

Supporting Statement for Paperwork Reduction Act Submissions
Annual Report on Home and Community Based Services Waivers and Supporting Regulations in
42 CFR 440.180 and 441.300-310
CMS 372(S), OMB 0938-0272

Background

The Center for Medicaid and State Operations (CMSO) within CMS, is requesting renewal of the Executive Office of Management and Budget approval of the Form CMS-372(S) Annual Report on Home and Community-Based Services Waivers (HCBSWs). This annual waiver information is needed so that CMS may verify that State assurances regarding waiver cost-neutrality are met; to determine the impact of the waivers on the type, amount, and cost of services provided under the State plan, and on the recipients' health and welfare; and to assess the waiver programs on waiver specific and overall bases.

A. Justification

1. Need and Legal Basis

The following factors are used to compute the average per capita expenditures under the streamlined 4-element formula:

- D = The estimated annual average per capita Medicaid cost for home and community-based services for individuals in the waiver program.
- D'= The estimated annual average per capita Medicaid cost for all other services provided to individuals in the waiver program.
- G = The estimated annual average per capita Medicaid cost for hospital, NF or ICF/MR care that would be incurred for individuals served in the waiver, were the waiver not granted.
- G'= The estimated annual average per capita Medicaid cost for all services other than those included in factor G for individuals served in the waiver, were the waiver not granted.

The equation provided to compute average per capita expenditures with and without the waiver is as follows:

$$D + D' \leq G + G'$$

Even though we have eliminated the C factor (number of unduplicated waiver recipients a State intends to serve for each year of the waiver) from the equation, we will continue to require each State to report this information to CMS as part of a waiver request to ensure that CMS has

accurate data on the numbers of persons served through the waiver program.

The Form CMS-372(S) provides for the reporting of actual expenditures and recipient data, which are used by CMS in evaluating the individual waiver's cost-effectiveness as well as the overall waiver program. The sections of the form and how these relate to the previously specified regulatory formula factors on the Form CMS-372(S) are as follows:

- a. The Form CMS-372(S) section I, annual number of section 1915 (c) waiver recipients reported for each home and community-based service specified in the approved waiver and provided during the waiver period.
- b. The data reported in section II of the report, annual section 1915 (c) waiver expenditures, equal the actual total expenditure values for each service that comprises the regulatory equation's factor D. Although the factor is computed and stated as the average per capita expenditure for waiver services, factor D is only reported in this section's subsection B.
- c. Data entered in Section III, actual annual average per capita expenditures for all other services provided to individuals under the waiver program including home health and expanded EPSDT services otherwise provided under the State plan.
- d. Section IV of the report, the 1915(c) waiver cost-neutrality formula, is provided to compute the average per capita expenditure with and without the waiver using factors D and D' from the Form CMS-372(S) report and factors G and G' from the approved waiver estimates.
- e. The data reported in Section V of the report do not specifically relate to the formula factor values. This information is required to evaluate the impact of the waiver program and to insure that the State's assurance that necessary safeguards have been taken to protect the health and welfare of waiver recipients have been met.

A separate Form CMS 372(S) is required for each new waiver approved after August 23, 1997, and each renewed waiver after August 23, 1999 for each year of the waiver period. The report will be submitted to CMS through the online 372 reporting tool at www.hcbswaivers.net. The reports are reviewed and analyzed by the Regional Offices and in conjunction with other program reports and State data to evaluate the reasonableness and acceptability of the waiver data.

Once it is determined that the report is acceptable, a comparison of the actual formula values to the most recent CMS approved estimated values is performed to evaluate the waiver's cost-neutrality. The results of this comparison are used by CMS in determining the final disposition of waiver amendments and extension requests.

2. Information Users

The report will be used by CMS to compare actual data the approved waiver estimates and, in conjunction with the waiver compliance review reports, the information provided will be compared to that in the MSIS (CMS-R-284, OMB number 0938-0345) report and FFP claimed on a State's Quarterly Expenditure Report (Form CMS-64, OMB number 0938-0067), to determine

whether to continue the State's home and community-based services waiver. States' estimates of cost and utilization for renewal purposes are based upon the data compiled in the CMS Form 372(S) reports.

3. Use of Information Technology

CMS is asking the States to report financial and statistical information concerning the numbers of Medicaid beneficiaries receiving waiver services, the type of services provided and the costs of those services. The information is usually taken from State Medicaid agency data processing systems. This data is summarized and may be submitted to CMS through the 372 web-based form.

The availability of the online 372 form has reduced the burden on the States and the Federal government significantly (as demonstrated in the effort estimates below). The online tool provides automated calculation features, reduces the need for redundant data entry (i.e., previously accepted 372 reports may form the basis for the States subsequent year submissions), improves transparency and record retention capabilities (for both the State and the Federal government), eases submission, and eases Federal review and approval activities.

