

Supporting Statement for
State Medicaid Eligibility Quality Control (MEQC)
Sample Plans
and Supporting Regulations at 42 CFR 431.800 - 431.865

CMS-317

A. Background

MEQC is operated by the State Title XIX agency to monitor and improve the administration of its Medicaid system. The MEQC system is based on monthly State reviews of Medicaid and Medicaid expansion under Title XXI cases by States performing the traditional sampling process identified through statistically reliable statewide samples of cases selected from the eligibility files. These reviews are conducted to determine whether or not the sampled cases meet applicable State Title XIX or XXI eligibility requirements when applicable. The reviews are also used to assess beneficiary liability, if any, and to determine the amounts paid to provide Medicaid services for these cases.

In the MEQC system, sampling is the only practical method of validating eligibility of the total caseload and determining the dollar value of eligibility liability errors. Any attempt to make such validations and determinations by reviewing every case would be an enormous and unwieldy undertaking.

In 1993, CMS implemented MEQC pilots in which States could focus on special studies, targeted populations, geographic areas or other forms of oversight with CMS approval. States must submit a sampling plan, or pilot proposal to be approved by CMS before implementing their pilot program.

The Children's Health Insurance Program Reauthorization Act (CHIPRA) was enacted February 4, 2009. Sections 203 and 601 of the CHIPRA relate to MEQC.

Section 203 of the CHIPRA establishes an error rate measurement with respect to the enrollment of children under the express lane eligibility option. The law directs States not to include children enrolled using the express lane eligibility option in data or samples used for purposes of complying with the MEQC requirements.

Section 601 of the CHIPRA, among other things, requires a new

final rule for the Payment Error Rate Measurement (PERM) program and aims to harmonize the PERM and MEQC programs and provides States with the option to apply PERM data resulting from its eligibility reviews for meeting MEQC requirements and vice versa, with certain conditions.

B. Justification

1. Need and Legal Basis

The authority for collecting this information is section 1903(u) of the Social Security Act and 42 CFR 431.814(a). The specific requirements of the MEQC sampling plans are described in regulations at 42 CFR 431.814 (b). CMS reviews, either directly or through its contractors, of the sampling plans helps to ensure States are using valid statistical methods for sample selection.

The collection of information is also necessary to implement provisions from the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) (Pub. L. 111-3) with regard to the Medicaid Eligibility Quality Control (MEQC) and Payment Error Rate Measurement (PERM) programs.

2. Information Users

State Title XIX agencies are required to submit sampling plan revisions 60 days prior to the corresponding review period and universe estimates and sampling intervals 2 weeks prior to the first selection of the review period. CMS or its contractors reviews the plans to ensure States are using valid statistical methods for sample selection.

3. Use of Information Technology

This type of information collection does not lend itself to reduction by technological means. The development and narrative description required by the sampling plan requires the expertise of a qualified statistician.

4. Duplication of Efforts

To mitigate any duplication of effort for those States performing "traditional" Medicaid Eligibility Quality Control (MEQC), reviews and to reduce cost and burden for all States conducting pilots under the MEQC, at State option and upon CMS approval, the

PERM eligibility reviews for Medicaid and Title XXI Medicaid expansion can be considered as meeting the MEQC requirements.

The CHIPRA also requires CMS to review PERM and MEQC requirements and coordinate both sets of requirements in an effort to reduce redundancies. Based on feedback received prior to the August 2007 PERM final rule at 42 CFR 431.950, States in their PERM year can elect to use their PERM negative case reviews to meet their MEQC negative case action review requirement. States that do not elect to substitute PERM data are still responsible for sampling cases for PERM and MEQC separately.

5. Small Businesses

This collection of information does not involve small businesses or other small entities.

6. Less Frequent Collection

Basic sampling plans must be submitted 60 days prior to the corresponding review period. States need not resubmit their plans unless States wish to revise them. Detailed universe estimates and interval calculations are required to be resubmitted for each sampling period if they differ from the previous period. Since the universe usually changes from period to period, these new estimates and corresponding calculations are required.

7. Special Circumstances

This collection is conducted in a manner consistent with regulations at 5 CFR 1320.6. Please note that the revised sampling plans and universe estimates are collected prior to each period where revision is necessary. Failure to acquire such information would prevent CMS from ensuring statistical validity in sample selection.

8. Federal Register Notice/Outside Consultation

The 60-day Federal Register notice published on April 8, 2016.

9. Payments/Gifts To Respondents

There is no provision for any payment or gift to respondents associated with this reporting requirement.

10. Confidentiality

Confidentiality has been assured in accordance with Section 1927(b) (3) (D) of the Act.

11. Sensitive Questions

No questions of a sensitive nature are asked.

