

1. DATE ISSUED MM/DD/YYYY 11/29/2011	2. CFDA NO. 93.525	3. ASSISTANCE TYPE Cooperative Agreement
1a. SUPERSEDES AWARD NOTICE dated except that any additions or restrictions previously imposed remain in effect unless specifically rescinded		
4. GRANT NO. 1 HBEIE120083-01-00 Formerly	5. ACTION TYPE New	
6. PROJECT PERIOD From 11/29/2011	Through 11/28/2012	
7. BUDGET PERIOD From 11/29/2011	Through 11/28/2012	

Department of Health and Human Services
Centers for Medicare & Medicaid Services
Office of Acquisitions and Grants Management
7500 Security Boulevard
Baltimore, MD 21244-1850

NOTICE OF AWARD
AUTHORIZATION (Legislation/Regulations)
Section 1311 of the Affordable Care Act, Health Insurance Exchange

8. TITLE OF PROJECT (OR PROGRAM)
Cooperative Agreement to Support Establishment of a State-Operated Health Insurance Exchanges

9a. GRANTEE NAME AND ADDRESS
New Mexico Human Services Department
Office Health Care Reform
PO BOX 2348
Santa Fe, NM 87504-2348

9b. GRANTEE PROJECT DIRECTOR
Dr. Dan Derksen M.D.
Office Health Care Reform
Post Office Box 2348
Santa Fe, NM 87504
Phone: 505-827-7750

10a. GRANTEE AUTHORIZING OFFICIAL
Ms. Sidonie Squier
Office Health Care Reform
Post Office Box 2348
Santa Fe, NM 2348
Phone: 505-827-7750

10b. FEDERAL PROJECT OFFICER
Ms. Susan Lumsden
200 Independence Ave Sw Rm 738-G
Washington, DC 20201
Phone: 301-492-0000

11. APPROVED BUDGET (Excludes HHS Direct Assistance)

I HHS Grant Funds Only

II Total project costs including grant funds and all other financial participation

a. Salaries and Wages	107,000.00	
b. Fringe Benefits	43,983.00	
c. Total Personnel Costs	150,983.00	
d. Equipment	0.00	
e. Supplies	36,000.00	
f. Travel	50,000.00	
g. Construction	0.00	
h. Other	84,000.00	
i. Contractual	33,958,500.00	
j. TOTAL DIRECT COSTS	34,279,483.00	
k. INDIRECT COSTS (rate of)	0.00	
l. TOTAL APPROVED BUDGET	34,279,483.00	
m. Federal Share	34,279,483.00	
n. Non-Federal Share	0.00	

12. AWARD COMPUTATION FOR GRANT

a. Amount of HHS Financial Assistance (from item 11m)	34,279,483.00
b. Less Unobligated Balance From Prior Budget Periods	0.00
c. Less Cumulative Prior Award(s) This Budget Period	0.00
d. AMOUNT OF FINANCIAL ASSISTANCE THIS ACTION	34,279,483.00
13. Total Federal Funds Awarded to Date for Project Period	34,279,483.00

14. RECOMMENDED FUTURE SUPPORT
(Subject to the availability of funds and satisfactory progress of the project):

YEAR	TOTAL DIRECT COSTS	YEAR	TOTAL DIRECT COSTS
a. 2		d. 5	
b. 3		e. 6	
c. 4		f. 7	

15. PROGRAM INCOME SUBJECT TO 45 CFR PART 74, SUBPART F, OR 45 CFR 92.25, SHALL BE USED IN ACCORD WITH ONE OF THE FOLLOWING ALTERNATIVES:

a. DEDUCTION	
b. ADDITIONAL COSTS	
c. MATCHING	
d. OTHER RESEARCH (Add / Deduct Option)	
e. OTHER (See REMARKS)	

b

16. THIS AWARD IS BASED ON AN APPLICATION SUBMITTED TO, AND AS APPROVED BY, HHS ON THE ABOVE TITLED PROJECT AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE IN THE FOLLOWING:

a. The grant program legislation cited above.
b. The grant program regulations cited above.
c. This award notice including terms and conditions, if any, noted below under REMARKS.
d. HHS Grants Policy Statement including addenda in effect as of the beginning date of the budget period.
e. 45 CFR Part 74 or 45 CFR Part 92 as applicable.

In the event there are conflicting or otherwise inconsistent policies applicable to the grant, the above order of precedence shall prevail. Acceptance of the grant terms and conditions is acknowledged by the grantee when funds are drawn or otherwise obtained from the grant payment system.

