

**Supporting Statement for Paperwork Reduction Act Submissions:  
Medicaid Program; Eligibility Changes under the Affordable Care  
Act of 2010 (CMS-2349-P, RIN 0938-AQ62)  
CMS-10410, OMB 0938-New**

**A. Background**

The Patient Protection and Affordable Care Act (Pub. L. 111-148, enacted on March 23, 2010) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111-152, enacted on March 30, 2010) are collectively referred to as the Affordable Care Act. The Affordable Care Act expands access to insurance affordability programs through improvements in Medicaid eligibility, enrollment simplification, the establishment of Affordable Insurance Exchanges (“Exchanges”), and coordination between Medicaid, the Children’s Health Insurance Program (CHIP), and Exchanges.

Relevant to this Statement, the Affordable Care Act promotes a high level of coordination, simplification, and data sharing among State and Federal agencies for the purpose of a seamless and streamlined eligibility system. The Affordable Care Act allows for significant use of Web-based technology to provide information to the public and facilitate application and renewal functions. It creates a “no wrong door” approach to insurance affordability programs so that individuals will not have to apply to multiple programs. Nor will they have to repeat the application process if they initially apply to a program for which they are not ultimately determined eligible. It also provides a simplified process for maintaining coverage through a streamlined renewal process.

The provisions of the Affordable Care Act relevant to this Statement are effective January 1, 2014.

The proposed requirements for the collection and reporting of information and recordkeeping (collectively known as information collections) generally relate to ensuring data sharing and coordination among State and Federal agencies, recordkeeping efforts among State agencies, and the development of Web-based systems and notices in support of the implementation of the Affordable Care Act.

**B. Justification**

1. Need and Legal Basis

Sections 1413 and 2201 of the Affordable Care Act provide for a simplified, coordinated, and streamlined system of eligibility for Medicaid, CHIP, and the Exchange. Specifically, section 1413 requires a streamlined system for individuals to apply for, be determined eligible for, and be enrolled in insurance affordability programs—the Exchange, Medicaid, CHIP, and the Basic Health Plan as applicable. Section 2201, which amends section 1943 of the Social Security Act, requires a simplified and coordinated eligibility and enrollment

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system of Medicaid and CHIP with the Exchange.

The proposed provisions discussed in this Statement are necessary for the establishment of coordinated and efficient systems as called for by the Affordable Care Act. The eligibility systems are essential to the goal of increasing coverage in insurance affordability programs while reducing administrative burden for States and consumers. The electronic transmission and automation of data transfers are key elements in managing the expected insurance affordability program caseload starting in 2014. Accomplishing the same work without these information collection requirements would not be feasible.

2. Information Users

The State Medicaid and CHIP agencies will provide the information collections. The proposed information collection requirements will assist the public to understand information about health insurance affordability programs and will assist CMS in ensuring the seamless, coordinated, and simplified system of Medicaid and CHIP application, eligibility determination, verification, enrollment, and renewal.

3. Use of Information Technology

All of the proposed information collections, 100 percent, will be available in electronic form. Requirements related to Internet Web sites will be electronic, and notices will be automated. Interagency agreements will allow for the use of electronic data sharing. The eligibility renewal process will be significantly streamlined and automated using information technology. All of the information collections are designed to take advantage of information technology and be completed in a user-friendly format, in order to minimize burden to the greatest extent possible.

A signature will not be required of respondents under the proposed information collections. Many of the information collections may currently be submitted electronically. All information collections will be available for completion electronically by January 1, 2014.

4. Duplication of Efforts

This information collection does not duplicate any other Federal effort.

5. Small Businesses

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

6. Less Frequent Collection

Many of the information collections, such as interagency agreements, will be submitted once. There is no need to resubmit unless changes are made. Renewal of eligibility occurs once per year, which is less frequent than some States' current practice. The frequency of collection is the minimum required to ensure adequate compliance with Federal statutory requirements. If eligibility renewals were to occur less frequently, the result may be inaccurate eligibility determinations and improper payments of Federal financial participation. If the information

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collections discussed in this Statement were not approved, the coordination, streamlining, simplification, and efficiencies envisioned by the Affordable Care Act would not be realized, leading to greater reporting burdens on individuals and greater administrative and recordkeeping burdens on States.

7. Special Circumstances

There are no special circumstances or impediments related to the proposed information collections.

