

Supporting Statement A  
Quarterly Medicaid and CHIP Budget and Expenditure Reporting for the  
Medical Assistance Program, Administration and CHIP  
(MBES/CBES Forms CMS-21 and -21B, -37, and -64)  
CMS-10529, OCN 0938-New

**Terms of Clearance**

While this is a new package, it responds to the Terms of Clearance issued on July 2, 2013, under OCN 0938-0067 (CMS-64). The Terms state:

“Approved consistent with the understanding that, within 18 months, CMS plans to obtain approval for the electronic MBES system. Once the MBES is approved, CMS will discontinue the following OMB control numbers and incorporate the data collection instruments into MBES: 0938-0101, 0938-0067, and 0938-0731.”

In this regard, this package seeks to consolidate CMS-21 and -21B (OCN 0938-0731), CMS-37 (OCN 0938-0101), and CMS-64 (OCN 0938-0067) under a new control number while keeping the individual forms as separate instruments using their original CMS identification numbers. The consolidated package’s CMS identification number is CMS-10529.

We acknowledge that the control numbers for CMS-21 and -21B (OCN 0938-0731), CMS-37 (OCN 0938-0101), and CMS-64 (OCN 0938-0067) will be formally discontinued upon the approval of CMS-10529.

**Background**

MBES/CBES is a financial reporting system that produces Budget and expenditures for Medical Assistance and Children’s Health Insurance Program. All forms are to be filed on a quarterly basis and need to be certified by the States to the CMS.

Form CMS-64: Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program, has been used since January 1980 by the Medicaid State Agencies to report their actual program benefit costs and administrative expenses to the Centers for Medicare & Medicaid Services (CMS). CMS uses this information to compute the Federal financial participation (FFP) for the State's Medicaid Program costs. The form CMS-64 has been modified over the years to incorporate legislative, regulatory, and operational changes.

Form CMS-37: It will be filed 45 days prior to the beginning of the Federal Fiscal year. Therefore it will be filed on or before 2/15, 5/15, 8/15 and 11/15. It is an estimate for the year and quarter, both for the current year and the budgeted year. It needs to be certified before it is submitted to the MBES/CBES.

Form CMS-21 and -21B: Similar to CMS-37, CMS-21B will file 45 days prior to the beginning of the Federal Fiscal year. It is required to file on or before 2/15, 5/15,

8/15, 11/15. Certain schedules of the CMS-64 form are used by States to report budget, expenditure and related statistical information required for implementation of the Medicaid portion of the State Children's Health Insurance Programs, Title XXI of the Social Security Act (the Act), established by the recently enacted Balanced Budget Act of 1997 (BBA). CMS-21are expenditure forms should be filed on or before 30 days after the end of the Federal quarter.

A. **Justification**

1. Need and Legal Basis

Form CMS-21 and -21B: Sections 4901, 4911, and 4912, of the Balanced Budget Act of 1997 (BBA) established a new Title XXI of the Act and related Medicaid provisions, which provides funds to States to enable them to initiate and expand the provision of child health assistance to uninsured, low- income children. In order to make appropriate payments to States pursuant to this new legislation, CMS amended the existing Medicaid Budget and Expenditure System (MBES) and established a new Child Health Budget and Expenditure System (CBES) and established new report forms for States to report budget, expenditure and related statistical information to CMS on a quarterly basis. Reporting of this information by States began after the end of the second quarter of Federal fiscal year 1998 (after the end of June 1998). The MBES/CBES system added a calculation to account for a temporary increase in the federal medical assistance percentage (FMAP) enacted under Section 5001 of the Affordable Care Act (ACA) of 2009.

Form CMS-37: Section 1903(d)(1) of the Social Security Act provides the need and legal basis for the collection of Medicaid budget and expenditure information from States:

"Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsections (a) and (b) for such quarter, such estimates to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsections, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter.

