



**DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration**

**Center for Medicaid and State Operations
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**Questions and Answers
About "Starter Grants"
That Promote
Systems Change for Community Living**

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March 27, 2001

Questions and Answers About the \$50,000 "Starter Grants"
That Promote Systems Change for Community Living

A. General Questions About the "Starter Grants"

A1: What are the "Starter Grants?"

These initial \$50,000 grants, known as "Starter Grants," are available to all States that request one. The "Starter Grant" funds are intended to help States to:

- ❖ Develop plans for improving their long-term support systems for community living;
- ❖ Include people with disabilities or long-term illness in the planning processes; and
- ❖ Prepare for other forthcoming grant opportunities.

These "Starter Grants" are the first in a series of approximately \$70 million in grant opportunities aimed at improving the home and community-integrated services available to children and adults of any age living with a disability or long-term illness. The grants will aid the President's "New Freedom Initiative" to remove barriers to community living, assist State efforts to fulfill the Americans with Disabilities Act (ADA), and support the desire of most individuals to live in their communities. The \$50,000 in start-up money will go to every State that completes a grant application form.

The "Starter Grants" are the first of several new "Systems Change" grants from the Health Care Financing Administration (HCFA) that will be issued in April or May, 2001. These grant solicitations will make a total of nearly \$70 million available to States. The funds will help States design and implement improvements that enable people with disabilities or long term illness to reside in their own homes and participate fully in their communities.

For more information about other upcoming "Systems Change" grants, see Part C of this Question and Answer document.

A2: How were States notified of the availability of "Starter Grants?"

The "Starter Grants" were announced on February 25, 2001, at the National Governors Association's meeting in Washington, D.C. Tommy G. Thompson, Secretary of the U.S. Department of Health and Human Services, stated:

I want to ensure the Department supports your efforts as Governor to encourage locally-driven improvements. Therefore, I am pleased to describe several exciting grant opportunities offered by the Health Care Financing Administration (HCFA). These grants can help develop better ways to support children and adults of any age who have a disability or long-term illness to live and participate in their communities.

The Secretary also sent each Governor a letter that furnished more information about both the "Starter Grants" and the other upcoming grant opportunities. A copy of the letter is available on HCFA's web site at: <http://www.hcfa.gov/medicaid>

A3: Where did the idea for the "Starter Grants" originate?

We wanted to help States position themselves to take full advantage of the forthcoming "Systems Change" grants for which Congress appropriated funds. Knowing that Congress also expressed its desire for States to develop their applications jointly with a consumer task force, we sought ways in which we could assist States with any "up-front" expenses (such as organizing or supporting a consumer task force or a public-private partnership).

The question we posed to States and consumer groups was: What can we do to remove barriers to full State participation in these "Systems Change" efforts? The result was a plan, endorsed and energized by Secretary Thompson, to make timely \$50,000 "Starter Grants" available to States as the first installment of the "Real Choice Systems Change Grants."

A4: For what can the "Starter Grant" funds be used?

The funds may be used to support a consumer task force, promote effective public-private partnerships, and for any other purposes permitted under federal law that the State deems advisable to (a) develop applications for the "Systems Change" grants or (b) otherwise promote the goals of the "Systems Change Grants." The State does not need to submit a detailed plan to access the funds. A simple one-page application and a signed set of assurances are all that will be required at the front-end. A simple report of activities and accomplishments and documentation showing in-kind contributions (as discussed in A5 of this document) are all that will be needed at the completion of the "Starter Grant."

Examples of allowable costs that some States anticipate are:

- ❖ Travel expenses and lodging for consumer task force members;
- ❖ Reasonable accommodations necessary to ensure full access of consumer task force members to all materials, communications and meetings, whether in-person or by teleconference;
- ❖ Expenses for staff and/or consultants in developing a "Systems Change" Grant application;
- ❖ Conference attendance and expenses for consumers or State staff to attend relevant conferences to learn about improvements that other States have underway or to brainstorm on new ideas. For example, HCFA is planning a national "Systems Change" conference in Washington, D.C., on May 24-25, 2001. There are also many other forums being planned both regionally and nationally on the topic of long term support system improvements.
- ❖ Planning for public-private partnerships that take advantage of effective government-provider-consumer collaboration.

A5: Are State matching funds required?

Although no State financial match is required, at a minimum some form of "in-kind" match is required. We expect that States will have no trouble demonstrating in-kind match as a result of the time that existing State staff will naturally devote to these efforts. For example, salary and fringe of existing staff may count as in-kind match. There is no required minimum for the in-kind match requirement. However, information on the in-kind match is required pursuant to Departmental grant regulations at 45 CFR ' 74.23. On the application form, indicate the total dollar value of the in-kind match on line 15b.

