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 #37 (Revised)
Managed Care Rate Setting Guidance

January 5, 2017

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

GenIC #37 was first approved by OMB on September 15, 2015 by adding the 2015 Rate Guide. The following summarizes the actions subsequent to the initial PRA package.

September 26, 2016 (Approved by OMB) 2016 Rate Guide added.

October 20, 2016 (Approved by OMB) 2017 Rate Guide added.

January 2017 (Revision to OMB) Removes 2016 Rate Guide burden, continues (without change) the 2017 Rate Guide burden, and adds new 2018 Rate Guide and associated burden.

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

States are required to submit an actuarial certification for all Medicaid managed care capitation rates per §438.4. This document specifies our requirements for that certification and details what types of descriptions we expect to be included. These elements include descriptions of data used, projected benefit and non-benefit costs, rate range development, risk and contract provisions, and other considerations in all rate setting packages. This document also details expectations for states when they submit rate certification letters for their newly eligible population.

Statute at 1903(m) of the Social Security Act requires rates paid to Medicaid managed care organizations (MCO) to be actuarially sound. Regulations at §438.4 require all capitation rates paid to an MCO, Prepaid Inpatient Health Plan (PIHP), or Prepaid Ambulatory Health Plans (PAHP) to be actuarially sound and require each state to submit an actuarial certification for each set of capitation rates developed.

2016 Rate Guide (Completed December 31, 2016)

As of December 31, 2016, we are no longer collecting this information.

2017 Rate Guide (Extension, without change)

We are collecting this information through June 30, 2017.

2018 Rate Guide (New collection)

We will be collecting this information from July 1, 2017 to June 30, 2018.

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 66,728 hours, leaving our burden ceiling at 87,376 hours.

Wage Estimates

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)**
Community and Social Service Occupations	21-0000	22.19	22.19	44.38

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

2016 Rate Guide (Completed)

The 2016 Rate Guide was completed on 12/31/16. In this regard the burden of 140 hours is no longer needed and is being removed.

2017 Rate Guide (Extension without change)

The collection is still active and will continue through June 30, 2017.

Since the burden is currently approved and we are not revising our estimates, this package does set out any burden related to the 2017 Guide. Otherwise, the burden would be double counted.

2018 Rate Guide (New collection)

This new Rate Guide (Fiscal Year 2018 Rate Guide) will replace the 2017 Rate Guide. The information will be collected from July 1, 2017 to June 30, 2018.

We estimate that it will take each state 4 hours at $44.38/hr to complete the collection of data and submit the required information to CMS. There is a potential universe of 42 respondents. However, we expect to receive 70 certificates, so the total burden is 280 hours (70 certificates x 4 hours) at a cost of $12,426 ($44.38/hr x 280 hours) at a cost of $178 per response.

Burden Summary

Guide	**Respondents**	**Total Responses Expected**	**Burden per Response (hours)**	**Total Annual Burden (hours)**	**Labor cost of Reporting ($/hr)**	**Total Cost ($)**
2016 Rate Guide*	42	70	(2)	(140)	44.38	(6,213)
2017 Rate Guide**	n/a	n/a	n/a	n/a	n/a	n/a
2017 - 2018 Rate Guide	42	70	4	280	44.38	12,426
Total	42	70	2	140	44.38	6,213

*The 2016 Rate Guide has been completed and is no longer needed.

**The 2017 Rate Guide burden is currently approved by OMB. Since the collection is still active, this package does not propose any burden. Otherwise, the burden would be double counted.

Information Collection Instruments and Instruction/Guidance Documents

- 2017 Medicaid Managed Care Rate Development Guide (Currently approved by OMB. No changes.)
- 2017 - 2018 Medicaid Managed Care Rate Development Guide (New)
- The attached Crosswalk sets out the changes

E. Timeline

CMS hopes to deploy this collection in January 2017.

States are required to obtain prior approval of contracts and rates per §438.806 which means that the rates need to be approved by CMS before they claim the expenditures on the CMS-64. In order for CMS to have the ability to review and analyze the rate certification and allow sufficient time for questions and answers, states should start submitting their certifications at least 60 days prior to the contract start date. With some contracts starting on July 1, 2017, CMS needs to allow states time to review this guidance and incorporate the elements into its rate certification prior to their submission. States will have already started their rate development for July 1, 2017 contracts and we want to ensure states have ample time to incorporate any additional information required by this guidance before submission.