Form CMS-64: Section 1903 of the Social Security Act provides the authority for collecting this information. States are required to submit the form CMS-64 quarterly to CMS no later than 30 days after the end of the quarter being reported. These submissions provide CMS with the information necessary to issue the quarterly grant awards, monitor current year expenditure levels, determine the allow ability of State claims for reimbursement, develop Medicaid financial management information provide for State reporting of waiver expenditures, ensure that the federally-established limit is not exceeded for HCBS waivers, and to allow for the implementation of the Assignment of Rights and Part A and Part B Premium (i.e., accounting for overdue Part A and Part B Premiums under State buy-in

agreements)--Billing Offsets. The structure of the current form CMS-64 has evolved from the previous forms used for reporting (form OA.41 and form CMS-64). Classification, identification and referencing used in the CMS-64 forms has been in place for several years, is readily understood and accepted by the report users, and is supported by strong sentiments in both CMS and the States to maintain the existing format. Beginning in the first quarter of FY 2010 expenditure reporting cycle, CMS redesigned the MBES/CBES system, and have received favorable responses from both CMS and the States. In addition, Sections 2301, 2501, 2703, and 4107 enacted under the ACA, established a Freestanding Birth Center Category of Service (COS), Prescription Drug Rebate COS, Health Homes for Enrollees with Chronic Conditions COS, and Tobacco Cessation for Pregnant Women COS respectively. To account for this legislation, CMS expanded the MBES/CBES through the addition of new COS Line items. During FY2011 and FY2012 we added Sections 1202, Primary Care and 4106 for preventive Services under ACA.

## 2. Information for Users:

Form CMS-21 and -21B: CMS-21 are expenditure forms should be filed on or before 30 days after the end of the Federal quarter.

Form CMS-37: Is an estimate for the year and quarter, both for the current year and the budgeted year. It needs to be certified before it is submitted to the MBES/CBES.

Form CMS-64: Used by the Medicaid State Agencies to report their actual program benefit costs and administrative expenses to the CMS. CMS uses this information to compute the Federal financial participation (FFP) for the State's Medicaid Program costs.

## 3. Use of Improved Information Technology

CMS has developed an automated Medicaid budget and expenditure system for use within CMS using electronic transfer between States and CMS for processing all State Medicaid budget & expenditure data. During the planning phase of the MBES/CBES redesign, CMS saw the need to reorganize and create a System's team to assist with the development, migration and maintenance of the MBES/CBES system. A part of the team's purpose is to be an effective liaison between CMS and the contractor. The system's team consults with the contractor regularly to ensure that the system is functioning according to the system's business rules, and to provide guidance to the State and CMS personnel should they have questions or identify glitches. As a result of this process, the MBES/CBES system continually evolves to meet the needs of MBES/CBES users and stay true to the MBES/CBES system's purpose. In addition, the Header columns are now fixed which assists in streamlining a particular task by reducing the time that a user had to scroll up and down to view the headers. As a result of additional COS Line items and enhanced graphics, the loading time has increased for many of the larger forms. To help continually enhance the system's performance, a "quick entry" solution was

implemented for the largest forms, and it is CMS' intent to apply this function more frequently to the larger forms. The additional COS Lines assists the States as well as CMS by means simplifying the identification, reporting and analysis of these budget & expenditures. Moreover, the new platform has significantly less down time, and the new platform helps to optimize the overall performance of the MBES/CBES system. Although there are new COS Lines, they do not result in an increase in burden as this information was originally reported on the 64.9I, 64.10I, 64.9PI, and 64.10PI Informational Forms (I-Forms). In addition, the Line items added in accordance with ACA do not result in an increase in burden because the updated MBES/CBES system's intuitive, efficient nature, and reduced down time offsets any increase in time for data entry.

4. Duplication/Similar Information

The information covered by this request does not duplicate any data being collected. While the form CMS-37, Medicaid Program Budget Report, is used to collect expenditure data, it is used only to report estimated data on a quarterly basis for budgetary purposes. The form CMS-64 is the only means used by CMS to collect actual expenditure data on a quarterly basis. CMS-21B collects expenditure Estimates for CHIP program. CMS-21 collect actual Expenditures on quarterly basis.

5. Small Business

This information collection does not significantly impact small businesses.

6. Less Frequent Collection

Failure to collect the data on a quarterly basis may result in Federal funds not being returned promptly and properly to the Federal Government. States could mispend large sums of Federal funds undetected with no immediate mechanism of recovery. Conversely, there are instances where States are due Federal funds and delays in reimbursing States could cause financial hardships on a State and adversely impact the operation of the Medicaid program. Quarterly report apply to CMS-37, -64, -21B, and -21.

7. Special Circumstances

This request conforms to the guidelines in 5 CFR 1320.6.

