

**U.S. DEPARTMENT OF HEALTH &
HUMAN SERVICES
CENTERS FOR MEDICARE &
MEDICAID SERVICES**

**SUPPORTING STATEMENT
for the
MEDICAID STATE PROGRAM INTEGRITY
ASSESSMENT (SPIA) SYSTEM**

DRAFT

October 2007

TABLE OF CONTENTS

A. BACKGROUND.....	1
A.1 SPIA CASE STUDY PILOT.....	2
A.2 DEVELOPING A FRAMEWORK FOR THE SPIA NATIONAL SYSTEM.....	3
B. JUSTIFICATION.....	4
B.1 NEED AND LEGAL BASIS.....	4
B.2 INFORMATION USERS.....	4
B.3 USE OF INFORMATION TECHNOLOGY.....	5
B.4 DUPLICATION OF EFFORTS.....	5
B.5 IMPACT ON SMALL BUSINESSES OR OTHER SMALL ENTITIES.....	6
B.6 LESS FREQUENT COLLECTION.....	6
B.7 SPECIAL CIRCUMSTANCES.....	6
B.8 FEDERAL REGISTER NOTICE/OUTSIDE CONSULTATION.....	6
B.9 PAYMENTS/GIFTS TO RESPONDENTS.....	6
B.10 CONFIDENTIALITY.....	7
B.11 SENSITIVE QUESTIONS.....	7
B.12 BURDEN ESTIMATES (HOURS & WAGES).....	7
B.13 CAPITAL COSTS.....	8
B.14 COST TO THE FEDERAL GOVERNMENT.....	8
B.15 CHANGES TO BURDEN.....	8
B.16 PUBLICATION/TABULATION DATES.....	8
B.17 EXPIRATION DATE.....	9
B.18 CERTIFICATION STATEMENT.....	9
C. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS.....	9

LIST OF TABLES

TABLE B-1. AVERAGE RESPONDENT BURDEN.....	7
TABLE B-2. SPIA INFORMATION COLLECTION SCHEDULE.....	9

A. BACKGROUND

Under the provisions of the Deficit Reduction Act (DRA) of 2005, Congress directed the Centers for Medicare & Medicaid Services (CMS) to establish the Medicaid Integrity Program (MIP), CMS' first national strategy to combat Medicaid fraud, waste, and abuse. The legislation provided needed resources to CMS for the prevention, earlier detection, and reduction of fraud, waste, and abuse in the \$300 billion Medicaid program.

Historically, ensuring the integrity of the Medicaid program has been primarily the responsibility of the States. Within Federal guidelines, each State administers its own Medicaid program; sets its own eligibility standards; determines the type, amount, duration, and scope of services; and sets payment rates. States are also responsible for managing nearly all of the processes and systems to ensure program integrity (e.g., provider and beneficiary enrollment, claims processing and surveillance systems, and identifying and investigating aberrant patterns of behavior). In contrast, the federal government's role has historically been one of providing guidance on federal rules and regulations, technical support and assistance, and oversight of States' program integrity activities. The MIP provides CMS with an opportunity to assume an enhanced leadership role in ensuring Medicaid program integrity and to more directly ensure the accuracy of Medicaid payments and promote the efficient administration of the program.

Under the leadership of the Medicaid Integrity Group (MIG) within the Center for Medicaid and State Operations (CMSO), CMS has two broad responsibilities under the MIP:

- 1) Reviewing the actions of individuals or entities providing services or furnishing items under Medicaid; conducting audits of claims submitted for payment; identifying overpayments; and educating providers and others on payment integrity and quality of care; and
- 2) Providing effective support and assistance to States to combat Medicaid fraud, waste, and abuse.

In order to fulfill the second of these requirements, CMS plans to develop a Medicaid State Program Integrity Assessment (SPIA) system. CMS is seeking approval from the Office of Management and Budget (OMB) to collect information from the States on an annual basis for input into a national SPIA system. Through the SPIA system, CMS will identify current Medicaid program integrity (PI) information, develop profiles for each State based on these data, determine areas to provide States with technical support and assistance, and use the data to develop performance measures to assess States' performance in an ongoing manner. This information will include data such as:

- Baseline descriptive information that accurately depicts the critical issues related to assessing State's program integrity activities;
- States' medical & administrative Medicaid expenditures and program integrity recovery data; and
- States' accounting for Medicaid Integrity activities return on investment (ROI).

