

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**

Effective March 11, 2021, the American Rescue Plan Act of 2021 (ARP) (Pub. L. 117-2) was signed into law. The ARP provides, in some cases, increased federal medical assistance percentages (FMAPs) to states and territories under sections 9811, 9813, 9814, 9815, 9817, 9819, and 9821.

Sections 9811 and 9821 of the ARP require that state Medicaid and CHIP programs must cover COVID-19 vaccines and their administration, testing for COVID-19, and treatments for COVID-19, including specialized equipment and therapies. The ARP also amends section 1905 and 2105 of the Social Security Act (the Act) to authorize a 100 percent FMAP and Enhanced FMAP (EFMAP) for state Medicaid and CHIP expenditures for COVID-19 vaccines and their administration. This increased FMAP is available beginning April 1, 2021, and ending on the last day of the first quarter that begins one year after the last day of the COVID-19 emergency period described in section 1135(g)(1)(B) of the Act.

Section 9813 of the ARP amends Title XIX of the Act to add a new section 1947. Section 1947 offers a state option to provide qualifying community-based crisis intervention services for a period of five years, starting April 1, 2022, and ending March 31, 2027.

Section 9814 of the ARP generally provides a temporary, 5 percentage point increase in a qualifying state or territory's FMAP under section 1905(b) of the Act if that state or territory begins to cover the entire adult group authorized under section 1902(a)(10)(A)(i)(VIII) of the Act ("Adult group"). Effective beginning with the first calendar quarter during which a qualifying state or territory expends amounts for all individuals in the Adult group, the 5 percentage point FMAP increase is available to a qualifying state for each quarter occurring during an 8-quarter period, except for any quarter (and each subsequent quarter) during the 8-quarter period in which a state ceases its Adult group expansion (or limits the expansion to less than the entire Adult group).

Section 9815 of the ARP provides, for 8 fiscal quarters beginning April 1, 2021, and ending March 31, 2023, a 100 percent FMAP for medical assistance expenditures for services received through an Urban Indian organization (as defined in section 4 of the Indian Health Care Improvement Act) that has a grant or contract with the Indian Health Service under title V of the Indian Health Care Improvement Act, and for medical assistance expenditures for services received through a Native Hawaiian Health Center (as defined in section 12(4) of the Native Hawaiian Health Care Improvement Act) or a qualified entity (as defined in section 6(b) of such

Act) that has a grant or contract with the Papa Ola Lokahi under section 8 of such Act.

Section 9817 of the ARP temporarily increases the FMAP by 10 percentage points for allowable medical assistance expenditures for certain HCBS services under the Medicaid program beginning April 1, 2021, and ending March 31, 2022. The increased FMAP for HCBS for any state or territory cannot exceed 95 percent.

Section 9819 of the ARP requires the Secretary to recalculate a state's annual disproportionate share hospital (DSH) allotment for any fiscal year during which the state receives the 6.2 percentage point FMAP increase under section 6008(a) of the FFCRA.

From time to time the passage of new legislation may require CMCS to submit certain collection of information requests to OMB as a nonsubstantive change. In some cases, the changes would be unambiguously nonsubstantive. In other cases the changes would be legislatively non-discretionary whereby the legislative dates would make it impractical to implement the necessary system changes that are required for states to report their financial information in order to timely submit to OMB under the standard PRA process. Given that the changes in this June 2021 collection of information request is in response to the enactment and implementation of the ARP and related to the COVID-19 public health emergency, we believe that the timeframe inherent under the standard PRA process would not be in the public's interest.

This 2021 information collection request is associated with the March 11, 2021, signing of the ARP (Pub. L. 117-2) and HHS Action Transmittal OG AT 2021-05 effective March 11, 2021, which requires that all HHS awarding agencies provide transparency in the tracking of funding related to, the response to and recovery from, the COVID-19 pandemic.

Under the authority in section 1903(d)(1) of the Act, our regulations at 42 CFR part 430, subpart C establishes requirements for state Medicaid agencies to submit quarterly estimates reports and other pertinent documents to CMS. As detailed below in section 15, we do not anticipate any changes in state burden associated with this request.

## A. **JUSTIFICATION**

### 1. Need and Legal Basis

The MBES/CBES is a web-based application that Medicaid state agencies use to report budgeted and actual expenditures for Medicaid and the Children's Health Insurance Program (CHIP) to CMS, as required for the implementation of the Medicaid and CHIP per Titles XIX and XXI of the Social Security Act (Act).

The MBES/CBES uses the information from each state to compute the amount of federal financial participation (FFP) CMS will provide to the state to fund program operations. The MBES/CBES also stores the state's historical budget and expenditure records for data analysis purposes.

There are four forms that are uploaded and are described below.

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 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 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 FY 2012 we added Sections 1202, Primary Care and 4106 for preventive Services under ACA.

## 2. Information for Users:

The information that MBES/CBES collects and stores is state Medicaid program financial information. The financial information is uploaded directly into the MBES/CBES system by a designated state user. The information contained within MBES/CBES is not broken down to the recipient or provider-detail level and does not contain any information that can identify any individual.

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 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. CMS-21 collect actual expenditures on a 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 reporting applies to CMS-37, -64, -21B, and -21.

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 Form CMS-64 are used by states to report budget, expenditure and related statistical information required for implementation of the Medicaid portion of CHIP, Title XXI of the Act, established by BBA. CMS-21are expenditure forms should be filed on or before 30 days after the end of the federal quarter.

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-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 CMS. CMS uses this information to compute the 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.

