

Questions and Answers – CAA, 2024, Section 206 NOFO

Questions and Answers for the Notice of Funding Opportunity (NOFO) for Section 206 of the Consolidated Appropriations Act (CAA), 2024: State Planning Grants to Promote Continuity of Care for Medicaid and CHIP Beneficiaries Following Incarceration

(Q): What is the purpose of the NOFO?

(A): This funding opportunity is designed to support states and territories with developing operational capabilities to promote continuity of care for Medicaid and Children’s Health Insurance Program (CHIP) eligible individuals who are inmates of a public institution.

(Q): Is this a new grant opportunity for states?

(A): Yes. This is a new funding opportunity under section 206 of the Consolidated Appropriations Act, 2024 (CAA), 2024.

(Q): What is the duration of the planning grants?

(A): CMS will provide funding in four budget period increments of 12 months each over a four-year period of performance. There will be two cohorts of grant recipients.

(Q): Who is eligible to apply for this NOFO?

(A): State government agencies are the only entities eligible to apply, specifically state Medicaid and CHIP agencies.

(Q): I work in a Medicaid agency for one of the US territories, how is CMS defining state government agencies?

(A): Only state Medicaid and CHIP agencies are eligible to apply. State Medicaid and CHIP agencies are defined on p. 7 under the eligibility section of the NOFO. This is inclusive of all US states, the District of Columbia, and US territories that provide medical assistance under titles XIX and XXI of the Social Security Act.

(Q): My state administers Medicaid and CHIP separately. Should we submit two separate applications?

(A): If a state administers its Medicaid and CHIP programs through separate agencies, both must agree to work together and submit one application per state. States with separate Medicaid and CHIP programs must include in their application a letter of agreement identifying the Authorized Organizational Representative (AOR), the lead agency, and plans for collaboration. A tribal organization must come under the auspices of and work with the state Medicaid and CHIP agency (or agencies, if separate) in the implementation of this initiative.

(Q): How much funding is available under this NOFO? How much is available per state?

(A): Up to \$106.5 million in total will be awarded under this funding opportunity. The anticipated award for each state may range from \$1 to \$5 million over a four-year period of performance.

(Q): What are the total expected awards under this funding opportunity?

(A): Up to 56 awards will be issued.

(Q): How will funding be divided between the two cohorts?

(A): Half of the available funding will be available to the first cohort, and the remaining funding will be available for the second cohort. States may submit only one application per cohort deadline and states are eligible for a single award per state. If a state applies under the first cohort and is not awarded funds, the state may apply again during the second cohort using the same application or an updated application.

(Q): What are the new statutory requirements referenced in the NOFO?

(A): Funding is available for activities and expenses related to operationalizing capabilities to promote continuity of care for individuals who are Medicaid and CHIP-eligible inmates of a public institution and for complying with the statutory provisions under sections 5121 and 5122 of the CAA, 2023, and section 205 of division G of the CAA, 2024:

- Section 5121 of the CAA, 2023, requires state Medicaid programs to have a plan in place and in accordance with such plan, cover the following for an eligible juvenile who is within 30 days of their scheduled date of release from a public institution following adjudication effective January 1, 2025:
 - In the 30 days prior to release, or not later than one week, or as soon as practicable after release, any screenings and diagnostic services which meet reasonable standards of medical and dental practice, as determined by the state, or as otherwise indicated as medically necessary, in accordance with the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) requirements, including behavioral health screenings or diagnostic services; and
 - In the 30 days prior to release and for at least 30 days following release, targeted case management (TCM) services including referrals to appropriate care and services available in the geographic region of the home or residence for the eligible juvenile, where feasible.
- Section 5121 of the CAA, 2023, also includes three provisions that impact the eligibility of incarcerated children under CHIP:
 - First, section 5121 applies generally similar pre-release case management, screening, and diagnostic services and timeframe requirements under Medicaid to incarcerated children under CHIP.
 - Second, section 5121(c) also aligns CHIP rules with existing Medicaid rules (see [State Medicaid Director Letter 21-002](#)) regarding suspension rather than termination of coverage while a child is an inmate of a public institution and related requirements regarding redeterminations of coverage.
 - Third, for purposes of section 5121, children within 30 days of their release from incarceration are no longer considered to be subject to the eligibility exclusion at section 2110(b) of the Act. This means that children who apply for CHIP coverage within 30 days prior to their release may be found eligible for screening and diagnostic services, referrals, and case management services under the CHIP state plan.
- Section 205 of division G of the CAA, 2024, amends section 1902(a)(84)(A) of the Act to broaden the prohibition on termination of coverage for Medicaid beneficiaries who are incarcerated from eligible juveniles to all individuals who are inmates of a public institution. For CHIP, this

