

## **State Medicaid Manual**

### **Part 2 - State Organization and General Administration**

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# **State Medicaid Manual**

## **Part Two - State Organization and General Administration**

### **2600 - Quarterly Budget Estimates - Grants to States for the Medical Assistance Program - Form CMS-37, Medicaid Program Budget Report**

The following are instructions to the states for completing and submitting Form CMS-37, the Medicaid Program Budget Report. The complete Form CMS-37 and all active schedules are available for view and download from <http://www.cms.gov/medicaid/mbes/37.pdf>. Unless otherwise noted "states" refers to the participating 50 states, the District of Columbia, Commonwealths, and Territories.

#### **A. Background**

The Secretary of Health and Human Services is authorized by Congress under title XIX of the Social Security Act (Act) to make funds available to the states for the purposes set forth in the annual Medicaid appropriation. To insure that adequate funds are available for the efficient operation of the Medicaid program, the Secretary has determined that budget estimates from the states for medical assistance payments (MAP) and state and local administration (ADM) costs shall be reported, prior to the beginning of each quarter, on Form CMS-37. In addition, as discussed in more detail below, the Balanced Budget Act of 1997 (BBA, P.L. 105-33) amended title XIX to provide states the optional use of state child health assistance funds under title XXI, State Children's Health Insurance Program (SCHIP) for enhanced Medicaid matching funds and expanded Medicaid eligibility for certain Medicaid groups described in sections 1905(u)(2), 1905(u)(3) and 1920A (hereinafter referred to collectively as "M-SCHIP") of the Act. For a discussion on title XXI state budget estimate financial reporting (primarily non-M-SCHIP), see §6-60 of the SCHIP Manual. For discussions on state financial reporting of title XXI expenditures and processes for allotments and payments, see Chapter 6 of the SCHIP Manual.

#### **B. Purpose**

Form CMS-37 fulfills two of CMS's most essential data needs for administering the Medicaid program:

- It provides a statement of the 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 a quarterly grant award to the state (in accordance with §1903(d)(1) of the Act).
  - Its schedules provide both the state's budget estimates and the assumptions underlying its projections for two Federal fiscal years (FYs). 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 on the Medicaid program (in accordance with §1902(a)(6) of the Act).

Information on Form CMS-37 is for the following FYs:

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- Base Year which is the year immediately preceding the current year;
- Current Year which is the first FY of the two years being projected and reported on the Form CMS-37 submission; and
- Budget Year which is the second FY of the two years being projected and reported on the Form CMS-37 submission.

### **C. Automated Reports**

The web-based Medicaid and SCHIP Budget and Expenditure System (MBES/CBES) has been implemented nationwide. This system allows you to electronically submit your Form CMS-37 directly to the CMS Data Center and the Medicaid database. Contact the CMS Division of Financial Management (DFM) to obtain the user's manual, user ID number, access codes, telephone number, and computer software necessary to access and use the system.

You must use the MBES/CBES to submit the Form CMS-37. You do not need to submit a hard copy or the signed certification statement to CMS. Refer to §2600.1.C and D for additional detail. Once your automated Form CMS-37 is entered, verified and ready to be considered as a submittal, you must notify its appropriate CMS Regional Office (RO) budget analyst who, in turn, will notify CMS Central Office (CO). The CMS CO will then transfer the submittal from the transaction (working) file to the master submission file.

### **D. Submission of Quarterly Budget Estimates**

Submit the Form CMS-37 over the MBES/CBES no later than November 15, February 15, May 15, and August 15 of each FY. (See the submission schedule in Exhibit 1.)

While all quarterly submissions represent equally important components of the grant award cycle, the November submission is critical for budget formulation. The November submission serves as the basis for the formulation of the Medicaid portion of the President's budget that is presented to the Congress in January. It is also in the November submission that expenditure information for the just completed FY is discontinued and projections for the budget year are introduced for the first time. The February, May, and August submissions are used primarily for budget execution in providing interim updates to the CMS Office of Financial Management, HHS, OMB and/or Congress depending on the scheduling of the national budget review process in a given FY. The estimates also provide CMS with the information necessary to track current year expenditure levels in relation to the current year appropriation and to notify senior managers of any impending budget surpluses or deficits.

Exception: Commonwealths and Territories are only required to submit the Form CMS-37 once each year in August and when they determine that changes need to be made for funding purposes. The CMS CO will input the remaining submissions after consulting with the Commonwealths and Territories.

### **E. Reporting Requirements**

Base all information reported on Form CMS-37 schedules on those expenditures and counts that are estimated to be computable for Federal funding. The period covered by all estimates is the Federal fiscal year October 1 through September 30. Estimates reported on the Form CMS-37 should include MAP and M-SCHIP budgeted services (see I.1 below) and ADM costs as found necessary by the Secretary for the proper and efficient administration of the state plan. Exclude Medicaid State Survey and Certification, Vaccines for Children

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Program (amounts granted through the Centers for Disease Control and Prevention) and Medicaid State Fraud Control Unit estimates from Form CMS-37 schedules.

On those forms that require dollar amounts, round those dollar amounts to the nearest whole thousand. Except as specified in these instructions, each of the Form CMS-37 schedules must be completed in their entirety for each quarterly submission.

Maintain documentation and supporting work papers relating to the assumptions, rationale, and calculations used in the development of the state's estimates (e.g., deviation of trends, details of computations, program/policy changes) for at least 1 year and make them available upon request.

### **1. Federal Medical Assistance Percentages and Federal Financial Participation**

Where the entry of Federal share information is required, apply to your total estimates computable for Federal funding (total computable), the appropriate Federal Medical Assistance Percentage (FMAP) or enhanced FMAP (EFMAP) as defined in §1905(b) of the Act (42 CFR 433.10-11), or the appropriate Federal financial participation rate(s) (FFP) for ADM costs as outlined in §1903 (a)(2)-(7) (42 CFR 433.15). (View recent and past years [Federal Medical Assistance Percentages](#).)

#### **a. Indian Health Service Facility Services (IHS)**

Use 100 percent as the FMAP with respect to amounts for medical assistance for services which are received through an Indian Health Service facility whether operated by the Indian Health Service or by an Indian tribe or tribal organization (as defined in section 4 of the Indian Health Care Improvement Act).

#### **b. Family Planning Services**

Use 90 percent as the FFP for medical assistance and administration services that are attributable to the offering, arranging, and furnishing of family planning services and supplies.

#### **c. Optional Medicaid Coverage for Women Identified through the National Breast and Cervical Cancer Early Detection Program (NBCCEDP)**

Use the EFMAP for medical assistance services for women under 65 who are identified through the Centers for Disease Control and Prevention's (CDC) NBCCEDP and are in need of treatment for breast or cervical cancer, including pre-cancerous conditions and early stage cancer (§1902(a)(10)(A)(ii)(XVIII) and §1920B of the Act).

### **2. Proper Reporting for M-SCHIP**

Established by section 4901 of the Balanced Budget Act of 1997 (BBA, P.L. 105-33), as amended, SCHIP provides states the flexibility for providing medical assistance to uninsured low-income children by obtaining benefit coverage and Federal matching funds through (1) a SCHIP state program, (2) a M-SCHIP expansion, or (3) a combination of both. In general, under sections 1905(b) and 2105(b) of the Act as amended, all allowable title XXI and certain title XIX Medicaid expenditures (for certain M-SCHIP groups described in sections 1905(u)(2) and (u)(3) of the Act), will be matched at the EFMAP, and count against a state's title XXI allotment. However, certain other Medicaid expenditures provided on the basis of Medicaid presumptive eligibility (section 1920A of the Act) are funded at the regular title XIX

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FMAP but are counted against a state's title XXI allotment. Also, certain Medicaid ADM expenditures related to these various M-SCHIP groups may or, may not, be funded at the EFMAP as discussed in 2.c. below.

The following five principles provide a basis for determining how the choices you make in your state SCHIP plan determine the requirements for requesting Federal funds, the reporting/tracking of the associated expenditures, the application of the expenditures against the title XXI allotment, and the Federal matching rates to be applied to the applicable expenditures.

- Principle 1 - Funding for SCHIP Expenditures

Expenditures under §2105(a) of the Act made in accordance with an approved state-only child health plan, and not under a M-SCHIP expansion, are funded directly from the title XXI appropriation and are reimbursed at the EFMAP. DO NOT USE THE FORM CMS-37 FOR REQUESTING FUNDS. Use the Form CMS-21B, SCHIP Budget Report, §6-60 of the SCHIP Manual, for requesting funds for such expenditures and the Form CMS-21, Quarterly SCHIP Statement of Expenditures for Title XXI, §6-50 of the SCHIP Manual, for reporting such actual expenditures. There is no need to distinguish between estimated child health assistance expenditures and other (outreach, administration, health services initiatives, and other child health assistance) SCHIP-related expenditures on the Form CMS-21B. Simply report aggregate estimates by quarter and fiscal years (FYs).

- Principle 2 - Funding for M-SCHIP Program Services Referenced in an Approved State Child Health Plan

Expenditures for program services (i.e., MAP), furnished under a M-SCHIP expansion **and** referenced in an approved state child health plan, are funded from the title XXI appropriation. In general, these expenditures are reimbursed at the EFMAP and are counted against your title XXI allotment. Use the Form CMS-37 for requesting funds as M-SCHIP and Form CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (§2500), for reporting actual M-SCHIP expenditures. However, once your title XXI allotment is exhausted, you may continue to claim such expenditures at the regular title XIX FMAP as non-M-SCHIP Medicaid.

