

Supporting Statement for Income and Eligibility Verification System (IEVS) Reporting and Supporting regulations contained in 42 CFR 431.17, 431.306, 435.910, 435.920, and 435.940-960

A. Background

The information collected is used to verify the income and eligibility of Medicaid applicants and recipients, as required by Section 1137 of the Social Security Act. Final regulations to implement Section 1137 of the Act were published February 28, 1986, attached. Subsequent final amendments to the regulations were published on February 27, 1987; March 2, 1989; October 7, 1992; and January 31, 1994. These regulations provide the standards States use to determine which recipient and applicant records to match, the frequency of the match, due process protections for individuals whose records are matched, and those circumstances which permit exceptions from conducting verifications. OMB approved the information collection requirements of section 1137 of the Act under approval number 0938-0467. CMS is requesting an extension for this currently OMB approved collection.

The process steps in which State Medicaid agencies are principally involved are:

- Identifying applicants and recipients for which IEVS information must be requested. These regulations require this be done during the application period and at least yearly when the agency would normally perform income and eligibility verification. The State Medicaid agency must notify the applicants/recipients in writing that the information is being collected and used.
- Requesting the IEVS information from the appropriate sources. The requests to the Social Security Administration (SSA) and the Internal Revenue Service (IRS) would be in the formats required by those agencies. The formats used with other agencies would have to meet the requirements of the Secretary. Most States currently requesting information use machine readable media and need to make one-time systems changes to meet any new requirements. Non-automated State Medicaid agencies (a relatively small number) arrange for data entry of their requests.
- Receiving and processing IEVS information. Many of the requests come back as no match. In those cases where there is a match, match data must be compared to the file data. Most States do this procedure electronically. If follow-up is indicated, after the case file is checked and targeting levels are considered, action must be taken to resolve discrepant information. This is necessary to verify any additional income not previously reported that would adversely affect the applicant/recipient's eligibility determination or benefit payments. Adverse actions are taken accordingly. The State Medicaid agency must also maintain records on the disposition of all cases for which IEVS information is received. The records are the source of the data required for the reports to the Secretary and for developing/refining the follow-up plan.

Implementation of these processes has imposed additional administrative burden on the States. This administrative burden, to a large extent, comprises case file reviews and eligibility worker analysis and decisions. However, we are projecting only paperwork burden resulting from the reporting, disclosing, or maintaining of information as defined in the Paperwork Reduction Act of 1995 and 5 CFR 1320.

- Providing IEVS information to other State and Federal agencies. This requires storing Medicaid

eligibility data and IEVS information received in a manner that facilitates timely responses to requests from other agencies.

- Compiling and maintaining data anticipating preparation of reports to the Secretary which will enable the Secretary to evaluate State Medicaid agency compliance and the effectiveness of the IEVS program.

## B. Justification

### 1. Need and Legal Basis

Section 1137 of the Act requires that States request from applicants the applicant's Social Security Number (SSN) and use that number to verify the income and eligibility information contained on the applicant's application through data matches with the agencies and entities identified in this section. Thus, the State must use information collected by unemployment compensation agencies and IRS to the extent useful.

For purposes of calculating burden, we are once again using 54 States and U.S. Territories which have Medicaid applicants/recipients for whom IEVS data will be requested in order to determine and/or redetermine Medicaid eligibility. For the last three years, the volume of IEVS requests has increased because of increases in the number of applicants and recipients. Significant numbers of Medicaid applicants and recipients are exempt from the IEVS process because they apply for other programs required by Section 1137 of the Act to conduct IEVS matches and if found eligible for those programs receive Medicaid in consequence of that eligibility. However, enactment of the Personal Responsibility and Work Opportunity Reconciliation Act delinked receipt of Medicaid from receipt of cash benefits provided to families with dependent children resulting in more IEVS matches for such individuals in those states that have completely delinked their cash programs and Medicaid. Additionally, the creation of the State Children's Health Insurance Program (SCHIP) in the Balanced Budget Act of 1997 resulted in an increase in Medicaid eligibles through use of SCHIP funds by some states to expand Medicaid eligibility. Therefore, we estimate that the universe of affected applicants and recipients is 1.8 million applicants and 13 million recipients. These numbers are based on our most current data for 2002. The 2002 data are the most current complete numbers we have. These numbers are also based on the use of targeting of sources of income or resources that are most likely to yield productive in identifying and preventing ineligibility and incorrect payments. Therefore, the numbers represent a fraction of the total number of applicants and recipients for Medicaid in a given year.