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statute amends section 2102(d)(1)(A) of the Act to prohibit the termination of targeted low-income pregnant women in CHIP who become incarcerated but allows the state to suspend their coverage. These changes are effective January 1, 2026.

Funding is also available for activities and expenses related to a state electing to implement state plan options under section 5122 of the CAA, 2023 on or after January 1, 2025, related to providing Medicaid coverage (of all services to which an eligible juvenile would be entitled absent the inmate exclusion) to eligible juveniles who are inmates of a public institution pending disposition of charges and/or considering children who are inmates pending disposition of charges as eligible for CHIP during that time.

(Q): What is the scope of activities states could propose under this funding opportunity?

(A): States may propose activities that relate to operationalizing capabilities to promote continuity of care for individuals who are Medicaid and CHIP-eligible inmates of a public institution. The following are examples of allowable activities:

- Identifying and addressing operational gaps to comply with statutory requirements;
- Establishing standardized processes and automated systems for activities such as:
 - Determining Medicaid or CHIP enrollment status of inmates of a public institution at incarceration;
 - Allowing inmates of a public institution to apply to enroll or renew coverage in Medicaid or CHIP prior to the individual's release;
 - Establishing claims processing and prior authorization request protocols; and
 - Restoring coverage upon the individual's release when an individual's coverage under Medicaid or CHIP was suspended while an inmate of a public institution;
- Investing in information technology to enable bi-directional information sharing between relevant entities to support care transitions and coordination of treatment; and
- Establishing oversight and monitoring processes to ensure public institutions and state Medicaid and CHIP contracted entities are compliant with applicable requirements.
- States may propose other uses of the funds.

(Q): Could states use funds to explore activities beyond what is listed in the NOFO?

(A): Yes, states may propose additional activities other than what is listed under the permitted use of funds section on p. 13 of the NOFO, as long as the activities support the statutory intent to develop operational capabilities to promote continuity of care for Medicaid or CHIP-eligible individuals who are inmates of a public institution and do not fall within any of the prohibited uses of funds listed on p. 14 of the NOFO or the unallowable costs listed on pp. 16-18.

(Q): Does CMS anticipate that reentry section 1115 demonstration implementation is one of the allowable continuity of care activities that the planning grants can support?

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(A): Pages 13-14 of the NOFO provide examples of allowable activities. Applicants may propose activities beyond these examples. The application requirements on pp. 14-15 indicate that applicants “must provide an overview of all relevant funding sources for initiatives promoting continuity of care for beneficiaries following incarceration including through any Medicaid authorities such as section 1115 demonstration authority.”

Further, applicants should be aware that, as discussed on pp. 17-18, funding awarded under this NOFO may not be used for:

- Providing medical assistance under a state Medicaid program or child health assistance or pregnancy-related assistance under a state CHIP to an individual, or otherwise directly administering health care services for an individual; or
- Building prisons, jails, or other carceral facilities, or paying for prison, jail, or other carceral facility-related improvements other than those improvements that are for the direct and primary purpose of meeting the health care needs of individuals who are incarcerated and eligible for medical assistance under the state Medicaid program or child health assistance or pregnancy-related assistance under the state CHIP.

(Q): Are there any restrictions for the use of funds?

(A): States may not use funds for the following:

- Pay for or directly administer health care services to an individual under Medicaid or CHIP programs; or
- Build prisons, jails, or other carceral facilities or pay for their related improvements.

However, any improvements that are for directly meeting the healthcare needs of individuals who are incarcerated and eligible for medical assistance under Medicaid or CHIP are an allowable exception to facility-related improvements.

A full list of unallowable costs is provided on pp. 16-18 of the NOFO.

(Q): When is the deadline to apply for this NOFO?

