

Supporting Statement for the State Medicaid Eligibility Quality Control (MEQC) Case Review and Reports of Findings and Supporting Regulations at 42 CFR 431.800 - 431.820

(CMS-319/OMB control number: 0938-0147)

A. Background

The Medicaid Eligibility Quality Control (MEQC) program provides states and the District of Columbia (hereinafter, "states") a unique opportunity to improve the quality and accuracy of their Medicaid and Children's Health Insurance Program (CHIP) eligibility determinations. The MEQC program is intended to complement the Payment Error Rate Measurement (PERM) program by ensuring state operations make accurate and timely eligibility determinations so that Medicaid and CHIP services are appropriately provided to eligible individuals. Current regulations require that states review equal numbers of active cases and negative case actions (i.e., denials and terminations) through random sampling. Active case reviews are conducted to determine whether or not the sampled cases meet all current criteria and requirements for Medicaid or CHIP eligibility. Negative case reviews are conducted to determine if Medicaid and CHIP denials and terminations were appropriate and undertaken in accordance with due process.

Section 601(e) of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) (Pub. L. 111-3) required harmonization of the MEQC and PERM programs' eligibility review requirements to improve coordination of the two programs, decrease duplicate efforts, and minimize state burden. In an effort to further harmonize the MEQC and PERM programs and orient states to the new eligibility determination regulations under the Affordable Care Act (ACA), CMS had states conduct a series of five (5) eligibility pilots over the period of FY 2015 to FY 2018. During this time the eligibility component of the PERM program was suspended. As the eligibility pilots were drawing to a close, CMS issued a final rule revising the MEQC program by formalizing the MEQC pilot process. The rule was published in the July 5, 2017 edition of the Federal Register.¹

¹ See 82 FR 31158, <https://www.federalregister.gov/documents/2017/07/05/2017-13710/medicaidchip-program-medicare-program-and-childrens-health-insurance-program-chip-changes-to-the>.

It requires states to conduct an MEQC pilot during the two-year period that falls between each state's triennial PERM cycle.

At the completion of the MEQC pilots, for all active and negative cases reviewed, the state must submit a detailed case-level report in a format provided by CMS as well as a report on the corrective actions taken on all sampled cases with errors or technical deficiencies. All case-level findings and corrective action plans (CAPs) are due to CMS by August 1 following the end of the MEQC review period. States are required to do a limited payment review as part of their MEQC pilots.

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 Part 431 Subpart P, Medicaid Eligibility Quality Control (MEQC) Program. The specific requirement for submitting case level reports and CAPs is described in regulations at 42 CFR 431.816 and 431.820, respectively.

The collection of information is also necessary to implement CHIPRA requirements to harmonize the MEQC and PERM programs.

2. Information Users

State Title XIX and Title XXI agencies are required to submit MEQC case level and CAP reports based on pilot findings in accordance with 42 CFR 431.816 and 431.820, respectively.

The primary users of this information are state Medicaid (and where applicable CHIP) agencies and the Centers for Medicare & Medicaid Services. State agencies are expected to use the information collected for continuous quality improvement purposes. They will identify patterns of error in their eligibility processing operations and systems and take corrective actions to address issues and improve the eligibility determination process.

CMS will use the data collected to identify and help those states that are most in need of technical assistance. CMS will also use the data set to identify potential weaknesses in federal regulations. It will propose regulatory modifications

designed to ensure that there are more effective quality controls in the eligibility determination process.

3. Use of Information Technology

States will be required to submit their MEQC case level reports and corrective action plans in accordance with reporting specifications in CMS sub-regulatory guidance. The reports will be sent electronically to CMS. The reports will then be subject to a number of baseline quality assurance checks; and comparative reports on state eligibility improper payment rates, top 10 errors, and other findings may be generated for further state and federal analysis.

4. Duplication of Efforts

CHIPRA requires CMS to review PERM and MEQC requirements and coordinate both sets of requirements in an effort to reduce redundancies. The revised MEQC pilot reporting will streamline the PERM and MEQC requirements and eliminate redundancies in both programs.

5. Small Businesses

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

6. Less Frequent Collection

All case-level findings and CAPs will be due to CMS by August 1 following the end of the MEQC review period.

7. Special Circumstances

This collection is conducted in a manner consistent with the regulations at 5 CFR 1320.6.

8. Federal Register Notice/Outside Consultation

The 60-day Federal Register notice published on May 7, 2020 (85 FR 27228). The 30-day FR Notice published on September 24, 2020 (85 FR 60169). No comments were received.