### 2. Information Users

The information collection requirements contained in the IEVS regulation constitute the minimum that State Medicaid agencies would have to follow. Final regulations were developed with a view toward permitting maximum State flexibility in administering the program. Detailed information collection requirements that might adversely affect ongoing State Medicaid operations were not included in the regulation.

A State Medicaid agency that currently obtains and uses information from sources other than those mentioned in the regulation, or with more frequency than the regulation specifies, could continue to do so to the extent that these verifications are useful and not redundant. A State Medicaid agency that has found it effective to verify all wage or benefit information with another agency or with the recipient is

encouraged to continue these practices if it chooses.

On the other hand, the agency may implement an approved targeting plan under provision of 42 CFR 435.953. The agency's experience should guide its decision whether to exceed these regulatory requirements on income and eligibility verification. While States may target resources when verifying income of course, the agencies are still held accountable for their accuracy in eligibility determinations.

### 3 Improved Information Technology

State agencies have varying levels of computer capabilities. Although the rule does not require any general computer systems development, States with such capability use automated methods for comparing match results with information in the case record to identify unreported discrepancies and for prioritizing cases for follow-up.

Although the requirement for tracking case status could be met with an off-the-shelf data base management software package and the personal microcomputer already provided to each State for quality control reporting, many States may integrate this function within a total management information system. This allows State managers to correlate the timeliness and effectiveness of follow-up on hits with variables such as workload and staffing levels.

Our regulations provide for the use of computer matches whenever practical to obtain the information needed to comply with Section 1137 of the Act.

### 4. Duplication of Similar Information

Our regulations provide for avoidance of duplication through exemption for the Medicaid agency from the statutory requirement where the information has already been verified by another program which automatically makes Medicaid eligible those individuals who are eligible for a program such as Supplemental Security Income.

### 5. Small Businesses

The statute's requirements do not affect small businesses. The requirement is imposed only on States administering Medicaid programs.

### 6. Less Frequent Collection

The regulations at 42 CFR 435.953 provide for exceptions from verification of information in the case of recipients. Information must be obtained and matched only at application.

### 7. Special Circumstances

There are no special circumstances.

### 8. Federal Register Notice/Outside Consultation

A 60-day Federal Register notice was published on November 14, 2008, attached.

These regulations were originally published in final on February 28, 1986. Revisions have been published since then. The most recent revision was published on January 31, 1994. These regulations were subject to comment when proposed.

9. Payment/Gift to Respondent

No gifts or payments made to respondents.

10. Confidentiality

States are prohibited from using any information obtained about applicants for any purpose not directly connected with administration of the Medicaid plan; in this case determining and verifying the income and/or eligibility of an applicant.

11. Sensitive Questions

There are no sensitive questions in this information collection.

12. Burden Estimate (Hours and Wages)

The specific information collection requirements submitted for OMB approval are as follows:

Section 42 CFR 431. 17 - Maintenance of Records

(b) Content of records, The records must include -

- (1) Individual records on each applicant and recipient, which contain information on
- (vi) The disposition of income and eligibility verification information received under sections 435.940 through 435.960 of this subchapter.

The information collection requirements outlined in sections 435.940 through 435.960 that will be maintained are self explanatory. Please refer to these sections for a description of information collections.