(A): There will be two separate application deadlines under this funding opportunity. The deadlines are as follows:

| | Cohort 1 | Cohort 2 |
|------------------------------------|--|--|
| Letter of Intent (Optional) | Monday, October 28, 2024 | Monday, February 17, 2025 |
| Application Due Date | Tuesday, November 26, 2024, by 11:59 pm ET | Monday, March 17, 2025, by 11:59 pm ET |

(Q): How will states be selected for the awards?

(A): All applications will go through a merit review process which assigns points to required elements of the application package as outlined in the NOFO’s application review section. Scoring preference will also be given to states with less progress and those demonstrating higher need regarding the state’s current progress in initiatives that promote the continuity of care for Medicaid and CHIP beneficiaries who are inmates of public institutions.

(Q): Where could I go to check on related initiatives for the re-entry population such as states' new section 1115 reentry demonstrations?

(A): CMS recently launched a new webpage where states can find information on CMS initiatives focused on re-entry services for incarcerated individuals: <https://www.medicaid.gov/medicaid/benefits/reentry-services-for-incarcerated-individuals/index.html>. A link to the webpage for these planning grants is also included on this page.

(Q): Could CMS confirm the planning grant funds are not limited to incarcerated juveniles and that the funds may be used for initiatives that promote the continuity of care for incarcerated adults?

(A): Yes, as required under section 206(a)(1) of the CAA, 2024, the Secretary shall award grants to states for the purpose of developing operational capabilities to promote the continuity of care for individuals who are inmates of a public institution and are eligible for medical assistance under the state Medicaid program or are eligible for child health assistance or pregnancy-related assistance under the state CHIP program.

(Q): If the funds may be used for incarcerated adults, must the state have a section 1115 waiver to use the funds for eligible projects?

(A): No, states do not have to apply for or have in place a section 1115 demonstration to complete allowable planning grant activities.

(Q): May states use planning grant funds for services to Medicaid and CHIP-eligible inmates? If not, will the state eventually need to file a state plan amendment (SPA) to authorize services?

(A): Under the prohibited use of funds section on p. 14, the NOFO indicates that planning grant funding may not be used to provide medical assistance under a state Medicaid program or child health assistance or pregnancy-related assistance under a state CHIP to an individual, or otherwise directly administer health care services for an individual. A state plan amendment or reentry section 1115 demonstration will be needed to authorize services.

(Q): Can this funding be used to support readiness for re-entry services for all Medicaid and CHIP beneficiaries in our state, or do we need to demonstrate that the funding is being used specifically to benefit the juveniles impacted by section 5121?

(A): Funding is available for activities and expenses related to operationalizing capabilities to promote continuity of care for individuals who are Medicaid and CHIP-eligible inmates of a public institution. Funding is not limited to developing operational capabilities related to only juveniles impacted by section 5121 of the CAA, 2023. Note that planning grant funding may not be used to provide medical assistance under a state Medicaid program or child health assistance or pregnancy-related assistance under a state CHIP to an individual, or otherwise directly administer health care services for an individual.

(Q): Is this funding strictly for operational/infrastructure purposes or can it be used to support programs and services for the reentry population?

(A): As noted under the prohibited uses of funds section on p. 14 of the NOFO, funds may not be used to provide medical assistance under a state Medicaid program or child health assistance or pregnancy-

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related assistance under a state CHIP to an individual, or otherwise directly administer health care services for an individual.

(Q): What if most states apply in the 2nd cohort (and not the 1st)? Will there still only be half of the funding available?

(A): Up to half of the available funds will be distributed to recipients under the first cohort, and up to the balance of the remaining funds will be distributed to recipients under the second cohort. Additionally, CMS anticipates that grants will range from \$1 million to \$5 million per recipient for both cohorts.

(Q): Would states be able to use these grant funds to support the county jails and their information technology (IT) vendors with making changes to enable bidirectional data sharing?

(A): Yes, as listed under the permitted uses of funds on p. 13 of the NOFO, states may use funding to invest in IT to enable bi-directional information sharing between public institutions, state Medicaid and CHIP agencies, and other relevant entities to support care transitions and coordination of treatment. All requested costs and items must be allowable, [allocable](#), and reasonable unless otherwise stated as a prohibited use of funds under this grant.

(Q): Can this money be used to purchase infrastructure necessary to support telehealth access in a correctional setting (e.g., a telehealth pod, expanded Wi-Fi network)?

