93.779

CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) RESEARCH, DEMONSTRATIONS AND EVALUATIONS / COMMUNITY-INTEGRATED PERSONAL ASSISTANCE SERVICES AND SUPPORTS

State Project/Program: NORTH CAROLINA COMMUNITY-INTEGRATED PERSONAL ASSISTANCE SERVICES AND SUPPORTS (CPASS)

U. S. Department of Health & Human Services—Centers for Medicare and Medicaid Services


N. C. Department of Health and Human Services
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Address Confirmation Letters To:
SFY 2006 audit confirmation reports for payments made to Counties, Local Management Entities/Area Authorities, Councils of Government and District Health Departments will be available by around late August to early September at the following web address:
http://www.dhhs.state.nc.us/control/
At this site, page down to “Letters/reports/forms for ALL Agencies” and click on “Audit Confirmation Reports (State Fiscal Year 2005-2006)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from the DHHS are found at the same website except select “Non-Governmental Audit Confirmation Reports (State Fiscal Years 2003-2005)”.

The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the Supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current. The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

I. PROGRAM OBJECTIVES

The North Carolina CPASS program was initiated effective September 30, 2002 through a three year, $725,000 grant from the Centers for Medicare and Medicaid Services to the NC Department
The objective of CFDA 93.779 is to support analyses, experiments, demonstrations and pilot projects in efforts to resolve major health care financing issues and to develop innovative methods for the administration of Medicare and Medicaid. These awards are in the form of research grants and cooperative agreements; Hispanic health services grants; historically black colleges and university grants. For fiscal years 2002 and 2003 (when this grant was awarded to North Carolina), the Centers for Medicare and Medicaid Service identified a number of areas where specific information or experience is necessary to improve program effectiveness or guide decisions anticipated in the near future. These priority areas for CMS’s discretionary contracts, cooperative agreements or grants are as follows: (1) Monitoring and evaluating CMS’s programs; (2) improving managed care payment and delivery; (3) improving fee-for-service payment and delivery; (4) future trends influencing the programs; (5) strengthening Medicaid (SCHIP), and State programs; (6) meeting the needs of vulnerable populations; (7) outcomes, quality, and performance; and (8) building research capacity.

The purpose of the North Carolina CPASS project is the advance its system of services and supports for individuals who have disabilities or long term illnesses by developing the capacity to respond to consumer desire for choice and control with their personal assistance services. To accomplish this goal, the project is attempting to make fundamental changes in current fiscal and administrative policies, in the way provider agencies conduct business and in information available to all stakeholders. The project addresses all of these changes through a legislative and rule analysis leading to policy reform; a broad range of information and technical assistance to provider agencies, local public agencies, consumers and families, policy makers, and direct care staff; and four community pilots addressing local barriers to consumer directed services.

II. PROGRAM PROCEDURES

Funds are made available to the DHHS, through a three year grant from the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, Grant number P-91668/4, issued as a result of a Notice of Funding Availability for the “Infrastructure Grant Program to Support the Design and Delivery of Long Term Services and Supports That Permit People of Any Age Who Have a Disability or Long-Term Illness to Live in the Community” (Systems Change Grants for Community Living) in the Federal Register, 66 FR 28183 published on May 22, 2001. In FY 2002, Congress appropriated additional funds Systems Change Grants (Department of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, Pub. L. 107-116), which were used to fund applications from FY 2001 that were not initially funded.

The NC DHHS received a grant award of $725,000 in September 2002. The Notice of Funding Availability required that each recipient of Community PASS grants make a “non-financial contribution of 5 per cent (%) of the total grant award. Non-financial recipient contributions may include the value of goods and/or services contributed by the Grantee, for example, salary and fringe benefits of staff devoting a percentage of their time to the grant not otherwise included in the budget or derived from federal funds…. The non-financial match requirement may also be satisfied if a third party participating in the grant makes an “in-kind contribution,” provided that the Grantee’s contribution and/or the third-party in-kind contribution equals 5 percent of the total.
grant award. Third-party “in-kind contributions” may include the value of the time spent by consumer task force members (using appropriate cost allocation methods to the extent that non-Federal funds are involved) who specifically contribute to the design, development, and implementation of the grant.”