**Burden**

Recording Number of Requests

The record keeping burden associated with maintaining data on the number of requests is minimal, The State needs to maintain information on the number of requests for each file submitted to each source. This is most readily accomplished by maintaining a log or a hard copy listing of the requests. The burden associated with maintaining the number of requests as described in section 435.948 is as follows:

1. Internal Revenue Service (IRS)

- Regulations require 1 request per month or 11 requests (IRS processes requests only 11 months per year).  $11 \times 54 \text{ States} \times .08 \text{ (5 minutes)} = 48 \text{ hours}$ .

2. Social Security Administration (SSA)

- Regulations require 1 request per month or 12 requests.  
 $12 \times 54 \text{ States} \times .08 \text{ (5 minutes)} = 52 \text{ hours,}$

### 3. State Wage Information Collection Agency (SWICA)

- Regulations require 2 requests per month or 24 requests per year.  $24 \times 54 \text{ States} \times .08 = 104 \text{ hours.}$

### 4. Unemployment Compensation Agency (UC)

Regulations require 2 requests per month. Calculation is same as SWICA = 104 hours.

Total burden associated with maintaining data on number of requests = **308 hours.**

### To Record Disposition of Information Received Initial Verification

During the year, the States make requests of 85,200,000 cases and may receive up to 10 percent "hits" on the requests (8,520,000). The regulations require the State to maintain individual records on the disposition of IEVS information for each applicant and recipient, The State, therefore, would have to annotate an applicant/recipient file (or place a printout in the file).

When States have automated systems (there are at least 50 States with automated systems), we estimate the burden for updating the system would require 10 minutes per file to update the entire file with the hit data. The burden for annotating the record with a "hit" would be calculated on the basis of the number of files of replies with "hits." A State is required to process 71 files per year as follows:

IRS	- 11
SSA	- 12
SWICA	- 24
UC	- <u>24</u>
	71

$71 \text{ files} \times 50 \text{ States} = 3,550 \text{ files.}$  We estimate it would take 10 minutes to process a file for a burden of 592 hours ( $3,550 \times 10 \text{ minutes} \div 60 \text{ minutes} = 592 \text{ hours}$ ).

In unautomated States, 852,000 (10% of hits occur in States with unautomated systems) "hits" would have to be annotated manually. It is estimated 100 annotations would be made per hour, Therefore the burden for annotating "hits" in unautomated States would be 8,520 hours ( $852,000/100=8,520$ ).

The total burden associated with initial verification is **9,112 hours.**

### End Verification

The State would also have to annotate the files each time it verified the "hit." We estimate that 30 percent of the hits (30% of 8,520,000) need verification and therefore, 2,556,000 additional annotations are required to indicate the results of the verification (to either take no further action or to take adverse action).

This documentation is most often done manually in both automated and non-automated States. Consequently, the States make 2,556,000 annotations. We estimate 100 annotations are made per hour. The burden for this end verification documentation is **25,560** (2,556,000/100).

Section 42 CFR 431.306 - Release of Information

- (d) The agency must obtain permission from a family or individual whenever possible, before responding to a request for information from an outside source, unless the information is to be used to verify income and eligibility under section 1137 of the Act and sections 435.940 - 435.965 of this chapter.
- (g) Before requesting information from or releasing information to other agencies to verify income and eligibility under sections 435.940-435.965 of this chapter, the agency must execute data exchange agreements with those agencies as specified in section 435.945(f),

Burden

We believe that the information collection requirements (ICR) stated above are exempt from the Act in accordance with 5 CFR 1320.4(a)(2) because this activity is conducted during an administrative action affecting specific individuals or entities.

Section 42 CFR 435.910 - Use of Social Security Number

- (g) The agency must verify each SSN of each applicant and recipient with SSA as prescribed by the Commissioner, to ensure that each SSN furnished was issued to that individual and to determine whether others were issued.

The continuing burden in this largely automated effort is projected at 24 hours for the 54 States = **1296 hours**.

Section 42 CFR 435.920 - Verification of SSNs (at redetermination)

- (b) If at redetermination the case record does not contain the required SSNs, the agency must require the recipient to furnish them and meet other requirements of section 435.910.

