

Clearance for Medicaid and CHIP State Plan, Waiver, and Program Submissions
(CMS-10398, OMB 0938-1148)

Generic Information Collection #37 (Revised)
Medicaid Managed Care Rate Development Guide

Center for Medicaid and CHIP Services (CMCS)
Centers for Medicare & Medicaid Services (CMS)

A. Background

The Centers for Medicare & Medicaid Services (CMS) work in partnership with States to implement Medicaid and the Children's Health Insurance Program (CHIP). Together these programs provide health coverage to millions of Americans. Medicaid and CHIP are based in Federal statute, associated regulations and policy guidance, and the approved State plan documents that serve as a contract between CMS and States about how Medicaid and CHIP will be operated in that State. CMS works collaboratively with States in the ongoing management of programs and policies, and CMS continues to develop implementing guidance and templates to comply with new statutory provisions. CMS also continues to work with States through other methods to further the goals of Medicaid and CHIP, including program waivers and demonstrations, and other technical assistance initiatives.

The attached rate guide falls under the conditions discussed above as it outlines implementing guidance and template content for state submission of actuarial rate certifications for Medicaid managed care capitation rates per 42 CFR 438.4 through 438.7. CMS has regularly published a Medicaid Managed Care Rate Development Guide. The 2020 Medicaid and CHIP Managed Care Final Rule¹ now requires that CMS annually publish this guidance per § 438.7(e).

CMS also provided for a 14-day public period and received two comments. The comments did not require revision of the rate guide. The comments and our response are attached to this collection of information request.

B. Description of Information Collection

States are required to submit rate certifications for all Medicaid managed care capitation rates per § 438.7. There are 46 Medicaid respondents consisting of 45 States, and DC that operate risk-based managed care programs. This document specifies our requirements for the rate certification and details what types of documentation we expect to be included. These elements include descriptions of data used, projected benefit and non-benefit costs, rate range development, risk and contract provisions, and other considerations in all rate setting packages. This document also details expectations for states when they submit rate certifications.

Section 1903(m) of the Social Security Act requires capitation rates paid to Medicaid managed care organizations (MCOs) to be actuarially sound. Regulations at § 438.4 require all capitation rates paid to an MCO, Prepaid Inpatient Health Plan (PIHP), or Prepaid Ambulatory Health Plans (PAHP) to be actuarially sound and require each state to submit a rate certification for each set of capitation rates developed. Regulations at § 438.7(e) also require that CMS annually publish this guidance.

2019-2020 Rate Guide (Discontinued)

We collected this information from July 1, 2019 to June 30, 2020.

¹ The 2020 Medicaid and CHIP Managed Care Final Rule was published in the Federal Register on November 13, 2020 (CMS-2408-F) (85 FR 72754, 72774).

2020-2021 Rate Guide (Extension)

We are collecting this information from July 1, 2020 to June 30, 2021.

2021-2022 Rate Guide (New)

We will be collecting this information from July 1, 2021 to June 30, 2022.

C. Deviations from Generic Request

No deviations are requested.

D. Burden Hour Deduction

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). 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)
Community and Social Service Occupations	21-0000	25.09	25.09	50.18

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.

Burden Estimates

There are 46 Medicaid respondents consisting of 45 States, and DC that operate risk-based managed care programs.

Previously Approved Burden (2019-2020 Rate Guide) (Discontinued)

We collected this information from July 1, 2019 to June 30, 2020. OMB approved 296 hours (74 rate certifications x 4 hours/response) for the 2019-2020 guide. We propose to discontinue this rate guide and burden of 296 hours (74 rate certifications x 4 hours/response) since the rating period ended on June 30, 2020.

Currently Approved Burden (2020-2021 Rate Guide) (Extension)

Currently OMB has approved 608 hours (135 rate certifications x 4.5 hr/submission) for the 2020-2021 Rate Guide at a cost of \$30,509 (608 x \$48.54/hr).

In this 2021 collection of information request we have adjusted our wage estimate by +\$1.64/hr (from \$48.54/hr to \$50.18/hr). The adjustment accounts for current BLS wage figures.

New Burden (2021-2022 Rate Guide)

Based upon CMS’s experiences with rate setting, we estimate that on average it will take a state 4.5 hours per certification to organize and describe the data in a way that complies with the 2021-2022 guide. While 46 states have rates developed for an MCO, PIHP or PAHP, we estimate that approximately 135 rate certifications will be submitted within those states. In aggregate we estimate 608 hours (135 rate certifications x 4.5 hr/submission) at a cost of \$30,509 (608 x \$50.18/hr).

Burden Summary

Guide	Respondents	Total Responses	Burden per Response (hours)	Total Time (hours)	Labor Cost (\$/hr)	Total Cost (\$)
2020-2021 Rate Guide	46	135	4.5	608	50.18	30,509
2021-2022 Rate Guide	46	135	4.5	608	50.18	30,509
TOTAL	46	135	4.5	608	50.18	30,509

Although we estimate an annual burden of 608 hours, we are requesting 5 arbitrary hours since: (1) we are not proposing any changes to our currently approved burden estimates, (2) ROCIS does not allow the submission of zero hours, and (3) 5 hours seems like a reasonable approach to avoid double counting requirements/burden.

Information Collection Instruments and Instruction/Guidance Documents

The Rate Guide outlines implementing guidance and template content for state submission of rate certifications for Medicaid managed care capitation rates per §§ 438.4 through 438.7.

- 2020-2021 Managed Care Rate Guidance

We are not proposing any changes to the 2020-2021 Rate Guide.

- 2021-2022 Managed Care Rate Guidance (Revised)

See the attached Crosswalk for a comparison of the 2020-2021 Rate Guide to the 2021-2022 Rate Guide.

E. Timeline

The 14-day notice published in the Federal Register on May 11, 2021 (86 FR 26042). Public comments were due May 26, 2021. Two comments were received. As indicated above, the comments did not require revision of the rate guide. The comments and our response are attached to this collection of information request.

Regulations at § 438.7(e) require that CMS annually publish this guidance. States are also required to obtain prior approval of MCO contracts and rates per §438.806 which means that the rates need to be approved by CMS before they claim the expenditures on the CMS-64. In order for CMS to have the ability to review and analyze the rate certification and allow sufficient time for questions and answers, states typically start submitting their certifications at least 60 days prior to the contract start date. With some contracts starting on July 1, 2021, CMS needs to allow states time to review this guidance and incorporate the elements into its rate certification prior to their submission. Therefore, we are requesting PRA as soon as possible as this guidance is effective July 1, 2021.