A.1 SPIA Case Study Pilot

In early 2007, CMS conducted a case study pilot to aid in the design and development of an approach to the national SPIA system. Objectives of the pilot included:

- Defining what CMS and States believe should be included under the umbrella of Medicaid PI;
- Surveying the landscape of State Medicaid PI practices to identify current PI activities and States' approaches to measuring return on investment;
- Examining all aspects of developing a State-level PI assessment system;
- Establishing a baseline of State PI activities to facilitate CMS' efforts to assess national PI effectiveness.

Nine States volunteered to participate in the SPIA case study: California, Florida, Louisiana, Maryland, Minnesota, Pennsylvania, Texas, Washington, and Wisconsin. CMS assured each State that participation in the project was solely a learning opportunity, not an evaluation of its individual performance. In addition, CMS established a Medicaid Integrity Program Advisory Committee comprised of State and Federal program integrity officials who provided extensive input and feedback on the proposed approach to the SPIA system.

The case study pilot involved three types of data collection:

- 1) **Administrative document review.** Review of documents such as annual reports, strategic plans, risk assessments, program guidance related to defining fraud, waste, and abuse, and State laws, rules, and regulations defining the scope of the State's PI programs;
- 2) **Web-based data collection survey.** A Web-based survey to collect baseline information on States' efforts to maintain control mechanisms designed to minimize inappropriate payments resulting from fraud, waste, and abuse in State Medicaid programs; and
- 3) **Site visit interviews.** Structured interviews with State Medicaid Agency (SMA) program administrators, managers and staff on various components of Medicaid integrity — planning, prevention, detection, and investigation and recovery.

The data from the administrative documents, Web survey, and site visit interviews were analyzed and synthesized to address common themes across the case study States. The information was then used to develop recommendations on what data can and/or should be collected on a national level to develop profiles that illustrate what States are doing in regards to Medicaid PI as well as performance measures to assess States' Medicaid integrity activities.

A.2 Developing a Framework for the SPIA National System

In developing a framework for the SPIA system, CMS identified four major components to conceptualize States' efforts to assure the integrity of the Medicaid program:

- **Planning:** Activities undertaken to think strategically about Medicaid Integrity, including the size of the threat to the Medicaid program from fraud, waste, or abuse; identifying the program areas or provider types where the Medicaid program is most vulnerable to fraud, waste, or abuse; and deciding how to target program resources to these most vulnerable areas.
- **Prevention:** Activities used to minimize the risk of fraud, waste, or abuse entering the payment system and activities used to educate Medicaid program staff and providers.
- **Detection:** Activities aimed at (1) identifying overpayments and (2) identifying fraud cases for referral to law enforcement for investigation and prosecution.
- **Investigation and Recovery:** Activities that deal decisively with (1) recovering overpayment amounts administratively if the evidence is insufficient or inappropriate to support prosecution and (2) with referring suspected cases of fraud.

Based on analysis of the case study data, CMS identified core program outcomes, scope of Medicaid Integrity activities, and proposed State profile elements that will ultimately be used to develop performance measures to assess State Medicaid Integrity activities. See Appendix A for a detailed summary of the analysis from the SPIA case study pilot.

Using the conceptual framework and feedback from the MIP Advisory Committee and public comments received from the July 27, 2007 Federal Register Notice, CMS modified the tools used in the case study pilot and developed a standardized data collection instrument to be used for the national SPIA data collection system. See Appendix B for a draft of the SPIA data collection instrument.

CMS understands that before collecting these data on a national level, the definitions for the proposed State profile elements need to be clearly defined to ensure that States understand what information to collect and provide to CMS. To facilitate this, CMS drafted a comprehensive glossary of Medicaid Integrity terms and definitions to accompany the SPIA data collection instrument. See Appendix C for a draft of the Medicaid Integrity Program glossary.

B. JUSTIFICATION

B.1 Need and Legal Basis

Under the provisions of the Deficit Reduction Act (DRA) of 2005, Congress directed CMS to establish the Medicaid Integrity Program (MIP). In doing so, it dramatically increased the resources available to CMS to combat fraud, waste and abuse in the Medicaid program. The legislation mandates two major operational requirements for the MIP:

- To use contractors to review provider activities, audit claims, identify overpayments, and conduct provider education; and
- To provide effective support and assistance to states in their efforts to combat provider fraud and abuse.