REMARKS (Other Terms and Conditions Attached - Yes No)
Please Refer to the Standard and Programmatic Terms and Conditions.

GRANTS MANAGEMENT OFFICER:  Michelle Feagins, Grants Management Officer

17. OBJ CLASS 4115	18a. VENDOR CODE 1856000570A5	18b. EIN 856000565	19. DUNS 837710722	20. CONG. DIST. 03
FY-ACCOUNT NO.	DOCUMENT NO.	ADMINISTRATIVE CODE	AMT ACTION FIN ASST	APPROPRIATION
21. a. 1-5992625	b. HBEIE0083A	c. SEPI	d. \$34,279,483.00	e.
22. a.	b.	c.	d.	e.
23. a.	b.	c.	d.	e.

AWARD ATTACHMENTS

New Mexico Human Services Department

1 HBEIE120083-01-00

1. Terms and Conditions

**Cooperative Agreement for the State of New Mexico to Support Establishment of
State-Operated Health Insurance Exchanges
Level One Establishment**

**Standard Terms & Conditions
Attachment A**

- 1. The HHS/CMS Center for Consumer Information and Insurance Oversight (CCIIO) Program Official.** The Program Official assigned with responsibility for technical and programmatic questions from the Grantee is Susan Lumsden (Susan.Lumsden@cms.hhs.gov).
- 2. The HHS/Center for Medicaid, CHIP and Survey & Certification (CMCS) Contact Official.** The Center within CMS responsible for reviewing and approving funding documents referred to as Advance Planning Documents (APDs) that are submitted by the State to receive federal matching funds for goods and services that benefit the Medicaid program. The CMCS Contact Official is Rick Friedman (Richard.Friedman@cms.hhs.gov).
- 3. The HHS/Centers for Medicare and Medicaid Services (CMS) Grants Management Specialist.** The Grants Management Specialist assigned with the responsibility for the financial and administrative aspects (non-programmatic areas) of grants administration questions from the Grantee is Vivian Smith in the Division of Grants Management (Vivian.Smith@cms.hhs.gov).
- 4. The HHS Grants Policy Statement (HHS GPS).** This Cooperative Agreement is subject to the requirements of the HHS GPS that are applicable to the Grantee based on your recipient type and the purpose of this award. This includes any requirements in Part I and II (available at <http://www.hhs.gov/grantsnet/adminis/gpd/index.htm>) of the HHS GPS that apply to an award.

Consistent with the HHS GPS, any applicable statutory or regulatory requirements, including 45 CFR part 92, directly applies to this award in addition to any coverage in the HHS GPS.
- 5. Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).** This grant is subject to the requirements as set forth in Title 2 Part 225, State, Local, and Indian Tribal Governments (previously A-87). Program may require grantees to continue to provide estimates for cost allocation during periodic phases involving associated funds of the cooperative agreement.
- 6. Subaward Reporting and Executive Compensation.** This grant is subject to the reporting requirements of the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282), as amended by section 6202 of Public Law 110-252 and implemented by 2 CFR Part 170. Grant and cooperative agreement recipients must report information for each first-tier subaward of \$25,000 or more in Federal funds and executive total compensation for the recipient's and subrecipient's five most highly compensated executives as outlined in

Appendix A to 2 CFR Part 170. Information about the Federal Funding and Transparency Act Subaward Reporting System (FSRS) is available at www.fsrs.gov. For additional assistance, please contact Iris Grady, the Grants Management Specialist assigned to monitor the subaward reports and executive compensation at divisionofgrantsmanagement@cms.hhs.gov.

Special Terms & Conditions Attachment B

- 1. Budget and Project Period.** The budget and project period for the Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges (Level One Application due date September 30, 2011) is from November 29, 2011 through November 28, 2012.
- 2. Restriction of Funds.** Grantee will not have access to the contractual line item funds for Information Technology expenses in the amount of \$23,550,000 until the conditions outlined under Parts A and B below (if applicable) have been met. Grantee only needs to address the conditions outlined in Part A for those contractual line item funds that are needed to implement or sustain the project for the duration of the cooperative agreement (e.g. start-up costs or non-System Development Life Cycle dependent costs). Grantee must address Parts A and B for all contractual line item costs directly linked to a specific Systems Development Life Cycle review (see Part B below). As part of any request to lift restrictions on funding, Grantee must identify the nature of the contractual line item funds (i.e. start-up versus specific life cycle review).

