

Supporting Statement A  
Quarterly Medicaid and CHIP Budget and Expenditure Reporting for the  
Medical Assistance Program, Administration and CHIP  
(MBES/CBES Forms CMS-21 and -21B, -37, and -64)  
CMS-10529, OMB 0938-1265

**BACKGROUND**

This 2017 information collection request is an Extension. We are not revising any requirements or burden estimates other than adjusting our cost estimates based on recent BLS wage figures.

MBES/CBES is a financial reporting system that produces Budget and expenditures for Medical Assistance and Children’s Health Insurance Program. All forms are to be filed on a quarterly basis and need to be certified by the States to the CMS.

Form CMS-64: Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program, has been used since January 1980 by the Medicaid State Agencies to report their actual program benefit costs and administrative expenses to the Centers for Medicare & Medicaid Services (CMS). CMS uses this information to compute the Federal financial participation (FFP) for the State's Medicaid Program costs. The form CMS-64 has been modified over the years to incorporate legislative, regulatory, and operational changes.

Form CMS-37: It will be filed 45 days prior to the beginning of the Federal Fiscal year. Therefore it will be filed on or before 2/15, 5/15, 8/15 and 11/15. It is an estimate for the year and quarter, both for the current year and the budgeted year. It needs to be certified before it is submitted to the MBES/CBES.

Form CMS-21 and -21B: Similar to CMS-37, CMS-21B will file 45 days prior to the beginning of the Federal Fiscal year. It is required to file on or before 2/15, 5/15, 8/15, 11/15. Certain schedules of the CMS-64 form are used by States to report budget, expenditure and related statistical information required for implementation of the Medicaid portion of the State Children’s Health Insurance Programs, Title XXI of the Social Security Act (the Act), established by the recently enacted Balanced Budget Act of 1997 (BBA). CMS-21 are expenditure forms should be filed on or before 30 days after the end of the Federal quarter.

**A. JUSTIFICATION**

1. Need and Legal Basis

Form CMS-21 and -21B: Sections 4901, 4911, and 4912, of the Balanced Budget Act of 1997 (BBA) established a new Title XXI of the Act and related Medicaid provisions, which provides funds to States to enable them to initiate and expand the provision of child health assistance to uninsured, low- income children. In order to make appropriate payments to States pursuant to this new legislation, CMS amended the existing Medicaid Budget and Expenditure System (MBES) and established a new Child Health Budget and Expenditure System (CBES) and established new report forms for States to report budget, expenditure and

related statistical information to CMS on a quarterly basis. Reporting of this information by States began after the end of the second quarter of Federal fiscal year 1998 (after the end of June 1998). 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.

Form CMS-37: 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.

Form CMS-64: Section 1903 of the Social Security Act provides the authority for collecting this information. States are required to submit the form CMS-64 quarterly to CMS no later than 30 days after the end of the quarter being reported. These submissions provide CMS with the information necessary to issue the quarterly grant awards, monitor current year expenditure levels, determine the allow ability of State claims for reimbursement, develop Medicaid financial management information provide for State reporting of waiver expenditures, ensure that the federally-established limit is not exceeded for HCBS waivers, and to allow for the implementation of the Assignment of Rights and Part A and Part B Premium (i.e., accounting for overdue Part A and Part B Premiums under State buy-in agreements)--Billing Offsets. The structure of the current form CMS-64 has evolved from the previous forms used for reporting (form OA.41 and form CMS-64). Classification, identification and referencing used in the CMS-64 forms has been in place for several years, is readily understood and accepted by the report users, and is supported by strong sentiments in both CMS and the States to maintain the existing format. Beginning in the first quarter of FY 2010 expenditure reporting cycle, CMS redesigned the MBES/CBES system, and have received favorable responses from both CMS and the States. 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 COS, and 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. During FY2011 and FY2012 we added Sections 1202, Primary Care and 4106 for preventive Services under ACA.

## 2. Information for Users:

Form CMS-21 and -21B: CMS-21 are expenditure forms should be filed on or before 30 days after the end of the Federal quarter.

Form CMS-37: Is an estimate for the year and quarter, both for the current year and the budgeted year. It needs to be certified before it is submitted to the MBES/CBES.

Form CMS-64: Used by the Medicaid State Agencies to report their actual program benefit

costs and administrative expenses to the CMS. CMS uses this information to compute the Federal financial participation (FFP) for the State's Medicaid Program costs.