Note: Prior to FY 2001, Federal funding for M-SCHIP program services was obtained from the title XIX appropriation. Beginning in FY 2001, Section 802(a) of BIPA allowed the authority to pay M-SCHIP program services directly from the title XXI appropriation and §802(c) of BIPA allowed for title XXI to reimburse title XIX for M-SCHIP program services expenditures for fiscal years 1998 through 2000.

- Principle 3 - Funding for Medicaid Expansion Program Services **Not** Referenced in an Approved State Child Health Plan

Expenditures for program services furnished under a Medicaid expansion but **not** referenced in a state child health plan, are funded from the title XIX appropriation, are reimbursed at your regular FMAP, and do not count against your title XXI allotment. Use the Form CMS-37 for requesting funds as regular non-M-SCHIP Medicaid and Form CMS-64 §2500 for reporting actual expenditures as regular non-M-SCHIP Medicaid.

- Principle 4 - Claiming M-SCHIP ADM Expenditures at the EFMAP

Expenditures for Medicaid ADM costs associated with a M-SCHIP expansion, that are also referenced in an approved state child health plan, and for which you choose to claim such expenditures at the EFMAP, are counted against your title XXI allotment, are counted against your 10 percent limit (§6-40.3 of the SCHIP Manual, 42 CFR 457.618), and are funded directly out of the title XXI appropriation. DO NOT USE THE FORM CMS-37 FOR REQUESTING FUNDS. Use the Form CMS-21B (§6-60 of the SCHIP Manual), for requesting funds for such expenditures and the Form CMS-21 (§6-50 of the SCHIP Manual), for reporting such actual expenditures. However, once your title XXI allotment is exhausted, use the following claiming procedure in Principle 5.

- Principle 5 - Claiming M-SCHIP ADM Expenditures at the Regular FFP Rates

Expenditures for ADM costs associated with a M-SCHIP expansion, also referenced in an approved state child health plan, for which the state chooses not to claim the enhanced FMAP or, if the state has a Medicaid-only expansion, are claimed at the applicable Medicaid ADM matching rates, are not counted against your SCHIP allotment, are not counted against your 10 percent limit, and are funded directly out of the title XIX appropriation. Use the Form CMS-37 for requesting funds as regular non-M-SCHIP Medicaid for such expenditures and the Form CMS-64 (\$2500) for reporting such actual expenditures as regular non-M-SCHIP Medicaid.

Report estimated costs as follows.

#### **a. Medical Assistance Payments Reporting of M-SCHIP**

Include all estimated MAP costs related to M-SCHIP groups described under §§1905(u)(2) and (3) of the Act. If you have an approved title XXI state child health plan, report estimated expenditures for these groups on the basis of the EFMAP and such expenditures will count against your title XXI allotment until the allotment is exhausted. Once the allotment is exhausted, report the estimated expenditures for these groups on the basis of their regular Medicaid FMAP. Include all estimated MAP costs related to certain title XIX presumptive eligibles (PE) under §1920A of the Act who are being claimed during the PE period. Federal matching for these PEs during the PE period is always at the regular Medicaid FMAP and is always counted against your state's title XXI allotment until such allotment is exhausted.

Therefore, in estimating the Federal share expenditures relating to §§1905(u)(2) and (3), and §1920A of the Act, you need to consider and determine whether the FFP rate will be at the EFMAP or the regular Medicaid FMAP.

#### **b. Family Planning and Indian Health Services Estimates Reporting of M-SCHIP**

Under M-SCHIP, report only estimates for expenditures when provided on the basis of a PE determination described under §1920A of the Act for family planning services at 90 percent FFP and Indian Health services at 100 percent FFP, not at the FMAP or the EFMAP rates. Such M-SCHIP expenditures would count against your title XXI allotment and you should report them as M-SCHIP. However, estimates of expenditures for family planning and Indian Health services related to M-SCHIP groups described under §§1905(u)(2) and (u)(3) would not be applied against your title XXI allotment and you should not report these as non-M-SCHIP Medicaid.

#### **c. Administrative Cost Reporting of M-SCHIP**

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You have two options for claiming FFP for the Medicaid ADM costs related to the provision of medical assistance for individuals described under §§1905(u)(2) and (3), and §1920A of the Act when your Medicaid expansion is also referenced in an approved state child health plan. In turn, the option you choose determines how you will report the estimated and actual expenditures related to these ADM costs.

- Option 1

Under this option, you could elect to claim FFP for M-SCHIP ADM expenditures at the EFMAP rate. In choosing this option, you must continue to claim all such expenditures on the title XXI expenditure forms until the 10 percent limit (§6-40.3 of the SCHIP Manual, 42 CFR 457.618) and/or the title XXI allotment is reached. Once these limits are reached, the expenditures may be claimed on the Medicaid expenditure forms and matched at the ADM FFP rate in the Medicaid program.

- Option 2

Under this option, you could elect to claim FFP for M-SCHIP ADM expenditures under the title XIX Medicaid program. In choosing this option for such expenditures, you will be reimbursed at the applicable Medicaid ADM FFP.

The purpose of the two ADM claiming options is to offer you flexibility and allow you to claim for the M-SCHIP ADM expenditures at the title XXI EFMAP rates. These rates would be no lower than 65 percent, and clearly higher than the general Medicaid ADM FFP rate of 50 percent. In order to provide you with the greatest flexibility, the two ADM claiming options should be applied by category of FFP rates available for ADM expenditures. Thus, for example, if you have EFMAP rates that are lower than 75 percent, you could choose Option 1 for the 50 percent FFP rate ADM activities, and Option 2 for the 75, 90 and 100 percent FFP rate ADM activities. If your EFMAP rates are greater than 75 percent, you could choose Option 1 for the 50 and 75 percent FFP rate ADM activities, and Option 2 only for the 90 and 100 percent FFP rate ADM activities.

If you choose Option 1 for a category of ADM expenditures associated with a particular FFP rate, you would continue to claim such category of ADM expenditures under that Option until your fiscal year allotments or the 10 percent limits were reached. At that point, you could claim the ADM expenditures under the Medicaid program at the applicable Medicaid ADM matching rate. These options would be applied consistently to expenditures paid by the state in that particular FY regardless of when claimed for Federal reimbursement. Thus, once you choose an option for expenditures related to that FY, you must consistently apply that option each time you claim ADM expenditures paid for in that FY. You may change your option for an upcoming FY prior to the beginning of that fiscal year, but the change will only apply to those ADM expenditures paid by the state in the new FY.

NOTE: Whether at the 50 percent or higher rates, FFP is only available under the Medicaid program for administration expenditures necessary for the proper and efficient administration of the Medicaid program. Specifically, FFP for ADM expenditures related to your title XXI only SCHIP would not be available under the Medicaid program. We also recognize that some ADM activities, for example those related to management information systems, could support both the title XIX and XXI programs. FFP for such joint activities benefiting both title XIX and XXI programs would be determined and claimed in accordance with your approved cost allocation plan.

### **d. Notification to CMS of M-SCHIP ADM Claiming Option Chosen**

In order for CMS to be able to properly monitor budget estimates and actual expenditure claiming, if you have implemented a Medicaid expansion described in §§1905(u)(2), 1905(u)(3) or, §1920A of the Act, that is also referenced in an approved state child health plan, you must notify CMS of how you intend to claim the M-SCHIP ADM costs related to those groups. Notify by letter from the Medicaid state agency administering M-SCHIP to the appropriate CMS RO. Address the letter to the CMS Regional Administrator, with attention to the appropriate RO financial management contact. This notification must be done upon initial approval of your state child health plan prior to the submission of any budget estimate and actual expenditure claims for these M-SCHIP ADM costs. Submit a subsequent notification each time you elect to change your option for a FY as described above. Submit a notification electing to change your option in conjunction with the August budget submission in order to be received prior to the beginning of the FY for which the change is to be effective. Do not submit such a notification if you simply operate a state SCHIP-only program. You must indicate one of the following choices in your notification letter.

- Choice 1

You elect to claim all of the M-SCHIP ADM costs at the EFMAP. This choice means that such expenditures will be reimbursed at the EFMAP, will count against your title XXI allotment, and will count against your state's 10 percent limit. Under this choice, report all of your estimates on the Form CMS-21B (§6-60 of the SCHIP Manual) and all of your actual expenditures on the Form CMS-21 (§6-50 of the SCHIP Manual).

NOTE: Even if this option is elected, once your title XXI allotment is exhausted or the 10 percent limit is reached, you may continue to claim such ADM costs at the applicable Medicaid ADM FFP rates. At that point, report all of your "excess" estimates on the Form CMS-37 and all of your "excess" actual expenditures on the Form CMS-64 (§2500).

- Choice 2

You elect to claim all of the Medicaid ADM costs related to M-SCHIP at the applicable Medicaid ADM FFP rate. This choice means that such expenditures will not be reimbursed at the EFMAP, will not count against your title XXI allotment, and will not count against your 10 percent limit. Under this choice, you report all of your estimates on the Form CMS-37 and all of your actual expenditures on the Form CMS-64 (§2500).

- Choice 3

You elect to claim some of the ADM costs related to M-SCHIP at the title XXI EFMAP and some at the applicable Medicaid ADM FFP rate. You must indicate in your notification which of the Medicaid ADM matching category rates (i.e., 50, 75, 90, or 100 percent) you are choosing to claim under which program.