A6: What if, after all our planning, we decide not to submit a grant application for any of the additional, forthcoming "Systems Change" grant?. Will we need to repay HCFA for the \$50,000 "Starter Grant?"

No. So long as the funds were used to investigate and plan for the development of any of the "Systems Change" applications, or otherwise used to promote the goals of the "Real Choice Systems Change" grants, then we will consider the funds to be appropriately expended.

A7: Can the "Starter Grant" funds be used to match federal Medicaid funds or any other federal funds?

No.

A8: How long do we have to spend the "Starter Grant?"

Since the funds are designed to cover initial planning expenses, we expect that most funds will be used in the next 3-6 months and that all funds would be used by the end of calendar year 2001 (12/31/01). Therefore, the grant period will run from February 25, 2001--the date on which Secretary Thompson announced the availability of the grants--through December 31, 2001.

A9: At the end of the year, what should a State expect to submit as a final report for the "Starter Grant"?

States should anticipate sending in a Standard Form 269a (Financial Status Report) and a short narrative (5-10 pages) explaining:

- ❖ Activities undertaken;
- ❖ Outcomes achieved;
- ❖ Composition of the consumer task force;
- ❖ Use of the funds;
- ❖ Lessons learned from the planning process and anticipated next steps; and

❖ Advice to HCFA.

Since these "Starter Grants" represent a new approach to working with States on the part of HCFA, we will be very interested in the feedback we receive at the end of your "Starter Grant".

Please refer any questions to Mary Guy via e-mail at mguy@hcfa.gov or via phone at 410-786-2772. E-mail is preferred.

B. How to Apply for a "Starter Grant"

B1: Who can apply for a "Starter Grant?"

Any State (including the District of Columbia, Puerto Rico, Guam, the United States' Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands) may apply, if designated by the Governor. Only one application will be accepted from each State for the "Starter Grants".

Secretary Thompson's letter to each Governor (dated February 25, 2001) asked him or her to designate a coordinating agency for the purpose of initial planning. The coordinating agency should be one that can act quickly to:

- (a) Convene the necessary stakeholders for a broad-based and successful grant design effort;
- (b) Support the public-private partnership; and
- (c) Receive and administer the "Starter Grant."

The coordinating agency does not need to be the agency that you expect to submit an application later for the upcoming "Real Choice Systems Change" grant solicitation.

B2: Where do we send the completed application?

Complete the grant application (Standard Form 424 "Application for Federal Assistance" and Standard Form 424B "Assurances – Non-Construction Programs"). You may download this material from the internet via <http://www.hcfa.gov/ord/grantop.htm>. The application must be sent to:

"Starter Grants for Systems Change"
Attn: Marilyn Lewis-Taylor
Health Care Financing Administration
OICS, AGG, DRCG
Location: C2-21-15
7500 Security Boulevard
Baltimore, MD 21244-1850

Questions regarding the grant application may be referred to Marilyn Lewis-Taylor via e-mail at mlewistaylor@hcfa.gov or via phone at (410)786-5701.

B3: What is the deadline to file for a "Starter Grant?"

We encourage States to apply immediately. However, States may apply up to Friday, June 1, 2001.

B4: What is the CFDA number (as required in SF424, Item 10) for the "Starter Grants?"

The CFDA number is 93.779. "CFDA" stands for "Catalog of Federal Domestic Assistance."

B5: Is the Application subject to review by Executive Order 12372 (as required in SF424, Item 16)?

The Application is not subject to review by Executive Order 12372. Please check "No" to Item 16b of SF424.

B6: How soon after we apply will we hear back to confirm both receipt and acceptance of our application for a "Starter Grant"?

We expect to be able to confirm acceptance of a State's application within 30 days of the receipt of the application. However, we do not want States to have to wait for such confirmation before they can take action on their systems change effort. We encourage immediate action. Therefore, we have designed the "Starter Grants" so that they are:

- ❖ ***Simple:*** The State need only apply via the simple one-page application, agree to use the funds for the purposes intended, and sign the standard grant assurances agreement. A State will be required to provide verifiable documentation of its in-kind contribution pursuant to Departmental grant regulations at 45 CFR ' 74.23.
- ❖ ***Non-Competitive:*** The State is assured of its \$50,000 if it applies and agrees to the assurances described above. Since there is no possibility that the State will lose to any competition for the \$50,000 "Starter Grant", there should be no reason for delaying State planning activities.
- ❖ ***Effective Immediately:*** Allowable expenses may be billed to the "Starter Grants" immediately, in line with the answer to the question immediately below.

