

**Supporting Statement for State Supplementation Provisions:
Agreement; Payments
20 CFR 416.2095-416.2098, 20 CFR 416.2099
OMB No. 0960-0240**

A. Justification

1. *Section 1618 of the Social Security Act (the Act)* and regulations published by the Commissioner of Social Security (the Commissioner) in *20 CFR 416.2095-416.2098* of the *Code of Federal Regulations* require each State that administers its own supplementary payment program(s) to demonstrate its compliance with *the Act* (to the satisfaction of the Commissioner) by passing Federal cost-of-living increases along to individuals who are eligible for State supplementary payments. Pass-along compliance reporting requirements are set forth in *20 CFR 416.2099*.
2. The Social Security Administration (SSA) collects the information from each State agency that administers a State supplementary program(s) and that has agreed to comply with the provisions of the Act. The information requested will permit the Commissioner to determine each State's compliance/noncompliance with the pass-along requirements of Section 1618 of the Act. Federal participation in the State's Medicaid program, under Title XIX of the Act, is dependent upon the Commissioner's determination of a State's compliance.
3. SSA does not require States to use automated, electronic or other collection techniques. However, electronic submission of the required information is acceptable and encouraged. This collection is excluded from GPEA because of the extremely low volume.
4. There is no duplication of the information being collected, and SSA collects no similar information. A form for collecting this data is not possible because each State has different programs and levels of payment along with other variables.
5. This collection does not have a significant impact on a substantial number of small businesses or other small entities.
6. State supplementary payment information is requested quarterly (for States complying by the total-expenditures method) or annually (for States complying by the maintenance-of-payment levels method). The consequence to a State of failing to report the required payment information is loss of

Federal financial participation in the State's Medicaid program under Title XIX. Therefore, the information cannot be collected less frequently. There are no technical or legal obstacles that would prevent burden reduction.

7. There are no special circumstances that would cause this information collection to be conducted in a manner that is not consistent with 5 CFR 1320.5.
8. The 60-day advance Federal Register Notice was published on July 31, 2006 at 71 FR 43270, and SSA has received no public comments. The second Notice was published on October 19, 2006, at 71 FR 61821. There have been no outside consultations with members of the public.
9. SSA provides no payment or gifts to respondents.
10. The information requested is protected and held confidential in accordance with 42 U.S.C. 1306, 20 CFR 401 and 402, 5 U.S.C. 552 (Freedom of Information Act), 5 U.S.C. 552a (Privacy Act of 1974) and OMB Circular No. A-130.
11. The information collection does not contain any questions of a sensitive nature.
12. The seven States that have elected to comply with the pass-along requirements using the total-expenditures method may be asked to report expenditures data quarterly. The 23 States that have elected to comply by maintaining their payment levels will be asked to furnish payment level amounts once each year. The estimated average response time is 60 minutes for a total of 51 burden hours as shown on the chart below:

Reporting Method	Number of Respondents	Frequency of Response	Number of Responses	Average Burden Per Response	Estimated Annual Burden
Total Expenditures	7	4	28	60 minutes	28 hours
Maintenance of Payment Levels	23	1	23	60 minutes	23 hours
Total	30		51		51 hours

The total burden is reflected as burden hours, and no separate cost burden has been calculated.

13. There is no known cost burden to the respondents.

14. The annual cost to the Federal Government is estimated to be \$7,000. This includes \$3,700 for preparing and sending letters to the affected States and \$3,300 for analyzing information received in incoming reports from the States in order to determine their compliance with Section 1618 of the Social Security Act.
15. The estimated public reporting burden has decreased from 71 to 51 because the number of States electing to comply by the total-expenditures method (quarterly reporting) has decreased from 15 to 7, while the number of States electing to comply by the maintenance-of-payment-levels method (annual reporting) has increased from 11 to 23. The actual number of responses can vary from year to year, because States annually elect to use either the total-expenditures method or the maintenance-of-payment-levels method for the upcoming year. States also can change from direct administration of their supplementary payments to federal administration (or vice versa).
16. The results of the information collection will not be published.
17. SSA is not requesting an exception to display the OMB expiration date.
18. SSA is not requesting an exception to the certification requirements at 5 CFR 1320.9 and related provisions at 5 CFR 1320.8(b)(3).

B. Collections of Information Employing Statistical Methods

Statistical methods are not used for this information collection .