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

A. Background

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

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

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

A template has been developed to facilitate data collection.

B. Justification

1. Need and Legal Basis

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

2. Information Users

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

3. Use of Information Technology

   The preprint template will be available in electronic format. CMS anticipates that all States will use the electronic format. The document is user friendly.

The States will be required to perform a data query for their prescription drug volume and dollar expenditures utilization for each Federal fiscal year.

4. Duplication of Similar Information

This information collection does not duplicate any other effort and the information cannot be obtained from any other source.

5. Small Businesses

This collection does not impact small businesses.

6. Less Frequent Collection

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

7. Special Circumstances

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

8. Federal Register Notice/Outside Consultation

A 60-day Federal Register notice published on December 17, 2010 (75 FR 79000). No comments were received.

9. Payment/Gift To Respondent

There are no payments of gifts associated with this collection.

10. Confidentiality

There is no personal identifying information collected in the documents. All the information is available to the public.

11. Sensitive Questions

There are no questions of a sensitive nature associated with these forms.

12. Burden Estimate (Total Hours and Wages)

We estimate that it will take no more than 15 hours (3 hr to complete the template and 12 hr to test the data) for a State to complete and submit the preprint template and perform the utilization data query. All 51 Medicaid programs will be required to respond.

To complete the preprint template: 3 hours at approx. $50/ hr totals $150 per year.

To program and test the extract of utilization data from Medicaid Management Information Systems drug history files: 12 hours at approx. $100/hr by predominantly States' private contractors (35 of 51 Medicaid programs use private contractors) totals $1,200. This will be a one time cost.

A total of $1,350 (150 + 1,200)/ State extended to 51 programs will total approximately $68,850.

13. Capital Costs (Maintenance of Capital Costs)

There are no capital costs.

14. Cost to the Federal Government

CMS estimates that the review of each completed template will require approximately 2 hours. The template will be reviewed by a pharmacist GS 14 (at a base rate of $50.95/hr x 2hrs x 51 submissions) at a cost of approximately $5,197.

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

15. Program or Burden Changes

No changes.

16. Publication and Tabulation Dates

Per 1927(f)(3)(B), the Secretary must annually compare, for the 50 most widely prescribed drugs, the States' data for completion of the Retail Price Survey. The Secretary shall submit to Congress and the States full information regarding the annual rankings made up by this subsection.

The Retail Price Survey will be performed for 18 months after the contractual start date, and will continually renew annually thereafter.

17. Expiration Date

CMS is requesting an exception to the display of an expiration date since this is an on-going annual survey.

18. Certification Statement

There are no exceptions to the certification statements.

C. Collection of Information Employing Statistical Methods

The use of statistical methods does not apply.