

CENTERS FOR MEDICARE & MEDICAID SERVICES

MEDICAID Supporting Statement – Part A Medicaid Program Budget Report Form CMS-37

A. Background

The Medicaid Program Budget Report, Form CMS-37 is prepared and submitted to the Centers for Medicare & Medicaid Services (CMS) by state Medicaid agencies. Form CMS-37 is the primary document used by CMS in developing the national Medicaid budget estimates that are submitted to the Office of Management and Budget and the Congress.

The Form CMS-37 fulfills two of CMS' most essential data needs for formulating and executing the national Medicaid budget as well as forecasting the potential impact of proposed legislation and other changes on the Medicaid program.

- It provides a statement of each state's funding requirements for the upcoming quarter and certifies the availability of the requisite state and local funds. This information is required for the issuance of the quarterly grant awards to the states.
- Its schedules provide the states' budget estimates for two fiscal years and the explanations for changes in their estimates. This information is needed by CMS to formulate and execute the national Medicaid budget as well as to forecast the potential impact of proposed legislation and other changes on the Medicaid program.

Details of each supporting CMS-37 form are outlined in the ADDENDUM.

B. Justification

1. Need and Legal Basis - - The Form CMS-37 is approved under OMB control number 0938-0101 through September 30, 2008.

Section 1903 (d) (1) of the Social Security Act provides the need and legal basis for the collection of Medicaid budget and expenditure information from states:

"Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a state will be entitled under subsections (a) and (b) for such quarter, such estimates to be based on (A) a report filed by the state containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsections, and stating the amount appropriated or made available by the state and its political subdivisions for such expenditures in such quarter, and if such amount is less than the

state's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

2. Information Users - - CMS requires that each state Medicaid agency quarterly submit the Form CMS-37 via the web-based Medicaid and State Children's Health Insurance Program Budget and Expenditure System (MBES/CBES). Due dates are November 15, February 15, May 15 and August 15 of each fiscal year. The ADDENDUM provides a description of forms contained in this package.

All submissions represent equally important components of the grant award cycle, but the May and November submissions are particularly significant for budget formulation. The November submission introduces a new fiscal year to the budget cycle and serves as the basis for the formulation of the Medicaid portion of the President's Budget, which is presented to Congress in January. The February and August submissions are used primarily for budget execution in providing interim updates to CMS' Office of Financial Management, the Department of Health and Human Services, the Office of Management and Budget and/or Congress depending on the scheduling of the national budget review process in a given fiscal year.

These submissions provide CMS with base information necessary to track current year obligations and expenditures in relation to the current year appropriation and to notify senior managers of any impending surpluses or deficits.

3. Use of Information Technology - - Since May 2000, all Medicaid State agencies submit their Form CMS-37 over the web-based MBES/CBES which has been instrumental in easing input problems relating to dropped phone lines and slow response time and has provided the States and CMS with a much more user friendly input and output reporting system. A completed signature form is transmitted as part of the Form CMS-37. CMS accepts this signature form in lieu of a separate hard copy submission. However, the State must keep actual signed copies in their files that can be made available to CMS upon request. Over the past few years we have implemented several operating system, web server and hardware upgrades to enhance the system.
4. Duplication of Efforts - - There is no duplication associated with this request. Although the Form CMS-64 collects and reports similar data, it reports actual expenditures while the Form CMS-37 reflects projections of expenditures.
5. Small Businesses - - This request does not affect small businesses.
6. Less Frequent Collection - - CMS utilizes this information to produce quarterly grant awards to the Medicaid state agencies and to provide periodic budget updates. Less frequent collection could result in possible delays in ensuring appropriate grant funds are in state accounts when needed.
7. Special Circumstances - - This request conforms to the guidelines in 5 CFR 1320.6.