EXAMPLE: You might first indicate that you are choosing to claim Medicaid ADM costs related to M-SCHIP groups in the 50 percent ADM matching category under title XXI at the EFMAP. This means that such expenditures will be reimbursed at the EFMAP, will count against your title XXI allotment, and will count against the 10 percent limit. Report the ADM estimates on the Form CMS-21B (§6-60 of the SCHIP Manual), and all of the actual expenditures on the Form CMS-21 (§6-50 of the SCHIP Manual). Note: Even if you elect this choice, once your title XXI allotment is



exhausted or your 10 percent limit is reached, you may continue to claim such ADM costs at the applicable Medicaid ADM FFP. At that point, report all of your “excess” estimates on the Form CMS-37 and all of your “excess” actual expenditures on the Form CMS-64 (§2500).

Second, you might indicate that you are choosing to claim Medicaid ADM costs related to M-SCHIP groups in the 75, 90, or 100 percent ADM matching categories under title XIX at the applicable Medicaid ADM FFP rates. This choice means that such expenditures will not be reimbursed at the EFMAP, will not count against your title XXI allotment, and will not count against your 10 percent limit. Report the estimates on the Form CMS-37 and all of the actual expenditures on the Form CMS-64 (§2500).

### **3. Commonwealth and Territory Medicaid Fiscal Year Expenditure Limitations**

The Commonwealths and Territories total Medicaid Federal share ceiling limitations are described in §§1108(f) and (g) of the Act. However, §162 of Public Law 105-100, amended the BBA of 1997 to provide that the limitations under §§1108 (f) and (g) of the Act do not apply to Federal payments made under §1903(a)(1) of the Act based upon the enhanced FMAP described in §2105(b) of the Act. Specifically, this means that for those Commonwealths and Territories which elect to provide coverage to those Medicaid expansion groups described under §§1905(u)(2) and (3) of the Act, and which have an approved title XXI state child health plan, the EFMAP payments made on behalf of these expansion group(s) are not subject to the ceiling limitations under §§1108 (f) and (g) of the Act

### **F. Verification and Entry Process on Form CMS-37**

The MBES/CBES uses a verification process as part of the Form CMS-37 entry process. The verification process follows the creation of Forms CMS-37.1-37.12 and verifies that all required schedules are present and that the entries on the schedules are consistent, error free, and complete. The verification process is designed to be the final system review for completeness, consistency and errors. The verification process must be passed before data on the Form CMS-37 can be moved to the master file. When all verification edits are reconciled, the system flags the submission as having passed the verification process and will not allow any further changes or additions unless you elect to "unlock" the verification flag.

The following principles and assumptions are applicable to completion of Form CMS-37 and the verification process:

- **Initializing Form CMS-37 for a Quarter**

In order to initialize a new Form CMS-37 for a quarter, you must begin with either the Form CMS-37.3 or the Form CMS-37.10.

- **Precursor Forms**

In order to establish particular Form CMS-37 schedules, you must follow a certain order. That is, information and calculations for certain schedules depend on the input to certain other schedules.

Complete Form CMS-37 schedules in accordance with the following:

- Completion of Form CMS-37.1 must precede Forms CMS-37.1V, CMS-37.3 and CMS-37.10
- Completion of Form CMS-37.3 must precede Forms CMS-37.4, CMS-37.4M and CMS-37.4V
- Completion of Form CMS-37.10 must precede Forms CMS-37.9, CMS-37.11 and CMS-37.11V

- **Carryover of Input from Previous Quarter's Submission**

Entries from the immediately preceding Form CMS-37 quarterly submission for the following schedules are automatically carried over to the current Form CMS-37 quarterly submission at the time the current Form CMS-37 is initially established. You may then modify these entries, as appropriate, for the current submission.

- Form CMS-37.1, Budget Year Only (Except in the November Submission)
- Form CMS-37.3,
- Form CMS-37.7, and
- Form CMS-37.10.

- **Retention of Input Within Current Quarter's Submission**

Once a current Form CMS-37 is initialized, any information entered by you will be retained until overwritten or deleted.

- **Supplementals**

The system treats a supplemental revision to the Form CMS-37 as it would any other change within a quarter.

- **Internally Generated Screens**

The Forms CMS37-1V, CMS-37.4V, CMS-37.9 and CMS-37.11V are internally generated and derived from input to the Forms CMS-37.1, CMS-37.3, CMS-37.10 and the Form CMS-64, if applicable. You cannot make any entries to these schedules. You may however, view, print, and save these forms.

- **Form CMS-64 Information**

As it becomes available, information on actual expenditures for up to the first three quarters of the FY from the Form CMS-64 (\$2500) is automatically entered on lines 1-3 of the Form CMS-37.1. For example, line 1 on the Form CMS-37.1 presents the first quarter budget projection for the first FY of the Form CMS-37 submission. As actual expenditures for that quarter are reported and become available from the Form CMS-64, the system will enter them on line 1 of the Form CMS-37.1. At that point, only the remaining quarters for that FY would need to be entered on lines 2-4.

EXCEPTION: Form CMS-64 expenditure information will not carry forward for completed quarters for the Commonwealths and Territories. Instead, the entity

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should input the amount of the actual estimate grant award(s) issued for the quarter.

### **G. Supplemental Grant Awards**

If the estimates originally submitted for the current quarter prove to be lower than the amount required as the quarter progresses, notify the RO and prepare a revised Form CMS-37 using the MBES/CBES. This can be done by modifying the Form CMS-37 for the current submission and the previous submission and transmitting these modifications to CO. You do not need to send any hard copy documents. The correct procedure is:

- Release the appropriate Form CMS-37 from the verification process;
- Modify the contents of Form CMS-37.1 and the appropriate subsidiary form(s);
- Initiate a new verification process; and
- Notify the RO, or your CO contact, of the revision.

If you have already submitted the Form CMS-37 for the present quarter, it must also be revised to:

- Include the current quarter's revised estimate; and
- Incorporate any impact projected for future quarters.

Notify the RO or CO of this modification.

Documentation of a supplemental request consists of at least 1 month's expenditures in the current quarter and an explanation of the difference between the original and the revised estimates. This documentation must be made available to the RO representative upon request.

The CO must receive the revised Form CMS-37 through MBES/CBES no later than 10 calendar days before the end of the quarter for which the supplemental grant award is being requested.

**EXAMPLE:** You need a supplemental grant award for the January-March quarter (second quarter of the FY). In order to request a supplemental grant award, you would submit a revised Form CMS-37 for the previous November submission by March 21 (10 days prior to the end of the second quarter of the FY).

In order to effectively manage the funding requirements for the Medicaid program both on the national and state levels, CMS may also issue negative supplemental awards. This can occur if a state's estimate of a current quarter's funding requirements, submitted on the Form CMS-37, proves to be substantially higher than the amount actually required by the state for the quarter. Under such circumstances, either you or CMS (with your concurrence) may take action so that a negative supplemental grant award can be issued timely. You should notify the RO of the revised funding needs no later than 10 calendar days before the end of the quarter so that a negative supplemental award can be issued. Do not submit forms or documentation in such cases.

EXAMPLE: Sometime during a current quarter of April-June you determine that the funding needs for your Medical Assistance Program during the quarter are significantly less than what you indicated on the February Form CMS-37 submission for the quarter. Inform the RO by June 20 so a negative grant award can be issued timely.

## **H. Forms Transmittal**

Prepare the Form CMS-37 and electronically transmit it using the MBES/CBES. If you require blank copies of Form CMS-37, you may obtain them from the web site <http://www.cms.gov/medicaid/mbes/37.pdf> or:

Centers for Medicare & Medicaid Services  
Division of Financial Management, FSBG, CMSO  
Mail Stop S3-13-15  
7500 Security Blvd.  
Baltimore, MD 21244-1850

## **I. Medical Assistance Payments Expenditures Projection Categories**

Report information on projected spending for MAP on the Form CMS-37.3. Projections of MAP meeting the definition of "total budgeted services" below reported on the Form CMS-37.3 represent your best estimate of total MAP for the Form CMS-37 submission.

### **1. Definition of "Total Budgeted Services"**

Total budgeted services encompass:

- Expenditures for MAP under your approved state Medicaid plan and approved waivers as of the date of the Form CMS-37 submission;
- Expenditures for M-SCHIP expansion groups also referenced in an approved title XXI state child health plan and approved waivers as of the date of the Form CMS-37 submission;
- Expenditures related to pending Medicaid state plan amendments (SPAs), which do not require a waiver, that have been submitted to CMS as of the date of the Form CMS-37 submission;
- Expenditures related to pending Medicaid SPAs for M-SCHIP expansion groups that are also referenced in a title XXI state child health plan (which do not require a waiver) that have been submitted to CMS as of the date of the Form CMS-37 submission;
- Expenditures related M-SCHIP expansion groups or other Medicaid provisions which, although not contained in your approved title XXI state child health plan or Medicaid SPAs or approved waiver applications as of the date of the Form CMS-37 submission, will be submitted, and in your judgment, are likely to be approved and for which you will claim costs during the 2-year reporting period of the Form CMS-37. For example, if your state has enacted legislation or finalized regulations/policy that will have an effect on the Medicaid and/or the title XXI SCHIP program budget during the 2-year reporting period of the Form CMS-37, but for which you have not yet submitted a state plan amendment and/or waiver, the associated Medicaid costs should be reported on the Form CMS-37.3; and

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- Expenditure projections under total budgeted services reflecting changes in economic conditions as well as changes in technical components. Technical components, for example, include reimbursement rates that periodically increase (or decrease).