The DRA further requires that States “must comply with any requirements determined by the Secretary to be necessary for carrying out the Medicaid Integrity Program established under Section 1936 [of the Social Security Act].”

42 CFR Part 455 grants CMS the authority to execute oversight of States’ Medicaid fraud detection and investigation programs. In addition to oversight, CMS provides States with technical direction, guidance, tools, and resources to assist them in their efforts to protect the Medicaid program from fraud, waste, and abuse.

See Appendices D and E for applicable language from the DRA and 42 CFR part 455.

B.2 Information Users

CMS will use the information collected from States through the SPIA system to assist with its oversight of State Medicaid Integrity programs. These data will also facilitate CMS’ ability to provide effective support and assistance to States, as required by the DRA. Specifically, CMS will use the data collected from the SPIA system for three discrete purposes.

- The State profile information will allow CMS to better understand and describe State PI efforts.
- The performance measurement data will allow CMS to assess State PI performance, with the ultimate goal of improving and enhancing State PI performance over time.
- Using these data, CMS will develop best practices in areas determined to warrant technical support and assistance to States.

Further, States will be able to use the information from the SPIA system to assist with process improvement activities and explore what other States are doing within their PI programs.

B.3 Use of Information Technology

CMS is in the process of developing an information management system that will include a mechanism to electronically collect the SPIA data from States. CMS plans to use an Internet-based information management portal as the tool to collect the data for the SPIA. CMS will send an introductory letter to each State Program Integrity Director that will provide information about the system and the SPIA data collection requirements. The portal will provide a user-friendly, interactive mechanism to collect the data and communicate with the States. To facilitate the process, CMS will request that each State identify a designated SPIA State Liaison to coordinate the data collection activities with CMS. Each SPIA State Liaison will be provided with a CMS-issued user name and password to access the online information portal to complete the data collection instrument. The portal will also house project-related information including a user guide and glossary; a calendar to identify and track project deadlines and milestones; a task list to manage the activities associated with the project; a discussion board to provide a forum for collaboration on the project; and other supporting documents for the project as needed.

B.4 Duplication of Efforts

This information collection does not duplicate any other effort and the information cannot be obtained from any other source. Current CMS reporting mechanisms (described below) do not collect information that is sufficient to assess State program integrity activities on a national level or ensure the effective use of Federal and State resources.

- **State Program Integrity Reviews.** As part of its oversight activities, CMS currently conducts on-site program integrity reviews with selected States each year. The general purposes of the reviews are to determine whether a State's program integrity policies and procedures comply with Federal statutory and regulatory requirements and to determine whether a State's program integrity function is effective at identifying, prosecuting and preventing Medicaid fraud and abuse. In addition, the reviews determine how States identify, receive and process information about potential fraud and abuse involving Medicaid providers. The intent of the reviews is to assess how a State carries out its fraud and abuse procedures and related processes and to propose enhancements for conducting these activities.
- **Quarterly financial reporting.** The financial information that CMS collects currently from States is limited to projected and actual expenditures that are submitted quarterly on CMS-37 and CMS-64 forms. These data are primarily used to determine and reconcile Federal matching payments to States.

The SPIA system represents the first CMS strategy to annually collect standardized, national data on State Medicaid PI efforts for the purposes of program evaluation and technical assistance support.

B.5 Impact on Small Businesses or Other Small Entities

This information collection does not impact small businesses or any other small entities. The information will be collected electronically, with minimal burden to the States.

B.6 Less Frequent Collection

In order to effectively monitor State program integrity efforts, CMS needs to receive standardized, up-to-date information from States. CMS intends to request the information from States annually and does not anticipate any significant burden to States.

B.7 Special Circumstances

There are no special circumstances associated with this information collection.

B.8 Federal Register Notice/Outside Consultation

The 60-day Federal Register Notice was published on July 27, 2007.

CMS recognizes the need for a strong commitment to coordinate its activities with internal and external Medicaid PI partners and stakeholders. To this end, CMS established a national Medicaid Integrity Program Advisory Committee consisting of representatives from 16 States and federal stakeholders to provide feedback and input on the development and implementation of the SPIA system. The MIP Advisory Committee has held two face-to-face meetings to-date – initially in December 2006 and a follow-up in March 2007. During these meetings, the Advisory Committee provided CMS with valuable feedback on its proposed protocol for the SPIA case study pilot and national SPIA system. In September 2007, a subcommittee of the MIP Advisory Committee provided additional feedback on CMS' proposed performance measures to be calculated via the SPIA data collection effort. All of these efforts included refining the proposed SPIA data elements to ensure collection of only the most necessary and vital elements.