8. Federal Register Notice/Outside Consultation

The 60-day Federal Register notice published on August 8, 2014 (79 FR 46442). One comment letter was received whereby the commenter misconstrued that this package was consolidating forms CMS-21/-21B, -37, and -64 into a single form. Consequently, we added clarifying language to the October 20, 2014, Federal Register notice (79 FR 62628). The comment and our response have been added to

this package.

9. Payment/Gifts To Respondents

There were no payments/gifts to respondents.

10. Confidentiality

Forms CMS-64, -37, -21, and -21B do not collect information on individuals and are not subject to the Privacy Act.

11. Sensitive Questions

There are no questions of a sensitive nature associated with this report. Forms CMS-64, -37, -21B, and -21 have no sensitive questions associated with MBES/CBES Forms.

12. Burden Estimate

Respondents are 56 State or territorial Medicaid agencies. Each respondent will make four quarterly submissions to CMS with an estimated average staff hour requirement of 80 hours per submission. CMS has reviewed the wages from the Bureau of Labor Statistics and estimates that a Financial Analysts (occupational code 13-2051) with a mean hourly wage of \$44.05/hr would be completing the data for the template (see [http://www.bls.gov/oes/current/oes\\_nat.htm](http://www.bls.gov/oes/current/oes_nat.htm)). When accounting for fringe benefits, the hourly wage is adjusted by 35% to \$59.47/hr. At this rate, it will cost approximately \$1,065,702 (or \$59.47/hr. x 17,920/hr) to complete a submission.

The Federal government shares in 50% of the State cost. Since reports are submitted electronically, there are negligible printing and distribution costs to the respondent. The total annual respondents cost is as follows:

Hours (per respondent)	CMS-64	(40 hr x 4 qtr) = 160 hr
	CMS-37	(20 hr x4 qtr) = 80 hr
	CMS-21/21B	(20 hr x 4 qtr) = 80 hr
	Total	320 hr

Total Annual Hours	320 hr
	<u>x 56 respondents</u>
	17,920 hr

Estimate of Cost

Total Annual Preparation Hours	17,920
Ave Staff Costs per Hour	<u>x \$59.47/hr</u>
Total Respondents Cost (Rounded)	\$1,065,702
Less 50% Federal Match	-532,851
<b>Respondents Share of Cost</b>	<b>\$532,851</b>

13. Capital Cost

There is no capital cost.

14. Cost to the Federal Government

Federal Costs

The total Federal cost consists of central office review, regional office review, printing and distribution and the Federal share of State reporting costs. We use the average salaries from the General Schedule (GS) Locality Pay Table for employees with grades from GS-9 thru GS-15 at a step level 3 to estimate analyst cost. Because of the various localities involved, we used the hourly rate chart for the “REST OF THE UNITED STATES” link below. We then round the hourly rate to \$45/hour for the estimate. It is estimated to be \$2,699,231 computed as follows:

[http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2014/RUS\\_h.pdf](http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2014/RUS_h.pdf)

Central Office Costs

Central Office cost would include an estimated average of salaries for analyst grades GS-9 thru GS-15 at the step 3 level (rounded) that review the forms CMS-64, -37, -21B and -21. For the CMS-64, analysts’ costs are based on reviewing 224 submissions per year (56 submissions times 4 quarters per year). Each review takes approximately 7 hours to complete at \$45 per hour totaling \$70,560. (224 submissions x 7 hours x \$45 per hour)

For CMS-37, analysts cost are based on reviewing 224 submissions per year (56 submission times 4 quarters per year). Each review takes approximately 4 hours to complete at \$45 per hour totaling \$40,320. (224 submissions x 4 hours x \$45 per hour)

For CMS-21B, analysts cost are based on reviewing 224 submissions per year (56 submission times 4 quarters per year). Each review takes approximately 4 hours to complete at \$45 per hour totaling \$40,320. (224 submissions x 4 hours x \$45 per hour)

For CMS-21, analysts cost are based on reviewing approximately 15 submissions per year. Each review takes approximately 4 hours to complete at \$45 per hour totaling \$70,560. (224 submissions x 7 hours x \$45 per hour)

Total central office analyst costs based on an average of \$45 per hour would be \$221,760.

Printing and Distribution Costs

Printing and distribution costs are estimated to be \$7,100. This has been confirmed with CMS's Printing and Distribution Branch.