B7: How soon can we incur expenses that can be billed back to the "Starter Grant"?

Any expenses that support the goals of the Systems Change grants may be reimbursed effective with the date of the Secretary's letter to the Governors, February 25, 2001, through December 31, 2001. The fact that a State may not receive its confirmation of acceptance until a later date will not affect the effective date of the grant period.

B8: Should we wait for the "Starter Grant" before we begin our consumer task force and begin planning for a "Real Choice Systems Change" grant application?

States should not wait. By the time the full grant solicitations are published for the many "Systems Change" grants, we expect that States will have only about two months to develop the applications.

B9: As we use the “Starter Grant” to plan for the rest of the “Systems Change” grants, can we plan to submit more than one type of grant application? For example, we were thinking of applying for a "Real Choice Systems Change" grant, and also applying for a "Nursing Facility Transition" grant. Will we be able to do so?

Yes. A State may apply for one grant in each grant solicitation category of the “Systems Change” series. For example, a State might apply for a "Real Choice Systems Change" grant, a "Nursing Facility Transitions" grant, and a "Community Personal Assistance Service and Support" grant.

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C. More Information on the Forthcoming "Systems Change" Grants

Note: The information below is relevant but not the same as the "Starter Grants." We provide this information about forthcoming grant solicitations to help you plan and to enable you to make the most effective use of the "Starter Grants."

C1: What are these "Systems Change" grants to which you keep referring?

There will be four future grant solicitations that we collectively refer to as the "Systems Change" grants. In April-May we expect to issue solicitations for all four categories. We hope the \$50,000 "Starter Grants" that are available now will help States take full advantage of the full systems change opportunities represented by the following:

- ❖ Nursing Facility Transitions/Access Housing 2001 Grants: The purpose of this grant is to help eligible individuals make the transition from nursing facilities to the community. Between \$10-15 million in State Program Grants is available from HCFA for coordination with HUD Section 8 housing vouchers for eligible individuals. The grant solicitation and deadline for applications will be posted on the HCFA web site at <http://www.hcfa.gov/medicaid>.
- ❖ Community-Integrated Personal Assistance: Grant funds will be used by States to develop infrastructure to provide services that are consumer-directed or offer maximum individual control. Grants totaling \$5-8 million are available to support States' efforts to improve community-integrated personal assistance for children and adults of any age who have a disability or long term illness. The grant solicitation will be posted on the HCFA web site at <http://www.hcfa.gov/medicaid>.
- ❖ Real Choice Systems Change Grants: The goal is to help design and implement improved ways of providing community supports and services to enable children and adults of any age who have a disability or long term illness to live and participate in their communities. Approximately \$42-50 million is available in direct grants to assist States and the disability and aging communities to work together to find viable ways to expand or improve the design and delivery of home and community-integrated services. The funds will also support the public-private partnerships and the broad public participation (including a consumer task force) that are generally needed to accomplish such an ambitious undertaking. We expect that the grant solicitation will be posted on the HCFA web site at the end of April or early May at <http://www.hcfa.gov/medicaid>.
- ❖ Systems Improvement Technical Assistance Grants: These national technical assistance grants will support the "Real Choice Systems Change" grants, the "Nursing Home Transitions," and the "Community-Integrated Personal Assistance Service" efforts. The purpose of the national technical assistance initiative will be to provide technical assistance, training, and information to States, consumers, families, and other agencies and organizations. Funding for the technical assistance will range from \$3.0 - \$4.2 million. The grant solicitation will be posted on the HCFA web site at: <http://www.hcfa.gov/medicaid>.

C2: Where can I get more information about the "Systems Change" grants?

For historical information, please check our website at <http://www.hcfa.gov/medicaid> and look for State Medicaid Director letter #01-007 dated January 10, 2001 and labeled "Olmstead Update No.5: New Tools for States." While some aspects of the grant solicitations will change, this letter can give you a better sense of the overall purpose of the grants.

You may also refer to the Congressional reports, such as the Conference Report accompanying HR 4577, HR Conf. Rep. No. 106-1033 at 150. Relevant portions of that report are included below.

Finally, check our website at <http://www.hcfa.gov/medicaid> periodically and look for new events or grant opportunities.