No outside consultation was sought.

9. Payments of Gifts

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 1902(a)(7) of the Social Security Act.

11. Sensitive Questions

No questions of a sensitive nature are asked.

12. Burden Estimates (Hours and Wages)

The public burden involves those tasks in the MEQC pilots that come after the MEQC pilot planning documents are created and approved by CMS. The tasks include: compiling active and negative case universes, choosing sample records, reviewing the selected records (at least 400 active cases and 400 negative case actions), and compiling case level reports and corrective action plans for submission to CMS (due no later than August 1 of the pilot's second year). Every state must complete these tasks as part of their required MEQC pilot during the two years that fall between the PERM review years. At any given time, 34 State Title XIX and Title XXI agencies (representing the states in two PERM cycles) will be working on the MEQC pilots.

Each state's burden for MEQC pilot tasks is estimated at 1,900 hours. This assumes that states spend approximately 100 hours a month on the required activities (100 hours x 19 months = 1,900 hours) during the 19-month period in which the state undertakes MEQC sampling, case reviews and case level and CAP report creation.

The estimated MEQC reporting cost for a State is \$110,960. To derive average costs, we used data from the U.S. Bureau of Labor Statistics' (BLS) May 2019 National Industry-Specific Occupational Employment and Wage Estimates for State Government

(NAICS 999200) (https://www.bls.gov/oes/2019/may/naics4_999200.htm#31-0000) for the occupation titled 'Claims Adjusters, Appraisers, Examiners, and Investigators' (Occupation Code 13-1031). This estimate includes the mean hourly wage (\$29.20) with fringe benefits calculated at 100% totaling \$58.40 per hour. As the first MEQC pilots (for the PERM Cycle 1 states) are not yet completed, this estimate is not based on real time data. We have based these numbers on previous packages and the FY2014-2017 Eligibility Review pilots, and have estimated the associated burden accordingly. Once real time data is available, we will solicit information from the states.

It is estimated that each State will spend up to 1,900 hours of time, per pilot, per program, to support this collection of information. The hours for the main components of the estimated State burden are listed below:

- Universe compilation, sampling, eligibility case reviews and reporting - findings reported for all pilot review findings for both active and negative cases, in a format specified by CMS (1600 hours)
- Corrective action plan - developing, submitting and implementing (300 hours)

Type of Respondent	Number of Respondents	Number of Responses per Respondent	Estimated Time per Response (hours)	Estimated Annual Burden (hours)
States	34	19	100	1,900
Total				64,600

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

CMS expects that federal staff will devote approximately 4000 hours to all MEQC activities annually. This takes into account the assumption that 2080 hours equal one full-time equivalent or FTE. The bulk of the MEQC workload is divided among 3 core MEQC staff, with four other persons assisting during periods when key deliverables must be reviewed under tight time frames.

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' (BLS) May 2019 National Industry-Specific Occupational Employment and Wage Estimates for the Federal

Executive Branch (NAICS 999100)

(https://www.bls.gov/oes/2018/may/naics4_999200.htm#31-0000) for the occupation

titled 'Claims Adjusters, Appraisers, Examiners, and Investigators' (Occupation Code 13-1031). This estimate includes the mean hourly wage (\$36.42) with fringe benefits calculated at 100% totaling \$72.84 per hour. Multiplying the estimated federal burden in hours times the mean hourly wage with fringe benefits (4000 x \$72.84) yields an estimated Federal cost of \$291,360.

15. Changes to Burden

All 50 States and the District of Columbia will conduct the MEQC pilot during their off-cycle PERM years. At any given point in time, 34 States will be working on the front end or back end of their MEQC pilots. All states will be required to submit their MEQC case level reports and CAPs to CMS in a CMS specified format by August 1 following the end of the MEQC review period. The cumulative burden of conducting MEQC reviews and preparing case level reports and CAPs has been increased (from 1500 hours to 1900 hours, a total of 400 hours/state) from the estimate found in the preamble to the final regulation of July 5, 2017 as published in the Federal Register (82 FR 31158). The increase in burden is based on the actual time period available to states for conducting sampling, performing MEQC case reviews, and developing case level reports and CAPs. This period is substantially longer than the duration of each round of the previous eligibility pilots; and the required caseloads are commensurately larger.

16. Publication and Tabulation Dates

There are no plans to publish this information collection.

17. Display of Expiration Date