Burden

We believe that the above information collection requirement (ICR) is exempt from the Act in accordance with 5 CFR 1320.4(a)(2) since this activity is conducted during an administrative action involving specific individuals or entries.

Section 42 CFR 435.940 - Basis and Scope

- (a) Section 1137 of the Act requires certain Federally-funded, State-administered public assistance programs to establish procedures for obtaining, using, and verifying information relevant to determinations as to eligibility and amount of assistance.

- (b) The agency must maintain information, as enumerated in Section 435.960, to exchange for the purpose of enabling any agency or program referenced in section 435.945(b) to verify income, eligibility of, and the amount of assistance for its applicants and recipients.

### Burden

The burden associated with section 435.940(a) was a one time effort. Therefore, this section does not impose any additional burden.

We believe that the burden associated with section 435.940(b) is exempt from the Act in accordance with 5 CFR 1320.4(a)(2) because this activity is conducted during an administrative action affecting specific individuals or entities.

### Section 42 CFR 435.945 - General Requirements

- (a) The agency must request and use information timely in accordance with sections 435.948 and 435.952 of this subpart for verifying Medicaid eligibility and the amount of medical assistance payments.
- (b) The agency must furnish to other agencies in the State and in other States and to Federal programs income, eligibility and medical assistance payment information for verifying eligibility or benefit amounts for the programs listed in section 435.948(a)(6) of this subpart. In addition, the agency must furnish income and eligibility information to--
  - (1) The child support program under part D of title IV of the Act; and
  - (2) SSA for old age, survivors and disability benefits under title II and for SSI benefits under title XVI of the Act.
- (c) The agency must, upon request, reimburse another agency listed in section 435.948(a)(6) of this Subpart of paragraph (b) of this section for reasonable costs incurred in furnishing information, including new developmental costs associated with furnishing the information to another agency.
- (d) The agency must inform all applicants in writing at the time of application that the agency will obtain and use information available to it under section 1137 of the act to verify income, eligibility and the correct amount of medical assistance payments. The agency must give each recipient the same notice when it redetermines eligibility.
- (e) The agency must report as the Secretary prescribes for the purposes of determining compliance with sections 431.305, 431.800, 435.910, 435.919 and 435.940 through 435.965 of this chapter and of evaluating the effectiveness of the income and eligibility verification system.
- (f) The agency must execute agreements with other agencies before releasing data to or requesting data from, those agencies. The agreements, at a minimum, must specify:
  - (1) The information to be exchanged;
  - (2) The titles of all agency officials with the authority to request income and eligibility information;
  - (3) The methods, including the formats to be used, and the timing for requesting and providing the information (see also paragraph (f)(6) of this section);
  - (4) The safeguards limiting the use and disclosure of the information as required by Federal or State law or regulations;
  - (5) The method, if any, the agency will use to reimburse reasonable costs of

- furnishing the information;
- (6) If an agreement is between a SWICA or UC agency and the Medicaid agency, a statement agreeing that the Medicaid agency may obtain information at least twice monthly; and
- (g) A SWICA that does not use the quarterly wages reported by employers as required by section 1137 of the Act for unemployment insurance benefit calculations must maintain wage information that:
  - (1) Contains the SSN, full name, wages earned for the period of the report, and an identifier of the employer;
  - (2) Includes all employers covered by the State's UC law;
  - (3) Accumulates earnings reported by employers for no longer periods than calendar quarters;
  - (4) Is reported to the SWICA within 30 days after the end of the quarter;
  - (5) Is machine readable; and
  - (6) Is accessible to agencies in other States that have executed agreements as required in section 435.945(f) of this chapter and to SSA for use in making eligibility or benefit determinations under title II or XVI of the Act.