Reimbursement of indirect costs under the grant solicitation “is governed by the provisions of the US Department of Health and Human Services, Grants Policy Directive (GPD) Part 3.01: Post-Award—Indirect Costs and Other Cost Policies.” The NC CPASS grant budget includes indirect costs toward the 5% non-financial contribution.

The solicitation also stated that “While only one entity may receive the grant, the Grantee agency may subcontract portions of the award consistent with the Applicant’s proposed project.” The NC CPASS project has contracted out several portions of the grant, as follows:

- Oregon Technical Assistance Corporation—contract #1757--$190,000, for the purpose of technical assistance and training

- Four Community Pilots for the purpose of assessing communities in regard to consumer directed services and addressing barriers, established under DMHDDSAS Request for Applications #7:
  - First in Families of North Carolina—contract #1794--$45,897.00
  - The Arc of Mecklenburg County—contract #1795--$39,310.00
  - Exceptional Children’s Assistance Center (Powerful Youth Friends United)—contract #1796--$50,241.00
  - Stevens Foundation for Developmental and Enrichment Services—contract # 1797--$37,598.00

- Human Services Research Institute—contract #1846—$106,823.00—established under DMHDDSAS Request for Applications #9, for the purpose of conducting an analysis of legislation, rules and policy of the North Carolina DHHS and making recommendations regarding changes that need to be made to support consumer directed services and supports.

- Center for Urban Affairs and Community Services—to evaluate the impact of the CPASS, Real Choice (consumer-directed portion), and Nursing Facility Transitions grants on the ability of North Carolina to allow for the provision of consumer directed services.

All contracts delineate federal and state requirements, how the funding can be used, and the reimbursement process. They all have scopes of work and deliverables for monitoring compliance, and are required to submit written quarterly reports regarding progress toward their goals and objectives. Funds are earned on an expenditure basis and are reported monthly on a financial services reimbursement form. The Division of MHDDSAS staff responsible for the CPASS grant is also responsible for monitoring contracts under the grant. Division of MHDDSAS staff monitors quarterly reports and financial reimbursement forms.

- Joseph Donovan—Personal Services Agreement #1802 for FY04-05 ($2,160.00) for the purpose of chairing the consumer CPASS advisory committee.
Division of MHDDSAS staff responsible for the CPASS grant is also responsible for monitoring Joseph Donovan’s Personal Services Agreement. He submits invoices for reimbursement, which is monitored by the Division of MHDDSAS.

III. COMPLIANCE REQUIREMENTS

Crosscutting Requirements

The DHHS/Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS) mandates that all the testing included within the crosscutting section be performed by the local auditors. Please refer to that section, which is identified as “DMH-0” for those mandated requirements.

A. Activities Allowed or Unallowed

In general, CPASS grants must be used to develop personal assistance systems that maximize individual choice and control. Grantees have exceptional flexibility in the use of funds but should be guided by three questions:

(a) To what extent will this activity promote an enduring improvement in the infrastructure to support consumer-directed, community-integrated personal assistance services and thereby advance the purpose for which the grant was made?

(b) To what extent will this personal assistance strategy actively promote the ability of people to live in a community-integrated setting?

(c) To what extent will this design of personal assistance service promote the maximum ability of individuals to direct the services upon which they rely?

B. Allowable Costs/Cost Principles

All grantees that expend State funds (including federal funds passed through the N.C Department of Health and Human Services) are required to comply with the cost principles described in the N.C. Administrative Code at 09 NCAC 03M.0201.

Grant funds may not be used:

To provide direct services to individuals except as explicitly permitted under each grant solicitation. Applicants may elect to use no more than 20 percent of the total grant funds for direct services [the North Carolina CPASS grant is providing no direct services].

To match any other Federal funds;

- To provide services, equipment or supports that are the responsibility of another party under Federal or State law (e.g., vocational rehabilitation or educational services) or under any civil rights laws. Such legal responsibilities include, for example, modifications of a workplace or other reasonable accommodations that are a specific obligation of the employer or other party;

- To provide infrastructure for which Federal Medicaid matching funds are available at the 90/10 matching rate, such as certain information systems projects;

- To supplant existing State, local, or private funding of infrastructure or services such as staff salaries, etc.;

- To be used for other expenses that will not be used primarily for the benefit of individuals of any age that have a disability or long term illness;
• To be used for ongoing administrative expenses related to Medicaid services unless such administration is part of a well-defined test of alternate and improved methods focused specifically on personal assistance services that maximize consumer control; or
• To be used for data processing hardware in excess of the personal computers required for staff devoted to the grant or for any direct services permitted under that grant.

