

CENTERS FOR MEDICARE & MEDICAID SERVICES  
Supporting Statement – Part A  
Medicaid Program Budget Report Form  
CMS-37 (OCN 0938-0101)

**Background**

The Medicaid Program Budget Report, Form CMS-37 is prepared and submitted to the Centers for Medicare & Medicaid Services (CMS) by State Medicaid agencies. Form CMS-37 is the primary document used by CMS in developing the national Medicaid budget estimates that are submitted to the Office of Management and Budget and the Congress.

The Form CMS-37 fulfills two of CMS' most essential data needs for formulating and executing the national Medicaid budget as well as forecasting the potential impact of proposed legislation and other changes on the Medicaid program.

- It provides a statement of each State's funding requirements for the upcoming quarter and certifies the availability of the requisite State and local funds. This information is required for the issuance of the quarterly grant awards to the States.
- Its schedules provide the States' budget estimates for two fiscal years and the explanations for changes in their estimates. This information is needed by CMS to formulate and execute the national Medicaid budget as well as to forecast the potential impact of proposed legislation and other changes on the Medicaid program.

**A. Justification**

1. Need and Legal Basis - - Section 1903 (d) (1) of the Social Security Act provides the need and legal basis for the collection of Medicaid budget and expenditure information from States:

"Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsections (a) and (b) for such quarter, such estimates to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsections, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary. The MBES/CBES system added a calculation to account for a temporary increase in the federal medical assistance percentage (FMAP) enacted under Section 5001 of the Affordable Care Act (ACA) of 2009. In addition, Sections 2301, 2501, 2703, and 4107 enacted under the ACA, established a Freestanding Birth Center Category of Service (COS), Prescription Drug Rebate COS, Health Homes for Enrollees with Chronic Conditions, and a Tobacco Cessation for Pregnant Women COS respectively. To account for this legislation, CMS expanded the MBES/CBES through the addition of new COS Line items.

2. Information Users - - CMS requires that each State Medicaid agency quarterly submit the Form CMS-37 via the web-based Medicaid and State Children's Health Insurance Program Budget

and Expenditure System (MBES/CBES). Due dates are November 15, February 15, May 15 and August 15 of each fiscal year.

All submissions represent equally important components of the grant award cycle, but the May and November submissions are particularly significant for budget formulation. The November submission introduces a new fiscal year to the budget cycle and serves as the basis for the formulation of the Medicaid portion of the President's Budget, which is presented to Congress in January. The February and August submissions are used primarily for budget execution in providing interim updates to CMS' Office of Financial Management, the Department of Health and Human Services, the Office of Management and Budget and/or Congress depending on the scheduling of the national budget review process in a given fiscal year.

These submissions provide CMS with base information necessary to track current year obligations and expenditures in relation to the current year appropriation and to notify senior managers of any impending surpluses or deficits.

3. Use of Information Technology - - Since May 2000, all Medicaid State agencies submit their Form CMS-37 over the web-based MBES/CBES which has been instrumental in easing input problems relating to dropped phone lines and slow response time and has provided the States and CMS with a much more user friendly input and output reporting system. A completed signature form is transmitted as part of the Form CMS-37. CMS accepts this signature form in lieu of a separate hard copy submission. However, the State must keep actual signed copies in their files that can be made available to CMS upon request. Over the years CMS has implemented several operating systems, web server and hardware upgrades to enhance the system. Beginning with the first quarter of the FY 2010 budget reporting cycle, the MBES/CBES system was upgraded and redesigned, and we received favorable responses from both the State and CMS personnel. During the planning phase of the MBES/CBES redesign, CMS saw the need to reorganize and create a System's team to assist with the development, migration and maintenance of the MBES/CBES system. The system's team consults with the contractor regularly to ensure that the MBES/CBES is functioning according to its business rules, and to provide guidance to the State and CMS personnel should they have questions. Should a glitch be discovered, the team coordinates with the contractor to resolve the matter in a timely manner. As a result of this process, the MBES/CBES system continually evolves to meet the needs of MBES/CBES users and stay true to the MBES/CBES system's purpose.

The redesigned MBES has many advantages over the old system. For instance, the MBES system's user-interface is more intuitive than the previous version. The new System's layout utilizes state of the art technology providing a screen or form that has the appearance and functionality of other Web-Based systems frequently used by the public in everyday situations (e.g., banking, renewing driver's license etc.). The System is more user-friendly permitting users to change their own email, reset their password and customize the screen's color and contrast. In addition, the Header columns are now fixed which assists in streamlining a particular task by reducing the time that a user had to scroll up and down to view the headers. As a result of additional COS Line items and enhanced graphics, the loading time has increased for many of the larger forms. To continually enhance the system's performance, a "quick entry" solution was implemented for the largest forms, and it is CMS' intent to apply this function more frequently to the larger forms.