4. Duplication of Efforts

The data captured on the Form CMS 372(S) are not duplicated through any other public information collection. The form CMS-64 (OMB Number 0938-0067) cannot be used in lieu of the Form CMS-372(S). The CMS-64 is the financial report which the States submit quarterly to request claims for FFP.

5. Small Businesses

This collection of information does not involve small businesses or other small entities. Rather, information is collected from Medicaid State agencies.

6. Less Frequent Collection

Section 1915(c)(2)(E) of the Social Security Act requires the State to provide to the Secretary annually, consistent with a data collection designed by the Secretary, information on the impact of the waiver granted under this subsection on the type and amount of medical assistance provided under the State plan and on the health and welfare of recipients.

CMS has recently undertaken a review of the 372 processes used by States and the Federal government and determined that there had previously been redundancy in our data reporting requirements (as noted in "A" above). As a result, instead of requiring an "initial" and a "lag" (i.e., revised) report for each reporting period, CMS has determined that the "lag" report contains all necessary information, eliminating the requirement for the initial report submission.

7. Special Circumstances

There are no special circumstances involved in the collection of information from the States concerning implementation of their HCBSW.

8. Federal Register/Outside Consultation

The 60-day Federal Register notice published on January 24, 2012 (77 FR 3477). No comments were received.

9. Payments/Gifts to Respondents

No payments or gifts will be given to respondents.

10. Confidentiality

No assurances of confidentiality have been provided.

11. Sensitive Questions

No questions of a sensitive nature are asked.

12. Burden Estimates (Hours & Wages)

The estimate covers 305 waivers currently in operation in 48 States and the District of Columbia serving over one million recipients at a cost of more than \$21 billion, and is based on an evaluation of the activities comprising the State record keeping and reporting processes, and CMS's review and follow-up functions used in the accounting for the costs of home and community-based service waivers required annually on Form 372(S).

In estimating the burden on the States, we considered a number of factors, including the amount of anticipated staff time and salary level necessary to aggregate and enter required information for all approved waivers, the increased ease of the web-based report, the reduction in the frequency of reporting, and the simplification of the review and approval process.

Currently, there are 48 States and the District of Columbia which are required to submit the Form 372(S) on an annual basis. A separate form is required for each approved waiver in operation. The record keeping burden for the form and CMS-372(S) and the collection and maintenance of data required is estimated at 25 hours per waiver. There are 305 waivers in operation, thus the estimated amount of time spent on record keeping is 7625 hours.

In addition, we estimate that a State will spend approximately 18 hours in reporting the data (e.g., record assemblage, programming, filling out the report in the required format). The estimated total annual reporting burden is 5490 hours based on completion of 305 waiver reports.

7,625 hours + 5,490 hours = 13,115 total hours of State burden

The estimate of annual cost to the States is \$575,816 for the information maintained in State record keeping systems and for completion of the Form CMS-372(S) as well as data collection and retention of data required for renewal requests.

Record-Keeping

Salary/Labor

305 waiver reports x 25 hours = 7,625 hours

\$74,416 (State Salary GS12-3) x 80% = \$64,771

\$64,771/2080 = \$31.14 x 1.088 (retirement/insurance) = \$33.88 = hourly rate*

\$33.88 x 7,625

\$258,336

Computer and Other Cost (\$2,000 x 49 States)

\$98,000

Estimated State Cost

\$356,336

Completion of Form

Salary/Labor

305 Waiver Reports x 18 hours = 5,490 hours

5,490 hours x \$33.88 per hour =

\$186,000

Overhead (18 percent of Salary/Labor)

\$33,480

Estimated State Costs

\$219,480

Total Estimated State Costs

\$575,816

*The hourly rate was computed using the calendar year 2008 Federal pay scale for the Washington D.C.-Baltimore area. We divided the annual amount by 2,080 to arrive at the hourly rate.

13. Capital Costs

There are no capital costs associated with this collection of information.

14. Cost to Federal Government

The estimate of annualized cost to the federal government is \$189,812 for CMS' review of the States' annual reports and follow-up actions when those reports are incomplete or show lack of cost neutrality. The following estimate is based on CMS' recent experience in reviewing State cost reports.

Salary/Labor

305 waiver requests x 13 hours = 3,965 hours

\$76,742 (GS 12-4) x 1.088 = Federal Salary = \$83,495

$\$83,495 / 2080 = \40.14 hourly rate*	
$3,965 \times 40.14 =$	\$159,162
Overhead (18 percent of Salary/Labor)	\$28,650
Computer and Other Costs	\$2,000
Total Estimated Federal Cost	\$189,812

*The hourly rate was computed using the calendar year 2008 Federal pay scale for the Washington D.C.-Baltimore area.

15. Changes to Burden

No program changes or adjustments.

16. Publication/Tabulation Dates

This collection of information is not intended for publication.

17. Expiration Date

There are no exceptions to the expiration date.

18. Certification Statement

There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods

This collection of information does not employ statistical methods.