8. Federal Register/Outside Consultation

The proposed rule related to these proposed information collections, CMS-2349-P, published on August 17, 2011 (76 FR 51148). Comments concerning the proposed ICR requirements are due 60 days after the date of publication. We will engage States, advocates, and academia through the public comment process of the Notice of Proposed Rulemaking (NPRM).

9. Payments/Gifts to Respondents

No payments and/or gifts will be provided to respondents.

10. Confidentiality

Because no personal identifying information is collected by the proposed provisions, there is no issue of confidentiality with respect to the information collections.

11. Sensitive Questions

There are no questions of a sensitive nature in the information collections.

12. Burden Estimates (Hours & Wages)

For the purpose of estimating paperwork burden on State Medicaid and CHIP agencies, we assume the participation of all Medicaid agencies covered by 42 CFR Part 435: 50 States, the District of Columbia, American Samoa, and the Northern Mariana Islands (total of 53 agencies). We treat CHIP agencies as a separate entity from the Medicaid agency when the State has elected to operate a separate or combination CHIP. There are currently 43 such States. Thus, CMS has estimated a maximum of 96 agencies that may be subject to the information collections.

We used data from the Bureau of Labor Statistics to derive average costs for all estimates of salary in establishing the cost burdens. Salary estimates include the cost of fringe benefits, calculated at 35 percent of salary, which is based on the March 2011 Employer Costs for Employee Compensation report by the U.S. Bureau of Labor Statistics.

The burden estimates for the proposed information collections are organized into the following three sections: Eligibility Verification, Renewals, and Web Sites.

a) Information Collection Related to Eligibility Verification (§§ 435.945, 435.948, 435.956,

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457.350, and 457.380)

States will need to modify existing agreements with applicable agencies for the purpose of electronically sharing data for verifying Medicaid and CHIP eligibility. We estimate that 53 State Medicaid agencies (the 50 States, the District of Columbia, Northern Mariana Islands, and American Samoa) will be subject to this requirement, to facilitate the determination of eligibility with minimal paper documentation required from individuals. We estimate it will take each State an average of 30 hours to modify existing agreements with applicable agencies for a total time burden of 1,590 hours.

For the purpose of the cost burden, we estimate it will take a health policy analyst 20 hours, at \$43 an hour, and a manager 10 hours, at \$77 an hour, to complete the agreements. The estimated cost burden for each State is \$1,630 [(\$43 x 20) + (\$77 x 10)], for a total cost burden of \$86,390 [\$1,630 x 53] and a total annual hour burden of 1,590 hours [30 x 53].

Type of Collection	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours per Response	Total Burden Hours
Interagency Agreement	Medicaid Agency	53	1	30	1,590
Total				30	1,590

Type of Respondent	Hourly Labor Cost of Reporting	Total Burden Hours	Average Labor Cost per Response	Number of Respondents	Total Labor Costs
Health Policy Analysts	\$43.00	20	\$860.00	53	\$45,580.00
Manager	\$77.00	10	\$770.00	53	\$40,810.00
Total		30	\$1,630.00	53	\$86,390.00 *

\*The State share is \$43,195 as illustrated in Table 2 of the proposed rule (76 FR 51181).

**b) Information Collection Related to Renewal of Eligibility (§§ 435.916 and 457.343)**

For individuals whose eligibility is based on Modified Adjusted Gross Income (MAGI) per the Affordable Care Act, a proposed new 42 CFR 435.916 requires that Medicaid eligibility be redetermined only once each year, unless there is a change in circumstance. It also proposes a data-driven redetermination process that first uses information already available to the agency. If continued eligibility cannot be determined, a State agency's eligibility system

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issues a streamlined pre-populated renewal form for the individual’s review. Section 457.343 aligns the standards for redeterminations in CHIP with the standards in the Medicaid program as described in §435.916.

We estimate that the 53 Medicaid agencies and 43 CHIP agencies will be subject to the provision above, for a total of 96 agencies. We estimate that of the approximately 51 million individuals enrolled in Medicaid and CHIP whose eligibility will be based on MAGI, half (25.5 million individuals) will have their eligibility redetermined using the information already available to the agency. This approach greatly simplifies the renewal process and will ultimately reduce costs for States.

We estimate that it will take each Medicaid and CHIP agency 16 hours annually to develop, automate, and distribute a notice of eligibility determination based on use of existing information.

