

Supporting Statement for the Certification of Medicaid
Eligibility Quality Control Payment Error Rates and Supporting
Regulations Contained in 42 CFR 431.816

CMS-301

A. Background

MEQC is operated by the State Title XIX agency to monitor and improve the administration of its Medicaid system. The MEQC system is based on monthly State reviews of Medicaid and Medicaid expansion under Title XXI cases by States performing the traditional sampling process identified through statistically reliable statewide samples of cases selected from the eligibility files. These reviews are conducted to determine whether or not the sampled cases meet applicable State Title XIX or XXI eligibility requirements when applicable. The reviews are also used to assess beneficiary liability, if any, and to determine the amounts paid to provide Medicaid services for these cases.

In the MEQC system, sampling is the only practical method of validating eligibility of the total caseload and determining the dollar value of eligibility liability errors. Any attempt to make such validations and determinations by reviewing every case would be an enormous and unwieldy undertaking. During each 6-month review period States are required to collect data on eligibility payment error dollars and paid claims dollars for each case in the sample. States must also identify cases for which a review cannot be conducted. At the conclusion of the 6-month review period, States must complete the Payment Error Rate form which contains aggregate data on sample size, number of sampled cases dropped, and number of sampled cases listed in error. These data, along with the calculated eligibility payment error rate and lower limit are certified by the State Medicaid Director (or designee) and submitted to the Regional Office.

Under the MEQC program, States can operate the traditional MEQC sample-and-review program or States can elect to study targeted areas of eligibility or program administration that are error-prone or that will help to prevent or reduce erroneous or misspent funds. These alternative MEQC programs are called MEQC pilots. Some States operate alternative MEQC programs as part of their research and demonstration waivers under Section 1115 of

the Social Security Act. The majority of States operate some form of alternative MEQC program. However, since the number of States that conduct traditional MEQC programs and alternative MEQC programs can fluctuate at any time, we have assessed the burden and costs associated with submitting the Payment Error Rate form as if all States were reporting this information.

A letter to the Associate Regional Administrators dated October 2, 2003 from the Director of Finance, Systems and Budget Group at CMS, implemented a summary form that can be filled out in addition to or in lieu of the original CMS 301 form that only contained the error rates. The summary form allows States to write a discussion of the type of review, e.g. traditional or pilot study and detailed findings for cases found to be in error.

The Children's Health Insurance Program Reauthorization Act (CHIPRA) was enacted February 4, 2009. Sections 203 and 601 of the CHIPRA relate to MEQC.

Section 203 of the CHIPRA establishes an error rate measurement with respect to the enrollment of children under the express lane eligibility option. The law directs States not to include children enrolled using the express lane eligibility option in data or samples used for purposes of complying with the MEQC requirements.

Section 601 of the CHIPRA, among other things, requires a new final rule for the Payment Error Rate Measurement (PERM) program and aims to harmonize the PERM and MEQC programs and provides States with the option to apply PERM data resulting from its eligibility reviews for meeting MEQC requirements and vice versa, with certain conditions.

B. Justification

1. Need and Legal Basis

The authority for requiring the submission of this information is Section 1903(u) of the Social Security Act, which requires that States operate their MEQC programs in accordance with policies, sampling methodologies, review procedures, and reporting forms and requirements specified in MEQC manuals issued by CMS unless CMS has approved an alternate method of administering all or part

of the program, e.g. pilot studies. The requirements of the MEQC program are detailed in 42 CFR 431.800 through 431.865.

The collection of information is also necessary to implement provisions from the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) (Pub. L. 111-3) with regard to the Medicaid Eligibility Quality Control (MEQC) and Payment Error Rate Measurement (PERM) programs.

2. Information Users

State agencies are required to submit the Payment Error Rate form to their respective CMS Regional Offices. Regional Office staff will review these forms for completeness and will forward these forms to the Central Office for compilation of error rate charts for projected quarterly withholdings and/or fiscal disallowances.

3. Use of Information Technology

Most States' Payment Error Rate forms are computer generated. Therefore, there is a significant reduction in State effort.

4. Duplication of Similar Information

The Payment Error Rate form is unique to the MEQC program and no duplication exists.

5. Small Businesses

The collection of information does not involve small businesses or other small entities.

6. Less Frequent Collection

Failure to acquire this certification form will prevent the Regional Office from effectively monitoring State MEQC payment error rates.

7. Special Circumstances

None.

8. Federal Register Notice/Outside Consultation

The 60-day FR notice published on August 28, 2009.

The MEQC program is discussed at regional and national meetings of the American Public Health Services Association and other related groups.

9. Payments/Gifts to Respondents

There is no provision for any payment or gifts to respondents associated with this reporting requirement.

10. Confidentiality

Confidentiality has been assured in accordance with Section 1902(a) (7) of the Social Security Act.

11. Sensitive Questions

No questions of a sensitive nature are asked.

12. Burden Estimate (Hours and Wages)

The reporting burden is estimated at 146 hours annually for each State. There are a maximum of 51 jurisdictions reporting on a 6-month basis. The total annual reporting burden is 7,446 hours. The maximum number of cases sampled by a State for MEQC is 1,750 and the maximum number of respondents is 51.

$1,750 \text{ cases} \times 51 \text{ jurisdictions} = 89,250 \text{ cases annually}$

$1,750 \text{ cases per State} \times 5 \text{ minutes to report each case} = 8,750 \text{ minutes, or approximately 146 hours}$

$146 \text{ hours} \times 51 \text{ States} = 7,446 \text{ annual hours}$

The annual record keeping burden associated with this data collection is 9,000 hours. States agree to maintain the sampled case records for a minimum of 3 years for audit purposes.

The total annual estimated State costs are \$710,302.74. For this estimate, we assume the average State pay is at a GS-12/1 rate of \$28.45 per hour. We also assume States require fringe and overhead cost for conducting the reviews. The fully loaded rate of pay is estimated at \$43.19.

$7446 \text{ hours} + 9,000 \text{ hours} \times \$43.19 = \$710,302.74.$

13. Capital Costs

There are no capital costs associated with these information collection requirements.

14. Cost to Federal Government

As of 2009 2.5 FTEs (assumes that 2,080 hours equals one FTE) are devoted nationwide (i.e. .25 FTEs per CMS Regional Office) to MEQC activities. MEQC Regional Office staff review State sample selection lists to ensure the sample is statistically valid and that there is no bias in the sample. The CMS Regional Office staff also collect and review summary findings and error rates. Assuming that MEQC activities is one-quarter of FTE efforts and assuming the 2009 GS 12/1 hourly rate, the Federal cost is \$36,985 (520 hours x salary = \$14,794 x 2.5 FTEs).

15. Changes to Burden

We're assuming that burden has decreased over time for States as the traditional MEQC process has become more streamline and findings become available on a monthly basis. The data is compiled and held until the end of each 6 month period and reported on the Payment Error Rate form.

Burden will further be adjusted for States that elect to substitute PERM eligibility data to meet the traditional MEQC requirement. States would submit PERM summary findings data in the MEQC Payment Error Rate form format and submit it to their respective CMS Regional Office. The estimate for PERM reporting burden is discussed under an already approved OMB control number: 0938-0994. We are adding 98 hours to this burden estimate to provide additional time to reformat the PERM summary data into the MEQC format.

16. Publication and Tabulation Dates

There are no plans to publish this information collection.

17. Expiration Date

CMS is not seeking approval to show expiration date for OMB approval.

18. Certification Statement

There are no statistical aspects of the certification form.

