

assistance. In July 2001, CMS received 161 applications for these Systems Change grants from 51 States and Territories (48 States, the District of Columbia, and 2 Territories) requesting funding totaling approximately \$240 million. In September 2001, CMS awarded the first Real Choice Systems Change Grants, totaling approximately \$70 million, to 37 States and 1 territory. The awards consisted of: 25 Real Choice Systems Change grants; ten Community-Integrated Personal Assistance Services and Supports grants; 12 Nursing Facility Transitions, State Program Grants; and five Nursing Facility Transitions, Independent Living Partnership grants. CMS also awarded two grants (one to each grantee) for technical assistance to Rutgers and ILRU, forming the Community Living Exchange Collaborative: A National Technical Assistance Program.

3. FY 2002 Real Choice Systems Change Grants for Community Living: In FY 2002, the Congress appropriated an additional \$55 million in Systems Change grant funds specifically to improve community-integrated services (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2002 Pub. L. 107-116). Due to the extraordinary response CMS received in FY 2001 to the Systems Change Grants for Community Living solicitation, no new applications were accepted for FY 2002. Instead, CMS continued to process and award applications submitted in 2001, beginning with the highest-ranked applications that were not funded in FY 2001. Notice of the process for awarding the FY 2002 grants was published in the **Federal Register** on April 26, 2002 (66 FR 20791). The FY 2002 awards consisted of: 25 new Real Choice Systems Change grants; 8 new Community-Integrated Personal Assistance Services and Supports grants; 11 new Nursing Facility Transitions, State Program grants; and 5 new Nursing Facility Transitions, Independent Living Partnership grants. CMS also made supplemental awards to the two the Grantees for the Community Living Exchange Collaborative: A National Technical Assistance Program and five supplemental awards to five states that received Real Choice Systems Change grants in FY 2001. The five supplemental Real Choice awards ensured that these state grantees were not disadvantaged in award amounts received compared to states that received FY 2002 awards. The list of "Qualified Applicants" for purposes of FY 2002 grant awards as published was correct with the following exception:

the State of California declined its "preliminary" award of a Nursing Facility Transitions, State Program Grant (NFT-SP) and as a result, the State of Louisiana, the next highest-ranked applicant in this category, was awarded an NFT-SP grant.

*B. Overview and General Requirements for All FY 2003 Real Choice System Change Grants for Community Living*

The following distinct competitive grant solicitations comprise the Real Choice Systems Change Grants for Community Living:

- *Respite for Adults:* The purpose of the Respite for Adults grants is to enable states to conduct studies assessing the feasibility of developing respite projects for caregivers of adults through Medicaid or other funding streams. States may examine the feasibility of providing respite for adults, as if it were a Medicaid service, to a limited target group (*i.e.*, the elderly; individuals with mental illness, developmental disability, physical disability, etc.) Such projects will be expected to build in elements that are responsive to individual needs and offer the opportunity for consumer direction. Approximately \$525,000 to \$1.4 million is available to assist states in this effort.

- *Respite for Children:* The purpose of the Respite for Children grants is to enable States to conduct feasibility studies and explore the development for Medicaid respite projects specifically targeted for caregivers of children. States may examine the feasibility of providing respite for children, as if it were a Medicaid service, to a limited target group (*i.e.*, children with a physical disability, mental illness, developmental disability, etc.) Such projects will be expected to build in elements that are responsive to individual needs and offer the opportunity for consumer direction. Approximately \$525,000 to \$1.4 million is available to assist states in this effort.

- *Community-Based Treatment Alternatives for Children (C-TAC):* The purpose of the C-TAC grants is to assist states in developing a comprehensive, community-based mental health service delivery system, through Medicaid, for children with serious emotional disturbances who would otherwise require care in a psychiatric residential treatment facility (PRTF). Currently, Medicaid provides inpatient psychiatric services for children under age 21 in hospitals, and extends these Medicaid benefits to children in PRTFs. However, PRTFs do not meet the CMS definition of "hospital" so they do not qualify as institutions against which states may measure § 1915(c) waiver costs. Over the

last decade, PRTFs have become the primary providers for children with serious emotional disturbances requiring an institutional level of care however, states have been unable to use § 1915(c) waiver authority to provide Medicaid-funded home and community-based alternatives to care, which would keep the children in their homes and with their families. The funds available through this solicitation will assist states in assessing community-based alternatives to residential treatment or institutionalization. Approximately \$525,000 to \$1.4 million is available to assist states in this effort.

- *Quality Assurance and Quality Improvement in Home and Community-Based Services (QA/QI in HCBS):* The purpose of QA/QI in HCBS grants is to assist states to: (a) fulfill their commitment to assuring the health and welfare of individuals who participate in the state's home and community-based waivers under § 1915(c) of the Social Security Act, (b) develop effective and systematic methods to meet statutory and CMS requirements by the use of ongoing quality improvement strategies, and (c) develop improved methods that enlist the individual and community members in active roles in the quality assurance and quality improvement systems. Approximately \$4,320,000 to \$15 million is available to assist states in this effort.

- *Independence Plus Initiative:* The purpose of Independence Plus Initiative grants is to assist states in meeting the federal expectations established by CMS for the approval of self-directed program waivers and demonstration projects within the Independence Plus framework. These expectations include: Person-Centered Planning, Individual Budgeting, Self-Directed Supports (including Financial Management Services and Supports Brokerage), and Quality Assurance and Improvement Systems (including the participant protections of emergency back-up and viable incident management systems). Approximately \$2,880,000 to \$8 million is available to assist states in this effort.

- *Money Follows the Person Rebalancing Initiative:* The purpose of this initiative is to enable states to develop and implement strategies to reform the financing and service designs of state long-term support systems so that (a) a coherent package of State Plan and HCBS waiver services is available in a manner that permits funding to "follow the person" to the most appropriate and preferred setting, (b) financing arrangements that enable transition services for individuals who transition between institution and