EXCEPTION: You may not include estimates for unapproved SPAs in the grant award request for the certification quarter. See §2600.1.A.3.

## **2600.1 - State Estimate of Quarterly Grant Awards and Variances in Certification Quarter Estimate from Recent Expenditures, Medical Assistance Payments, Medicaid SCHIP Expansions and State and Local Administration, Forms CMS-37.1 and CMS-37.1V**

### **A. Form CMS-37.1 - State Estimate of Quarterly Grant Awards**

This form summarizes and provides a quarterly breakout of the detailed data provided on Form CMS-37.3 for MAP (including M-SCHIP) and Form CMS-37.10 for ADM. It also provides your certification statement as to the availability of the requisite state and local matching funds. The state, agency, and submission date are system generated. Round dollar amounts to the nearest thousand. The MBES/CBES updates each quarterly submission of the Form CMS-37 with actual expenditure data taken from the latest Form CMS-64 (§2500).

#### **1. Column Headings**

These reflect the estimated MAP and ADM expenditures for the Medical Assistance Program for the current year and the budget year of the Form CMS-37 submission. (See Exhibit 1 for designation of FYs to report.)

Column A is for you to indicate the estimated total computable MAP for Federal funding for each quarter reported. The line 5 total in this column is generated from the information you input in column A on Form CMS-37.3. The line 10 total in this column is generated from the information you input in column C on Form CMS-37.3. Generally, you enter each of the quarterly amounts in this column on lines 1-4 and 6-9. However, as they become available from the Form CMS-64 (§2500), quarterly amounts will be entered by the system on lines 1-3.

Column B is for you to indicate the estimated Federal share of MAP for each quarter reported. The line 5 total in this column is generated from the information you input in column B on Form CMS-37.3. The line 10 total in this column is generated from the information you input in column D on Form CMS-37.3. Generally, you enter the quarterly amounts in this column on lines 1-4 and 6-9. However, as they become available from the Form CMS-64 (§2500), quarterly amounts will be entered by the system on lines 1-3.

Column C is your share of MAP for each quarter reported. The amount in column C is system generated by subtracting amounts in column B from amounts in column A.

Column D is for you to indicate the estimated total computable payments for ADM for Federal funding for each quarter. The line 5 total in this column is generated from the information you input in columns A and C on Form CMS-37.10. The line 10 total in this column is generated from the information you input in columns F and H on Form CMS-37.10. Generally, you enter the quarterly amounts in this column on lines 1-4 and 6-9. However, as they become available from the Form CMS-64, quarterly amounts will be entered by the system on lines 1-3.

Column E is for you to indicate the estimated Federal share of expenditures for ADM for each quarter. The line 5 total in this column is generated from the information you input in columns B and D on Form CMS-37.10. The line 10 total in this column is generated from the information you input in columns G and I on Form CMS-37.10. Generally, you enter the quarterly amounts in this column on lines 1-4 and 6-9. However, as they become available

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from the Form CMS-64 (\$2500), quarterly amounts will be entered by the system on lines 1-3.

Column E is your share of ADM for each quarter. The amount in column F is system generated by subtracting the amounts in column E from amounts in column D.

Column G is for you to indicate the Federal share of M-SCHIP estimates included in your MAP column B. The line 5 total in this column is generated from the information you input in column B, line 34, on Form CMS-37.3. The line 10 total in this column is generated from the information you input in column D, line 34, on Form CMS-37.3.

**2. Line Headings**

Lines 1-4 and 6-9 reflect the quarterly estimates of MAP and ADM expenditures for the 2 FYs of the Form CMS-37 submission.

Generally, you must enter quarterly amounts on each of the lines 1-4, for the current year, and lines 6-9, for the budget year. The amounts entered by you on these lines must not total more than the totals on lines 5 (current year) and 10 (budget year) annual amounts which are generated from your entries on the Form CMS-37.3 for MAP and Form CMS-37.10 for ADM expenditures. However, entries on lines 1-3 may be also be system generated based on the availability of information on actual expenditures reported on the Form CMS-64 (\$2500). Complete only those of lines 1-3 for which quarterly information is not system generated.

The following describes each line of the Form CMS-37.1:

Line 1 is the first quarter's share of MAP and ADM expenditures for the current year.

Line 2 is the second quarter's share of MAP and ADM expenditures for the current year.

Line 3 is the third quarter's share of MAP and ADM expenditures for the current year.

Line 4 is the fourth quarter's share of MAP and ADM expenditures for the current year.

Line 5, columns A-C, is the total estimated MAP for the current year. Line 5, columns D-F, is the total ADM expenditures for the current year. The amounts on line 5 in columns A-F are generated by the system from the totals on line 35 Form CMS-37.3 (for MAP) and line 23 Form CMS-37.10 (for ADM expenditures). Line 5 column G is the Federal share M-SCHIP expenditures for the current year. The amounts on line 5 in columns A-F are generated by the system from the totals on line 35 of Form CMS-37.3 (for MAP) and line 23 of Form CMS-37.10 (for ADM expenditures). The amount on line 10 in column G is generated from line 34 (column B) of the Form CMS-37.3.

Line 6 is the first quarter's share of MAP and ADM expenditures for the budget year.

Line 7 is the second quarter's share of MAP and ADM expenditures for the budget year.

Line 8 is the third quarter's share of MAP and ADM expenditures for the budget year.

Line 9 is the fourth quarter's share of MAP and ADM expenditures for the budget year.

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Line 10 columns A-C, is the total estimated MAP for the budget year. Line 10 columns D-F, is the total ADM expenditures for the budget year. Line 10 column G is the Federal share M-SCHIP expenditures for the budget year. The amounts on line 10 in columns A-F are generated by the system from the totals on line 35 of Form CMS-37.3 (for MAP) and line 23 of Form CMS-37.10 (for ADM expenditures). The amount on line 10 in column G is generated from line 34 (column D) of the Form CMS-37.3



### 3. Certification

By entering the name and title of the state official and transmitting the certification over the MBES/CBES, you are certifying to the following.

- You are the executive officer of the state agency or his/her designate authorized by the state to submit this form.
- The fiscal year budget estimates only include expenditures under the Medicaid program under title XIX of the Social Security Act (the Act), and as applicable, under the State Children's Health Insurance Program, under title XXI of the Act, that are allowable in accordance with applicable implementing Federal, state, and local statutes, regulations, policies, and the state plan approved by the Secretary and in effect during the fiscal year under title XIX of the Act for the Medicaid program, and as applicable, under title XXI of the Act for the SCHIP.
- The budget estimates are based upon the most reliable information available to the state.
- The state and/or local required to match the state's allowable expenditures during the certification quarter will be available, and such state and/or local funds are in accordance with all applicable Federal requirements for the non-federal share match of expenditures.
- The amount of state and local funds available for quarter \_\_\_\_\_ for the Medicaid program is \$\_\_\_\_\_.

NOTE: The MBES/CBES generates the correct amount for you to certify for the upcoming quarter based on the quarter of submission. For example, for the February 15 Form CMS-37 submission, you must certify the availability of sufficient state and local funds for the quarter beginning with April (that is, the 3rd quarter of the current Federal FY). The MBES/CBES will insert the words "fiscal year" in place of the word "quarter" in the statement 5 above and will include an annual certified amount for the Commonwealths, Territories, and those states participating in the Annual Grant Award Project.

- Federal matching funds are not being requested for the certification quarter to match expenditures under any Medicaid state plan amendment under title XIX of the Act and/or state Child Health Plan amendment under title XXI of the Act that was submitted after January 2, 2001, and that has not been approved by the Secretary effective for the certification quarter.
- The information shown above and on the Form CMS-37 summary sheet and supporting schedules is correct to the best of my knowledge and belief.

The signature/certification form appears on the screen during the verification process. Complete the information requested and the certification is transmitted as part of the Form CMS-37. CO accepts this automated signature/certification in lieu of a separate hard copy submission. However, you must keep actual signed copies of the signature/certification forms in your files that can be made available to CMS upon request for each Form CMS-37 you submit over the MBES/CBES system (including supplemental requests and revisions).

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If you are unable to certify as to the availability of the entire amount of the MBES/CBES generated non-Federal share of the projected expenditures, you should:

- Complete the certification on the MBES/CBES,
- Make a pen and ink correction to the MBES/CBES-generated state and local funds available number in certification statement number 5 to reflect the correct amount of available non-Federal funds,
- Immediately provide both CMS RO and CO a copy of the pen and inked Form CMS-37.1, and;
- Keep actual signed copies of the pen and inked signature/certification forms in your files.

### 4. Signature of Executive on Form CMS-37

Enter the name of the Executive Officer of the state Agency (SA) together with the officer's official title and state agency name (abbreviate), on the signature line. The Executive Officer must be the head of the SA or a person officially designated by the agency head as authorized to sign. The signed estimate serves as certification by you that the information has been carefully prepared, presents as realistically as possible, an estimate of the expenditures to be incurred, and is an accurate statement of the state and local funds available for the period of the estimate. The MBES/CBES will assign the signature date once the certification is completed and saved.

### 5. Footnotes

Use this section to indicate whether or not you need a SCHIP grant for your M-SCHIP estimate for the certification quarter. Use one of the following formats for the footnote.