We are requiring the State Medicaid agency to request and use information on applicants and recipients according to a timetable. From SWICA, the State Medicaid agency would have to request and use information, at a minimum, for applicants during the application period and at least on a quarterly basis. State Medicaid agencies have to obtain and use UC information from the State UC agency for applicants during the application period and for each of the subsequent 3 months. For recipients, UC information has to be obtained if a loss of employment is reported,

The State Medicaid agency would have to request and use unearned income information from IRS, at application and at least yearly and wage and other information from SSA for applicants at application, and for recipients on a yearly basis. The States must accrete to the BENDEX system all current recipients not previously accreted. Once this procedure is done, the State Medicaid agency will get automatic reports when the files are updated. If the information obtained affects a recipient's eligibility or amount of medical assistance payment, the agency must within 45 days of receipt of the information, formally notify the recipient of any adverse action it proposes concerning the recipient's eligibility or amount of medical assistance payments.

### Burden

Item (a) - Of all of the activities involved in IEVS, requesting data is the most likely to be automated. Consequently, we are estimating the same burden regardless of the source for this activity, differing only by the frequency of referring to the source. We have a relatively good base for estimating this activity. We estimate that at least 90% of the Medicaid population is in project areas covered by significant ADP systems and the remaining 10 percent of the Medicaid population are in areas where their SSNs must be keypunched into ADP systems, which we estimate can be done at the rate of 62.5 SSNs per hour.

The burden is computed as follows:

States with significant ADP capacity (automated)



On average a State would prepare 71 request files year, and we estimate an average of 15 minutes of processing to prepare a file. Assuming 50 States of the total 54 States and Territories have a significant level of ADP capacity to prepare files in this fashion, the burden would be:

<u>Files</u>		<u>States</u>		<u>Time</u>	=	<u>Hours</u>
71	X	50	X	.25 (15 min)		<b>888</b>

Non -Automated

Applicant Requests - Assuming these States would prepare one file for their applicants and reproduce this file into the formats necessary for the other requested files the burden would be:

Total				Keypunch		
<u>Applicants</u>		<u>Percent</u>	/	<u>rate</u>	=	<u>Hours</u>
1,800,000	X	.10	/	62.5		<b>2,880</b>

Recipient Requests - Again, we assume these States would prepare one file for their recipients and reproduce this file into the formats necessary for the other recipient request files. Because of the SWICA quarterly match requirement, this would have to be done 4 times per year.

Total				Keypunch		
<u>Recipients</u>		<u>Percent of files</u>	/	<u>rate</u>		<u>Hours</u>
13,000,000	X	.10	X	4	/	62.5
						<b>83,200</b>

The total burden for this activity is 68,160 hours.

Item (b) - We assume each State would receive requests for information from three other States, SSA for title II and XVI purposes, and from the Child Support Program (5 request files) each month (60 requests per year). It would take 15 minutes to match each request file against the Medicaid file of recipients, extract information, and prepare a file to furnish to the requester.

Therefore the burden for furnishing information would be **810 hours** (54 States X 60 requests x .25 hours).

Item (c) - We believe that this information collection requirement (ICR) is exempt from the Act in accordance with 5 CFR 1320.4(a)(2) because this activity is conducted during an administrative action against specific individuals or entities.

Item (d) - We believe the burden associated with this requirement is captured under section 435.910(b).

Item (e) - The regulation does not specify that States will have to report the data elements. However, supplemental instructions issued to States require States to develop the capability to furnish data on six specific elements upon request. Annual reporting is not mandated, but States are required to furnish data on the elements periodically if requested by the Secretary.

For each match source, States must be able to furnish data on: (1) the date of the tape match submittal; (2) the date of tape match receipt; (3) the total number of hits received; (4) the total number of hits where

no actions were necessary due to targeting information or knowing eligibility is not affected; (5) the total number of denials, terminations, liability adjustments, and fraud referrals; and (6) the total number of hits followed up to disposition within the standard time frame. The burden associated with maintaining these data is reflected in section 431.17.

The burden estimate presumes that nearly all States have automated systems that will maintain and retrieve these data. A basic element in electronic systems is the ability to track and account for all activities performed. Most States have an approved Medicaid Management Information System and data to be selected (name and SSN) are readily available from the eligibility subsystem or its equivalent. The systems requirement for collecting, storing, retrieving, and formatting the required reports is minimal. This was a one-time effort that the States completed by 1986; therefore, there is no additional burden associated with this requirement.