For the purpose of the cost burden, we estimate it will take a health policy analyst 10 hours, at \$43 an hour, and a senior manager 6 hours, at \$77 an hour, to complete the notice. The estimated cost burden for each agency is \$892 [(10 x \$43) + (6 x \$77)]. The total estimated cost burden is \$85,632 [96 x \$892], and the total annual hour burden is 1,536 hours [16 x 96].

<b>Type of Collection</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden Hours per Response</b>	<b>Total Burden Hours</b>
Eligibility Notice	Medicaid or CHIP Agency	96	1	16	1,536
Total		96	1	16	1,536

<b>Type of Respondent</b>	<b>Hourly Labor Cost of Reporting</b>	<b>Total Burden Hours</b>	<b>Average Labor Cost per Response</b>	<b>Number of Respondents</b>	<b>Total Labor Costs</b>
Health Policy Analysts	\$43.00	10	\$430.00	96	\$41,280.00
Manager	\$77.00	6	\$462.00	96	\$44,352.00
Total		16	\$892.00	96	\$85,632.00 *

\*The State share is \$42,816 as illustrated in Table 2 of the proposed rule (76 FR 51181).

The remaining half of the individuals (25.5 million) will need to provide additional information to the State so that their eligibility can be renewed. The proposed process is

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much less burdensome than the processes currently in place in many States that require individuals to complete a new application at renewal. We estimate that it will take an individual 20 minutes to complete the proposed streamlined renewal process. The total annual hour burden is 8.5 million hours [(20 minutes x 25.5 million individuals)/60 minutes] for 25.5 million individuals. We note that the number of people who need to provide additional information may be smaller than our estimate, but we used a higher end estimate to account for the greatest potential impact on States and individuals.

<b>Type of Collection</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden Hours per Response</b>	<b>Total Burden Hours</b>
Complete Pre-Populated Renewal Form	Individual	25.5 million	1	0.3	8.5 million
Total		25.5 million	1	0.3	8.5 million

States will keep records of each renewal that is processed in Medicaid and CHIP. The amount of time for recordkeeping will be the same for renewals based on information available to the agency as for renewals that require additional information from individuals. We estimate that it will take the State agency 3 minutes (0.05 hour) to conduct the required recordkeeping for each of the 51 million renewals. The total estimated annual hour burden is 2,550,000 hours or 26,562.5 hours per agency [2,550,000/96].

At a rate of \$25 per hour, the total estimated cost burden for recordkeeping is \$63,750,000 [2,550,000 x \$25] or \$664,063 per agency [\$63,750,000/96].

<b>Type of Collection</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden Hours per Response</b>	<b>Total Burden Hours</b>
Recordkeeping	Medicaid or CHIP Agency	96	51 million	0.05	2.55 million
Total		96	51 million	0.05	2.55 million

<b>Type of Respondent</b>	<b>Hourly Labor Cost of Reporting</b>	<b>Total Burden Hours</b>	<b>Average Labor Cost per Response</b>	<b>Number of Respondents</b>	<b>Total Labor Costs</b>
Eligibility	\$25.00	2.55	\$1.25	51 million	\$63,750,000.00

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Workers		million			
Total		2.55 million	\$1.25	51 million	\$63,750,000.00

\*The State share is \$31,875,000 as illustrated in Table 2 of the proposed rule (76 FR 51181).

c) Information Collection Related to Web Sites (§§ 435.1200 and 457.335)

Sections 435.1200 and 457.335 of 42 CFR in the proposed rule require State Medicaid and CHIP agencies to have a Web site that performs the functions described to allow an individual to apply, renew coverage, and select a health plan. Also, a Web site will allow the State agency to transmit data for individuals found ineligible, notify agencies which refer application data of the individuals' eligibility determination, and provide coordinated notices with other insurance affordability programs. The burden is the time and effort necessary for the State to develop and disclose information on the Web site, develop and automate the required notices, and transmit (report) the application data to the appropriate insurance affordability program.

We estimate that 53 Medicaid agencies and an additional 43 CHIP agencies would be subject to the provisions above. To achieve efficiency, we assume that States will develop only one Web site to perform the required functions. Therefore, we base our burden estimates on 50 States, the District of Columbia, the Northern Mariana Islands, and American Samoa (53 agencies) and do not include the 43 separate CHIP programs.