For additional guidance on the restriction of funds requirements, please contact your Grants Management Specialist, Vivian Smith, at Vivian.Smith@cms.hhs.gov, or your assigned Project Officer.

A. Grantee must provide the following required information for all contracts:

1. Name of Contractor
2. Method of Selection
3. Period of Performance
4. Scope of Work
5. Method of Accountability
6. Itemized Budget and Justification

Please review [Appendix E](#) "Guidance for Preparing a Budget Request and Narrative in Response to SF424A" in the Funding Opportunity Announcement (FOA) for further guidance on what is required to address these topics areas.

B. Grantee must also meet specific Program Requirements, to include undergoing standard industry Systems Development Life Cycle (SDLC) reviews.

1. Architecture Review
2. Project Baseline Review

3. Detailed Design Review
4. Operational Readiness Review

As part of the overall response to Part A, Grantee must specifically explain and separately outline the contract costs associated for each life cycle review stage listed above prior to beginning work. Specifically, Grantee must explain in the *Scope of Work*, the precise services/tasks/deliverables to be performed by the contractor, and outline in the *Itemized Budget and Justification* the contractual costs with appropriate justification.

At the time of each stage of the life cycle review process, Grantee must provide detail of the deliverables, products, etc. completed during that stage of the life cycle. Those specifications will then be reviewed by HHS using the published HHS SDLC standards, which will then determine if the Grantee has successfully met completeness requirements under the HHS SDLC. Once Grantee receives approval from HHS regarding the completeness of their deliverables for that life cycle review period, the contractual line item funds linked to that specific review will be available for drawdown.

The SDLC reviews will be jointly conducted by CCIIO and CMCS. Because the Affordable Care Act requires the development of a streamlined enrollment system for Medicaid, CHIP, State basic health plans established under § 1331, and Exchange qualified health plans and financial assistance for qualified health plans, the development of the IT system will benefit Medicaid/CHIP and Exchange-related programs. Therefore, costs for this project need to be allocated between Medicaid/CHIP and the Exchange. Additionally, the Medicaid program will be building to varying degrees supporting infrastructures to facilitate the work of the Exchange. It is for this reason that CMCS will be working together with CCIIO to review the progress the State is making during the four SDLC reviews. We expect the State staff working on the Exchange and the supporting Medicaid program activities to similarly work together as they develop joint solutions.

During the SDLC reviews, CMS will want both State Exchange and Medicaid staff to participate in all of the reviews, provide requested documentation and be prepared to speak to the status of the system and program's development with regard to: a) the Exchange, b) the supporting Medicaid program and infrastructure and c) any jointly developed cost allocated activities between the Exchange and the Medicaid program. Please note that while the funding sources for the three areas outlined above will come from two sources (i.e. the CCIIO Establishment Grants and the Medicaid Advance Planning Documents), the traditional APD review process has been expedited as a result of CMS' ability to conduct the SDLC reviews in a joint fashion between CCIIO and CMCS and between the State Exchange staff and the State Medicaid staff involved in the activities described above. The focus of the SDLC reviews by the CMCS staff will pay particular attention to the extent to which, at each stage of the SDLC reviews, the State is fulfilling its obligations, including meeting specific Standards and Conditions.

Please review the description in [Appendix D](#) of the FOA for further guidance on the SDLC reviews.

3. **Personnel Changes.** The Grantee is required to notify the CCIIO Project Officer and the HHS Grants Management Specialist within thirty (30) days of any personnel changes affecting the grant's Project Director, Assistant Project Director, or the Financial Officer as well as any named Key Contractor staff.
4. **Contractual Personnel Changes.** Because the bandwidth of expertise is tight in the Exchange arena, Grantees must inform the Program Officer as to Contractual resources and key personnel changes.
5. **Required Grant Reporting.** The templates for the Required Grant Reporting will be forthcoming.
 - a. **Quarterly Project Report.** The Grantee is required to submit Quarterly Progress Reports to the HHS Grants Management Specialist and to the CCIIO Project Officer. Quarterly Progress Reports are due within 30 days after the end of the quarter (January 30, April 30, July 30, and October 30). The first quarterly report is due after the first full quarter following award. The final Quarterly Report will serve as the Final Project Report and should be comprehensive of the work performed throughout the project period.
 - b. **Periodic Deliverables.** See Program Requirements per the Funding Opportunity Announcement.
 - c. **Public Report.** The Grantee is required to prominently post specific information about the Exchange grants on its Internet websites to ensure that the public has information on the use of funds.
6. **Required Financial Reports.** The Federal Financial Report (FFR or Standard Form 425) has replaced the SF-269, SF-269A, SF-272, and SF-272A financial reporting forms. All grantees must utilize the FFR to report cash transaction data, expenditures, and any program income generated.

