

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
<i>Waldrep</i>	<i>1-17-12</i>

<b>DIRECTOR'S USE ONLY</b>	<b>ACTION REQUESTED</b>
1. LOG NUMBER <i>101268</i>	<input type="checkbox"/> I Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>Cc: Mr. Fuchs, Depts, CMS file</i>	<input type="checkbox"/> I Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> I FOIA DATE DUE _____
	<input checked="" type="checkbox"/> Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

**Center for Medicaid and CHIP Services**

---

**CMCS Informational Bulletin**

**DATE:** January 13, 2012

**FROM:** Cindy Mann, Director  
Center for Medicaid and CHIP Services (CMCS)

**SUBJECT:** Use of Federally Imposed Civil Money Penalty (CMP) Funds by States

This bulletin provides guidance to States on the implementation of Sections 1819(h)(2)(B)(i)(IV)(ff) and 1919(h)(3)(C)(i)(IV)(ff) of the Social Security Act (the Act) that incorporates specific provisions of the Patient Protection and Affordable Care Act, (the Affordable Care Act) (Pub. L.111-148) pertaining to the collection and uses of federally imposed CMPs.

The Act provides that federally imposed CMP funds may be used to support activities that benefit residents, including assistance to support and protect residents of a facility that closes (voluntarily or involuntarily) or is decertified (including offsetting costs of relocating residents to home and community-based settings or another facility), projects that support resident and family councils and other consumer involvement in assuring quality care in facilities, and facility improvement initiatives approved by the Secretary (including joint training of facility staff and surveyors, technical assistance for facilities implementing quality assurance programs, the appointment of temporary management firms, and other activities approved by the Secretary).

The specific use of funds collected from Long Term Care Facilities as a result of federally imposed CMPs must be approved by CMS on behalf of the Secretary. CMPs levied for deficiencies that are not Federal, and instead are imposed exclusively under State licensure authority, are not subject to the statutory requirements or procedures in this memorandum.

State Medicaid Agencies (SMAs) have an important role in this new requirement to facilitate the disbursement and accounting of these federally imposed CMP funds to the State Survey Agency for CMS approved projects. In the event of nursing home closures, SMAs may direct these funds to assist in certain aspects of the relocation of affected residents. SMAs also have an opportunity to promote projects and initiatives that may enhance quality of care and quality of life for nursing home residents in their states.

Please refer to the Survey & Certification memo, 12-13-NH, dated December 16, 2011.

<http://www.cms.gov/SurveyCertificationGenInfo/PMSR/itemdetail.asp?filterType=none&filterBYDID=0&sortBYDID=2&sortOrder=descending&itemID=CMS1255117&intNumPerPage=10>

Page 2 – Cindy Mann, Director

If you have questions regarding this bulletin, please contact your CMS Regional Office (RO) or Ms. Lorelei Chapman at 410-786-9254 or [lorelei.chapman@cms.hhs.gov](mailto:lorelei.chapman@cms.hhs.gov)