

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

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.

Forms CMS-21 and CMS-21B: Similar to Form CMS-37, Form CMS-21B will file 45 days prior to the beginning of the Federal Fiscal year. It is required to be filed 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 the state’s 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). The Form CMS-21 is an expenditure form that 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 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.

2022 Nonsubstantive Change

CMS requests OMB approval of a routine non-substantive change to add two new lines to the Forms CMS.64.9 and CMS-64.9T series of forms and one new line to the Form CMS.64.21U series of forms in the MBES/CBES. The added reporting lines will not impose any additional burden on states or territories.

The added lines are necessary for accurate reporting, transparency, and oversight of states’ and territories’ Medicaid and CHIP expenditures authorized through the implementation of section 1945A of the Social Security Act (the Act) for Health Homes for Children with Medically Complex Conditions and the reporting of Drug Rebate Offset amounts as a result of the Value Based Purchasing (VBP) legislation finalized in a December 31, 2020 (85 FR 87000) final rule (CMS–2482–F; RIN 0938–AT82).

Section 1945A of the Social Security Act (“the Act”) (codified at 42 U.S.C. 1396w-4a), enacted as part of the Medicaid Services Investment and Accountability Act of 2019, authorizes states to cover an optional health homes state plan benefit for Medicaid-eligible children with medically complex conditions beginning October 1, 2022.

As defined under section 1945A(i)(1) of the Act, a child with medically complex conditions is an individual under 21 years of age who is eligible for medical assistance under the state Medicaid plan (or under a waiver of such plan), and who has at least (1) one or more chronic conditions that cumulatively affect three or more organ systems and severely reduces cognitive or physical functioning (such as the ability to eat, drink, or breathe independently) and also requires the use of medication, durable medical equipment, therapy, surgery, or other treatments; or (2) one life-limiting illness or rare pediatric disease, as defined at 21 U.S.C. 360ff(a)(3). Often, children with medically complex conditions require specialized diagnostic or treatment services that may not always be readily available from providers within their state of permanent residence (home state).

Section 1945A(c)(1) of the Act provides that the FMAP for state expenditures of health home services for children with medically complex conditions shall be increased by 15 percentage points (not to exceed 90 percent) for the first two fiscal quarters that a section 1945A health home SPA is in effect. After the end of this increased FMAP rate period, states will receive the regularly applicable Medicaid services FMAP for their expenditures on section 1945A health home services.

Manufacturer reporting of multiple best prices connected to a VBP arrangement under CMS–2482–F was delayed until July 1, 2022, in accordance with our November 19, 2021 (86 FR 64819) final rule (CMS-2482-F2, RIN 0938-AT82).

Beginning July 1, 2022, drug manufacturers must report varying best price points for a covered outpatient drug to the Medicaid Drug Rebate Program (MDRP) if the manufacturer offers a value-based purchasing (VBP) arrangement in accordance with regulations at 42 CFR 447.502 to all states. These arrangements will consist of additional rebates or price concessions that states may be able to earn based on the drug’s clinical outcomes in Medicaid beneficiaries.

A. **JUSTIFICATION**

1. Need and Legal Basis

The Medicaid and CHIP Budget and Expenditure System (MBES/CBES) is a web-based application that states and territories 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 Medicaid and CHIP per Titles XIX and XXI of the Act.

The MBES/CBES uses the information from each state and territory to compute the amount of federal financial participation (FFP) CMS will provide to the state or territory to fund program operations. The MBES/CBES also stores the states or territories historical budget and

expenditure records for data analysis purposes.

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

Form CMS-21 and Form CMS-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 MBES, 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 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 allowability of state and territory 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. Classification, identification and referencing used in the Form 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 and territories 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 and territory Medicaid program financial information. The financial information is uploaded directly into the MBES/CBES system by a designated state or territory 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.

Forms CMS-21 and CMS-21B: These are budget and expenditure forms. The Form CMS-21 should be filed on or before 30 days after the end of the federal quarter. The Form CMS-21B provides estimates for CHIP.

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 states and territories 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. The Form CMS-21B collects expenditure estimates for CHIP and the Form CMS-21 collects 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 delays in states and territories receiving the appropriate amount of initial federal funding to operate the Medicaid and CHIP and federal funds not being returned promptly and properly to the Federal Government. States and territories could mispend large sums of federal funds undetected with no immediate mechanism of recovery. Conversely, there are instances where states and territories are due federal funds and delays in reimbursement could cause financial hardships on states and territories and adversely impact the operation of Medicaid and CHIP. Quarterly reporting applies to Forms CMS-37, CMS-64, CMS-21B, and CMS-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 publication of Federal Register notices is not applicable to non-substantive change collection of information requests such as this.

9. Payment/Gifts To Respondents

There were no payments/gifts to respondents.