C. Cash Management
These funds are disbursed on a reimbursement basis; therefore Cash Management should not be tested at the local level.

D. Davis-Bacon Act
This requirement does not apply to this grant.

E. Eligibility
In the application process, CMS stated that the State may select any or all target groups of individuals who have a disability or long term illness and require community-integrated personal assistance, provided such individuals are Medicaid-eligible or are judged by the State to be within six months of Medicaid eligibility. [The North Carolina grant application did not include any direct services to clients in its application.]

While there is no beneficiary age or target group restriction, CMS expected all applications to address the question of how individuals with the most severe disabilities may benefit from system improvements that will be promoted by the “Community Pass” grant.

F. Equipment and Real Property Management

Equipment Management:
This requirement refers to tangible property that has a useful life of more than one year and costs of $5,000 or more. Such equipment may only be purchased per the conditions of the approved contract or grant agreement. Should the contract be terminated, any equipment purchased under this program shall be returned to the Division.

Real Property Management:
This requirement does not apply to DMHDDSAS contracts.

G. Matching, Level of Effort, Earmarking
The Notice of Funding Availability required that each recipient of Community PASS grants make a “non-financial contribution of 5 per cent (%) of the total grant award. Non-financial recipient contributions may include the value of goods and/or services contributed by the Grantee, for example, salary and fringe benefits of staff devoting a percentage of their time to the grant not otherwise included in the budget or derived from federal funds.... The non-financial match requirement may also be satisfied if a third party participating in the grant makes an “in-kind contribution,” provided that the Grantee’s contribution and/or the third-party in-kind contribution equals 5 percent of the total grant award. Third-party “in-kind contributions” may include the value of the time spent by consumer task force members (using appropriate cost allocation methods to the extent that non-Federal funds are involved) who specifically contribute to the design, development, and implementation of the grant.”

Reimbursement of indirect costs under the grant solicitation “is governed by the provisions of the US Department of Health and Human Services, Grants Policy Directive (GPD) Part 3.01: Post-Award—Indirect Costs and Other Cost Policies.”
H. Period of Availability of Federal Funds

Federal funds for the CPASS grant are available until the end of the grant period, September 29, 2005. This requirement does not apply at the subrecipient level.

I. Procurement and Suspension and Debarment

Procurement

All grantees that expend federal funds (received either directly from a federal agency or passed through the N.C. Department of Health and Human Services) are required to conform to federal agency codifications of the grants management common rule accessible on the Internet at [http://www.whitehouse.gov/omb/grants/chart.html](http://www.whitehouse.gov/omb/grants/chart.html).

All grantees that expend State funds (including federal funds passed through the N.C. Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, which are identified in the State of North Carolina Agency Purchasing Manual found on the Internet at [http://www.doa.state.nc.us/PandC/agpurman.htm#P6_65](http://www.doa.state.nc.us/PandC/agpurman.htm#P6_65).

Nongovernmental subrecipients shall maintain written Procurement policies that are followed in procuring the goods and services required to administer the program.

Suspension & Debarment

All grantees awarded contracts utilizing Federal dollars must be in compliance with the provisions of Executive Order 12549, 45 CFR Part 76 and Executive Order 12689.

J. Program Income

This requirement does not apply to this grant.

K. Real Property Acquisition and Relocation Assistance

This requirement does not apply to this grant.

L. Reporting

The Grantee agrees that, throughout the duration of the grant, all annual financial status reports, semi-annual reports, annual reports, and final reports will be provided.

The Grantee agrees to submit a financial status report to the CMS Grants Officer with a copy to the CMS Project Officer on an annual basis. This financial status report will account for all uses of grant monies during the previous year and project uses of grant money for the ensuing year. The Grantee agrees to submit the first annual financial status report 90 days after the end of the grant year, and all subsequent financial status reports on the same date for each year thereafter, through the duration of this grant.

