

**Supporting Statement for Information Collection Requirements
Centers for Medicare & Medicaid Services (CMS)
State Children’s Health Insurance Program (SCHIP) Report on Payables and Receivables**

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 SCHIP Program (CMS-21) is used to collect data on SCHIP expenses.

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, State 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 SCHIP data and the calculation of the SCHIP Incurred But Not Reported (IBNR) estimate are pertinent to CMS’ financial audit. Program expenditures for the SCHIP have increased since its inception; as such, SCHIP receivables and

payables may materially impact the financial statements. The SCHIP Report on Payables and Receivables will provide the information needed to calculate the SCHIP IBNR.

2. Information Users

The information collection requirements contained in this form will be used in the CMS annual financial statements and shared with the auditors who validate CMS' financial position.

3. Improved Information Technology

Data collection will be automated through the use of the Medicaid Budget and Expenditure System (MBES).

4. Duplication/Similar Information

There is no other information collection that duplicates this effort.

5. Small Business

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. State agencies will be required to submit its original estimate as well as validated payables/receivables.

7. Special Circumstances

This collection of information does not require any special circumstances.

8. Federal Register Notice

The 60-day Federal Register notice published on May 12, 2006.

9. Payment/Gift To Respondent

This collection of information does not provide for any additional payment or any gifts. States are reimbursed for a portion of SCHIP administrative expenses and required to submit financial reports.

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)

The burden calculation for this information collection is approximately 6 hours. Most States have this information readily available.

TOTAL BURDEN 56 States x 6 hours = 336 hours

The cost to the States is estimated at \$5,040 annually. (Approximately 336 hours times \$15 an hour).

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

The Federal cost is based on the efforts expended by CMS staff to review the data submitted by the respondents. We estimate \$3,491 for the Federal cost (56 respondents x 2 hour review per form x hourly rate of a GS-12 salary @ \$31.17).

15. Program/Burden Changes

There are no program or burden changes at this time.

16. Publication and Tabulation Dates

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

17. Expiration Date

The expiration date will be displayed on the form.

18. Certification Statement

There are no exceptions to the certification statement.

19. Collections of Information Employing Statistical Methods

This section does not apply because statistical methods were not used for this collection.