### 3. Use of Improved Information Technology

CMS has developed an automated Medicaid budget and expenditure system for use within CMS using electronic transfer between States and CMS for processing all State Medicaid budget & expenditure data. 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. A part of the team's purpose is to be an effective liaison between CMS and the contractor. The system's team consults with the contractor regularly to ensure that the system is functioning according to the system's business rules, and to provide guidance to the State and CMS personnel should they have questions or identify glitches. 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. 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 help 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. The additional COS Lines assists the States as well as CMS by means simplifying the identification, reporting and analysis of these budget & expenditures. Moreover, the new platform has significantly less down time, and the new platform helps to optimize the overall performance of the MBES/CBES system. Although there are new COS Lines, they do not result in an increase in burden as this information was originally reported on the 64.9I, 64.10I, 64.9PI, and 64.10PI 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 for data entry.

### 4. Duplication/Similar Information

The information covered by this request does not duplicate any data being collected. While the form CMS-37, Medicaid Program Budget Report, is used to collect expenditure data, it is used only to report estimated data on a quarterly basis for budgetary purposes. The form CMS-64 is the only means used by CMS to collect actual expenditure data on a quarterly basis. CMS-21B collects expenditure Estimates for CHIP program. CMS-21 collect actual Expenditures on quarterly basis.

### 5. Small Business

This information collection does not significantly impact small businesses.

### 6. Less Frequent Collection

Failure to collect the data on a quarterly basis may result in Federal funds not being returned

promptly and properly to the Federal Government. States could misspend large sums of Federal funds undetected with no immediate mechanism of recovery. Conversely, there are instances where States are due Federal funds and delays in reimbursing States could cause financial hardships on a State and adversely impact the operation of the Medicaid program. Quarterly report apply to CMS-37, -64, -21B, and -21.

#### 7. Special Circumstances

There are no special circumstances that would require an information collection to be conducted in a manner that requires respondents to:

- Report information to the agency more often than quarterly;
- Prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- Submit more than an original and two copies of any document;
- Retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- Collect data in connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study,
- Use a statistical data classification that has not been reviewed and approved by OMB;
- Include a pledge of confidentiality that is not supported by authority established in statute or regulation that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- Submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

#### 8. Federal Register Notice/Outside Consultation

The 60-day notice published in the Federal Register on October 3, 2017 (82 FR 46063). We did not receive any comments.

#### 9. Payment/Gifts To Respondents

There were no payments/gifts to respondents.

#### 10. Confidentiality

Forms CMS-64, -37, -21, and -21B do not collect information on individuals. Consequently they are not subject to the Privacy Act.

#### 11. Sensitive Questions

There are no sensitive questions associated with this collection. Specifically, the collection does not solicit questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

## 12. Burden Estimate

### *Wages*

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2016 National Occupational Employment and Wage Estimates for all salary estimates ([http://www.bls.gov/oes/current/oes\\_nat.htm](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 and overhead (calculated at 100 percent of salary), and the adjusted hourly wage.

<b>BLS Occupation Title</b>	<b>Occupation Code</b>	<b>Mean Hourly Wage (\$/hr)</b>	<b>Fringe Benefits and Overhead (\$/hr)</b>	<b>Adjusted Hourly Wage (\$/hr)</b>
Financial Analysts	13-2051	46.94	46.94	93.88

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.

### *Requirements and Respondent Burden Estimates*

Respondents consist of 56 State or territorial Medicaid agencies. Each respondent will make four quarterly submissions to CMS with an average staff effort of 20 or 40 hours per submission.

Since reports are submitted electronically, there are negligible printing and distribution costs to the respondent. The total annual respondent burden follows:

#### Hours (per respondent)

CMS-64	(40 hr x 4 qtr) = 160 hr
CMS-37	(20 hr x4 qtr) = 80 hr
CMS-21/21B	(20 hr x 4 qtr) = 80 hr
Total	320 hr

#### **Total Annual Hours**

320 hr
<u>x 56 respondents</u>
<b>17,920 hr</b>

#### Estimate of Cost

17,920 hr
<u>x \$93.88/hr</u>
\$1,682,329.60

The Federal government shares in 50% of the State cost.