"NO FY\_\_\_\_ SCHIP GRANT NEED FOR THE \_\_\_\_QTR FY\_\_\_\_"  
"FY\_\_\_\_ SCHIP GRANT NEEDED FOR \_\_\_\_QTR FY\_\_\_\_ \$\_\_\_\_ F/S"

Round the Federal share amount in the second format above to thousands of dollars.

### B. Form CMS-37.1V, Variances in Certification Quarter Estimate from Recent Expenditures, Medical Assistance, Medicaid SCHIP Expansions and State and Local Administration

This is a system-generated form designed to assist you in comparing your quarterly grant award request for the certification quarter with expenditures from the most recently certified CMS-64 available and with the CMS-64 for the same quarter of the previous fiscal year. During the process of certifying your Form CMS-37, the completed Form CMS-37.1V form will appear on the screen, generated by the MBES/CBES. You must save the form to continue. All dollar amounts are total computable rounded to the nearest thousand. You should be prepared to explain variances to CMS and you may also provide brief explanations of variances on the Form CMS-37.12.

Lines 1 through 5 and Columns A through C are MBES/CBES generated based on the data you have supplied on the Form CMS-37.1 or on your Forms CMS-64

### 1. Column Headings

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Column A -- Medical Assistance Payments

Column B -- Medicaid SCHIP

Column C-- State and Local Administration

**2. Line Headings**

Line 1. -- Certification Quarter - This line is the total computable estimate for the columnar-referenced program calculated as follows.

Column A - MAP Equals Column A , Form CMS-37.1, less (M-SCHIP federal share from Column G Form CMS-37.1 divided by the EFMAP) for the appropriate certification quarter.

Column B - M-SCHIP - Equals Federal share M-SCHIP from Column G, Form CMS-37.1, divided by the EFMAP for the appropriate certification quarter.

Column C - ADM - Column D, Form CMS-37.1, for the appropriate certification quarter.

Line 2. -- Most Recent Expenditure Quarter - This line is the total computable expenditure for the most recently certified prior expenditure quarter for the columnar-referenced programs as follows.

Column A - MAP - Equals Line 11, Column A, Form CMS-64F.

Column B - M-SCHIP - Equals Line 11, Column C, Form CMS-64F.

Column C - ADM - Equals Line 11, Column F, Form CMS-64F.

Line 3. -- Same Quarter Previous FY - This line is the total computable expenditure for the same certification quarter of the prior FY for the columnar-referenced programs as follows.

Column A - MAP - Equals Line 11, Column A, Form CMS-64F.

Column B - M-SCHIP - Equals Line 11, Column C, Form CMS-64F.

Column C - ADM - Equals Line 11, Column F, Form CMS-64F.

Lines 4 & 5. - Certification Quarter Variances - These lines display the certification quarters' amount and percent variance from recent expenditures.

Line 4.A. - Amount Variance - For each of the Columns A through C, Line 1 less Line 2.

Line 4.B. - Percent Variance - For each of the Columns A through C, Line 4.A. divided by Line 2.

Line 5.A. - Amount Variance - For each of the Columns A through C, Line 1 less Line 3.

Line 5.B. - Percent Variance - For each of the Columns A through C, Line 5.A. divided by Line 3.

**2600.2 (Reserved)**

## **2600.3 - Estimated Medical Assistance by Type of Service Forms CMS-37.3 and CMS-37.3I**

### **A. Form CMS-37.3, Estimated Medical Assistance By Type of Service**

Report your estimate for total MAP budgeted services projections for the current and budget fiscal years on the Form CMS-37.3. Enter total computable and the Federal share for each MAP Service category. Round all dollar amounts to the nearest thousand. (See §2600.I.1 for a definition of total budgeted services projections.)

Lines 1 - 33 reflect your estimates for MAP costs not associated with a M-SCHIP expansion group(s) referenced under an approved title XXI state child health plan. Estimates of MAP costs associated with M-SCHIP expansion group(s) referenced under an approved title XXI state child health plan are all reported in the aggregate on Line 34. The medical assistance service categories on lines 1-29 are the same as those on the Form CMS-64.9 (§2500.2.E). Report estimated MAP for each of the services on lines 1-29 of Form CMS-37.3. If a particular type of service is not provided under a state plan or the estimated expenditure is less than \$500, leave the entry blank. In those instances where you cannot report budget figures on the lines provided because your participation in those service categories is minimal, report those estimates on line 29, other care.

#### **1. Column Headings**

The FYs corresponding to the current and budget years will be system generated based on the date of the Form CMS-37 submission. Columns A and B are for reporting MAP projections for the current year. Columns C and D are for reporting the budget year projections.

Column A.--Enter the total computable dollar amounts by service category for the total budgeted services projections for the current year.

Column B.--Enter the Federal share of the total computable dollar amounts entered in column A for the total budgeted services projections for the current year.

Column C.--Enter the total computable dollar amounts by service category for the total budgeted services projections for the budget year.

Column D.--Enter the Federal share of the total computable dollar amounts entered in column C for total budgeted services for the budget year.

#### **2. Line Headings**

Lines 1 through 29 must reflect the projected MAP distributed by type of service. Use the CMS-64.9 service category definitions as outlined in §2500.2.E.

Line 30.--This is the total of lines 1 through 29.

Line 31.--Enter the projected amount of collections.

Line 32.--Enter the projected amount of prior period adjustments. These amounts can be negative.

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Line 33.--This is the machine generated total. It is the net total of line 30 minus line 31 plus line 32.

Line 34.--Enter the total computable MAP expenditures and the associated Federal share amounts for M-SCHIP Medicaid expansion group(s) (i.e., groups described in §1920A, §1905(u)(2) and §1905(u)(3) of the Act), referenced under an approved title XXI state child health plan. Also include collections, overpayments and prior period adjustments for these particular expansion group(s) on this line. These expenditures reflect your estimate of what you expect you will report on the M-SCHIP expenditure reporting forms (i.e., Forms CMS-64.21, 64.21U, 64.21p, 64.21Up and applicable M-SCHIP waiver). (See §2500.9). Do not include expenditures on this line for these Medicaid expansion group(s) if they are not also referenced in an approved title XXI state child health plan or, if you have exhausted your state title XXI allotment. In that case the expansions groups are simply regular Medicaid expenditures and those expenditures should be reported in lines 1-33 above as appropriate.

Line 35.--This is the total of lines 33 and 34.

**B. - Form CMS-37.3I, Medicaid Program Budget Report, Information - Estimated Medical Assistance by Type of Service**

This form captures the estimates of special program issues that are of heightened interest to the Federal Medicaid budget process. Ten days prior to each Form CMS-37 submission due date, DFM e-mails a submission-specific instructional letter to all state MBES/CBES users highlighting the specific program issue(s) each state must include in that particular quarterly submission. You must complete a separate Form CMS-37.3I for amounts included in your Form CMS-37.3 for each program issue(s) selected as instructed by CMS. ***This is an information form only, the MBES/CBES does not add the amounts on this form to the Form CMS-37.3, rather, the information provides further detail for estimates already included on the Form CMS-37.3.*** The Commonwealths and Territories are excluded from completing the Form CMS-37.3I.

After you have accessed the Form CMS-37 on the MBES/CBES use the "Add/Modify" mode at "Choose Function" and choose "CMS-37.3I - Information - Estimated Medical Assistance by Type of Service". The next screen allows you to choose the special program issue you want to address by allowing you to add a new Form CMS-37.3I or modify an existing one. To add a new form, click on the down arrow under "Add" and select the program issue you are reporting on. Press the "Add a New Form" button. To modify an existing form, press the select button next to the form you want to modify. Once you are on the Form CMS-37.3I input screen, clicking on the program issue name will activate the help screen and will also provide an explanation of what you should report on this form.

**For the specific program issue(s) only**, report your estimate for total budgeted services projections for the current and budget fiscal years on the Form CMS-37.3I. Enter total computable and the Federal share for each MAP service category. Round all dollar amounts to the nearest thousand. (See §2600.1.1 for a definition of total budgeted services projections.)

Lines 1 - 33 reflect your estimates for MAP not associated with a M-SCHIP expansion group(s) referenced under an approved title XXI state child health plan. Estimates of MAP costs associated with M-SCHIP expansion group(s) referenced under an approved title XXI state child health plan are all reported in the aggregate on Line 34. The MAP categories on lines 1-29 are the same as those on the Form CMS-64.9 (§2500.2.E). Report estimated MAP for each of the services on lines 1-29 of Form CMS-37.3. If a particular type of service is not

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provided under a state plan or the estimated expenditure is less than \$500, leave the entry blank. In those instances where you cannot report budget figures on the lines provided because your participation in those service categories is minimal, report those estimates on line 29, other care. Refer to §2600.3.A for a description of columns and lines.



## **2600.4 - Category Specific Variances and Explanations of Changes Between Submissions, Fiscal Years and Base Year, Medicaid Assistance Payments and Medicaid SCHIP Expansions, Forms CMS-37.4, CMS-37.4M and CMS-37.4V**

### **A. Form CMS-37.4 - Medical Assistance Payments, Explanations of Changes Between Submissions, Fiscal Years and Base Year**

During the certification process, the MBES/CBES will generate this form if any MAP (excludes M-SCHIP) dollar or percent variance in your total computable annual estimates from Line 33 of the Form CMS-37.3 exceeds certain threshold criteria. You must complete the explanation section(s) of this form for any variance that exceeds the thresholds. (Complete Form CMS-37.3 before completing this form). The Form CMS-37.4V as discussed in §2600.4.B. is available for you to use to assist your in your explanations. Your explanations should include discussions of changes in major factors (e.g., reimbursement rates, eligibles, utilization, legislation, payment timing) and in service categories that influenced the variance. Dollars are in thousands. Complete the narrative explanation on Form CMS-37.4 for Medical Assistance Payments (excluding M-SCHIP), in accordance with the following **total computable** dollar or percentage change threshold.