12. Burden Estimate (Hours & Wages)

The public burden involves reporting requirements only. The respondents are the State Title XIX agencies that operate a traditional MEQC program. A State may be required to submit a sampling plan before each 6-month review period or only updates to the universe estimates and interval calculations. The estimated maximum burden for a State is 24 hours for each sampling plan totaling 48 hours annually. The estimated State cost for a State performing the traditional sample is \$2,856.96 (assumes the average hourly State pay is comparable to a 2016 Federal GS-12/l fully loaded rate with fringe and overhead costs calculated at 100% of the hourly wage and totaling \$59.52 per hour).

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

As of 2016 2.5 FTEs (assumes that 2,080 hours equals one FTE) are devoted nationwide (i.e. .25 FTEs per CMS Regional Office) to MEQC activities. MEQC Regional Office staff review State sampling plans or pilot proposals and work directly with States to revise the plans or will approve the plans if all necessary information is provided at time of submission. Assuming that review of the sampling plans and other MEQC activities is one-quarter of the effort for each FTE and fully loaded rate with fringe and overhead costs calculated at 100% of the hourly wage, the Federal cost is \$77,376 (2.5 FTEs X 520 hours X \$59.52 = \$77,376).

15. Changes to Burden

There are no changes to the burden.

16. Publication and Tabulation Dates

There are no plans to publish this information collection.

17. Expiration Date

These information collection requirements do not lend themselves to an expiration date.

18. Certification Statement

There are no exceptions to the certification statement.

C. Collection of Information Employing Statistical Methods

1. Describe potential respondent universe.

The respondents include any of the 51 States that perform the traditional sampling process.

2. Describe procedures for collecting information.

The State mails the sampling plans to its respective CMS Regional Office 60 days prior to the corresponding review period. Detailed universe estimates and sampling intervals are submitted at least 2 weeks prior to the first sample selection of the period. Detailed universe estimates for each 6 month sampling period and interval calculations must be resubmitted for each sampling period if the estimates differ from the previous period. A State must submit a basic sampling plan only when a revision to the last approved plan is proposed.

The State estimates the average monthly sample frame size and determines the number of required completed case reviews (minimum required reviews vary from State to State ranging from 175 to 875 cases for each 6-month period). The average number of reviews to be completed monthly is calculated by dividing the number of case reviews to be completed for the 6-month review period by six. The number of cases selected for a review period must exceed the number of sample cases required to account for cases listed in error and cases dropped from review for other reasons. All States conducting a traditional sample and review MEQC program conform to these sampling procedures.

3. Describe methods to maximize response rates.

CMS Central Office asks the Regional Offices to send a reminder to any respective State that is operating a traditional program for the upcoming year and has not submitted a plan. Regional Offices have also been advised that they could send a letter notifying States of any non-compliance.

4. Describe any tests of procedures or methods.

To ensure compliance with federally required procedures for selecting cases for review, State MEQC systems must be operating under an approved MEQC sampling plan. The sampling plan must describe a statistically valid process and is reviewed against the following criteria. (See section 7130 of the State Medicaid Manual (SMM), chapter 2).

- a. Description of populations to be sampled - must indicate the specific populations from which to sample and a description of the types of cases included in each population.
- b. Description of sample selection lists - complete description of the MAO sampling frames.
- c. Number of sample cases to be selected from each population - must be greater than or equal to the minimum sample size required for each stratum/substratum.
- d. Sample selection procedures - must be described in detail.
- e. Claims collection procedure - describe how the claims will be located and assembled and the timing of claims collection.
- f. States must specify in the plan if they (1) use billed amounts, (2) use denied claims in the payment review, and (3) opt to drop cases selected more than once in the sampling period. No indication in the plan will be interpreted to mean the contrary.

MEQC Pilots

States conducting pilot studies must submit a pilot proposal to their respective Regional Office at least 60 days prior to the planned implementation of the study. The CMS Regional Office will review and approve the proposal or work directly with the

State to make the proposal acceptable. Basic contents of a pilot proposal include, but are not limited to:

- a. Description of the review,
- b. Identify a sampling unit,
- c. Description of the universe of sampling units, where it is contained and the size,
- d. Timeframe of the review,
- e. Sample size, and
- f. Method of selection, i.e. random number generator, random number table, systematic random sample.

PERM Eligibility Data Substitution

The CHIPRA allows States in their PERM year the option to use the samples, eligibility findings and payment review findings as a result of the PERM eligibility component to meet the requirements for MEQC in that year. This eliminates the burden of sampling for MEQC by replacing it with PERM sampling. States that elect not to use PERM eligibility samples and findings to meet the MEQC requirement are still responsible for sampling cases separately for PERM and MEQC. The estimate for PERM reporting burden is discussed under an already approved OMB control number: 0938-0994.

5. Provide the name and telephone number of individuals consulted on statistical aspects of the design.

At the initial implementation, CMS established requirements developed by statisticians Roger Buchanan and Stanley Nachimson in consultation with MESTAT, Inc. when implementing the statute. These requirements have been longstanding program policy.

Pilot proposal sampling recommendations were submitted by the CMS Region 2 Statistician. The Lewin Group and Livanta LLC were consulted on PERM data substitution and sampling.