#### Regional Office Costs

Regional office costs are calculated as follows: 2,080 total hours per person year, multiplied by 90 full time financial management employees totals 187,200 hours. It is estimated that 23 percent of total staff time is spent on analysis of the form CMS-64 at a cost of \$45 per hour totaling \$1,937,520 (187,200 x 23% x 45).

#### Federal Share of State Reporting Costs

The total Federal share is half of the total State reporting costs and is estimated to be \$532,851.00 and is computed as follows:

17,920	total reporting hours
x \$ 59.47	cost per hour
\$1,065,702	total reporting costs
<u>Divided by 50%</u>	Federal Share
\$532,851	

#### 15. Changes in Program/Burden

This is a new collection.

There are no changes to CMS-21 and -21B.

Due to the migration to the new MBES/CBES platform and the enactment of ACA, there were new Forms introduced to determine new expenditures under ACA Section 2001 requirements. As a result, few forms were added to the CMS 64.9 to determine expenditures for newly eligible groups, 64.9VIII groups.

New Forms added to CMS 64 expenditures, starting 2nd & 3rd quarters of 2014

- CMS 64.9VIII Enroll
  - CMS 64.9VIII-Newly, Low income eligible with 100% Federal Share
  - CMS 64.9VIII-Not Newly, Low income eligible with Regular Federal Share
  - CMS 64.9VIIIWaiver-Not Newly, Low income eligible with Regular Federal Share
  - CMS 64.9VIIIWaiver-Newly, Low income eligible with 100% Federal Share
  - CMS 64VIII P form added to MBESCBES to adjust Prior Period Adjustments.
- (These forms are available on the "Add Forms" function of CMS 64)
- As a result of these additions of 64.9VIII forms to the MBES/CBES the Following forms were also updated:
  - CMS 64 Summary, CMS 64F, FMR and Expenditure Reports, 64 Form Reports, Variance Analysis, CMS 64.9A, CMS 64.9C1, CMS-64.9O, CMS 64.9OFWA, CMS 64.9Perm,

CMS 64.9RAC and CMS 64.9SRAC.

Six new forms have been added and some functionality has been updated:

**CMS 64 Enrollment Form:** This form provides reporting for eligible related to VIII Group and Medicaid. Types of eligibility available on the form are; Newly Childless Adult, Newly Parent Caretaker Relatives, Not-Newly Parent care taker Relatives, Disabled person Non- institutionalized, Disabled Persons institutionalized, Children Age 19-20, Childless adults and Other. Additionally, dual eligibles, and other adults (non-Disabled, non-aged, non-VIII Group eligibles are also available on this form.

**CMS 64.9VIII Form added to provide expenditures:** This form provides expenditures reporting Medical Assistance Payments for VIII Group Eligibles. There are two forms available under CMS 64.9VIII, Not-Newly and Newly eligible groups. A waiver version of these forms will also be available. CMS 64.9VIII forms are available to states with eligibility groups defined within the law. Both Newly and Not-Newly forms will have all Medical Assistance payments Categories of Service entries except for DSH, which are not eligible.

As described earlier, there are two types of CMS 64.9VIII, Newly and Not Newly eligibles.

One Not-Newly form is available for each eligibility group defined for the State. The NOT- NEWLY Form provides functionality to transfer funds to the NEWLY Form based on the Resource Test and Enrollment Cap values entered into the system for each state group as well as any authorized Special Circumstances amounts entered by the State. Funds transferred to the NEWLY form will receive the NEWLY rate.

The CMS 64.9VIII Newly Eligible form allows entry of expenditures related to Newly Eligible groups to be with Federal Funds calculated at Newly Eligible rate defined by the eligibility group are also funded at the Newly rate.

Starting with 2<sup>nd</sup> Quarter of 2014, Not Newly and Newly Forms were also added for Waivers for qualified States.

Starting with 3<sup>rd</sup> Quarter 2014, one new form is to be added: This form provides expenditure for Medical Assistance payments for VIII Groups for Prior Period adjustments. Newly Groups and Not-Newly groups will be supported. Prior Period Adjustments for the waiver versions will also be available.

16. Publication and Tabulation Data

The results of this information collection are not planned for publication for statistical use nor does this information collection employ statistical research methodologies.

17. Expiration Date

CMS would like to display the expiration date.

18. Certification Statement

There are no exceptions to the certification statement.

**B. Collection of Information Employing Statistical Methods**

The use of statistical methods does not apply.