

SUPPORTING STATEMENT A

**State Data for the Medicare Modernization Act (MMA)
CMS-10143 (OMB 0938-0958)**

Inquiries regarding this request to:
Medicare-Medicaid Coordination Office
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A. Background

Since 2005, states have submitted “MMA” files¹ to CMS to identify all dual eligible beneficiaries. This includes full benefit dual eligible beneficiaries and partial benefit dual eligible beneficiaries (i.e., those who get Medicaid help with Medicare premiums, and often for cost-sharing). The file is called the “MMA file” (after the Medicare Prescription Drug Improvement and Modernization Act of 2003), but occasionally referred to as the “state phasedown file.”

The files support the following program needs for CMS:

- auto-enroll full benefit dual eligible beneficiaries into Medicare drug plans;
- deem full and partial benefit dual eligible beneficiaries automatically eligible for the Medicare Part D Low Income Subsidy (LIS);
- determine monthly phase-down payment amounts due from states;
- risk-adjust capitation payments to Medicare Advantage plans; and
- in Original Medicare, identifying Qualified Medicare Beneficiary (QMB) status to alert those individuals and the providers who serve them that they are not liable for Medicare cost-sharing for Medicare Parts A and B services.

Since 2005, 42 CFR 423.910 requires states to submit at least one file each month. However, states have the option to submit multiple MMA files throughout the month (up to one per day). Most states submit at least weekly. Ensuring information on dual eligibility status is accurate and up-to-date by increasing the frequency of federal-state data exchange is an important step in the path to interoperability. CMS is proposing to update the frequency requirements in §423.910(d) to require that starting April 1, 2022, all states submit the required MMA file data to CMS daily, and to make conforming edits to §423.910(b)(1). Daily would mean every business day, but that if no new transactions are available to transmit, data would not need to be submitted on a given business day. States submit a large initial file including the bulk of enrollments for the reporting month, then smaller incremental files providing updates for changes in dual eligibility status (additions, deletions, or changes.)

Section 103(a)(2)² of the MMA addresses the phased-down state contribution (PDSC) process for the Medicare program. The PDSC is a partial recoupment from the states of ongoing Medicaid drug costs for dual eligible beneficiaries assumed by Medicare under the MMA, which absent the MMA would have been paid for by the states.

¹ Named for the Medicare Modernization Act of 2003, which created the Part D benefit and necessitated CMS have timely notification of dual status to auto-enroll beneficiaries into drug plans, deem them for the Part D low income subsidy, and calculate the state phasedown payment. The timeliness and quality of the data are such that Medicare data is used for Medicare Advantage risk adjustment, and most recently, to notify providers and beneficiaries of Qualified Medicare Beneficiary status in fee for service to prevent inappropriate billing of Medicare A/B cost-sharing.

² <https://www.gpo.gov/fdsys/pkg/PLAW-108publ173/pdf/PLAW-108publ173.pdf>

OMB approval would enable states to fulfill the reporting of the dual eligible beneficiaries on a daily basis necessary to satisfy the new submission frequency provisions; to support Part D subsidy determinations and auto-assignment of individuals to Part D plans; to support accurate payment in Part C; and to support beneficiary protections in Parts A and B. CMS will make changes to the requirements, burden, and documents that are provided to states.

B. Justification

1. Need and Legal Basis

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) requires CMS to calculate the payment rates for the Phased-Down State Contribution (PDSC) to Part D each year using the latest available National Health Expenditure (NHE) estimates of per capita drug expenditure growth for the period 2003 to 2006, combined with the annual percentage increase (API) in average per capita aggregate Part D expenditures for 2007 and later years, as defined in section 1860D-2(b)(6) of the Social Security Act³.

The MMA intends to relieve the cost states pay for prescription drugs for dual eligible beneficiaries. While reducing states cost for prescription drugs for dual eligible beneficiaries the Act specifically requires states to contribute to the total prescription drug cost covered by Medicare.

If CMS did not collect the information on this file from states at all, there would be negative impacts on CMS, dually eligible beneficiaries, Medicare Advantage plans, and providers. The most immediate impact would be a funding shortfall for the Medicare Part D program, as CMS relies on states contributing to the cost of the program for this population. In Medicare Part C, CMS would not be able to fulfill requirements to pay Medicare Advantage plans accurately, i.e., to risk adjust monthly capitation rates for their dual eligible enrollees. While states send other data files to CMS with dual status, no other data exchange has dual status that is as timely or complete, i.e., that could fulfill the needs met by the MMA file. While these two payment-related business needs occur monthly, the remaining business needs – which ensure Medicare is affordable for dually eligible beneficiaries – are performed daily. As CMS now leverages MMA data on dual eligibility status into systems supporting all four parts of the Medicare program, it is becoming even more essential that dual eligibility status is accurate and up-to-date. Dual eligibility status can change at any time in a month. Waiting up to a month for status updates can negatively impact access to the correct level of benefit at the correct level of payment. Increasing the frequency of the data exchange is critical to timely access to affordable benefits; without daily exchanges, CMS lags in its ability to automatically enroll these individuals in Medicare drug plans, or deem them automatically eligible for the low income subsidy for Part D premiums, deductibles, and copayments. Finally, in Original Medicare (Medicare Parts A and B), CMS lags in being able to inform both providers and the 7.5 million individuals who are in the Qualified Medicare Beneficiary program (a subset of the 11.7 dually eligible population) of these individuals' lack of Medicare cost-sharing liability, to support complying with the statutory prohibition on providers billing these individuals for those costs.