8. Federal Register Notice/Outside Consultations - - A 60-day Federal Register notice was published on May 2, 2008.
9. Payments/Gifts to Respondents - - There were no payments/gifts to respondents.
10. Confidentiality - - There are no confidentiality requirements associated with this report.
11. Sensitive Questions - - There are no questions of a sensitive nature associated with this report.
12. Burden Estimate (Total Hours & Wages) - - Respondents are 56 state or territorial Medicaid agencies. Each respondent will make four quarterly submissions to CMS with an estimated average staff hour requirement of 34 hours per submission and an average cost per submission of \$38*/hour. The Federal government shares in 50% of the state cost. Since reports are submitted electronically, there are negligible printing and distribution costs to the respondent. Therefore, the total annual respondents cost is as follows:

Respondents Cost

Number of Submissions	224 (56/qtr x 4 qtrs)
Preparation Hours per Submission	<u>x 34</u>
Total Annual Preparation Hours	7,616
Average Staff Costs per Hour	<u>x \$38.00</u>
Total Respondents Cost (Rounded)	\$289,408
Less 50% Federal Match	<u>- 144,704</u>
Respondents Share of Cost	\$144,704

* Bureau of Labor Statistics - State and Local Government Workers Total Hourly Compensation (12/2007) – rounded to the nearest dollar.

13. Capital Costs - - There are no capital costs.
14. Cost to Federal Government - - The annual \$1,006,256 cost to the Federal government includes Federal analytical and travel costs, and the Federal share of the total respondent cost as follows.
 - a. Federal analytical costs of \$816,873 for the Form CMS-37 are based primarily on CMS regional office review costs in the FY 2008 workplans. Federal clerical, printing and distribution costs are negligible since the form is submitted electronically.
 - b. Additional Federal travel costs to perform on-site reviews are approximately \$44,679 based on the FY 2008 workplans.

- c. The Federal share of the total respondent cost is \$144,704 (see B.12 above).
- 15. Changes to Burden - - There are no program or burden changes.
- 16. Publication/Tabulation Dates - - There are no publication or tabulation dates.
- 17. Expiration Date - - CMS would like to display the expiration date.
- 18. Certification Statement - - There are no exceptions to the certification statement.

C. Collection of Information Employing Statistical Methods

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

ADDENDUM
Description of Form CMS-37
Medicaid Program Budget Report

The following describes the component schedules and features of the Form CMS-37.

- A. **Form CMS-37.1, Medicaid Program Budget Report, State Estimate of Quarterly Grant Awards** - - This form summarizes and provides a quarterly breakout of the state's estimates of medical assistance payments and state and local administration detailed on Forms CMS-37.3 and CMS-37.10, respectively. It also provides the state's certification as to the availability of the requisite state and local funds and contains the address to CMS.
- B. **Form CMS-37.1V, Medicaid Program Budget Report, Variance in Certification Quarter Estimate From Recent Expenditures, Medical Assistance, Medicaid SCHIP Expansions State and Local Administration** - - *This is a system-generated form designed to assist the states in comparing their quarterly certification request with recent expenditures.* The MBES/CBES generates a comparison of the bottom line total computable estimate for the certification quarter reported on the Form CMS-37.1 with the reported Form CMS-64 expenditure for (1) the most recently available expenditure quarter and (2) the same quarter of the previous FY for medical assistance, M-SCHIP, and administration. States should be prepared to explain variances in their certification estimate to CMS. The states may also provide brief explanations on the Form CMS 37.12.
- C. **Form CMS-37.3, Medicaid Program Budget Report, Estimated Medical Assistance by Type of Service** - - This form contains states' estimates of total budgeted services by medical assistance service category for the current and budget years.
- D. **Form CMS-37.3I, Medicaid Program Budget Report, Information-Estimated Medical Assistance by Type of Service** - - This form is designed to capture the medical assistance estimates of special program issues that are of heightened interest to the Federal Medicaid budget process. Each quarterly budget submission, the states must address these information forms for amounts included in their base Form CMS-37.3 for the particular issue(s) selected by CMS. The U.S. commonwealths and territories are excluded. Since these are information only forms, the MBES/CBES does not add the amounts on the information forms to the Form CMS-37.3; rather, the estimates reported by states on the information form(s) provide further detail for estimates already included on the Form CMS-37.3.
- E. **Medicaid Program Budget Report, Form CMS-37.4, Medical Assistance Payments, Explanations of Changes Between Submissions, Fiscal Years and Base Year** - - This form asks the states to briefly explain changes in their bottom-line total computable MAP estimates between quarterly submissions for reported FYs and between the base year and the reported FYs when certain thresholds are met for each submission. After completion of the Form CMS-37.3, all states must browse the category-specific variance analysis Form CMS-37.4V, Variances Between Submissions and Fiscal Years and Base Year (See G. below.). The data on