Total Respondents Cost (Rounded)	\$1,682,330
Less 50% Federal Match	- 841,165
<b>Respondents Share of Cost</b>	<b>\$ 841,165</b>

*Information Collection Instruments and Instruction/Guidance Documents*

Attached are non-screen shot versions of CMS Forms CMS-21, CMS-21B, CMS-37, and CMS-64. We are providing this version since the printed screen shot versions would be cumbersome and burdensome to review – they would consist of more than a hundred pages. Moreover, the non-screen shots versions set out the same identical data fields as the screen shots would.

To view the forms as they appear on the Main MBES Production screens the MBES URL Test Site can be found at: <https://mbeschesval0.medicaid.gov/MBESCBES/Default.aspx>

- Form CMS-21 and -21B: These are expenditure forms which should be filed on or before 30 days after the end of the Federal quarter.
- Form CMS-37: Provides an estimate for the year and quarter, both for the current year and the budgeted year. It needs to be certified before it is submitted to the MBES/CBES.
- Form CMS-64: Used by Medicaid State Agencies to report their actual program benefit costs and administrative expenses to the CMS. CMS uses this information to compute the Federal financial participation (FFP) for the State's Medicaid Program costs.

13. Capital Cost

There is no capital cost.

14. Cost to the Federal Government

We use the hourly salary from the General Schedule (GS) Locality Pay Table for employees with the grade of GS-14 step 3 (at \$55.80/hr) to estimate analyst cost. Because of the various localities involved, we used the hourly rate chart for the “REST OF THE UNITED STATES” link below.

[https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2017/PHL\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2017/PHL_h.pdf)

*Central Office Costs*

Central Office cost would include an estimated average of salaries for a GS-14 step3 analyst (at \$55.80/hr) that reviews forms CMS-64, -37, -21B and -21.

For the CMS-64, analysts’ costs are based on reviewing 224 submissions per year (56 submissions times 4 quarters per year). Each review takes approximately 7 hours to complete

at \$55.80 per hour totaling \$87,494 (224 submissions x 7 hours x \$55.80 per hour).

For CMS-37, analysts cost are based on reviewing 224 submissions per year (56 submission times 4 quarters per year). Each review takes approximately 4 hours to complete at \$55.80 per hour totaling \$49,997 (224 submissions x 4 hours x \$55.80 per hour).

For CMS-21B, analysts cost are based on reviewing 224 submissions per year (56 submission times 4 quarters per year). Each review takes approximately 4 hours to complete at \$55.80 per hour totaling \$49,997 (224 submissions x 4 hours x \$55.80 per hour).

For CMS-21, analysts cost are based on reviewing 224 submissions per year (56 submission times 4 quarters per year). Each review takes approximately 4 hours to complete at \$55.80 per hour totaling \$87,494 (224 submissions x 7 hours x \$55.80 per hour).

Total central office analyst cost is estimated at \$274,832.

Printing and Distribution Costs

Printing and distribution costs are estimated to be \$7,100. This has been confirmed with CMS's Printing and Distribution Branch.

Regional Office Costs

Regional office costs are calculated as follows: 2,080 total hours per person year, multiplied by 90 full time financial management employees totals 187,200 hours. It is estimated that 23 percent of total staff time is spent on analysis of the form CMS-64 at a cost of \$55.80 per hour totaling \$2,402,525 (187,200 x 23% x 55.80).

Federal Share of State Reporting Costs

The total Federal share is half of the total State reporting costs and is estimated as follows:

17,920	total reporting hours
x \$93.88/hr	respondent wage
\$1,682,330.	total reporting costs
<u>Divided by 50%</u>	Federal Share
\$841,165	

TOTAL

The total Federal cost consists of central office review, regional office review, printing and distribution and the Federal share of State reporting costs.

\$ 274,832	Central Office Review
\$ 7,100	Printing and Distribution
\$2,402,525	Regional Office Review

+ \$841,165 State Reporting Federal Share  
\$3,525,622 Total

15. Changes in Program/Burden

This 2017 information collection request is an Extension. We are not revising any requirements or burden estimates other than adjusting our cost estimates based on recent BLS wage figures.

16. Publication and Tabulation Data

The results of this information collection are not planned for publication for statistical use nor does this information collection employ statistical research methodologies.

17. Expiration Date

CMS would like to display the expiration date as determined by OMB

18. Certification Statement

There are no exceptions to the certification statement.

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

The use of statistical methods does not apply.