

**Health Federally Funded Research and Development Center
Administrative Reimbursement Fee – Fact Sheet**

1. The Health Federally Funded Research and Development Center (Health FFRDC) Administrative Fee for Users

CMS is announcing the implementation of an administrative user fee per task order beginning on August 31, 2023 that marks the beginning of our new 5-year period of performance for the Health FFRDC contract vehicle¹. This administrative fee will be applied to all new task orders issued under the new contract; new task orders are expected to be awarded under the new contract beginning in October 2023.

2. Why is this occurring and why are we being charged?

CMS has been the sponsor of the Health FFRDC for over 10 years, and we are extremely pleased with the growth and maturity of this program and its usage among HHS operating divisions and other users. Over time this growth has necessitated the need to increase staff and obtain system resources to manage the numerous requests that have come in year after year as budgets also become tighter. As a result of these factors, CMS, as the executive sponsor, is seeking to share the expenses of the costs of the operations, governance and support resources that are used to support all users of the Health FFRDC. CMS believes this reimbursement will continue to keep the Health FFRDC as a viable program and an innovative resource that all of the HHS operating divisions and staff divisions have access to use.

3. What does the administrative reimbursement fee cover?

Our growth has been substantial and is reflected in the amount of Contract Use Request Forms (CURFs) that we have received, as well as governance processes that have been updated as to how we process the CURFs. The fee will cover the program administration, governance, and the resources that are needed to support the program. The collection of these fees will help us to maintain the quality of our program, make program improvements, and assure that we have the sufficient resources to review, process and monitor awarded task orders and continue our strategic direction.

4. What does this mean for my organization and when will I see the change?

Beginning with the new contract period of performance on August 31, 2023, you will be billed by our operator, MITRE, for operational costs that are incurred by CMS on behalf of your organization. This cost will be billed per task order. This fee will be collected at the beginning of the work and will be among the first invoices that you will receive for the task order, as an upfront fee. You can expect to be billed the fee on or after October 1, 2023 for that task order, per task order submitted from MITRE.

5. What does my organization need to do?

Organizations should await further communication from CMS. CMS will establish a memorandum of understanding (MOU) with external operating divisions and other stakeholders to document this fee. This fee will not be billed to CMS components. This fee will be billed to external operating divisions by MITRE and MITRE, as our FFRDC operator, will remit these payments to CMS.

¹ The new 5-year contract to operate the Health FFRDC begins on August 31, 2023; however, ordering of new work will not begin until October 2023.

6. What benefit does this give?

This will help CMS to maintain the quality of the program as well as improve efficiencies in governance, management and communication. CMS believes that this reimbursement will continue to keep the Health FFRDC contract vehicle as a viable, innovative resource that all HHS operating and staff divisions can use to continue to drive innovation and strategic delivery of its programs.

7. Does CMS have the authority to collect this fee?

We discussed this matter with our Office of General Counsel (OGC). OGC stated which authority could be used, as well as the parameters for its use. We are collecting the administrative fee as a reimbursement for costs we expend and that information was used to determine our fee structure.

8. What market research was completed by CMS to determine the administrative reimbursement fee and was the administrative reimbursement fee modeled after other vehicles used by existing Health FFRDCs?

CMS researched what we should charge and what was used as a best practice. We held discussions with other FFRDCs to see their operations model. Based on those discussions, and our Office of Financial Management (OFM) and OGC, it was determined that we can only charge a fee that recoups our costs or reimbursements. Please note that the fee that we charge is less than the fees and percentages charged by other FFRDCs and other similar models (e.g. IAA's).

9. Will the administrative reimbursement fee only apply to new contracts?

Yes. This fee is for any CURF (follow-on work or new) submitted under the new contract after the new period of performance that will occur on August 31, 2023.

10. Will the administrative reimbursement fee apply to existing task orders for awards with performance beyond August 31, 2023?

No. The fee will start at the beginning of the new performance period (August 31, 2023) and it will not be applicable for task orders already approved and awarded. Option years exercised for awards approved in FY23 and prior FYs, will not be assessed the fee. Task orders whose period of performance crosses the new performance period will not be assessed a fee. Only new task orders submitted in FY24 and beyond, will be assessed the fee. This fee will be assessed per task order and it does not apply to task order modifications.

11. Will the administrative reimbursement fee be the same for any task order?

No. This amount will vary according to the task order amount. For task orders that are under \$1 million the cost will be \$20,000 for external operating divisions and non-sponsors, while task orders equal to or over \$1 million the cost will be \$35,000.

12. How will the administrative reimbursement fee implementation process occur?

CMS will contact each operating division and any non-sponsors to establish a MOU with the stakeholders to document this fee. The MOU will inform the stakeholders that use of the FFRDC service will incur a fee similar to the use of an Interagency Agreement (IAA).

When the Health FFRDC contract is awarded, CMS will reach out to each operating division to sign the memorandum of understanding (MOU). The task order request for proposal (RFP) will be sent to MITRE. MITRE will then respond with a specific admin user fee based on the cost, as a separate line item. During that process, the task order is awarded. When the first bill is sent, it will include the administrative reimbursement fee. The fee will be remitted to MITRE and CMS will be reimbursed. Once CMS receives the fees from MITRE, we will post them in our systems and reconcile the fees to ensure everything has been collected based on the award amount.

13. Will the administrative reimbursement fee be included in MITRE's proposal for documentation purposes or should this fee be a separate line item order?

Yes, it will be included in MITRE's proposal. The fee will appear in the rough order of magnitude (ROM) estimates as MITRE begins to work on the task orders for the next fiscal year. The fee will then roll forward as a cost proposal, and will then appear as a separate invoice upon task order award. The intent is that fee will be part of the award as a separate line item. Task orders whose period of performance crosses the new performance period will not be assessed a fee.

14. Will the administrative reimbursement fee be separate from the fee/profit percentage of 5%?

Yes. They are separate fees; the 5% fee is MITRE's fee. The Health FFRDC will charge a flat fee of \$20,000 and \$35,000 per task order.

15. When can we expect the ordering guide to be updated and available?

The ordering guide would be updated and available beginning July 1, 2023. Please check our website or send us an email to request the latest ordering guide.

16. What are the next steps in this process?

CMS will continue to facilitate conversations around the fee implementation. The Health FFRDC PMO will meet with any operating divisions if there are specific questions as a result of the Stakeholder meeting that occurred on May 9th or thereafter. If you have questions you, please feel free to reach out to the Health FFRDC Program Office via email (HealthFFRDC@cms.hhs.gov). Operating divisions may share this information with any affected stakeholders (now or in the future) that may need this information. Once the new five-year IDIQ contract is re-awarded, we will finalize the MOU and will begin to implement the administrative fee after the contract award in FY24 within the first quarter that occurs on October 1, 2023 and thereafter.

17. I have questions about this administrative fee, who can I contact?

If you have questions about this announcement, costs or other concerns, do not hesitate to email us at HealthFFRDC@cms.hhs.gov