#### **1. Changes in FYS Between Submissions - - Threshold criteria is (+/-)\$100 million, or (+/-) 5%:**

Previous submission in lines 1 and 2 below denotes the previous budget submission quarter. For example, if the current submission is the May 15 submission, the previous submission is the February 15 submission.

Line 1.--Changes in FY(1) from Previous Submission

Line 2.--Changes in FY(2) from Previous Submission

#### **2. Changes between FYS in Current Submission - - Threshold criteria is (+/-) \$500 million or (+/-) 10 %**

Line 3.--Changes from Base Year to FY(1) in Current Submission--The MBES/CBES will derive the base year data from the master files of the four quarterly Form CMS-64 expenditure reports for the previous FY if available. If data for all expenditure quarters are not present, the system will substitute the last Form CMS-37 estimate for that base year.

Line 4.—Changes from FY(1) to FY(2) - Current Submission

Use the MBES/CBES generated Form CMS-37.4V, Medicaid Program Budget Report, Medical Assistance Payments, Category-Specific Variances in Estimates Between Submissions, Fiscal Years and Base Year (see §2600.4.C below) to assist you in completing the explanations on Form CMS-37.4.

### **B. - Form CMS-37.4M, Medicaid SCHIP Program Benefits, Explanations of Changes Between Submissions, Fiscal Years and Base Year**

The MBES/CBES generates this form if any Medicaid SCHIP dollar or percent variance in your total computable annual estimates from Line 34 of the Form CMS-37.3 exceeds certain threshold criteria. You must complete Form CMS-37.3 before completing this form. Your

explanations should include discussions of changes in major factors (e.g., reimbursement rates, eligibles, utilization, legislation, payment timing) and in service categories that influenced the variance. Dollars are in thousands. Complete the narrative explanation on Form CMS-37.4M for M-SCHIP, in accordance with the following dollar or percentage threshold.

**1. Changes in FYS Between Submissions - - Threshold criteria is (+/-)\$5 million, or (+/-) 5%:**

Previous submission in lines 1 and 2 below denotes the previous budget submission quarter. For example, if the current submission is the May 15 submission, the previous submission is the February 15 submission.

Line 1.--Changes in FY(1) from Previous Submission

Line 2.--Changes in FY(2) from Previous Submission

**2. Changes between FYS in Current Submission - - Threshold criteria is (+/-) \$10 million or (+/-) 10%**

Line 3.--Changes from Base Year to FY(1) in Current Submission--The MBES/CBES will derive the base year data from the master files of the four quarterly Form CMS-64 expenditure reports for the previous FY if available. If data for all expenditure quarters are not present, the system will substitute the last Form CMS-37 estimate for that base year.

Line 4.—Changes from FY(1) to FY(2) - Current Submission

**C. - Form CMS-37.4V, Medical Assistance Payments, Category-Specific Variances in Estimates Between Submissions, Fiscal Years and Base Year**

This form will appear during the certification process each quarterly submission and is intended to assist you in completing your explanation of variances for Form CMS-37.4. The Form CMS-37.4V is a MBES-CBES generated form that compares **total computable** category-specific MAP estimates provided by you on the Form CMS-37.3 for the current submission with the same FY's estimate from the prior budget submission, between FYS in the current submission, and between FY(1) and Form CMS-64 for the base year net reported expenditures. The MBES/CBES derives the base year data from net expenditure master files of the four quarterly Form CMS- 64 expenditure reports for the base year if available. If data for all expenditure quarters for the base year are not present, the system will substitute the last Form CMS-37 estimate for that base year. M-SCHIP is not included. Dollars are in thousands.

**1. Column Headings**

Column A. - Base Year Net Expenditures - Includes net reported MAP expenditures for the Base Year (i.e., prior FY), from the four quarterly Forms CMS-64 for the prior FY.

Columns B & C. - Previous Budget Submission - Includes current and budget FY MAP amounts reported on the previous quarterly budget submission. For example, if the budget submission date is the August 2005 Form CMS-37 submission, columns B & C will contain the estimates from the last master file certified May 2005 submission. Exception, if the

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budget submission date is the November submission, the budget year FY (2) from the August submission, is carried forward as FY(1) in column B for comparison purposes.

Columns D & E. - Current Budget Submission - Includes MAP estimates reported on the current Form CMS-37 for the current FY(1) and budget FY(2).

Columns F through I. - Changes in FYS from Previous Budget Submission - Computes the dollar and percent changes for the current FY(1) and budget FY(2) from the previous budget submission. For example, if the current submission is August 2005, these columns will compare the August 2005, FY 2005 and FY 2006 estimates to the last certified May 2005, FY 2005 and FY 2006 estimates, respectively.

Columns J through & M. - Changes Between FYs in Current Submission - Columns J and K compute the dollar and percent changes for the current year FY(1) from the base year (i.e., prior FY) . Columns L & M compute the dollar and percent change from the budget year FY(2) to the current year FY(1).

**2. Line Headings**

Lines 1-29 reflect the category-specific MAP lines as defined on the Form CMS-64.9 series, (base year) or Form CMS-37.3 (current and budget years).

Line 30 is the subtotal of lines 1-29.

Line 31 for the base year represents collections or overpayments reported as MAP on the Form CMS-64 that are not reported by category. Line 31 for the current and budget FYS represents collections and overpayments as reported on lines 31 and 32 of the appropriate Form CMS-37.3.

Line 32 is the total of line 30 and 31.

**2600.5 (Reserved)**

**2600.6 (Reserved)**

## **2600.7 - Form CMS-37.7, Medicaid Program Budget Report, Estimated Average Number of Eligibles During the Year**

Use Form CMS-37.7 to report the estimated average number of Medicaid and Medicaid-SCHIP eligible individuals during the FY. Report in columns A-C the estimated average number of Medicaid (non- M-SCHIP) eligible individuals for the base year, the current year, and the budget year presented under 4 eligibility categories. Report total M-SCHIP eligibles in Columns A-C on eligibility line 6.

Estimated average number of eligibles is similar conceptually to person-years of eligibility or full-year equivalents. The following examples illustrate reporting of average number of eligibles.

**EXAMPLE 1:** An individual is Medicaid eligible as disabled in months 1-3 of a FY. In the fourth month of the FY the individual attains age 65. Thus, for the remaining nine months (months 4-12) of the FY, the individual is eligible as aged. This individual would account for 0.25 eligibles (that is, 3/12) in the Blind and Disabled category and 0.75 eligibles (that is, 9/12) in the Aged 65 and Over (Non-Disabled) category on the Form CMS-37.7.

**EXAMPLE 2:** A child is born and becomes Medicaid eligible in the sixth month of a FY. Thus, the newborn is eligible for seven months of the FY. The newborn would account for 0.58 eligibles (that is, 7/12) in the Non-Disabled Children, Age Less Than 1 Year Category on the Form CMS-37.7.

Input the actual number of average number of eligible individuals. Round to the nearest whole number.

### **A. Column Headings**

Column A.--Report in column A the latest estimated or actual (as available) data for the base year.

Column B.--Report in column B your estimated average number of eligibles for the current year.

Column C.--Report in column C your estimated average number of eligibles for the budget year.

Column D.--Entries in this column are system generated and represent the change in the average number of eligibles per year from the base year to the current year.

Column E.--Entries in this column are system generated and represent the percentage change in the average number of eligibles per year from the base year to the current year.

Column F.--Entries in this column are system generated and represent the change in the average number of eligibles per year from the current year to the budget year.

Column G.--Entries in this column are system generated and represent the percentage change in the average number of eligibles per year from the current year to the budget year.

### **B. Line Headings**

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Enter the average number of Medicaid eligibles during the year in the appropriate lines 1 through 4 below. Do not include M-SCHIP eligibles.

Line 1 - Blind and Disabled.--Report on this line the combined average number of blind and disabled individuals.

Line 2 - Aged 65 and Over (Non-Disabled).--This category is broken into 3 parts:

2A - Qualified Medicare Beneficiaries Only;

2B - Other Aged; and

2C - Subtotal Age 65 and Over (Non-Disabled) - system generated from lines 2A plus 2B.

Line 3 - Other Adults (Non-Disabled/Non-Aged).--This line is split into 3 lines:

3A - Pregnancy Benefit Adults;

3B - Other Adults; and

3C - Subtotal Other Adults (Non-Disabled/Non-Aged) - system- generated from lines 3A plus 3B.

Line 4 - Non-Disabled Children.--This line is split into 4 lines:

4A - Age Less Than 1 Year;

4B - Age 1 to 5;

4C - Other Children; and

4D - Subtotal Non-Disabled Children - system-generated from the sum of lines 4A through 4C.

Line 5 - Total Average Number of Medicaid Eligibles During the Year (non- M-SCHIP).--This line is system generated and sums the entries in lines 1-4.

Line 6 - Total Average Number of M-SCHIP Eligibles During the Year. -- Enter your M-SCHIP eligible estimates on this line only.