The Grantee agrees to submit an annual progress report to the CMS Project Officer within 60 days of the end of the grant year consistent with a format and content specified by CMS. The Grantee agrees to send the report to the CMS Grants Officer with a copy to the CMS Project Officer. The Grantee agrees to include a synthesis of project activities for that year and a preliminary analysis of the effectiveness/success of the grant activities toward the end of systems change in the annual report. The Grantee agrees to include the following in the annual report: collaboration activities, any in-State activities underway, project barriers
encountered by the Grantee, project successes, a discussion of the Grantees’ use of grant funds, a section describing how grant funded activities are being coordinated or integrated, if applicable, with other disability or long term care programs within the state, and any other specific reporting or data elements as required herein.

The Grantee agrees to submit a final report to the CMS Project Officer within 90 days of the end of the last grant year. The Grantee agrees to send the report to the CMS Grants Officer with a copy to the CMS Project Officer. The Grantee agrees to put the following in the final report:

- A description of grant activities;
- An analysis of the effectiveness/successes of the grant project toward the end of systems change;
- A description of systems change activities that will be continued after the grant-specific activities have ceased;
- A description of how grant-funded activities were coordinated or integrated with other disability or long term care programs within the state.

M. Subrecipient Monitoring

Detail of the Compliance Requirement—

1) Monitoring is required if the agency disburses or transfers any State funds to other organizations; except for the purchase of goods or services, the grantee shall require such organizations to file with it similar reports and statements as required by GS 143-6.2 and the applicable prescribed requirements of the Office of the State Auditor’s Audit Advisory #2 (as revised January 2004) including its attachments. If the agency disburses or transfers any pass-through federal funds received from the State to other organizations, the agency shall require such organizations to comply with the applicable requirements of OMB Circular A-133. Accordingly, the agency is responsible for monitoring fiscal compliance of subcontractors as described above.

2) Contractors agree that, if the Division determines that some or all of the activities within the scope of the contracts are subject to the Health Insurance Portability and Accountability Act (HIPAA) of 1996, P.L. 104-91, as amended or its implementing regulations, it will comply with the HIPAA requirements and will execute such agreements and practices as the Division may require to ensure compliance.

3) Contractors shall not subcontract any of the work contemplated under the Contracts without prior written approval from the Division. Any approved subcontract shall be subject to all conditions of the Contract.

4) The Contractor shall not substitute key personnel assigned to the Contract without prior written approval by the Division.

N. Special Tests and Provisions

Detail of the Compliance Requirement—

1) CMS is providing technical assistance to all Grantees through a grant to a provider under The Community Living Exchange Collaborative: A National Technical Program. Grantees are required to participate in these efforts.
2) The Grantee agrees to ensure that people with diverse disabilities and long term illnesses (or the applicable population if the project targets individuals of a specific age or with a specific disabling condition) are meaningfully involved in the planning and implementation activities undertaken as a result of grant funding. Also, the Grantee (or contractor) agrees to facilitate meaningful involvement of relevant State agencies, providers, and other public and private partners.

3) The Grantee agrees to protect confidentiality of all information that identifies individual grant participants during the period of this grant. The Grantee agrees not to disclose information identifying individual grant participants directly or indirectly except for purposes directly connected with the conduct of the project subject to 45 C.F.R. 160 and 164.

4) This requirement applies to any private, non-profit entity eligible to receive federal funds, either by General Assembly appropriation, or by grant, loan or other allocation from a State agency (S.L. 1993-321, Section 16 of the Appropriation Act). An agency official is required to sign a notarized copy of the conflict of interest policy before a contract is executed.

5) The agency must comply with any additional requirements specified in the contract or to any other performance-based measures or agreements made subsequent to the initiation of the contract including but not limited to findings requiring a plan of correction or remediation in order to bring the program into compliance.

Conflict of Interest

All non-State entities (except those entities subject to the audit and other reporting requirements of the Local Government Commission) that receive, use or expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are subject to the financial reporting requirements of G. S. §143-6.2 for fiscal years beginning on or after July 1, 2005. These requirements include the submission of a Notarized Conflict of Interest Policy (see G. S. §143-6.2(b1)) and a written statement (if applicable) that the entity does not have any overdue tax debts as defined by G. S. §105-243.1 at the federal, State or local level (see G. S. §143-6.2(b2)). All non-State entities that provide State funding to a non-State entity (except any non-State entity subject to the audit and other reporting requirements of the Local Government Commission) must hold the subgrantee accountable for the legal and appropriate expenditure of those State grant funds.