Supporting Statement Part A
PACE State Plan Amendment Preprint
CMS-10227, OMB 0938-1027

Background

The Balanced Budget Act (BBA) of 1997 created section 1934 of the Social Security Act that established the Program for the All- Inclusive Care for the Elderly (PACE). PACE programs coordinate and provide all needed preventive, primary, acute and long-term care services so that older individuals can continue living in the community. PACE is an innovative model designed to enable individuals age 55 and older who are certified to need nursing home care to live as independently as possible. The legislation authorized the PACE program as a Medicaid State plan option serving the frail and elderly in the home and community. The BBA incorporates the PACE model of care as a benefit of the Medicare program and enables States to provide PACE services to Medicaid beneficiaries as a State option. To provide this Medicaid benefit, States must elect to cover PACE services as a State Plan option and collaborate with potential PACE organizations to submit the PACE provider application. Upon completion and approval of a provider application, a three party program agreement is executed.

Changes in this 2019/2020 iteration of the State Plan preprint (Enclosure 7) include updating references to HCFA to CMS, updating terminology to be consistent with current regulations and guidance, and removing the requirement for listing the name of the actuary used in developing the rate methodology.

A. Justification

1. Need and Legal Basis

Pursuant to our November 24, 1999, interim final rule (64 FR 66271; RIN 0938-AJ63), if a State elects to offer PACE as an optional Medicaid benefit, it must complete a State Plan Amendment preprint packet described as "Enclosures #3, 4, 5, 6 and 7". The information, collected by CMS from the State on a one-time basis is needed in order to determine if the State has properly elected to cover PACE services as a State Plan option. Outside of the one-time requirement, States would need to update their SPA whenever they make changes to their eligibility section or rate setting methodology.

2. Information Users

The BBA enables States to provide PACE services to Medicaid beneficiaries as a State option. To provide this Medicaid benefit, States must elect to cover PACE services as a State Plan option and collaborate with potential PACE organizations to submit the PACE provider application.

CMS will review the information provided in order to determine if the State has properly elected to cover PACE services as a State Plan option.

Eligibility is reviewed to ensure it matches with what is done in the particular state while the methodology is reviewed to ensure it meets regulatory requirements.

Upon completion and approval of the preprint, a state can permit applications for PACE organizations to be submitted and considered for approval within the state. Upon approval of a PACE application, the state and CMS then execute a three-way agreement with the approved PACE organization.

3. Use of Information Technology

The application process is facilitated through the use of emails, faxes and phone calls between the Regional Offices and the States. Once the preprint forms are completed, every effort is made to communicate via the use of information technology to complete the process.

4. Duplication of Efforts

There is no duplication of effort on how information is associated with this collection. The State is required to complete the preprint only once.

5. Small Businesses

The collection of this information is not applicable to small businesses.

6. Less Frequent Collection

Interested States are required to complete a preprint packet (Enclosures #3-7) only once. In the event that the state changes something in the state plan, only the affected page must be updated.

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/Outside Consultation

The 60-day notice published in the Federal Register on October 18, 2019 (84 FR 55966). One comment was received which simply stated, "I support this."

The 30-day notice published in the Federal Register on January 28, 2020 (85 FR 4992).

9. Payments/Gifts to Respondents

There are no payments of gifts associated with this collection.

10. Confidentiality

There is no personal identifying information collected.

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 Estimates (Hours & Wages)

Wages

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2019 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 and overhead (calculated at 100 percent of salary), and the adjusted hourly wage.

Occupation Title	Occupation Code	Mean Hourly Wage ($/hr)	Fringe Benefits and Overhead ($/hr)	Adjusted Hourly Wage ($/hr)
Medical and Health Services Manager	11-9111	55.37	55.37	110.74

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, we believe that doubling the hourly wage to estimate

total cost is a reasonably accurate estimation method.

Requirements and Associated Burden Estimates

As of July 2019, there are approximately 130 PACE organizations operating in over 30 States.

The burden associated with this requirement is the time and effort put forth by a State to develop its State plan amendment to elect PACE as an optional Medicaid benefit. CMS estimates that it would 20 hours at $109.36/hr for a State medical and health services manager to complete the requirement including time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection.