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

This 2021 collection of information request proposes nonsubstantive changes that do not require the publication of any Federal Register notices. Our justification for the change is attached as a separate document.

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

*Wage Estimates*

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2020 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.

BLS Occupation Title	Occupation Code	Mean Hourly Wage (\$/hr)	Fringe Benefits and Overhead (\$/hr)	Adjusted Hourly Wage (\$/hr)
Data Entry and Information Processing Workers	43-9020	17.96	17.96	35.92
Financial Analysts	13-2098	46.46	46.46	92.92

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.

*Collection of Information 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:

**CMS-64**

9,184 hours (56 agencies x 41 hr x 4 qtr)  
 \$840,609 [56 agencies x 4 qtr x ((40 hr x \$92.92/hr) + (1 hr x 35.92))]

**CMS-37**

4,480 hours (56 agencies x 20 hr x 4 qtr)  
 \$416,282 (4,480 hr x \$92.92/hr)

**CMS-21/21B**

4,480 hours (56 agencies 20 hr x 4 qtr)  
 \$416,282 (4,480 hr x \$92.92/hr)

**Total**

18,144 hours (9,184 hr + 4,480 hr + 4,480 hr)  
 \$1,673,173 (\$840,609 + \$416,282 + \$416,282)

When considering the federal match, the state share is 50% of the cost.

Total Respondents Cost (Rounded)	\$1,673,173
Less 50% Federal Match	-\$836,587 (\$1,673,173 x 0.5)
<b>Respondents Share of Cost</b>	<b><u>\$836,587</u></b>

*Information Collection Instruments and Instruction/Guidance Documents*

Attached are non-screen shot versions of CMS Forms CMS-21, CMS-21B, CMS-37, CMS-37.3

Summary, 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 MBES Production screens the MBES URL Test Site can be found at: <https://mbescbesval0.medicaid.gov/MBESCBES/Default.aspx>

- Form CMS-21: These are CHIP expenditure forms which should be filed on or before 30 days after the end of the federal quarter. (No changes)
- Form 21B: provides an estimate of CHIP expenses 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. The forms should be filed on or before 45 days before the start of the federal quarter.
- Form CMS-37: Provides an estimate of Medicaid expenses for the year and quarter, both for the current year and the budgeted year. The Form CMS-37 series is being revised to add the Form CMS-37.3 Summary which will allow accurate reporting, transparency, and oversight of states' budget estimates for the various provisions of the ARP and FFCRA. It needs to be certified before it is submitted to the MBES/CBES. The form should be filed on or before 45 days before the start of the federal quarter.
  - o Form CMS-37.3 Summary: Provides a break out of estimates of Medicaid expenses for sections 9811, 9813, 9814, 9815, and 9817 of ARP and sections 6004 and 6008 of FFCRA that are currently provided on the Form CMS-37.12 Budget Narrative within the MBES/CBES.
- Form CMS-64: Used by Medicaid State Agencies to report their actual program benefit costs and administrative expenses to the CMS for Medicaid. CMS uses this information to compute the FFP for the state's Medicaid Program costs. (No changes)

### 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 \$55.65/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/2021/RUS\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2021/RUS_h.pdf)



*Central Office Costs*

Central Office cost would include an estimated average of salaries for a GS-14 step3 analyst (at \$55.65/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 \$55.65 per hour totaling \$87,259 (224 submissions x 7 hours x \$55.65 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 \$55.65 per hour totaling \$49,862 (224 submissions x 4 hours x \$55.65 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 \$55.65 per hour totaling \$49,862 (224 submissions x 4 hours x \$55.65 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 \$55.65 per hour totaling \$87,259 (224 submissions x 7 hours x \$55.65 per hour).

Total central office analyst cost is estimated at \$274,242.

*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 \$55.65 per hour totaling \$2,396,066 (187,200 x 23% x \$55.65/hr).

*Federal Share of State Reporting Costs*

The total federal share is half of the total state reporting costs or \$836,587 (see section 12, above).

TOTAL

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

\$274,242    Central Office Review

\$7,100 Printing and Distribution  
\$2,396,066 Regional Office Review  
+ \$836,587 State Reporting Federal Share  
\$3,513,995 Total

15. Changes in Program/Burden

There is no change in the program or burden associated with the implementation of this information collection request. This 2021 information collection request creates a quarterly Form CMS-37.3 Summary that will allow states and territories to report an aggregate estimate for each provision of ARP in addition to estimates for FFCRA sections 6004 and 6008. The added form is necessary for the accurate reporting, transparency, and oversight of states' budget estimates for the various provisions of ARP (H.R. 1319 the American Rescue Plan Act of 2021) and FFCRA (the Families First Coronavirus Response Act). Currently the budget estimates for these provisions are provided on the Form CMS-37.12 Budget Narrative within the MBES/CBES (Medicaid and Children's Health Insurance Program Budget and Expenditure System). There are no revisions to the information collected.

Beginning on April 1, 2021, ARP requires that states report their budget estimates for sections 9811, 9813, 9814, 9815, 9817, 9819, and 9821 that are included in their request for Medicaid funding. The break-out of the estimates by section is necessary to comply with Action Transmittal OG AT 2021-05 effective March 11, 2021, which requires that all HHS awarding agencies provide transparency in the tracking of funding related to, the response to and recovery from, the COVID-19 pandemic.

States are already knowledgeable and experienced with providing this information on the Form CMS-37.12 Budget Narrative; however, the Form CMS-37.3 Summary will facilitate more accurate reporting, transparency, and oversight of the funding. Consequently, we are not revising any of our burden estimates.

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.