B.9 Payments/Gifts to Respondents

Participation in this information collection is mandatory for States. No incentives or payments of any kind will be given to respondents.

B.10 Confidentiality

CMS will not collect personally-identifiable information in the SPIA system. Publicly reported data will be aggregated and will not identify any individual Medicaid provider, entity, or beneficiary.

B.11 Sensitive Questions

There are no questions of a sensitive nature associated with this information collection.

B.12 Burden Estimates (Hours & Wages)

Due to the variation in State Medicaid programs and organizational structures, CMS anticipates that, on average, three to five State staff may need to be consulted to answer various portions of the data collection instrument, each contributing an average of 5 hours to compile the data and enter the responses into the system. These staff may range from PI directors, management analysts, accountants/auditors, business operations specialists, and database administrators. Table B-1 provides an estimate of the average burden and costs to States for complying with the SPIA information collection request.

Table B-1.
Average Respondent Burden per State

Respondent	Estimated Average Hours of Burden¹	Hourly Mean Wage Estimate* per Respondent	Total Estimated Annual Cost
Manager	5	\$34.96	\$174.80
Analyst	5	\$24.60	\$123.00
Accountant/Auditor	5	\$22.48	\$112.40
Operations Specialist	5	\$24.78	\$123.90
Database Administrator	5	\$28.77	\$143.85
All	25	\$27.12	\$677.95

Total estimated average hour burden for one State : 25 hours

Total estimated average cost burden for one State : \$677.95

Total Aggregate Burden: 1,400 hours (56 x 25 hours = 1,400 hours)

Total Aggregate Cost Burden: \$37,965.20 (56 x \$677.95 = \$37,965.20)

*Based on the average mean hourly wage for the following State Government Standard Occupational Classification (SOC) codes: General and Operations Managers (111021), Management Analysts (131111), Accountants & Auditors (132011); Business Operations Specialists (131199), and Database Administrators (151061). U.S. Department of Labor, Bureau of Labor Statistics. Extracted May 8, 2007 from <http://www.bls.gov/data/home.htm>.

¹ Estimates based on informal discussions with a sample of SPIA case study pilot representatives.

B.13 Capital Costs

There are no capital costs to respondents or recordkeepers for this information collection.

B.14 Cost to the Federal Government

There is no cost to the government for this information collection. The SPIA data collection and reporting systems will be developed, administered, and maintained by CMS.

B.15 Changes to Burden

This is a new information collection request.

B.16 Publication/Tabulation Dates

CMS will develop standardized national summary reports from the data collected via the SPIA system. The reports will be made available via the online information portal and the CMS website. In addition to national summary reports, the reports will also include State-level program demographic profiles, program integrity profiles, and performance measures.

Pending OMB approval, CMS estimates a January 2008 start date for the Year One SPIA information collection. Table B-2 provides a schedule of key task/activities and estimated timeframes.

**Table B-2.
SPIA Information Collection Schedule**

Task/Activity	Proposed Timeframe
Year One – FFY 2007	
Develop specifications for national SPIA data collection system	July - August 2007
Program data collection instrument into online information management portal	October 2007
Test data collection instrument and information management portal	October – November 2007
Issue memorandum to States regarding the national SPIA system and data collection requirements	November 2007
Data collection period	January 2008 – February 2008
Analyze data and develop national summary reports	March – April 2008
States review draft summary reports	May – June 2008
Issue Year One national summary reports	July 2008
Review data and reports from Year One	July – August 2008
Refine data collection procedures and instrument	July – September 2008
Year Two – FFY 2008	
Issue memorandum to States regarding Year Two data collection requirements	November 2008
Data collection period	January – February 2009
Analyze data and develop national summary reports	March – April 2009
States review draft summary reports	May – June 2009
Issue Year Two national summary reports	July 2009

CMS anticipates that the annual data collection cycle for the SPIA will begin in January and end in July with the publishing of the national summary reports.

B.17 Expiration Date

CMS does not oppose the display of the OMB approval expiration date.

B.18 Certification Statement

There are no exceptions to the certification statement for this information collection.

C. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

The use of statistical methods does not apply to this information collection. The information will be collected from all 50 States, the District of Columbia, and five U.S. territories.