this report is system generated based on the information the state has supplied on the Form CMS-64 (for the base year) and from the Form CMS-37.3 for the current and budget years. This variance form is beneficial to both the state and the CMS regional offices in tracking changes to state estimates. Before being allowed to certify the Form CMS-37 package, states must complete the Form CMS-37.4 if their overall MAP estimate changes exceed certain thresholds.

- F. **Medicaid Program Budget Report, Form CMS-37.4M, Medicaid SCHIP Expansion Program Benefits, Explanations of Changes Between Submissions, Fiscal Years and Base Year** - - This form asks the states to briefly explain changes in their bottom-line Medicaid State Children's Health Insurance Program (M-SCHIP) benefit estimates between quarterly submissions for reported FYs and between the base year and the reported FYs when certain thresholds are met for only the May and November submissions.
- G. **Medicaid Program Budget Report, Form CMS-37.4V, Medical Assistance Payments, Category-Specific Variances in Estimates Between Submissions, Fiscal Years and Base Year** - - *This is a system-generated form designed to assist the states in completing their explanations of changes in estimates for the Form CMS-37.4.* This form is a category-specific variance analysis that compares MAP estimates provided by the state on Form CMS-37.3 with the prior quarterly submission, between FYs and the Base Year.
- H. **Form CMS-37.7, Medicaid Program Budget Report, Estimated Average Number of Eligibles During the Year** - - This form is for states to report the average number and changes in eligible individuals under selected eligibility categories.
- I. **Form CMS-37.9, Medicaid Program Budget Report, State and Local Administration (Summary)** - - Form CMS-37.9 provides a summary of state estimates for Medicaid state and local administration. *This is a system-generated form* from state entries on Form CMS-37.10.
- J. **Form CMS-37.10, Medicaid Program Budget Report, State and Local Administration** - - This form provides state estimates of Medicaid state and local administration. Reporting of estimates of administrative expenditures in columns is broken out under the two categories of salaries and expenses and other administration. Full-Time-Equivalents are also reported.
- K. **Form CMS-37.10I, Medicaid Program Budget Report, Information-State and Local Administration** - - This form is designed to capture the Medicaid state and local administration estimates of special program issues that are of heightened interest to the Federal Medicaid budget process. Each quarterly budget submission, the states must address these information forms for amounts included in their base Form CMS-37.10 for the particular issue(s) selected by CMS. The U.S. commonwealths and territories are excluded. Since these are information only forms, the MBES/CBES does not add the amounts on the information forms to the Form CMS-37.10; rather, the estimates reported by states on the information form(s) provide further detail for estimates already included on the Form CMS-37.10.
- L. **Form CMS-37.11, State and Local Administration Payments, Explanation of Changes Between Submissions, Fiscal Years, and the Base Year** - The Form CMS-37.11 requires

States to provide narrative explanations of changes between submissions, fiscal years and the base year for Medicaid State and local administration.

- M. Form CMS-37.11V, Medicaid Program Budget Report, State and Local Administration, Category-Specific Changes in Estimates Between Submissions, Fiscal Years and Base Year - - *This is a system-generated form designed to assist the states in completing their explanation of changes in ADM estimates for the Form CMS-37.11.*** The form is a category-specific variance analysis that compares ADM estimates provided by the state on Form CMS-37.10 with the prior quarterly submission, between FYs and the Base Year. . .
- N. Form CMS-37.12, Medicaid Program Budget Report, Other Budget Narratives - -** This form is for states to report any other budget narratives or additional explanations of entries on other schedules.

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