Prior to the redesign, many COS Lines were claimed on the Line titled “Other Financial Participation”. This Line was used when a particular expenditure did not have a corresponding COS Line item. When used, States are required to complete a narrative that describes and accounts for the amounts budgeted. The MBES/CBES redesign, however, added more service-specific COS Line items (e.g., Inpatient Hospital Supplemental Payments, Outpatient hospital supplemental payments etc.) reducing the need for this Line. The additional COS Lines assists the States as well as CMS by simplifying the identification, reporting and analysis of these budgeted figures. Moreover, the new platform has significantly less down time which helps to optimize the overall performance of the MBES/CBES system.

Although there are new COS Lines items, they do not result in an increase in burden as this information was reported on the “Other Financial Participation” Line item and/or 37.3I and 37.10I Informational Forms (I-Forms). In addition, the Line items added in accordance with ACA do not result in an increase in burden because the updated MBES/CBES system’s intuitive, efficient nature, and reduced down time offsets any increase in time to input this data.

4. Duplication of Efforts - - There is no duplication associated with this request. Although the Form CMS-64 collects and reports similar data, it reports actual expenditures while the Form CMS-37 reflects projections of expenditures.
5. Small Businesses - - This request does not affect small businesses.
6. Less Frequent Collection - - CMS utilizes this information to produce quarterly grant awards to the Medicaid State agencies and to provide periodic budget updates. Less frequent collection could result in possible delays in ensuring appropriate grant funds are in State accounts when needed.
7. Special Circumstances - - This request conforms to the guidelines in 5 CFR 1320.6.
8. Federal Register Notice/Outside Consultations - - The 60-day Federal Register notice published on October 4, 2013 (78 FR 61848). No comments were received.
9. Payments/Gifts to Respondents - - There were no payments/gifts to respondents.
10. Confidentiality - - There are no confidentiality requirements associated with this report.
11. Sensitive Questions - - There are no questions of a sensitive nature associated with this report.
12. Burden Estimate (Total Hours & Wages) - - Respondents are 56 State or territorial Medicaid agencies. Each respondent will make four quarterly submissions to CMS with an estimated average staff hour requirement of 34 hours per submission and an average cost per submission of \$38\*/hour. The Federal government shares in 50% of the State cost. Since reports are submitted electronically, there are negligible printing and distribution costs to the respondent. Therefore, the total annual respondents cost is as follows:

Respondent Hours

Number of Submissions

224 (56/qtr x 4 qtrs)

Preparation Hours per Submission	<u>x 34</u>
<b>Total Annual Preparation Hours</b>	<b>7,616 hr</b>

Respondent Cost

Total Annual Preparation Hours	7,616 hr
Average Staff Costs per Hour	<u>x \$38.00</u>
Total Respondents Cost (Rounded)	\$289,408
Less 50% Federal Match	<u>- 144,704</u>
<b>Respondents Share of Cost</b>	<b>\$144,704</b>

\* Bureau of Labor Statistics - State and Local Government Workers Total Hourly Compensation (12/2007) – rounded to the nearest dollar.

13. Capital Costs - - There are no capital costs.
14. Cost to Federal Government - - The annual \$1,006,256 cost to the Federal government includes Federal analytical and travel costs, and the Federal share of the total respondent cost as follows.
  - a. Federal analytical costs of \$816,873 for the Form CMS-37 are based primarily on CMS regional office review costs in the FY 2010 workplans. Federal clerical, printing and distribution costs are negligible since the form is submitted electronically.
  - b. Additional Federal travel costs to perform on-site reviews are approximately \$44,679 based on the FY 2010 workplans.
  - c. The Federal share of the total respondent cost is \$144,704 (see B.12 above).
15. Changes to Burden – While there are no burden changes or adjustments, several Line Items have been added to the 37.10 administrative cost series of forms. Details can be found in the associated Crosswalk.
16. Publication/Tabulation Dates - - There are no publication or tabulation dates.
17. Expiration Date - - CMS would like to display the expiration date.
18. Certification Statement - - There are no exceptions to the certification statement.

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

This section does not apply because statistical methods were not used in developing this collection.