

**Supporting Statement – Part A**  
**Children’s Health Insurance Program (CHIP)**  
**Report on Payables and Receivables**  
**(Form CMS 10180, OMB #0938-0988)**

**A. Background**

The Chief Financial Officers (CFO) Act of 1990, as amended by the Government Management Reform Act (GMRA) of 1994, requires government agencies to produce auditable financial statements. Because the Centers for Medicare & Medicaid Services (CMS) fulfills its mission through its contractors and the States, these entities are the primary source of information for the financial statements. There are three basic categories of data: expenses, payables, and receivables. The Statement of Expenditures for the CHIP Program (CMS-21) is used to collect data on CHIP expenses. The CMS-10180 collects CHIP payable and receivable accounting data from the states. The data collected from the CMS-21 and CMS-10180 is used in the calculation of the estimate of the liability for CHIP owed to the public for medical services/claims incurred but not reported (IBNR) as of the end of the reporting period.

The Secretary of Health and Human Services is authorized by Congress under Title XXI of the Social Security Act (Act) to make funds available to the states for the purposes set under Title XXI, Children’s Health Insurance Program. The purpose of SCHIP, enacted under the Balanced Budget Act of 1997 (BBA) and technical amendments made by Public Law 105-100, is to provide Federal matching funds to states to enable them to extend coverage to uninsured, low-income children in an effective and efficient manner. States are able to use Title XXI funds for obtaining health benefit coverage through (1) a CHIP State Program, (2) a CHIP Medicaid expansion or, (3) a combination of both. Under sections 1905(b) and 2105(b) of the Act as amended, all allowable Title XXI and certain Title XIX Medicaid expenditures will be matched at an enhanced Federal Medical Assistance Percentage (FMAP) hereinafter referred to as the “enhanced FMAP”. The amount of Federal funds (allotment) available for Title XXI programs is limited for each Federal fiscal year both nationally and on a state-specific basis.

**B. Justification**

1. Need and Legal Basis

Section 2105 of the Social Security Act (Title XXI) requires the Secretary to estimate the amount each State should be paid at the beginning of each quarter. This amount is based on a report filed by the State. Section 2105 of the Social Security Act authorizes the Secretary to pay the amount estimated, reduced or increased to the extent of any overpayment or underpayment for any prior quarter.

Section 3515 of the CFO Act requires government agencies to produce auditable financial statements in accordance with Office of Management and Budget guidelines on Form and

Content. The Government Management and Reform Act of 1994 requires that all offices, bureaus and associated activities of the 24 CFO Act agencies must be covered in an agency-wide, audited financial statement. Collection of CHIP data and the calculation of the CHIP Incurred But Not Reported (IBNR) estimate are pertinent to CMS' financial audit. The CHIP Report on Payables and Receivables will provide the information needed to calculate the CHIP IBNR. Failure to collect this information could result in non-compliance with the law.

## 2. Information Users

The information collection requirements contained in this form will be used to calculate the estimate of the liability for CHIP owed to the public for medical services/claims incurred but not reported (IBNR) as of the end of the reporting period. This estimate is reported in the Entitlement Benefits Due and Payable note of the CMS annual financial statements. The auditors validate CMS' financial position beginning at the end of the 1st quarter of the fiscal year through the completion of the financial statements at the end of the fiscal year. The final approved financial statements are submitted by CMS' Office of Financial Management to the Department of Health and Human Services and the auditors.

## 3. Use of Information Technology

Data collection is/will be completed through the Incurred But Not Reported Survey (IBNRS) module of web-based Medicaid and CHIP Financial (MACFin) System beginning March 2, 2020. The information to be collected has not changed from the previous version of the form located on the decommissioned IBNRS website. This collection does not require a signature from the respondent.

## 4. Duplication of Efforts

The state user does not complete both the form and MACFin/IBNRS. The user only enters the information into the form as it is set up in the MACFin/IBNRS system, as a result there is no duplication of efforts.

## 5. Small Businesses

This request does not affect small businesses.

## 6. Less Frequent Collection

The information cannot be collected less than once a year, since the law requires annual financial statements.

## 7. Special Circumstances

This collection of information does not require any special circumstances.