10. Confidentiality

Forms CMS-64, CMS-37, CMS-21, and CMS-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 2021 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 BLS' mean hourly wage, our estimated cost of fringe benefits and overhead (calculated at 100 percent of salary), and our 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	18.07	18.07	36.14
Financial Analysts	13-2050	51.13	51.13	102.26

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:

Form CMS-64
 9,184 hours (56 agencies x 41 hr x 4 qtr)
 \$924,345 [56 agencies x 4 qtr x ((40 hr x \$102.26/hr) + (1 hr x 36.14))]

Form CMS-37
 4,480 hours (56 agencies x 20 hr x 4 qtr)
 \$458,125 (4,480 hr x \$102.26/hr)

Forms CMS-21/21B
 4,480 hours (56 agencies 20 hr x 4 qtr)
 \$458,125 (4,480 hr x \$102.26/hr)

Total
 18,144 hours (9,184 hr + 4,480 hr + 4,480 hr)
 \$1,840,595 (\$924,345 + \$458,125 + \$458,125)

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

Total Respondents Cost (Rounded)	\$1,840,595
<u>Less 50% Federal Match</u>	<u>-\$920,298 (\$1,840,595 x 0.5)</u>
Respondents Share of Cost	<u>\$920,298</u>

Information Collection Instruments and Instruction/Guidance Documents

Attached are non-screen shot versions of Forms CMS-64.9, CMS-64.9T, and CMS-64.21U. We are providing these versions 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/CBES Production screens the MBES/CBES 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 CMS-21B: Provides an estimate of CHIP expenses for the year and quarter, both for the current year and the budgeted year. It must 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. (No changes)
- Form CMS-37: Provides an estimate of Medicaid expenses for the year and quarter, both for the current year and the budgeted year. It must 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. (No changes)

- Form CMS-64: Used by states and territories 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 and territory's Medicaid Program costs. (See below)
 - Form CMS-64.9: Provides reporting at the states FMAP for states and territories for Quarterly Medicaid Assistance expenditures by Type of Service for Medical Assistance Program expenditures. (Revised)
 - Form CMS-64.9T: Provides reporting at the states FMAP for certain states meeting the definition of "Qualifying State" under section 2105(g)(2) of the Act for Quarterly Medicaid Assistance expenditures by Type of Service for Medical Assistance Program expenditures. (Revised)
 - Form CMS-64.21U: Provides reporting at the states EFMAP for states and territories for Quarterly Medicaid Assistance expenditures by Children's Health Insurance Program expenditures categories. (Revised)

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

Division of Financial Operations – East 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, CMS-37, CMS-21B and CMS-21.

For the Form 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 the Form CMS-37, analysts' costs 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 the Form CMS-21B, analysts' costs 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 the Form CMS-21, analysts' costs 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's costs 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.

Divisions of Financial Operations Costs

The costs for the Divisions of Financial Operations 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 costs consists of central office review, regional office review, printing and distribution and the federal share of State reporting costs.

\$274,242	Division of Financial Operations - East Review
\$ 7,100	Printing and Distribution
\$2,396,066	Divisions of Financial Operations Review
+ \$836,587	<u>State Reporting Federal Share</u>
\$3,513,995	Total

15. Changes in Program/Burden

There are no changes to Forms CMS-37, CMS-21B and CMS-21.

CMS requests OMB approval of a routine non-substantive change to add two new lines to the Form CMS.64.9 and CMS-64.9T series of forms and one new line to the Form CMS.64.21U series of forms in the MBES/CBES.

The added reporting lines will not impose any additional burden on states or territories since states and territories are already knowledgeable about the process of claiming expenditures. The line will be added to existing standard reporting forms which will require minimal action from states and territories to select the new reporting line from those forms and input the quarterly expenditure amount to be claimed.

The added lines are necessary for accurate reporting of state Medicaid expenditures matched at an increased FMAP for Health Homes services for Children with Medically Complex Conditions and the reporting of Drug Rebate Offset amounts as a result of the Value Based Purchasing (VBP) legislation. This increased FMAP is available for the first two quarters that a state has an approved SPA. Beginning October 1, 2022, all states and territories can report Drug Rebate Offset amounts that were purchased under the VBP guidelines.

New Lines added to the Form CMS-64.

- **Line 49, Health Homes for Children with Medically Complex Conditions:** This line will be added to the Form CMS-64.9 MAP series of forms. The line will be available for entry beginning October 1, 2022, for states and territories that have an approved SPA for this legislation. The line is necessary for accurate reporting, transparency, and oversight of states' and territories' Medicaid and CHIP expenditures matched at the Regular FMAP + 15% for the first two quarters that a state has an approved SPA. Quarters 3 and onward will revert to the regular FMAP rate. Total Computable will not be enterable for Indian Health Services, and Family Planning but would be allowed for Optional Breast and Cervical Cancer which is at the Enhanced FMAP rate. The FMAP matching rate is capped at 90%.
- **Line 7A7, Drug Rebate Offset – Value Based Purchasing:** This line will be added to the Form CMS-64.9 MAP series of forms. The line will be available for entry beginning October 1, 2022, for all states and territories that have drug rebates that are related to prescribed drugs that were purchased under the VBP guidelines. The line is necessary for accurate reporting, transparency, and oversight of states' and territories' Medicaid and MCHIP Drug Rebates returned by states at the Regular Total Computable will be enterable for Indian Health Services, Family Planning, and for Optional Breast and Cervical Cancer which is at the Enhanced FMAP rate.
- **Line 8A7, Drug Rebate Offset – Value Based Purchasing:** This line will be added to the Forms CMS-64.21U and CMS-64.9T MCHIP series of forms. The line will be available for entry beginning October 1, 2022, for all states and territories that have drug rebates that are related to prescribed drugs that were purchased under the VBP guidelines. The line is necessary for accurate reporting, transparency, and oversight of states' and territories' Medicaid and MCHIP drug rebates returned by states and territories. Total Computable will be entered on the MCHIP Categories of Service and the Federal Share will be calculated at the Enhanced FMAP rate.

This 2022 information collection request will allow states and territories to report the aggregate actual expenditures for each provision. The added lines are necessary for the accurate reporting, transparency, and oversight of states' and territories' expenditures.

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.