

**Supporting Statement for Paperwork Reduction Act  
Alternative Benefits State Plan Amendment Health Opportunity Accounts  
Demonstration Program (CMS-10216)**

**A. Background**

The Deficit Reduction Act (DRA) provides States with numerous flexibilities in operating their State Medicaid programs. Section 6082 of the DRA (Health Opportunity Accounts) allows up to 10 states to operate Medicaid demonstrations to test alternative systems for delivering their Medicaid benefits. Under these demonstrations, States would have the flexibility to deliver their Medicaid benefits to volunteer beneficiaries through a program that is comprised of an HOA and a High Deductible Health Plan (HDHP).

States selected under the demonstration will establish a voluntary program with specific limitations that will be offered to primarily healthy adults and children. Only 10 HOA demonstrations will be approved during the initial 5 years of the program, which is to begin on January 1, 2007. At the end of the 5-year period, the programs approved under the initial demonstration may continue unless the Secretary finds that the operating program was unsuccessful based on cost-effectiveness, quality of care, or other criteria established by the Secretary. Moreover, unless the Secretary finds that all of the approved initial demonstrations were unsuccessful, other States may submit proposals and implement State demonstration programs.

Under the DRA, States can submit a State Plan Amendment (SPA) to CMS to effectuate this change to their Medicaid programs. CMS will provide State Medicaid Directors letters providing guidance on this provision and the associated SPA template for use by States to modify their Medicaid State plans if they choose to implement this provision. Previously, Medicaid program alternatives could only be implemented through the Section 1115 waiver process. Under the SPA process the State burden will be reduced significantly.

**B. Justification**

1. Need and Legal Basis

Section 1901 of the Act (42 U.S.C. 1396) requires that States must establish a state plan for medical assistance that is approved by the Secretary to carry out the purposes of title XIX. This SPA, if States choose to implement this provision, will require a collection of information to effectuate this change.

2. Information Users

The State Medicaid agencies will complete the preprint. CMS will review the information to determine if the State has met all of the requirements of this DRA provision. If the requirements are met, CMS will approve the

amendment to the State's Title XIX plan giving the state the authority to implement the HOA program. For a state to receive Medicaid Title XIX funding, there must be an approved Title XIX state plan. CMS will approve up to 10 HOA demonstrations during the initial 5 years of the program

3. Use of Information Technology

The preprint will be available in electronic format. CMS anticipates every submission to be forwarded to the agency using the electronic format. The document is completed in a user friendly format. Submission of a SPA requires a signature from the State Medicaid Director. The signature can be captured through a facsimile transmission or scanned image of the transmitting document.

4. Duplication of Similar Information

This information collection does not duplicate any other effort and the information cannot be obtained from any other source.

5. Small Businesses

This collection does not impact small businesses.

6. Less Frequent Collection

Once an amendment is approved there is no need to resubmit additional amendments unless the State initiates a change. This State Plan process is a longstanding process to implement State's Medicaid programs and has been used for years.

By completing the State Plan amendment preprint, States will reduce the time necessary to implement a change to their Medicaid program.

7. Special Circumstances

There are no special circumstances or impediments. The preprint is available in electronic format and will be posted on the CMS Internet website.

8. Federal Register Notice/Outside Consultation

An emergency Federal Register notice was published on December 8, 2006.

9. Payment/Gift To Respondent

There are no payments of gifts associated with this collection.

10. Confidentiality

There is no personal identifying information collected in the documents. All the information is available to the public.

11. Sensitive Questions

There are no questions of a sensitive nature associated with these forms.

12. Burden Estimate (Total Hours and Wages)

The preprint is 11 pages long. The bulk of the text is descriptive narrative and most responses require checking a box. We estimate that it will take no more than 1 hour for a State to complete and submit the preprint. The potential number of respondents is 56 (50 States, D.C., and 5 territories); however, we do not expect the territories and/or all 50 states to respond and only 10 proposals may be approved. We estimate that only 10 States will submit proposals. Once approved, the State will not need to resubmit.

At this rate, it will cost no more than \$50 (or \$50 hr. x 1 hrs); the national total for the first year could be potentially \$500 (10 x \$50).

13. Capital Costs (Maintenance of Capital Costs)

There are no capital costs.

14. Cost to the Federal Government

CMS estimates that the review of SPA submittals will require approximately 3 hours. CMS further estimates that one GS-13 (hourly rate of \$37.06) will be responsible for review and approval of SPAs. As such, the cost to the Federal Government could be \$1,111.80 ( $\$37.06 \times 3 \text{ hours} \times 10 \text{ States}$  potentially submitting SPAs).

15. Program or Burden Changes

This is a new collection; however, States are familiar with the State plan amendment process.

16. Publication and Tabulation Dates

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

17. Expiration Date

CMS does not oppose the display of the expiration date.

18. Certification Statement

There are no exceptions to the certification statement.

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

The use of statistical methods does not apply to this form.