Line 7 - Total Average Number of Medicaid and M-SCHIP Eligibles During the Year. - - This line is system generated from the sum of lines 5 and 6

**2600.8 - (Reserved)**



## **2600.9 - Form CMS-37.9, Medicaid Program Budget Report, State and Local Administration (Summary)**

Form CMS-37.9 is system generated from data entered by you on the Form CMS-37.10. Form CMS-37.9 provides a distribution by type of activity of the total estimated expenditures for ADM for the Medical Assistance Program, combining salaries and expenses and other administration for the two years of the Form CMS-37 submission. All dollar amounts are rounded to the nearest thousand.

### **A. Column Headings**

Column A--This column represents the estimated total computable expenditures for ADM for Federal funding by type of activity for the current year. The dollar amounts in this column are system generated by totaling the entries in columns A and C on Form CMS-37.10.

Column B--This column represents the estimated total Federal share of the amount in column A for ADM for Federal funding by type of activity for the current year. The dollar amounts in this column are system generated by totaling the entries in columns B and D on Form CMS-37.10.

Column C--This column represents the estimated total computable payments for ADM for Federal funding by type of activity for the budget year. The dollar amounts in this column are system generated by totaling the entries in columns F and H on Form CMS-37.10.

Column D--This column represents the estimated total Federal share for ADM for Federal funding by type of activity for the budget year. The dollar amounts in this column are system generated by totaling the entries in columns G and I on Form CMS-37.10.

### **B. Line Headings**

Lines 1 through 19 reflect the projected ADM distributed by type of activity. Each of these service categories are described in §2600.10 and mirror the lines reported on the Form CMS-64.10 (See also §2500.7.)

Line 20 is the total of lines 1 through 19.

Line 21 is the total of Collections.

Line 22 is the total of Prior Period Adjustments. These amounts can be negative.

Line 23 is the net total of line 20 minus line 21 plus line 22.

## **2600.10 - State and Local Administration, Forms CMS-37.10 and CMS-37.10I**

### **A. Form CMS-37.10, State and Local Administration**

This form is for reporting, by type of administration activity, the distribution of the total estimated expenditures for ADM for the Medical Assistance Program to be made in accordance with the state plan approved under title XIX.

Enter on Form CMS-37.10 salaries and related expenses and other administration projections for the current and budget FYs. In general, report direct costs related to salaries and expenses in that category. Thus, wages and related fringe benefits would be reported as salaries and expenses. Indirect costs, such as overhead, would be reported in the other administration category.

Enter total computable dollar amounts (in thousands) for these years and categories in columns A, C, F, and H. The Federal share for each administration activity is system generated in columns B, D, G, and I, respectively, based on the respective Federal financial participation rate for that activity. Round all amounts to the nearest thousand.

#### **1. Column Headings**

The FYs corresponding to the current and budget years will be system generated based on the date of the Form CMS-37 submission. Columns A-E are entries for the current year and columns F-J are for the budget year. Based on the FFP rate for each administration activity, the Federal share in columns B, D, G, and I are system generated from your entries in columns A, C, F, and H, respectively.

Column A.--Enter the total computable dollar amounts by administration activity for salaries and expenses for the current year.

Column B.--The amount of the Federal share for salaries and expenses for the current year is system generated in this column by multiplying the rate in the FFP column for the administration activity by the amount entered in column A.

Column C.--Enter the total computable dollar amounts by administration activity for other administration for the current year.

Column D.--The amount of the Federal share for other administration for the current year is system generated in this column by multiplying the rate in the FFP column for the administration activity by the amount entered in column C.

Column E.--Enter the estimated full time equivalents (FTEs) by administration activity for the current year. Enter FTEs in column E with up to one decimal place, keying in the decimal point in your entry. For example, input 21 FTEs as "21" or "21.0." Either of these entries would be read as 21.0 FTEs. Input 16.4 FTEs as "16.4."

Column F.--Enter the total computable dollar amounts by administration activity for salaries and expenses for the budget year.

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Column G.--The amount of the Federal share for salaries and expenses for the budget year is system generated in this column by multiplying the rate in the FFP column for the administration activity by the amount entered in column F.

Column H.--Enter the total computable dollar amounts by administration activity for other administration for the budget year.

Column I.--The amount of the Federal share for other administration for the budget year is system generated in this column by multiplying the rate in the FFP column for the administration activity by the amount entered in column H.

Column J.--Enter the estimated full time equivalents (FTEs) by administration activity for the budget year. Enter FTEs in the same way as described under column E above.

**2. Line Headings**

Enter the following line information.

Line 1 is the total computable and Federal share (90%) amounts attributable to the salaries, fringe benefits, travel costs, and other expenses for personnel engaged in the administration of family planning services. (See 42 CFR 433.15(b)(2).)

Line 2A is the total computable and Federal share (90%) amounts for the costs of the Medicaid agency (in-house) attributable to the design, development, or installation of a Medicaid Management Information System (MMIS). (See 42 CFR 433.112.)

For more information on MMIS see also Part 11 of the SMM.

Line 2B is the total computable and Federal share (90%) amounts for the costs of private sector contractors attributable to the design, development, or installation of an MMIS. (See 42 CFR 433.112.)

Line 2C is the total computable and Federal share (90%) amounts for state acquisition of electronic point-of-sale claims management system for the purpose of performing on-line, real time eligibility verifications, claims data capture, adjudication of claims and assisting pharmacists (and other authorized personnel) in applying for and receiving payment. (See §1903(a)(3)(A)(i) and Part 11 of the SMM.)

Line 3 is the total computable and Federal share (75%) amounts attributable to compensation and training of skilled professional medical personnel and staff directly supporting such personnel of the state agency or any other public agency. (See 42 CFR 432.2, 432.50, and 433.15(b)(5).)

NOTE: Report as MMIS operational costs the costs of personnel qualified as skilled professional medical personnel who are engaged in the MMIS function.

Line 4A is the total computable and Federal share (75%) amounts for the costs of the Medicaid agency (in-house) attributable to the operation of an approved MMIS. (See 42 CFR 433.116.)

Line 4B is the total computable and Federal share (75%) amounts for the costs of private sector contractors attributable to the operation of an approved MMIS. (See 42 CFR 433.116.)

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Line 5A is the total computable and Federal share (50%) amounts for the costs of the Medicaid agency (in-house) attributable to the design, development, installation, or operation of mechanized claims processing and information retrieval systems that are not part of an approved MMIS, but do benefit the Medicaid program.(See 42 CFR 433.15(b)(7).)

Line 5B is the total computable and Federal share (50%) amounts for the costs of private sector contractors attributable to the design, development, installation or operation of mechanized claims processing and information retrieval systems that are not part of an approved MMIS but do benefit the Medicaid program. (See 42 CFR 433.15(b)(7).)

Line 6 is the total computable and Federal share (75%) amounts for costs associated with medical and utilization reviews performed by Peer Review Organizations. (See 42 CFR 433.15(b)(6).)

Line 7A is the total computable and Federal share (50%) amounts of the billing for the third party liability recovery procedure. (See §1902(a)(25) of the Act and §2500.13.Q.)

Line 7B is the total computable and Federal share (50%) amount of the billing for the assignment of rights. (See 20 CFR 416 and §2500.13.R.)

Line 8 is the total computable and Federal share (100%) amounts for costs directly attributable to the implementation and operation of the Immigration Status Verification System. (See §1903(a)(4) and §1137(d) of the Act, and §2500.13.X.)

Line 9 is the total computable and Federal share (50%) amount for costs directly attributable to nurse aide training and competency evaluation programs. (See §1903(a)(2)(B) and §1919(e)(1) of the Act.)

Line 10 is the total computable and Federal share (75%) amounts for costs directly attributable to preadmission screening. (See §1919(e)(7)(A) and §1903(a)(2)(C) of the Act.)

Line 11 is the total computable and Federal share (75%) amounts for costs directly attributable to resident review activities. (See §1919 (e)(7)(B) and §1903(a)(2)(C) of the Act.)

Line 12 is the total computable and Federal share (50%) for amounts expended that are attributable to statewide adoption of a drug use review program. (See §1903(a)(3)(D) of the Act for FYS 1991 through 1993 at an enhanced 75% FFP and §1903(a)((7) of the Act for FY 1994 and subsequent years.)

Line 13 is the total computable and Federal share (50%) amounts for out stationed eligibility workers. (See §1903(w) of the Act.)

The following lines 14 through 16 have been added to capture ADM costs of Medicaid eligibility determinations incurred as a result of the provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), as amended by the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act (BBRA) of 1999. The PRWORA included legislation that replaced the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) program. This resulted in a delinking of Medicaid eligibility from eligibility for cash assistance under AFDC.

To assist state agencies with certain additional Medicaid ADM costs resulting from the enactment of PRWORA, §114(a) of PRWORA created a new §1931(h) of the Social Security

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Act, establishing a \$500 million fund, available as enhanced Federal matching funds, to be allocated among the states. (See §1931(h) of the Act, Federal Register notice MB-103-NC dated May 14, 1997, and §2500.7 for a discussion of allowable activities.) The BBRA removed the national and state-specific expiration dates for the availability of these allotments that was originally established by PRWORA.

Line 14 is the total computable and Federal share (90%) costs for Medicaid ADM TANF activities allowable against the base allocation.

Line 15 is the total computable and Federal share (90%) costs for Medicaid ADM TANF activities allowable at the 90% Federal share rate against the secondary allocation.