Item (f) - We believe the burden associated with this requirement is captured under section 431.306(g).

Item (g) - While the ICR is subject to the PRA, we believe the burden associated with this requirement is exempt in accordance with 5 CFR 1320.3(b)(2) because the time, effort, and financial resources necessary to comply with this requirement would be incurred by persons in the normal course of their activities.

#### Section 42 CFR 435.948 - Request Information

(a) Except as provided in paragraphs (d), (e), and (f) of this section, the agency must request information from the sources specified in this paragraph for verifying Medicaid eligibility and the amount of medical assistance payments for each applicant (unless obviously ineligible on the face of his or her application) and recipient. The agency must request--

- (1) State wage information maintained by the SWICA during the application period and at least on a quarterly basis;
- (2) Information about net earnings from self-employment, wages and payment of retirement income. maintained by SSA and available under section 6103(l)(7)(A) of the Internal Revenue Code of 1954, for applicants during the application period and for recipients for whom the information has not been previously requested;
- (3) Information about benefit and other eligibility related information available from SSA under title II and XVI of the Social Security Act for applicants during the application period and for recipients for whom the information has not previously been requested;
- (4) Unearned income information from the Internal Revenue Service available under section 6103(l)(7)(B) of the Internal Revenue Code of 1954, during the application period and at least yearly;
- (5) Unemployment compensation information maintained by the agency administering State unemployment compensation laws (Under the provisions of section 3304 of the Internal Revenue Code and section 303 of the Act) as follows:
  - (i) For an applicant, during the application period and for each of the three subsequent months;
  - (ii) For a recipient that reports a loss of employment, at the time the recipient reports loss and each of the three subsequent months.
  - (iii) For an applicant or recipient who is found to be receiving UC benefits, at least for each month until the benefits are reported to be exhausted.

that

- (6) Any additional income, resource, or eligibility information relevant to determinations concerning eligibility or amount of medical assistance payments available from agencies in the State or other States administering the following programs as provided in the agency's State plan:
- (i) AFDC, (P.L. 104-193 replaced AFDC with TANF);
  - (ii) Medicaid;
  - (iii) State-administered supplementary payment programs under section 1616(a) of the Act;
  - (iv) SWICA;
  - (v) Unemployment compensation;
  - (vi) Food stamp; and,
  - (viii) Any State program administered under a plan approved under Title I (assistance to the aged), X (aid to the blind), XIV (aid to the permanently and totally disabled), or XVI (aid to the aged, blind, and disabled in Puerto Rico, Guam, and the Virgin Islands of the Act).
- (b) The agency must request information on applicants at the first opportunity from the sources listed in subparagraphs (a)(1) through (a)(5) of this section at the first opportunity provided by those sources following receipt of the application. If an applicant cannot provide an SSN at application, the agency must request the information at the next available opportunity after receiving the SSN.
- (c) The agency must request the information required in paragraph (a) of this section by SSN, using each SSN furnished by the individual or received through verification.
- (d) Exception: In cases where the individual is institutionalized, the agency needs to obtain and use information from SWICA only during the application period and on a yearly basis, and from unemployment compensation agencies only during the application period. An individual is institutionalized for purposes of this section when he or she is required to apply his or her income to the cost of medical care as required by sections 435.725, 435.733, and 435.832.
- (e) Exception: Alternative sources.
- (1) The Secretary may, upon application from a State, permit a State to request and use income information from a source or sources alternative to those listed in paragraph (a) of this section. The State agency must demonstrate to the Secretary that the alternative source(s) is as timely, complete and useful for verifying eligibility and benefit amounts. The Secretary will consult with the Secretary of Agriculture and the Secretary of Labor before determining whether an agency can use an alternative source.
  - (2) The State must continue to meet the requirements of this section unless the Secretary has approved the request.