Grantees must report on a quarterly basis cash transaction data via the Payment Management System (PMS) using the FFR in lieu of completing a SF-272/SF272A. The FFR, containing cash transaction data, is due within 30 days after the end of each quarter. The quarterly reporting due dates are as follows: 1/30, 4/30, 7/30, 10/30. A Quick Reference Guide for completing the FFR in PMS is at:

www.dpm.psc.gov/grant_recipient/guides_forms/ffr_quick_reference.aspx.

Within 90 calendar days of the budget/project period end date, Grantees must also report on the FFR their expenditures and any program income generated in lieu of completing a Financial Status Report (FSR) (SF269/269A). Expenditures and any program income generated should only be included on the final FFR.

See below for the due date for the final FFR:

<i>Budget/Project period</i>	<i>Reporting Period and Due Date</i>
November 29, 2011 through November 28, 2012	<i>Final report</i> - 12-month reporting period— November 29, 2011 through November 28, 2012 DUE: February 28, 2013

A hard copy of the final FFR, containing cash transaction data, expenditures, and any program income generated, should be mailed and received by our office within 90 calendar days of the budget/project period end date. Grantees should access the following link in order to electronically complete and print the final FFR:
http://www.whitehouse.gov/omb/grants_forms/.

The final FFR should be mailed to the attention of Grants Management Specialist, Vivian Smith, at the following address:

Centers for Medicare and Medicaid Services
Office of Acquisition and Grants Management
200 Independence Ave., SW
Room 733H-02
Washington, D.C. 20201

Award recipients shall liquidate all obligations incurred under the award not later than 90 days after the end of the project period and before the final FFR submission. It is the award recipient's responsibility to reconcile reports submitted to PMS and to CMS. Failure to reconcile final reports in a timely manner may result in canceled funds.

For additional guidance, please contact your Grants Management Specialist, Vivian Smith.

Payment under this award will be made by the Department of Health and Human Services, Payment Management System administered by the Division of Payment Management (DPM), Program Support Center. Draw these funds against your account that has been established for this purpose. Inquiries regarding payment should be directed to:

**Director, Division of Payment Management
Telephone Number 1-877-614-5533
P. O. Box 6021
Rockville, Maryland 20852**

- Attendance at Meetings and Sharing.** It is extremely important for States to share with one another lessons learned and best practices; as such it is expected that grantees attend CMS (CCIIO and/or CMCS) grantee meetings or workshops; it is also highly encouraged for grantees to attend regional or other types of meetings/workshops that would further their work to establish their Exchanges.

- 8. Collaborative Responsibilities.** Close coordination between the Department of Insurance and the Medicaid Director is required. Grantees will be expected to show evidence, including but not limited to, regular communication and meetings, and Memoranda of Agreement based on business owners of processes, and inclusion in critical milestones.
- 9. Consumer Assistance Program (Section 1002).** As Exchange grantees engage in planning and implementation activities around the Core Area of Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints, they must keep in mind that it is not possible to replace CAP grant funding with 1311 funding. The activities must be integral to the Exchange and are subject to the minimum requirements of Section 1311, not those in Section 1002. Funds applied for must not supplant other grant funds, or otherwise misuse or misappropriate grant funds.
- 10. Basic Health Program.** Exchange Establishment Cooperative Agreement funds cannot be used by the state for the purpose of applying for a waiver of the Exchange requirements. To the extent that there are Exchange establishment activities that would need to be coordinated with or overlap with activities undertaken pursuant to sections 1331 and 1332, Establishment Cooperative Agreement funding could be available for those activities. However, funding under the Establishment Cooperative Agreements may not be used solely for waiver activities, the Basic Health Program or investigation of the feasibility of those options.
- 11. Risk Adjustment.** States must seek approval to commence specific tasks associated with risk adjustment. Please submit plans to carry out tasks related to risk adjustment to your project officer for review and approval prior to commencing activities.
- 12. Funding the Navigator Program.** State Exchange Establishment funds may be used for functions and/or activities that pertain to the development of a Navigator program. Funds to support the Navigator program's operations must come from the operational funds of the State Exchange, not from Section 1311 funds awarded under this cooperative agreement.
- 13. Acceptance of Application and Terms of Agreement.** Initial expenditure of funds by the grantee constitutes acceptance of this award.