Since over 30 States have already elected PACE as an optional benefit, the burden estimate provided here only includes the remaining 21 States/Territories. Since we are unable to determine how many of the remaining States will elect this option in any given year; we have divided the burden by 3 (OMB's typical approval period in years) to obtain an annual burden estimate.

In aggregate we estimate an annual ongoing burden of **140 hours** (7 States x 20 hr/response) at a cost of **$15,504** (140 hr x $110.74/hr).

This is likely far above the more realistic burden since we estimate only 2-5 states at most will be submitting a package within the next 3-5 years, however we are estimating on the high end since we have no way of knowing in advance the actual number, and since some states may revise their existing State plan to update their eligibility or rate methodology.

Information Collection Instruments/Instruction/Guidance Documents

To provide PACE as a Medicaid benefit, the state must elect to cover PACE services as a State plan option. The plan consists of the following Enclosures:

- SMDL (Nov 9, 2000) INSERT DESCRIPTION OF LETTER
- Enclosure 3: Permits state to elect PACE for Categorically Needy (No Changes)
- Enclosure 4: Permits state to elect PACE for Medically Needy (No Changes)
- Enclosure 5: Addresses amount, duration and scope of medical and remedial care services provided to categorically needy (No Changes)
- Enclosure 6: Addresses amount, duration and scope of medical and remedial care services provided to medically needy (No Changes)
- Enclosure 7: (Revised)
  - Identifies how eligibility is determined under rules applying to community groups, as well as post eligibility, and spousal post eligibility
  - State assurance that rates will be less than cost to comparable population and narrative description of rate methodology.
  - State assurance of process to provide for dissemination of enrollment and disenrollment data to adjust for the difference between the estimated number of participant on which the prospective monthly payment was based and the actual number of participants in that month.

Enclosure History

In March 1998 HCFA issued an SMD letter and provided Enclosures 2 and 3 for interim preprint text pages, and Enclosures 4, 5 and 6 for interim preprint attachments and supplements for states to use pending the publication of the interim final regulation implementing PACE.

In September 2001 revised pre-print pages were released. Previous Enclosure 1 (which was a summary description of the program history as a demonstration, the BBA authority, and plans for transition from demonstration to permanent program) was eliminated. Enclosures 2 and 3 became Enclosures 3 and 4. Enclosures 4 and 5 became enclosures 5 and 6. Enclosure 6 (which required the state to identify any established enrollment limits) was eliminated. Enclosure 7 was created to describe how the state would determine eligibility and post eligibility for PACE under rules applying to community groups (due to the use of community based services as an alternative to institutional care).

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

The cost to the Federal government would be the time and effort put forth by a Health Insurance Specialist to review the State Plan Amendment. It is estimated that it would take one analyst 5 hours to review the State Plan Amendment. Using the average grade and step of a GS-13, step 2, at an average hourly salary of $50.83/hr x 5 hours along with our estimate of 7 States per year, we estimate an annual burden of 35 hours (5 hr x 7 States) at a cost of $1,779 (35 hr x $50.83/hr).

Note: $50.83/hr @ GS-13 step 2 for the Washington-Baltimore-Arlington locality (effective January 2020). See https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2020/DCB_h.pdf.

15. Changes to Requirements and Burden Estimates

Changes in this 2019/2020 iteration of the State Plan preprint (Enclosure 7) include updating references to HCFA to CMS, updating terminology to be consistent with current regulations and guidance, and removing the requirement for listing the name of the actuary used in developing the rate methodology.

We are not proposing any burden changes or adjustments other than adjusting our cost estimates by +$8.76/hr (from $101.98/hr to $110.74/hr) based on more recent BLS wage data.

16. Publication/Tabulation Dates

Approved Medicaid State Plan Amendments are posted on our Medicaid.gov website.

There are no plans to publish the information for statistical use.

17. Expiration Date

CMS does not oppose the display of the expiration date.

18. Certification Statement

There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods

The use of statistical methods does not apply to this form.