

**Supporting Statement for Paperwork Reduction Act**  
**State Plan Preprints for Medicaid Recovery Audit Contractors (RACs)**

**A. Background**

Section 1902(a)(42)(B)(i) of the Social Security Act (the Act) requires States to establish a program by December 31, 2010, under which the State contracts with one or more recovery audit contractors (RACs) for the purpose of identifying underpayments and overpayments of Medicaid claims under the State plan and under any waiver of the State plan. State contracts will be consistent with State law and in the same manner as the Secretary enters into contracts with Medicare RACs. States will be able to tailor the Medicaid RAC's activities to the uniqueness of the Medicaid program in their State, as well as identify and propose targeted areas or susceptibility regarding improper payments.

States must submit a State Plan Amendment (SPA) to CMS to effectuate this change to their Medicaid programs. CMS will provide a State Medicaid Director letter providing guidance on this provision and the associated SPA template for use by States to modify their Medicaid State Plans if they choose to implement this provision. Providing the State with this SPA template will reduce State burden significantly. This SPA template will be a collection of data and therefore, the need for this information request.

**B. Justification**

1. Need and Legal Basis

Section 6411 of The Patient Protection and Affordable Care Act (PPACA), P.L. 111-148, enacted on March 23, 2010 and the Health Care and Education Reconciliation Act (HCERA), P.L. 111-152, enacted on March 30, 2010, together known as "The Affordable Care Act" (ACA) requires States to establish programs in which they contract with Recovery Audit Contractors (RACs) to audit Medicaid providers by December 31, 2010.

2. Information Users

The State Medicaid agencies will complete the templates. CMS will review the information to determine if the State has met all of the requirements of the ACA provision. If the requirements are met, CMS will approve the amendments to the State's Title XIX plan giving the State the authority to adopt the provision. For a State to receive Medicaid Title XIX funding, there must be an approved Title XIX State plan.

3. Use of Information Technology

The SPA template is available in electronic format. CMS anticipates every submittal to be forwarded to the agency using the electronic format. The document is completed in a user

friendly format. Submission of a SPA requires a signature from the State Medicaid Director. The signature can be captured through a facsimile transmission or scanned image of the transmitting document.

4. Duplication of Efforts

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

5. Small Businesses

This information collection does not impact small businesses or other small entities.

6. Less Frequent Collection

Once the amendment is approved, there is no need to resubmit unless changes are made to the program. This State Plan process is a longstanding process to implement State's Medicaid programs and has been used for years.

7. Special Circumstances

There are no special circumstances associated with this information collection.

8. Federal Register/Outside Consultation

The 60-day Federal Register Notice was published on September 10, 2010 (75 FR 55330). One comment letter was received.

9. Payments/Gifts to Respondents

Participation in this information collection is voluntary for States. No incentives or payments of any kind will be given to respondents.

10. Confidentiality

CMS will not collect personally-identifiable information in the State plan preprints.

11. Sensitive Questions

There are no questions of a sensitive nature associated with this information collection.

12. Burden Estimates (Hours & Wages)

The template has three pages. We estimate that it will take no longer than 1 hour for a state to complete and submit the template to CMS. The potential number of respondents is 56 (50 states, D.C., and 5 territories). Once approved, the state will not need to resubmit unless changes are made to the program.

It will cost a State no more than \$30 (average of \$30/hr. x 1 hr). The national total, should all States, DC and 5 territories participate, will be \$1,680 (56 x \$30).

13. Capital Costs

There are no capital costs to respondents or recordkeepers for this information collection.

14. Cost to Federal Government

CMS estimates that the time needed to review each State Plan Preprint submittal will be approximately 30 minutes (0.5 hr). CMS further estimates that one GS-13 (approximate hourly rate of \$50.00) will be responsible for reviewing and approving each State Plan Preprint. The cost to the Federal Government would therefore be 0.5 hr x \$50.00 x 56 States & Territories =\$1,400 annually.

15. Changes to Burden

This is a new information collection request.

16. Publication/Tabulation Dates

There are no plans to publish the information for statistical use.

17. Expiration Date

CMS does not oppose the display of the OMB approval expiration date.

18. Certification Statement

There are no exceptions to the certification statement for this information collection.

**C. Collection of Information Employing Statistical Methods**

The use of statistical methods does not apply to this form.