Line 16 is the total computable and Federal share (75%) costs for Medicaid ADM TANF activities allowable at the 75% Federal share rate against the secondary allocation.

NOTE: Once your total Medicaid ADM TANF allocation (base plus secondary) is expended, report total computable and Federal share (50%) costs associated with Medicaid ADM TANF activities on other 50% Federal share CMS-37.10 lines as appropriate.

Line 17 is the total computable and Federal share (75%) costs attributable to the performance of external quality review of Medicaid managed care organizations and prepaid inpatient health plans conducted by an external quality review organization. (See 42 CFR 433.15(b)(10).)

Line 18 is the total computable and Federal share (50%) amounts expended on or after October 1, 1997 for the use of an enrollment broker in marketing Medicaid managed care organizations and other managed care entities to eligible individuals under title XIX. The following conditions must be met with respect to the broker:

- The broker is independent of any such entity and of any health care providers (whether or not any such provider participates in Medicaid) that provide coverage of services in the same state in which the broker is conducting enrollment activities; and
- No person who is an owner, employee, consultant, or has a contract with the broker either has any direct or indirect financial interest with such an entity or health care provider or has been excluded from participation in title XIX or title XVIII or debarred by any Federal agency, or subject to a civil monetary penalty under the Social Security Act. (See §1903(b) of the Act.)

Line 19 is the total computable and Federal share (50%) amounts for other ADM activities necessary for the proper and efficient administration of the state plan and the training costs of personnel other than skilled professional medical personnel and their direct supporting staff, personnel involved in the operation of an approved MMIS, and personnel involved in family planning. (See 42 CFR 433.15(b)(7).)

Line 20 is the subtotal of lines 1 through 19.

Line 21 is the total computable and applicable Federal share amounts of all collections related to ADM for the Medical Assistance Program.

Line 22 is the total computable and applicable Federal share amounts of all prior period adjustments related to ADM for the Medical Assistance Program. These amounts can be negative.

Line 23 is the net total of line 20 minus line 21 plus line 22.

**B. Form CMS-37.10, State and Local Administration - Information**

This form captures the estimates of special administration program issues that are of heightened interest to the Federal Medicaid budget process. Ten days prior to each Form CMS-37 submission due date, DFM e-mails a submission-specific instructional letter to all state MBES/CBES users highlighting the specific program issue(s) each state must include in that particular quarterly submission. You must complete a separate Form CMS-37.10I for amounts included in your Form CMS-37.10 for each program issue(s) selected as instructed by CMS. ***This is an information form only, the MBES/CBES does not add the amounts on this form to the Form CMS-37.10, rather, the information provides further detail for estimates already included on the Form CMS-37.10.*** The Commonwealths and Territories are excluded from completing the Form CMS-37.10I.

After you have accessed the Form CMS-37 on the MBES/CBES use the "Add/Modify" mode at "Choose Function" and choose "CMS-37.10I - Information - State and Local Administration". The next screen allows you to choose the special administration program issue you want to address by allowing you to add a new Form CMS-37.10I or modify an existing one. To add a new form, click on the down arrow under "Add" and select the program issue you are reporting on. Press the "Add a New Form" button. To modify an existing form, press the select button next to the form you want to modify. Once you are on the Form CMS-37.3I input screen, clicking on the program issue name will activate the help screen and will also provide an explanation of what you should report on this form.

**For the specific program issue(s) only**, report the distribution, by type of administration activity, of the total estimated expenditures for ADM for the Medical Assistance Program to be made in accordance with the state plan approved under title XIX. Report salaries and related expenses and other administration projections for the current and budget FYs. In general, report direct costs related to salaries and expenses in that category. Thus, wages and related fringe benefits would be reported as salaries and expenses. Indirect costs, such as overhead, would be reported in the other administration category.

Enter total computable dollar amounts (in thousands) for these years and categories in columns A, C, F, and H. The Federal share for each administration activity is system generated in columns B, D, G, and I, respectively, based on the respective Federal financial participation rate for that activity. Round all amounts to the nearest thousand. Refer to §2600.10.A and B for a description of columns and lines.

## **2600.11- Category-Specific Variances and Explanations of Changes Between Submissions, Fiscal Years and Base Year, State and Local Administration, Forms CMS-37.11 and CMS-37.11V**

### **A. Form CMS-37.11, State and Local Administration, Explanations of Changes Between Submissions, Fiscal Years and Base Year**

Complete this form each submission in accordance with the threshold instructions below. Use this form to provide narrative explanations of underlying assumptions and changes between FYs, base year, and submissions for total computable entries on line 23 on the Form CMS-37.10.

The system internally calculates the total dollars (in thousands) in block A and percentage changes in block B for the total state and local administration reported on line 23 in columns A and C (for the current year) and F and H (for the budget year) on the Form CMS-37.10 for the following four lines, representing changes between years/submissions:

- Line 1 Changes in FY(1) (Current Year) from Previous Submission
- Line 2 Changes from Base Year to FY (1) (Current Year) - Current Submission
- Line 3 Changes in FY(2) (Budget Year) from Previous Submission (The budget year is advanced with the November 15 Form CMS-37 submission. Do not complete line 3 for the November 15 submission, because the previous August 15 submission did not contain the new budget year added in November.)
- Line 4 Changes from FY(1) (Current Year) to FY(2) (Budget Year) -Current Submission

*Threshold.--You must provide a narrative explanation for each of these 4 lines in which the block B system generated entry is 10% or greater.*

Column A.--Entries in this block are system generated and provide the total dollar changes (in thousands) for each of the four lines.

Column B.-- Entries in this block are system generated and provide the percentage change for each of the four lines.

### **B. Form CMS-37.11V, State and Local Administration, Category-Specific Changes in Estimates Between Submissions, Fiscal Years and Base Year**

This form will appear during the certification process each quarterly submission and is intended to assist you in completing your explanation of variances for Form CMS-37.11. The Form CMS-37.11V is a MBES-CBES generated form that compares **total computable** category-specific ADM estimates provided by you on the Form CMS-37.10 for the current submission with the same FY's estimate from the prior budget submission, between FYS in the current submission, and between FY(1) and Form CMS-64 for the base year net reported expenditures. The MBES/CBES derives the base year data from net expenditure master files of the four quarterly Form CMS- 64 expenditure reports for the base year if available. If data for all expenditure quarters for the base year are not present, the system will substitute the last Form CMS-37 estimate for that base year. Dollars are in thousands.

#### **1. Column Headings**

Column A. - Base Year Net Expenditures - Includes net reported ADM expenditures for the Base Year (i.e., prior FY), from the four quarterly Forms CMS-64 for the prior FY.

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Columns B & C. - Previous Budget Submission - Includes current and budget FY ADM amounts reported on the previous quarterly budget submission. For example, if the budget submission date is the August 2005 Form CMS-37 submission, columns B & C will contain the estimates from the last master file certified May 2005 submission. Exception, if the budget submission date is the November submission, the budget year FY (2) from the August submission, is carried forward as FY(1) in column B for comparison purposes.

Columns D & E. - Current Budget Submission - Includes ADM estimates reported on the current Form CMS-37 for the current FY(1) and budget FY(2).

Columns F through I. - Changes in FYS from Previous Budget Submission - Computes the ADM dollar and percent changes for the current FY(1) and budget FY(2) from the previous budget submission. For example, if the current submission is August 2005, these columns will compare the August 2005, FY 2005 and FY 2006 estimates to the last certified May 2005, FY 2005 and FY 2006 estimates, respectively.

Columns J through & M. - Changes Between FYs in Current Submission - Columns J and K compute the ADM dollar and percent changes for the current year FY(1) from the base year (i.e., prior FY) . Columns L & M compute the ADM dollar and percent change from the budget year FY(2) to the current year FY(1).

**2. Line Headings**

Lines 1-19 reflect the category-specific ADM lines as defined on the Form CMS-64.10 series, (base year) or Form CMS-37.10 (current and budget years).

Line 20 is the subtotal of lines 1-19.

Line 21 for the base year represents collections or overpayments reported as ADM on the Form CMS-64 that are not reported by category. Line 21 for the current and budget FYS represents collections and other adjustments as reported on lines 21 and 22 of the appropriate Form CMS-37.10.

Line 22 is the total of line 20 and 21.



**2600.12 - Form CMS-37.12, Medicaid Program Budget Report, Other Budget Narratives, Other Narrative Explanations**

Enter on this form any additional narrative explanations for any items, either MAP or ADM on the Form CMS-37. Identify each item and component of the Form CMS-37 that is reported on this form.

**2600.13 - (Reserved)**

**EXHIBIT 1  
SAMPLE SUBMISSION SCHEDULE  
MEDICAID PROGRAM BUDGET REPORT  
(FORM CMS-37)**

<u>SUBMISSION DATE</u>	<u>STARTING DATE OF QUARTER BEING CERTIFIED</u>	<u>FEDERAL FISCAL YEARS REPORTED</u>
November 15, 2005	January 1, 2006	Fiscal Year 1 = FY 2006
February 15, 2006	April 1, 2006	Fiscal Year 2 = FY 2007
May 15, 2006	July 1, 2006	
August 15, 2006	October 1, 2006	

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November 15, 2006	January 1, 2007	Fiscal Year 1 = FY 2007
February 15, 2007	April 1, 2007	Fiscal Year 2 = FY 2008
May 15, 2007	July 1, 2007	
August 15, 2007	October 1, 2007	