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 CHIP Services (CMCS) 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/IID 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) Summary Section specifies the waiver year for which the state is submitting cost neutrality data.
b. The CMS 372(S) Data Section specifies the 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.
c. The CMS 372(S) Data Section provides 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.
d. The CMS 372(S) Data Section provides 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.
e. The CMS 372(S) Data Section provides the 1915(c) waiver cost-neutrality formula used to compute the average per capita expenditures 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.
f. The CMS 372(S) Quality Section does not specifically relate to the formula factor values. This information is required to evaluate the impact of the waiver program and to ensure that the state's assurances 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 https://wms-mmdl.cdsvdc.com/WMS/faces/portal.jsp. The reports are reviewed and analyzed by the Regional Offices 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 result of this comparison is 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 to 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

States report 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 indicated in the prior OMB Form 83 submission.

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.

As indicated on the prior OMB Form 83 submission, CMS 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 16, 2015 (80 FR 2430). 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)

Wage Estimates

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2014 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)
Business Operations Specialist	13-1000	$33.69	$33.69	$67.38

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.

Estimated Burden

Currently, 48 states and the District of Columbia are required to submit the Form 372(S) on an annual basis. A separate form is required for each of the 315 approved waivers currently in operation. CMS estimates a burden of 43 hours for a Business Operations Specialist at $67.38/hr to complete each Form 372(s) submission. The total 43 hour burden is comprised of 25 hours of record keeping, collection and maintenance of data, and 18 hours of record assembly, programming, and completing the Form 372(S) in the required format.

In aggregate, CMS estimates 13,545 hours (315 waivers X 43 hours) and $912,662.10 (13,545 hours X $67.38/hr).

13. Capital Costs

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

14. Cost to Federal Government

CMS' Regional Offices are responsible for performing the review of the Form 372(S). CMS estimates a burden of 13 hours for a GS-12, Step 4 analyst at $39.99/hr to complete each Form 372(S) review. The 13 hour burden is comprised of reviewing the annual Form 372(S) and additional follow-up actions when the report is incomplete or demonstrates a lack of cost neutrality.

The GS-12, Step 4 was determined to be an average grade based on the variety of staff performing Form 372(S) reviews across the ten Regional Offices. Since nearly all states in all Regional Office jurisdictions operate HCBS waivers, the $39.99/hr wage was determined by averaging basic pay rates for a GS-12, Step 4 analyst across the ten localities of CMS' Regional Offices as follows:

Regional Office location	GS 12-4 hourly basic pay based on locality
Boston	$40.45
New York	41.72
Philadelphia	39.47
Atlanta	38.66
Chicago	40.54
Dallas	39.11
Kansas City	37.00
Denver	39.71
San Francisco	43.80
Seattle	39.48
Average hourly rate	$39.99

http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2015/general-schedule/

When accounting for fringe benefits, the hourly wage is adjusted by 100% to $ 79.98/hr.

As such, the cost to the federal government is estimated to be $327,518.10 ($79.98 x 13 hours x 315 waivers).

15. Changes to Burden

We estimate that the number of respondents had decreased by 1 (49 to 48) while the number of responses has increased by 10 (305 to 315). At 43 hr per submission, the number of hr has increased by 430 hr (43 hr x 10 submissions).

Non-substantive changes have been made to the CMS-372(S) form to allow states to submit reports for distinct temporary extension periods, indicate alternate service titles, and designate standard categories/subcategories for HCBS services. The changes can be found in the attached Crosswalk.

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.