We estimate that it will take each State an average of 320 hours to develop the additional functionality to meet the proposed requirements, including developing an online application, automating the renewal process, and adding a health plan selection function.

We estimate that it will take a health policy analyst 85 hours (at \$43 an hour), a senior manager 50 hours (at \$77 an hour), and various network/computer administrators or programmers 185 hours (at \$54 an hour) to meet the requirements related to Web site development. We estimate the total cost burden for a State to be \$17,495 [(85 x \$43) + (50 x \$77) + (185 x \$54)] for a total estimated burden of \$927,235 [53 x \$17,495] and a total annual hour burden of 16,960 hours for all 53 entities [(85 + 50 + 185) x 53].

We estimate that it will take each State entity 16 hours annually to develop and automate each of the two required notices (32 total hours).

For the purpose of the cost burden, we estimate it will take a health policy analyst 10 hours, at \$43 an hour, and a senior manager 6 hours, at \$77 an hour, to complete each notice. The estimated cost burden of two notices for each agency is \$1,784 [\$892 x 2]. The total estimated cost burden is \$94,552 [\$1,784 x 53], and the total annual hour burden is 1,696 hours [16 x 2 x 53] for the notices.

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We estimate that it will take network/computer administrators or programmers 150 hours (at \$54 an hour) to transmit the application data of ineligible individuals to the appropriate insurance affordability program and meet this information reporting requirement for each State (53). The estimated cost burden for each agency is \$8,100 [150 x \$54]. The total estimated cost burden for 53 States is \$429,300 [53 x \$8,100], and the total annual hour burden is 7,950 hours [150 x 53].

The total estimated cost burden of the provisions described above for information collection related to Web sites is \$1,451,087, and the total annual hour burden is 26,606 hours.

Type of Collection	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours per Response	Total Burden Hours
Web Site Development	Medicaid Agency	53	1	320	16,960
Notices	Medicaid Agency	53	2	32	1,696
Data Transmission	Medicaid Agency	53	1	150	7,950
Total		53		502	26,606

Type of Respondent	Hourly Labor Cost of Reporting	Total Burden Hours	Average Labor Cost per Response	Number of Respondents	Total Labor Costs
Health Policy Analysts	\$43.00	105	\$4,515.00	53	\$239,295.00
Manager	\$77.00	62	\$4,774.00	53	\$253,022.00
Programmer	\$54.00	335	\$18,090.00	53	\$958,770.00
Total		502	\$27,379.00	53	\$1,451,087.00*

\*The State share is \$725,543 as illustrated in Table 2 of the proposed rule (76 FR 51181).

Salaries were taken from the Bureau of Labor Statistics (BLS) website ([http://www.bls.gov/oco/oooh\\_index.htm](http://www.bls.gov/oco/oooh_index.htm)). Fringe Benefit estimates were taken from BLS March 2011 Employer Costs for Employee Compensation report.

**13. Capital Costs**

There are no capital or maintenance costs incurred by the proposed collections. Capital costs resulting from the development or improvement of new electronic systems were addressed in

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the “Federal funding for Medicaid Eligibility Determination and Enrollment Activities Final Rule (76 FR 21950).”

14. Cost to Federal Government

Section 12 of this Supporting Statement presented the total costs and the State share of those costs. The total cost minus the State share equals the Federal share. The Federal share also equals 50 % of the total cost.

<b>Information Collection</b>	<b>Total Cost (\$)</b>	<b>State Share (\$)</b>	<b>Federal Share (\$)</b>
Eligibility Verification (§§ 435.945, 435.948, 435.956, 457.350, and 457.380)	86,390	43,195	43,195
Renewal of Eligibility (§§ 435.916 and 457.343)	85,632	42,816	42,816
	63,750,000	31,875,000	31,875,000
Web Sites (§§ 435.1200 and 457.335)	1,451,087	725,543	725,543
<b>Totals</b>	<b>65,373,109</b>	<b>32,686,554</b>	<b>32,686,554</b>

15. Explanation for Program Changes or Adjustments

This is a new information collection.

16. Publication/Tabulation Dates

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

17. Expiration Date

Expiration date is not applicable to this information collection.

18. Certification Statement

There is no exception to the certification statement identified in Item 19, “Certification for Paperwork Reduction Act Submissions,” of OMB Form 83-1.