³ Section 1860D-2 (b)(6) of the Social Security Act

2. Information Users

The data file is provided to CMS by states on dual eligible beneficiaries. As noted above, the phase-down process requires a monthly count of all full benefit dual eligible beneficiaries with an active Part D plan enrollment in the month. CMS will make this selection of records using dual eligibility status codes contained in the person-month record to identify all full-benefit dual eligible beneficiaries (codes 02, 04 and 08). In the case where in a given month, multiple records were submitted for the same beneficiary in multiple file submittals, the last record submitted for that beneficiary shall be used to determine the final effect on the phase-down count. Risk adjustment for Part C payments to Medicare Advantage plans is also monthly. However, CMS daily auto enrolls individuals into Part D plans, deems them automatically eligible for the Part D low income subsidy, and provides dual status on provider eligibility queries on Medicare Parts A/B eligibility.

3. Use of Information Technology

The data files will be created electronically from each state eligibility system and transferred electronically using: Managed File Transfer (MFT) Internet Server MFT Platform, Connect:Direct, Gentran or Cyberfusion infrastructure.

4. Duplication of Effort

There is no duplication of effort or information associated with this request. The Medicaid eligibility data are submitted to CMS through the Transformed Medicaid Statistical Information System (T-MSIS) on a monthly basis within three weeks after the ends of the month; those files are not timely enough for the purposes for which we require the MMA file submission. States do submit files at least monthly to pay for the Medicare Part B premium for many – but not all -- dually eligible beneficiaries; those files' data are not complete enough for the purposes for which we require MMA file submission.

5. Small Business

This information collection affects state staff only and does not impact any small businesses or other small entities.

6. Less Frequent Collection

In order to comply with the proposed MMA and regulatory requirements, these data must be reported daily. States have long had the option to submit multiple MMA files throughout the month (up to one per day). Most states submit at least weekly. To ensure information on dual eligibility status is accurate and up-to-date, CMS is proposing to update the frequency requirements in §423.910(d) to require that starting April 1, 2022, all states to submit the required MMA file data to CMS daily, and to make conforming edits to §423.910(b)(1).

7. Special Circumstances

This information collection must be conducted more often than quarterly; i.e., daily, to conform to the requirements outlined in the MMA legislation. Otherwise, there are no special circumstances that would require an information collection to be conducted in a manner that requires respondents to:

- 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 as part of a proposed rule, CMS-9115-P, on March 4, 2019, (84 FR 7916). The 30-day notice published as part of a final rule, CMS-9115-F, on May 1, 2020 (85 FR 25510).

Outside Consultation

After the passage of the MMA, CMS staff developed the methodology of the state phase-down computation with the help of retained actuarial consultants. In addition, CMS consulted a workgroup of state representatives and worked with experts in Medicaid and Medicaid Statistical Information System (MSIS) data to address stakeholder concerns. The CMS Office of the Actuary continues to validate the methodology and resulting rate calculations. These rates are made available by CMS in advance of changes, in accordance to federal regulation.

9. Payments/Gifts to Respondents

CMS provides no payments or gifts to states responding to this data collection. The primary benefit of participation is an accurate assessment of all dually eligible beneficiaries.

10. Confidentiality

The data collected on this file are added to the existing Medicare Beneficiary Database (MBD). Provisions of the Privacy Act apply and are strictly enforced. No personally identifiable information (PII) is shared without appropriate system of records protections and data use agreements. [System of Record Notice 09-70-0536, Medicare Beneficiary Database HHS/CMS/CBC, 83 FR 6591.](#)

11. Sensitive Questions

This request contains only information on dual eligible enrollment. The data reported are already stored in states' eligibility systems.

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. Estimate of Burden (Hours and Wages)

Wage Estimate

To derive average costs to make the systems updates necessary to submit MMA data daily, we used data from the U.S. Bureau of Labor Statistics' May 2018 National Occupational Employment and Wage Estimates for Direct Health and Medical Insurance Carriers (NAICS 524114) ([May 2018 National Industry-Specific Carrier Occupational Employment and Wage Estimates](#)). Table 1 was based on the latest 2017 wage data. In the final Interoperability rule, we have updated to reflect 2018 wage data, which is now the latest available data.