## 8. Federal Register/Outside Consultation

The 60-day Federal Register notice published in the Federal Register on December 06, 2019 (84 FR 66910).

No comments were received during the public comment period.

The 30-day Federal Register notice published in the Federal Register on February 24, 2020 (85 FR 10443).

#### 9. Payment/Gifts To Respondents

This collection of information does not provide for any additional payment or any gifts. CMS ensures that state programs meet statutory requirements that are designed to ensure meaningful coverage and provides extensive guidance and technical assistance so states can further develop their CHIP state plans and use federal funds to provide health care coverage to as many children as possible. CHIP funds cover the cost of health care services, reasonable costs for administration, and outreach services to enroll children. The states and territories are not specifically reimbursed for completing the CMS-10180.

#### 10. Confidentiality

There are no confidentiality requirements associated with this report.

#### 11. Sensitive Questions

The documentation to be provided by the applying entity is not sensitive in nature and does not require any additional justification.

#### 12. Burden Estimate (Hours & Wages)

We estimate the average response time for an accountant employed by a state government to collect the information required to prepare the CMS-10180 to be 32 hours. Due to the flexibility the federal government allows the states in the administration of their Medicaid and CHIP programs, the availability of the data to be gathered, analysis of the data, the possibility of encountering problems with the data, and the turnover of staff, the range of time variation to complete the form is from 16 hours to 48 hours. Responses should certainly not require over 30 days from individual states, which is the time period allowed by the Centers for Medicare and Medicaid Services (CMS). The time estimate for preparation of the CMS-10180 is based upon the professional judgment of staff members at CMS. There are 56 states and territories that submit the CMS-10180 annually at an average response time of 32 hours per form. Therefore, we have calculated the burden as follows: 56 forms x 32 hours per form = 1,792 burden hours (annual).

As referenced earlier, we believe accountants at the state government level will be responding to the information collection requirement. Based on the most recent Bureau of Labor and Statistics Occupational and Employment Data (May 2018) for Category 13-2011 (Accountants and Auditors), the mean hourly wage for an accountant with state government (OES Designation) is \$30.73. We have added 100% of the mean hourly wage to account for

fringe benefits and overhead, which calculates to \$61.46 (\$30.73 + \$30.73). We estimate the total annual cost to be \$110,136.32 (1,792 hours x \$61.46/hour).

### 13. Capital Costs

There are no capital costs.

### 14. Cost to Federal Government

The federal cost is based on the efforts expended by accountants at CMS to review the data submitted by the respondents. To aid in the review process, the MACFin/IBNRS system is designed to automatically calculate the dollar (\$) and percentage (%) differences between the current and prior fiscal years' data reported by the states on the CMS-10180 form. The \$ and % differences appear on the CMS-10180 screen, as well as the Excel version available for download and print. This feature decreases the amount of time required for review by eliminating the process of manually calculating differences. We estimate the average time for an accountant employed by CMS to review the data submitted by each respondent to be 1 hour. There are 56 states and territories that submit the CMS-10180 annually. Therefore, we have calculated the time to review the data as follows:

56 forms x 1 hours per form = 56 hours.

As referenced earlier, accountants at the Federal Government executive branch level will be reviewing the data submitted by respondents. Based on the most recent Bureau of Labor and Statistics Occupational and Employment Data (May 2018) for Category 13-2011 (Accountants and Auditors), the mean hourly wage for an accountant with Federal Government executive branch (OES Designation) is \$48.12. We have added 100% of the mean hourly wage to account for fringe benefits and overhead, which calculates to \$96.24 (\$48.12 + \$48.12). We estimate the total annual cost to be \$5,389.44 (56 hours x \$96.24/hour).

### 15. Program/Burden Changes

The burden has changed from a total of \$32,898.88 to \$115,525.76. The change in burden is due to an increase in the total burden hours from 392 hours to 1,792 hours, and an increase in the mean hourly wage from \$148.84 as of May 2015 to \$157.70 as of May 2018.

### 16. Publication/Tabulation Dates

There are no plans to publish the information for statistical use.

### 17. Expiration Date

The expiration date will be displayed in the footer test of the form.

### 18. Certification Statement

There are no exceptions to the certification statement.