

In addition, small tactical changes are necessary to provide clarification to applicants.

Issue	Current FOA	Amendment
Cost Allocation	Provides information on cost allocation	Update to reference additional resources, including IT Guidance 2.0 and the final rule <i>Medicaid Program; Federal Funding for Medicaid Eligibility Determination and Enrollment Activities</i>
Appendices A and B	Contain information in line with thinking when released in January 2011. Some information is outdated (e.g. the inclusion of free choice vouchers).	Strike free choice vouchers

Allowable costs	Provides information on allowable costs	Update to reference CCIIO website with additional FAQs to supplement information already provided
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A draft of the FOA with these edits is attached.

Anticipated Burden Impact

The most significant change in this revision to the Funding Opportunity Announcement extends the period of time during which CCIIO will accept Level One applications. Our current PRA package estimates that CCIIO will receive 94 applications between March 2011 and June 2012. As of October 2011, CCIIO has determined applications are being submitted at a slower rate than initially expected. By extending the period during which CCIIO will accept applications, States will have more time to prepare proposals. Therefore, we do not anticipate a net change in the number of applications received, or an overall change in State burden.

Additionally, grantees were required to discuss their activities around Free Choice Vouchers in their application if they elected to request funding to support that area; however, due to changes in statute impacting Free Choice Vouchers, they will no longer address Free Choice Vouchers. We anticipate this will reduce the burden of the application by approximately one hour per respondent, for a total of decrease of 94 hours between March 2011 and June 2012.

Because CCIIO was aware of the change in status for Free Choice Vouchers at the time reporting requirements were developed, it was not included in the requirements. We do not anticipate any impact on reporting burden on respondents as a result of this revision.

We also do not anticipate that updated references to publicly available guidance on allowable costs and cost allocation will impact burden on respondents.