

**Supporting Statement for Paperwork Reduction Act
Annual State Report and Annual State Performance Rankings
Section 6001 of the Deficit Reduction Act (DRA) of 2005**

A. Background

Section 6001 (f) of the DRA requires CMS to contract with a vendor to conduct a monthly national survey of retail prescription drug prices and to report the prices to the States. These national average prices may be used as a benchmark by the States for the management of their prescription drug programs.

The law requires that the States submit pricing information for the 50 most widely prescribed drugs so that the States' prices can be compared to the national average prices obtained from the survey. The States pricing information will be compared and the States will be ranked.

The law also requires that States report their drug utilization rates for noninnovator multiple source (generic) drugs, their payment rates under their State plan, and their dispensing fees.

A template has been developed to facilitate data collection.

To meet the scheduled timeline with CMS' vendor, this compilation of information is to be presented to Congress and the States in a report on April 1, 2008.

B. Justification

1. Need and Legal Basis

Section 6001(e)(2) and (3) of the DRA requires the States to a report to CMS their payment rates under their State Plan, dispensing fees, and utilization rates for noninnovator multiple source drugs. CMS will compare each States' rates for the 50 most widely prescribed drugs to the Retail Survey Price and rank each State . A full report is to be presented to Congress and the States.

2. Information Users

The State Medicaid agencies will complete a preprint template. CMS will review the information to determine if the State has met all of the requirements of this DRA provision. CMS will have their contracted vendor perform the necessary calculations to develop the rankings.

3. Use of Information Technology

The preprint template will be available in electronic format. CMS anticipates that all States will use the electronic format. The document is user friendly. The States will be required to perform a data query for their prescription drug volume and dollar expenditures utilization for each Federal fiscal year.

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

Data must be collected annually to meet the requirements of the law.

7. Special Circumstances

There are no special circumstances or impediments. The preprint template is available in electronic format.

8. Federal Register Notice/Outside Consultation

A 60-day Federal Register notice was published on 8/24/2007.

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)

We estimate that it will take no more than 15 hours for a State to complete and submit the preprint template and perform the utilization data query. All 51 Medicaid programs will be required to respond.

To complete the preprint template: 3 hours at approx. \$50.00/ hr totals \$150.00 per year.

To program and test the extract of utilization data from Medicaid Management Information Systems drug history files: 12 hours at approx. \$100.00/hr by predominantly States' private contractors (35 of 51 Medicaid programs use private contractors) totals \$1200.00. This will be a one time cost.

A total of \$1350.00/ State extended to 51 programs will total approximately \$68,850.00.

13. Capital Costs (Maintenance of Capital Costs)

There are no capital costs.

14. Cost to the Federal Government

CMS estimates that the review of each completed template will require approximately 2 hours. The template will be reviewed by a pharmacist GS 14 (at a base rate of \$50.95/hr x 2hrs x 51 submissions) at a cost of approximately \$5,197.00.

The template development and processing of submitted State information along with the preparation of the report to Congress are costs incorporated from the overall Statement of Work for the contract "Survey of Retail Prices; Payment and Utilization Rates; and Performance Rankings HHSM-500-2006-00046C.

15. Program or Burden Changes

This is a new collection. The expected burden is minimal. State will already have the data requested in their Medicaid Management Information System.

16. Publication and Tabulation Dates

A full report will be presented to Congress and the States April 1, 2008.

17. Expiration Date

CMS is requesting an exception to the display of an expiration date.

18. Certification Statement

There are no required certification statements.

C. Collection of Information Employing Statistical Methods

The use of statistical methods does not apply.