(A): Yes, as listed under the permitted uses of funds on p. 13 of the NOFO, states may use funding to invest in information technology to enable bi-directional information sharing between public institutions, state Medicaid and CHIP agencies, and other relevant entities to support care transitions and coordination of treatment. All requested costs and items must be allowable, [allocable](#), and reasonable unless otherwise stated as a prohibited use of funds under this grant.

(Q): Would ongoing maintenance or assembly costs for telehealth infrastructure (e.g. wiring for telehealth pod) be an allowable cost in a NOFO budget?

(A): All requested costs and items must be allowable, [allocable](#), and reasonable unless otherwise stated as a prohibited use of funds under this grant. Please refer to the [HHS Grants Policy Statement](#) for additional information on allowable uses of funds regarding infrastructure.

(Q): What are the guidelines for the information contained in the letter of intent?

(A): Please refer to pp. 37-38 under the **Step 5: Submit Your Application** section of the NOFO which outlines the specific information requested when submitting an optional notice of intent. This should be emailed to our dedicated mailbox at PlanningGrantsPCC@cms.hhs.gov by October 28, 2024, for the first application cohort and by February 17, 2025, for the second application cohort.

(Q): Please clarify the availability of funding for staffing purposes. The NOFO notes a limitation related to “supplanting existing state, local, tribal, or private funding of infrastructure or services, such as staff salaries, etc.” Would this allow money to be used for a new staff position that is not currently funded?

(A): States could use the funding to support new staff positions necessary for implementing planning grant activities. Note that while this could be an allowable use of funds, budget requests for staffing should be justified as falling within the scope of this funding opportunity and be reasonable for the

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state's project needs. Refer to the requirements under the budget narrative section on pp. 25-26 of the NOFO for additional information.

(Q): Are carceral entities with whom states partner considered subrecipients even if states do not directly pass through funds to them? For instance, if a carceral entity uses a computer system that was established under the Cooperative Agreement (CA), would this make that carceral entity a subrecipient?

(A): Please refer to [45 CFR 75.351](#) for subrecipient and contractor determinations.

(Q): Are the CA Special Terms and Conditions available for review now (in an effort to prepare for contracting with subrecipients quickly upon receiving the Notice of Award)?

(A): CMS Standard Terms and Conditions are currently being updated to reflect the [HHS partial implementation](#) of 2 CFR 200. For a historical perspective, please see our [website](#): CMS Grants/Cooperative Agreements, [Notice of Award](#) and the newly updated [HHS Grants Policy Statement](#).

(Q): Is there a limit to how much of Year 1 CA funds can be drawn down as an advance?

(A): In accordance with Department of Treasury regulations, you must draw federal cash only for your immediate needs. At the time of drawdown, you will certify you will not hold cash beyond three working days. You are responsible for knowing when funds are deposited into your bank account so that you can disburse them on time. You may end up with excess federal cash on hand if you do not disburse or return funds on time. Refer to the [45 CFR 75.305](#) for further guidance. Please also refer to the [HHS Grants Policy Statement](#). Additional information will be available in the Notice of Award Terms and Conditions.

(Q): Is there a limit on how frequently states can draw down CA funds?

(A): Recipients should draw down funds as often as needed. Please refer to the [HHS Grants Policy Statement](#).

(Q): If a state proposes two different sets of activities, can it potentially apply and receive an award in both cohorts (e.g., up to \$10M in total)?

(A): No, all states are limited to one award per state. If a state applies and is awarded funding in the first cohort, they will be unable to apply for the second cohort with a different set of activities.

(Q): Will technical assistance be provided directly by CMS?

(A): Yes, there will be dedicated technical assistance provided by CMS as part of the roles and responsibilities of the Cooperative Agreement.

(Q): Is there a date that Cohort 2 applications will start being accepted or will applications be accepted on a rolling basis from now through then?

(A): In lieu of applications being accepted on a rolling basis, the NOFO will be published a second time to grants.gov no later than January 16, 2025. Applications for the second round are due by March 17, 2025, at 11:59 pm ET. States may apply for the first cohort and if they are not awarded funds, they may resubmit their application or submit an updated application during the second application window.

(Q): I still have questions. Where do I go?

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(A): For additional questions, please reach out to our dedicated mailbox at PlanningGrantsPCC@cms.hhs.gov.