Occupation Title	Occupation Code	Mean Hourly Wage (\$/hr)	Fringe Benefit (\$/hr)	Adjusted Hourly Wage (\$/hr)
Computer Systems Analyst	15-1121	45.01	45.01	90.02

As indicated, we are adjusting the 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 (One-time Systems Update Only)

The following shows a detailed summary of the burden associated with systems updates necessary for states to submit files daily. The proposed rule would establish a deadline of April 1, 2022.

Once the necessary one-time systems updates are complete, the process of daily submission is an automated process with internal controls in place related to file submittals or issues. The ongoing burden estimate associated with maintenance of that automated process is included in PRA package.

As a result of updated information, we are revising the number of states currently submitting MMA daily data from 13 states, as stated in the proposed rule, to 15 states. Consequently, we estimate a one-time burden for 35 states and the District of Columbia complying with submission of daily MMA data.

Number of respondents	Frequency of response	Burden hours	Total hours
36	One-time update	960	34,560

*Total hours = #respondents*burden hours*

Estimated cost for a state to complete the systems changes to allow for the submission of the daily files:

Estimated average cost = **\$86,419** per respondent/state system update
(total adjusted hourly wage \$90.02 * 960 hours)

Estimated cumulative estimate = **\$3,111,091**
(total adjusted hourly wage \$90.02* 960 hours*36 respondents)

Burden (Maintenance Only)

The following shows a detailed summary of the reporting burden associated with this request. The process is an automated process with internal controls in place related to file submittals or issues. Therefore, the burden hours were reduced from the ten to eight.

In the final rule, we have updated to reflect 2018 wage data, which is now the latest available data. In addition, the previous wage amounts reported here in OMB 0938-0958 were based, in error, on the hourly wage of two different occupational titles. The total adjusted wage should reflect only the wage data for a Computer Systems Analyst.

Number of respondents	Frequency of response	Burden hours	Total hours
51	Monthly	8	4,896

*Total hours = #respondents*burden hours*12 months*

Estimated cost for a state to manage the submission of the monthly files:

Estimated average cost = **\$720** per response

(total adjusted hourly wage \$90.02/hr * 8 hours)

Estimated cumulative estimate = **\$440,738.**

(total adjusted hourly wage \$90.02/hr * 4,896 hours)

The one-time system update is the only change in this submission.

[MAPD State User Guide 7.0](#)

13. Capital Costs

There are no capital costs associated with this information collection.

14. Cost to Federal Government

Based on the [May 2018 National Occupational Employment and Wage Estimates for Direct Health and Medical Insurance Carriers \(NAICS 524114\)](#), the annual cost to the federal government for this information collection is estimated as \$34,252. There are no changes needed to CMS systems to receive MMA files daily and send the CMS response file daily. As a result, the costs to CMS remain at the same modest level as before the requirement for states to submit files daily. These estimates are based upon costs for administrative expenses performed by a CMS contractor.

Occupation Title	Wage (\$/hr)	Projected Hours
Computer and Information Analyst	45.67	750
Totals	45.67	750

15. Changes to Burden

This iteration does propose burden adjustments to costs which have been updated to reflect current BLS wage data, and adjustments to the number of burden hours. Due to the CMS proposal to update the frequency requirements in §423.910(d) to require that starting April, 2022, all states submit the required MMA file data to CMS daily, and to make conforming edits to §423.910(b)(1).

Changes were made to the number of states currently submitting MMA daily data from 13 states, as stated in the proposed rule, to 15 states. We estimate a one-time burden for 35 states and the District of Columbia complying with submission of daily MMA data.

There is a CMS contract in place to support this file and it supports internal CMS users as well as states. The estimates provided were based on the position description and hourly rate on the Bureau of Labor Statistics website.

The MAPD State User Guide includes information about the MARx UI system and data files that are exchanged between the States and CMS to submit the daily dual-eligible enrollment, and to request eligibility, entitlement, and enrollment information. The crosswalk represents the updates/changes between the 2018 and the proposed 2019 versions for Sections 4 thru 7 pertaining to the MMA file.

Changes were made to applicable fields to conform to the proposed rule, (CMS 9115-F) to update the frequency requirements in all states to submit the required MMA file data to CMS daily.

16. Publication/Tabulation Dates

The daily data for individuals who are dual eligible beneficiaries will be used solely for determining the phased-down state contribution amount, to support subsidy determinations and auto-assignment, to support risk adjustment for payment to Medicare Advantage plans, and to support prohibition on providers billing Qualified Medicare Beneficiaries for Medicare Parts A/B cost-sharing. Statistical reports will be published from the data. The data from this information collection will be published in the [MMCO factsheet](#).

17. Expiration Date

The expiration date is displayed along with the CMS number and the OMB control number in the upper right corner of the MAPD State User Guide see attached.

18. Certification Statement

There are no exceptions to the certification statement identified in Item 19 of the OMB Form 83-I, "Certification for Paperwork Reduction Act Submissions."

C. Collections of Information Employing Statistical Methods

The information collection requirements do not employ statistical sampling methods. Any sampling would compromise the quality of the data collected.