C3: The largest of the "Systems Change" grants is the "Real Choice Systems Change." Secretary Thompson's letter to Governors stated that Congress had expressed its preference that the grant applications be developed jointly by the State and a consumer task force. What exactly did Congress say?

The Conference Committee Report stated:

The agreement includes \$50,000,000 for Real Choice Systems Change Grants to States to fund initiatives that establish specific action steps and timetables to achieve enduring system improvements and to provide long term services and supports, including community-based attendant care, to eligible individuals in the most integrated setting appropriate. Grant applications should be developed jointly by the State and the Consumer Task Force. The Task Force should be composed of individuals with disabilities from diverse backgrounds, representatives from organizations that provide services to individuals with disabilities, consumers of long-term services and supports, and those who advocate on behalf of such individuals. Grant-funded activities should focus on areas of need as determined by the State and the Task Force such as needs assessment and data gathering, strategies to modify policies that unnecessarily bias provision of long term care services to institutional settings or to health care professionals, and training and technical assistance.

While Congress explicitly expressed their desire for States to develop their Real Choice Systems Change grant proposals "jointly with" a consumer task force, they did not mention the other "Systems Change" grants, i.e. Nursing Facility Transition and Community Personal Assistance and Support grants. However, we encourage States to involve consumers in the development of those applications as well.

C4: What are some examples of organizations that advocate on behalf of people with disabilities that might be good candidates for participation in a task force?

Examples would include Area Agencies on Aging, Mental Health Councils, Developmental Disabilities

Councils, State Independent Living Centers and Councils, State Assistive Technology Act (AT Act) Projects, and many similar organizations.

C5: Can a State utilize an existing task force in its State (such as an ADA/Olmstead Planning Group that includes consumers and/or consumer representatives as well as others) to help plan their Real Choice Systems Change Grant applications?

A working group may be formed from an existing group and designated as a consumer task force for the purposes of "Real Choice Systems Change" grants planning provided that it meets the requirements of broad based participation. The challenge for States will be to ensure that consumers and their representatives have direct participation in all phases of the "Real Choice Systems Change Grant" process. While States are not required to establish a completely separate group for the purpose of their grant planning, States must ensure that a broad base of consumers of long-term care services and supports and their representatives within the State are actively involved. The direct collaboration of consumers with the State should not be encumbered in any way by the composition of the consumer task force.

C6: The Conference Committee Report from Congress stated that “applications should be developed jointly by the State and the Consumer Task Force.” What does “jointly” mean?

We interpret “jointly” to mean that the consumer task force is actively involved in a meaningful manner in all aspects of the systems improvement effort, from development through implementation and evaluation, including the grant process.

We do not intend to provide detailed instructions to specify exactly how States must involve people with a disability or long term illness. We believe that States are capable and experienced enough to address these issues without specific instructions. We expect that the main challenge for States will be to engage in a process of planning and development that:

- (a) Is informed by first-hand knowledge derived directly from the users of long term support services with regard to (1) the services or supports that are needed and that actually promote community living or participation, and (2) the values, principles of service delivery, and preferences that would make for a more customer-responsive system;
- (b) Creates forums where the State's citizenry can effectively communicate their ideas and concerns without being overwhelmed by professional terminology or intimidated by bureaucracy;
- (c) Effectively enlists the ideas, energies and talents of consumers and key stakeholders who will most directly be affected by changes in the State's system.

C7: What if the consumer task force and the State do not agree on a final proposal? Can the State still submit an application for a Real Choice Systems Change grant?

To be consistent with Congressional intent the application for a Real Choice Systems Change grant

should be developed jointly. As with all large endeavors, support from essential stakeholders is a key to success and enhances an application's competitiveness. At the same time, significant systems change often involves differences of opinion. States will not have a great deal of time to develop their applications for these grants and will therefore have limited time to resolve disagreements. We do not wish the shortage of time to be the cause of a State's inability to apply. Finally, the application is ultimately the State's to make. Therefore, lack of final endorsement by a consumer task force does not in and of itself invalidate an application or preclude success in a competitive grant application process if the State's process of development of the application has actively and meaningfully involved consumers in the development.

C8: Is a State required to have an active consumer task force in order to apply for the Community Personal Assistance Services and Supports and the Nursing Facility Transitions grants?

Congress expressed its clear intent for States to develop the "Real Choice Systems Change" grant "jointly" with a consumer task force. We strongly encourage States to partner in a similar fashion with the other grants as well.

Please refer any questions to Mary Guy via e-mail at mguy@hcfa.gov or via phone at 410-786-2772. E-mail is preferred.