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## **FAQs on the Use of 1311 Funds, Project Periods, and updating the cost allocation methodology**

These Frequently Asked Questions (FAQs) provide clarification about grant funding under Affordable Care Act section 1311(a) available to states that establish a State-based Marketplace (SBM) or a State Partnership Marketplace (SPM) and supplement the FAQs, "Use of 1311 Funds and No-Cost Extensions," issued on March 14, 2014.

**Q1: If I am a 2014 State Partnership Marketplace (SPM) or State-based Marketplace (SBM) currently offering coverage and I apply for a new section 1311 (a) grant award during 2014, how long is my project period?**

A1: Current funding opportunities for which SPMs and SBMs are eligible allow for project periods of up to one year. Please refer to the Funding Opportunity Announcement (FOA) for guidance on project periods and grant funding for costs related to establishment activities. Also, note that the FOA defines establishment activities and that a 2014 SPM or SBM may not apply for grant funding for on-going operations. For more information, see: <http://www.cms.gov/CCIIO/Resources/Funding-Opportunities/index.html#Health Insurance Marketplaces>

**Q2: If a state has not completed the SPM or SBM Blueprint approval process, can that state apply for 1311(a) funding for consumer assistance activities?**

A2: Yes. A state may apply for 1311(a) funding for consumer assistance establishment activities, including the establishment of consumer assistance programs like an in-person assister program, if the application includes a letter from the Governor indicating that the state anticipates completing the Blueprint approval process. All requests for funding are reviewed for allowability, allocability, and reasonableness and other requirements set forth in the FAQ.

**Q3: How often does CMS require a state to update the cost allocation methodology between the Marketplace and the state Medicaid agency for jointly funded activities?**

A3: Whenever, a state seeks additional 1311 (a) funding and/or Advance Planning Document (APD) funding, they must provide an updated cost allocation methodology in the application. It is important for states to reassess the initial cost allocation that was approved prior to open enrollment based on projections, now that actual enrollment and transactional volume data is available. In addition, CMS strongly recommends that states continue to reassess their cost allocation on an annual basis and/or if there is a substantive change in program participation or the scope of the jointly-funded activities.