### Burden

Items (a) through (e) - We believe that the burden associated with the above section is exempt from the Act in accordance with 5 CFR 1320.4(a)(2) because this activity is conducted during an administrative action affecting specific individuals or entities.

### Section 435.952 - Use of Information

- (a) The agency must review and compare against the case file any information received under section 435.940 through 435.960 to determine whether it affects the applicant's or

recipient's eligibility or amount of medical assistance payment. The agency must also verify the information if determined appropriate by agency experience or if required by section 435.955.

- (c) Except as specified in paragraph (d) of this section, for recipients, the agency must, within 45 days of receipt of an item of information, request verification (if appropriate), determine whether the information affects eligibility or the amount of medical assistance payment, and make an entry in the case file that no action is necessary, or notify the recipient of any adverse action the agency intends to take.
- (d) Subject to paragraph (e) of this section, if the agency does not receive requested third party verification within the 45-day period after receipt of information, the agency may determine whether the information affects eligibility or correct amount of medical assistance payment after the 45-day period. However, the agency must make any delayed determinations permitted under this paragraph--
  - (1) Promptly, as required by section 435,916, if the verification is received before the next redetermination; or
  - (2) In conjunction with the next determination if no verification is received before that redetermination.

### Burden

Item (a) - The burden associated with this requirement is captured under sections 435.940 - 435.960.

Item (c) -We believe that this information collection requirement (ICR) is exempt from the Act in accordance with 5 CFR 1320.4(a)(2) because this activity is conducted during an administrative action affecting specific individuals or entities.

Item (d) - We believe that this information collection requirement (ICR) is exempt from the Act in accordance with 5 CFR 1320.4(a)(2) because this activity is conducted during an administrative action affecting specific individuals or entities.

### Section 435.953 - Identifying Items of Information to Use.

- (a) With respect to information received on recipients under section 435.940 through 435.960, the agency may either review and compare against the case file all items of information received or it may identify (target) separately for each data source the information items that are most likely to be most productive in identifying and preventing ineligibility and incorrect payments.
- (b) Agencies wishing to exclude categories of information items from the follow-up must submit for the Secretary's approval a follow-up plan describing the categories of information items which it proposes to exclude. For each category the agency must provide a reasonable justification that follow-up is not cost-effective. A formal cost-benefit analysis is not required. An agency may exclude information items from the following data sources without written justification if followed up previously from another source: 1) unemployment compensation information received from the Internal Revenue Service, and (2) earnings information received from the Social Security Administration. Information items in these categories which are not duplicative, but provide new leads, may not be excluded without written justification.

An agency may submit a follow-up plan or alter its plan at any time by notifying the Secretary and submitting the necessary justification. The Secretary will approve or disapprove categories of information items to be excluded under the plan within 60 days of its submission. The categories approved by the Secretary will constitute an approved agency follow-up plan for IEVS.

### Burden

The 1986 OBRA clarified that State agencies do not have to use all of the information they receive. Rather, States may limit the use (target) to those items of information which are likely to be productive in identifying ineligible and incorrect payment. States are required to develop and submit a follow-up plan specifying the categories of information items to be excluded from follow-up. A reasonable justification explaining why the follow-up would not be cost-effective must be submitted for review and approval of the Secretary of DHHS.

All States target the use of information since doing so significantly reduces their workload. This was a one-time burden.

### Section 42 CFR 435.955 - Additional Requirements Regarding Information Released by the Department of the Treasury

The information collection requirements contained in this section are self explanatory. This section prescribes special precautions that Medicaid agencies must follow when requesting unearned income data from the IRS. These precautions are designed to protect the individuals on whom the information has been requested. The requirements in this section are as follows.

- (b) The agency must verify the information by either--
  - (1) Requesting the entity from which the individual received the unearned income to verify the fact and amount of the unearned income and resource that generated the income; or
  - (2) Sending the applicant or recipient a letter informing that individual of the information received and asking him or her to respond within a specified period. The letter must clearly explain the information the agency has and its possible relevance to the individual's past or future eligibility, and be as neutral in tone as possible.
  
