

# **Supporting Statement for the Certification of Medicaid Eligibility Quality Control (MEQC) Payment Error Rates and Supporting Regulations at 42 CFR 431.800 – 431.865**

## **A. Background**

Medicaid Eligibility Quality Control (MEQC) is operated by the Title XIX agencies to monitor and improve the administration of its Medicaid program. The traditional MEQC program is based on state reviews of Medicaid beneficiaries identified through a statistically reliable statewide sample of cases selected from the eligibility files. These reviews are conducted to determine whether the sampled cases meet applicable Title XIX eligibility requirements. The reviews are also used to assess beneficiary liability, if any, and to determine the amounts incorrectly paid to provide Medicaid services for ineligible cases.

Sampling is the only practical method of validating eligibility of the total caseload and determining the dollar value of eligibility errors. Any attempt to make such validations and determinations by reviewing every case would be an enormous and unwieldy undertaking. During each 6-month review period states are required to collect data on eligibility payment error dollars and paid claims dollars for each case in the sample. States must also identify cases for which a review cannot be conducted. At the conclusion of the 6-month review period, states must complete the Payment Error Rate form which contains aggregated data on sample size, number of sample cases dropped, and number of sample cases listed in error. These data, along with the calculated eligibility payment error rate and lower limit, are certified by the State Medicaid Director (or designee) and submitted to the regional office (RO).

Not all states must submit the Payment Error Rate form. Under the MEQC program, states can operate the traditional MEQC sample-and-review program or states can elect to study targeted areas of eligibility or program administration that are error-prone or that will help to prevent or reduce erroneous misspent funds. These alternative MEQC programs are called MEQC pilots; some states operate alternative MEQC programs as part of their research and demonstration waivers under Section 1115 of the Social Security Act. The majority of states operate some form of alternative MEQC program and do not have to report data on the Payment Error Rate form because their error rates are frozen at the error rates assigned to those states immediately prior to them implementing alternative MEQC programs. However, since the number of states that conduct traditional MEQC programs and alternative MEQC programs can fluctuate at any time, we have assessed the burden and costs associated with submitting the Payment Error Rate form as if all states were reporting this information.

B. Justification

1. Need and Legal Basis

The authority for requiring the submission of this information is Section 1903(u) of the Social Security Act, which requires that states operate their MEQC programs in accordance with policies, sampling methodologies, review procedures, and reporting forms and requirements specified in MEQC manuals issued by CMS unless CMS has approved an alternate method of administering all or part of the program, e.g., pilot programs. The requirements of the MEQC program are detailed in 42 CFR 431.800 through 431.865. A copy of the authority and requirement are attached.

2. Information Users

State agencies are required to submit the Payment Error Rate form to their respective CMS ROs. RO staff will review these forms for completeness and will forward these forms to central office for compilation of error rate charts for projected quarterly withholdings and/or fiscal disallowances.

3. Improved Information Technology

There is no improved information technology.

4. Duplication of Similar Information

The Payment Error Rate form is unique to the MEQC program and no duplication exists.

5. Small Businesses

The collection of information does not involve small businesses or other small entities.

6. Less Frequent Collection

Failure to acquire this certification form will prevent the RO from effectively monitoring state MEQC payment error rates.

7. Special Circumstances

None.

8. Federal Register Notice/Outside Consultation

The 60-day Federal Register notice published on October 27, 2006.

9. Payment/Gift To Respondent

There is no provision for any payment or gift to respondents associated with this reporting requirement.

10. Confidentiality

Confidentiality has been assured in accordance with Section 1902(a)(7) of the Social Security Act.

11. Sensitive Questions

No questions of a sensitive nature are asked.

12. Burden Estimate (Total Hours & Wages)

The reporting burden is estimated at 265 hours annually for each state. There are a maximum of 51 jurisdictions reporting on a 6-month basis. The total annual reporting burden is 13,515 hours.

90,000 cases (per year) / 51+ 1765 cases per state

1765 x 9 mins (per case) – 15,885 / 60 = 265 hrs. annually

265 x 51 = 13,515 annual hours

The annual record keeping burden associated with this data collection is 9,000 hours. States agree to maintain the sample case records for a minimum of 3 years for audit purposes.

6 mins (per case) x 90,000 cases (per year) = 540,000 / 60 = 9,000 annual hours

The estimated state costs are \$597,998.40, assuming the average state pay is 80 percent of a Federal GS-12-1 annual salary plus 20-percent retirement insurance.

\$69,295 (57,746 + 11,549) x 80% = \$55,436/2087 hours per year = \$26.56 per hour

\$26.56 x 22,515 total burden hours = \$597,998.40

13. Capital Costs (Maintenance of Capital Costs)

There are no capital costs associated with these information collection requirements.

14. Cost to Federal Government

The estimated annual Federal costs are \$298,999.20. The cost estimate is computed at 50 percent of the state costs.

15. Program or Burden Changes

There are no changes to this collection.

16. Publication and Tabulation Dates

There are no plans to publish this information collection.

17. Expiration Date

CMS is not seeking approval to not show expiration date for OMB approval.

18. Certification Statement

There are no statistical aspects of the certification form.