

Application to Use Burden/Hours from Generic PRA Clearance:
Medicaid and CHIP State Plan, Waiver, and Program Submissions
(CMS-10398, OMB 0938-1148)

**Information Collection # 51 Fast Track Federal Review Process for Section 1115 Medicaid
and CHIP Demonstration Extensions**

August 25, 2016

Center for Medicaid and CHIP Services (CMCS)
Centers for Medicare & Medicaid Services (CMS)

A. Background

The Centers for Medicare & Medicaid Services (CMS) work in partnership with States to implement Medicaid and the Children's Health Insurance Program (CHIP). Together these programs provide health coverage to millions of Americans. Medicaid and CHIP are based in Federal statute, associated regulations and policy guidance, and the approved State plan documents that serve as a contract between CMS and States about how Medicaid and CHIP will be operated in that State. CMS works collaboratively with States in the ongoing management of programs and policies, and CMS continues to develop implementing guidance and templates for States to use to elect new options available as a result of the Affordable Care Act or to comply with new statutory provisions. CMS also continues to work with States through other methods to further the goals of health reform, including program waivers and demonstrations, and other technical assistance initiatives.

B. Description of Information Collection

This information collection request is for a voluntary streamlined (hereinafter, "fast track") application template for states that want to continue their section 1115 Medicaid or CHIP demonstration programs.

Section 1115 of the Social Security Act (the Act) gives the Secretary of Health and Human Services authority to approve experimental, pilot, or demonstration projects that promote the objectives of the Medicaid and CHIP programs. The purpose of these demonstrations is to give states additional flexibility to design and improve their programs through waivers of certain sections of the Act and/or through authority to consider costs as program expenditures that otherwise would not be covered under Medicaid or CHIP.

Section 1115 demonstrations are approved initially for a 5-year period, then extended on a 3 or 5 year period as requested by the state. The federal review process for extensions can take up to one-year depending on the complexity of the demonstration. CMS has designed a new streamlined application process, called "fast track", for established demonstrations that meet certain criteria, are working successfully, and are not changing significantly in design or operation. The "fast track" process is designed to facilitate faster review of and federal decisions regarding state requests to extend established 1115 demonstrations, reducing administrative burden on states and the federal government. Timeframes for states using the "fast track" process will be comparable to those CMS uses to make decisions on Medicaid Section 1915 waivers or State plan amendments (i.e., no more than 180 days). This new approach provides for a more efficient federal review process, as well as a more effective assessment of demonstration progress in promoting high quality, accessible, and affordable health care coverage to beneficiaries.

There is no application template or standard format for states submitting requests to extend their section 1115 demonstration program. Thereby, extension applications submitted to CMS from states come in a wide variety of formats; with most of these submissions being just a

compilation of a wide range of documents that, together, contains all the information CMS requires in 42 CFR 431.412(c). As a result, state 1115 extension applications can be voluminous; comprising as many as 35 separate documents for review. In this regard, the fast track extension application template is estimated to save states 170 burden hours in preparing their 1115 extension application submission for CMS; with a net savings of \$30,379 for 1 FTE per extension application.

CMS has developed an application template for an initial 1115 demonstration program that has been available since 2012 but we have not sought OMB approval of that application since our estimated and actual annual respondent figure was well below the PRA’s trigger of 10 or more annual respondents. The same is true for this "fast track" extension demonstration application. Even though we continue to estimate well below the threshold of 10 or more annual respondents for "fast track" extension applications, CMS is submitting this September 2016 information collection request for the requirements and burden associated with the “fast track” application..

C. Deviations from Generic Request

No deviations are requested.

D. Burden Hour Deduction

The total approved burden ceiling of the generic ICR is 154,104 hours, and CMS previously requested to use 69,879 hours, leaving our burden ceiling at 84,225 hours.

Wage Estimate

To derive average costs, we used data from the U.S. Bureau of Labor Statistics’ May 2015 National Occupational Employment and Wage Estimates for all salary estimates (http://www.bls.gov/oes/current/oes_nat.htm). In this regard, the following table presents the mean hourly wage, the cost of fringe benefits (calculated at 100 percent of salary), and the adjusted hourly wage.

Occupation Title	Occupation Code	Mean Hourly Wage (\$/hr)	Fringe Benefit (\$/hr)	Adjusted Hourly Wage (\$/hr)
Chief Executives	11-1011	89.35	89.35	178.70

As indicated, we are adjusting our employee hourly wage estimates by a factor of 100 percent. This is necessarily a rough adjustment, both because fringe benefits and overhead costs vary significantly from employer to employer, and because methods of estimating these costs vary widely from study to study. Nonetheless, there is no practical alternative and we believe that doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

Burden Estimates

Section 1115 demonstrations are extended on a 3 or 5 year period based on which section 1115 option states qualify for (i.e., 1115(a), 1115(e), or 1115(f)). Thus, the frequency of use of this collection would be every 3 to 5 years, if states choose to request extension of their demonstration through the "fast track" process.

The "fast track" application package consists of a certification statement and application template for each section 1115 extension option (i.e., 1115(a), 1115(e), or 1115(f)) available to states; and is designed to reduce the volume and breadth of documents states normally develop and submit for an 1115 extension request to CMS. This is a voluntary application process, so states are not required to complete the "fast track" extension application. However, CMS estimates that of the current approved 55 section 1115 demonstrations, approximately 22 demonstration programs (i.e., 20 states) are eligible for the "fast track" extension process.

42 CFR 431.412(c) specifies states must submit a request to extend existing demonstrations between 6 to 12 months prior to the expiration date of the demonstration depending on which section 1115 extension option the state chooses to pursue. An extension application, including an extension for the purpose of phasing out a demonstration, must be sent from the Governor of the state to the Secretary. Section 431.412(c)(2) further specifies that an application to extend an existing demonstration will be considered complete when the state provides the required information listed at 431.412(c)(2)(i) through (vii).

With the "fast track" extension application process, states will only have to complete the 1-2 page 1115 certification, highlight any requested program changes in the streamlined application template, and include the requested appendices that ensures the state has met the requirements outlined in 42 CFR 431.412(c). Thereby, the volume of documents states prepare as part of an 1115 extension application to CMS is significantly reduced.

The burden associated with the streamlined 1115 application template is reduced to an estimated burden of 150 hours per response; as states will be completing pre-formatted application templates and attaching requested appendices. The total burden associated with a "fast track" extension application is 150 hours x \$178.70 average hourly wage for 1 FTE = \$26,805 per "fast track" extension application.

CMS expects to receive an average of three state "fast track" extension applications annually. In aggregate, we estimate an annual burden of **450 hours** (150 hr/response x 3 states) at a cost of **\$80,415** (\$26,805/application x 3 applications).

Information Collection Instruments and Instruction/Guidance Documents

- 1115(a) Extension State Certification

State certification statement and application template to submit a program extension request under section 1115(a) of the Social Security Act.

- 1115(e) Extension State Certification

State certification statement and application template to submit a program extension request under section 1115(e) of the Social Security Act.

- 1115(f) Extension State Certification

State certification statement and application template to submit a program extension request under section 1115(f) of the Social Security Act.

- Extension With Changes Template

State application template to describe any program changes the state is requesting as part of its section 1115(a) or 1115(f) extension application.

- CMCS Information Bulletin (dated, 7-24-2015)

E. Timeline

We are seeking expedited approval through the generic PRA process.