- (c)(1) If the original source of the income or resource or the applicant or recipient verifies the information and the agency intends to reduce, suspend, terminate or deny medical assistance payment based on the information, the agency must send the applicant or recipient a notice of the action to be taken and include information on the right to appeal and opportunity for a hearing under sections 431.200 through 431.246 of this chapter. (See also sections 435.912 and 435.919).
- (2) If the applicant or recipient fails to respond after reasonable attempts to contact him or her, the agency must proceed to deny, terminate, reduce or suspend benefits based on the applicant's or recipient's failure to cooperate.
- (3) If the applicant or recipient disputes the information the agency must obtain evidence (from the source of the data applicant or recipient, or otherwise)

to substantiate any negative case action that it may take.

Burden

Items (b) and (c) - We believe that the burden associated with the above section is exempt from the Act in accordance with 5 CFR 1320.4(a)(2) because this activity is conducted during an administrative action affecting specific individuals or entities.

Section 42 CFR 435.960 - Standardized Formats for Obtaining and Using Information-or Verifying Income and Eligibility

The information collection requirements in this section are self explanatory.

- (a) The agency must maintain for all applicants and recipients within an agency file the SSN, surname and other data elements in a format that at a minimum allows the agency to obtain and use eligibility and income information from the agencies or programs referenced in section 435.945. The agency must request information from--
  - (1) SWICA, unemployment compensation agencies, and agencies of other States, as prescribed by the Secretary;
  - (2) SSA, as prescribed by the Commissioner of SSA; and
  - (3) The Internal Revenue Service, as prescribed by the Commissioner of the Internal Revenue Service.

Burden

Item (a) - While the above ICR is subject to the PRA we believe the burden associated with this requirement is exempt in accordance with 5 CFR 1320.3(b)(2) because the time, effort, and financial resources necessary to comply with these requirements would be incurred by persons in the normal course of their activities.

**The total burden for continuing the IEVS information collection and reporting requirements is estimated to be 124,054 hours.**

Control Log Maintenance & Data Entry Activity

<u>Salary/Yr.hrs</u>	<u>State Scale</u>	<u>Benefit Factor</u>	<u>Hrly, Cost</u>
GS-4/1 (\$25,581/2087) =	12.26 x .80 =	9.81 x 1.088 =	\$10.67
Page 5	308 hours @ 10.67 per hour		= \$3,286.36
Page 8	2,880	“ ”	= \$30,729.60
Page 9	83,200		= \$887,744.00
Page 9	810	“ ”	= <u>\$8642.70</u>
			\$930,402.66

Computer Operator - System Updates, File Creation

GS-7/1 (\$35,452/2087) =	16.99 x .80	=	13.59 x 1.088 = \$14.78
Page 5 -	592 hours @ 14.78 per hour	=	\$8,749.76
Page 8 -	888 “ ”	=	<u>\$13,124.64</u>
			\$21,874.40

Annotations/SSN Verifications

GS-5/1 (\$28,620/2087) =	13.71 x .80	=	10.97 x 1.088 = \$11.93
Page 5 -	8,520 hours @ 11.93 per hour	=	\$101,643.60
Page 5 -	25,560 “ ” “	=	\$304,930.80
Page 6 -	1,296 “ “ “	=	<u>\$15,461.28</u>
			\$422,035.68

Total Cost Estimate \$1,374,312.74

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

There is no annualized cost to the Federal government.

15. Program or Burden Changes

There are no program or burden changes.

16. Publication and Tabulation Dates

No publication or tabulation of data expected. Data obtained exclusively to verify eligibility for Medicaid.

17. Expiration Date

These ICRs do not lend themselves to an expiration date.

18. Certification Statement

There are no exceptions to the certification statement to be explained.

C. Collections of Information Employing Statistical Methods

Statistical methods are not used because the law and regulations require that IEVS be applied to every Medicaid applicant/recipient.