

Generic Supporting Statement

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

Generic Information Collection #79 (New)  
COVID-19 Risk Corridor Reconciliation Reporting Template

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 for States to use to elect new options available as a result of the Affordable Care Act or to comply with new statutory provisions. CMS also continues to work with States through other methods to further the goals of health reform, including program waivers and demonstrations, and other technical assistance initiatives.

In response to the uncertainty from the COVID-19 pandemic, CMCS issued guidance (see COVID-19 FAQs attachment) to States recommending the implementation of risk corridors in their Medicaid managed care programs. States had flexibility in how these risk corridors could be implemented. CMCS also provided States with expenditure authority (see Sample Section 1115 Approval Letters attachment) under section 1115 demonstrations to retroactively implement risk corridors. The subject COVID-19 Risk Corridor Reconciliation Reporting Template will assist CMCS in analyzing States' implementation of these risk corridors and the overall results of these financial arrangements. The results will help us develop lessons learned for future guidance for pandemics and other emergencies.

The reported information will be analyzed by CMCS to understand the following: What were the actual financial results of the risk corridors recommended by CMS to address COVID-19 uncertainty? Were there methodological concerns with the reconciliations? Did the reconciliation results match the proposed methodology in the States' rate certifications?

## **B. Description of Information Collection**

There are 30 Medicaid respondents consisting of 29 States and the District of Columbia. We do not anticipate any CHIP agencies to be reporting to CMS. These agencies have been identified as implementing risk corridors in response to COVID-19 uncertainty, i.e., the State agencies did not have risk corridors in their managed care program(s) prior to the COVID-19 pandemic. Twenty (20) of these States are required to provide the information about the results of the risk corridors that were implemented retroactively under the section 1115 demonstration waiver. This data collection was also indicated as part of the approval letters for the 1115 demonstrations (see Sample Section 1115 Approval Letters attachment).

The template (attached) is an Excel spreadsheet. CMCS will reach out to each potential respondent (State) via email (see CMCS Outreach Email attachment) , and respondents will receive the template via email. Respondents will complete the required fields following the instructions provided in the spreadsheet. The spreadsheet will auto-populate the required data fields based on the initial data provided by the State.

CMCS will host a webinar for the respondents explaining how to complete the form. CMCS will also provide technical assistance to States via email, phone, or virtual meetings to answer any questions.

States will complete the template and return it via email to CMCS using a resource mailbox: [DMCPMLR@cms.hhs.gov](mailto:DMCPMLR@cms.hhs.gov).

### **C. Deviations from Generic Request**

No deviations are requested.

### **D. Burden Hour Deduction**

#### *Wage Estimates*

To derive average costs, we are using 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](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.

Occupation Title	Occupation Code	Mean Hourly Wage (\$/hr)	Fringe Benefits and Overhead (\$/hr)	Adjusted Hourly Wage (\$/hr)
Business Operations Specialists	13-1000	38.64	38.64	77.28

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, there is no practical alternative and we believe that doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

#### *Burden Estimates*

CMS is requesting that the following States submit the risk corridor reconciliation results using the subject template: (1) those States that implemented risk corridors to mitigate uncertainty associated with the COVID-19 pandemic and (2) States that implemented risk corridors retroactively using the expenditure authority under the COVID-19 risk mitigation section 1115 waiver demonstrations. The burden is associated with gathering the results of the risk corridor reconciliations and entering the data in the template.

This requirement would only apply to a select group of States (30 States) that had implemented these final arrangements (i.e., risk corridors) to address uncertainty due to COVID-19. In this

regard, we estimate it would take 3 hours at \$77.28/hr for a business operations specialist to gather the reconciliation amounts and enter the information into the spreadsheet.

In total (reviewing the outreach e-mail, completing the template, submitting the template to CMS, and participating in the webinar), we estimate a one-time State burden of 90 hours (30 States x 3 hr/response) at a cost of \$6,955 (30 States x 3 hr x \$77.28/hr).

### *Information Collection Instruments and Instruction/Guidance Documents*

- COVID-19 Risk Corridor Reconciliation Reporting Template

The template is a dynamic Excel workbook that provides data fields for States to enter information about risk corridors that were implemented during the COVID-19 public health emergency. The workbook contains instructions on how to complete the workbook. Respondents will complete the required fields in the spreadsheet following the instructions provided in the spreadsheet. The form will auto-populate the required data fields based on the initial data provided by the respondent. The State user must enter health plan expenditures and revenues that relate to the financial reconciliations of the applicable risk corridor.

- COVID-19 Frequently Asked Questions (FAQs) for State Medicaid and Children's Health Insurance Program (CHIP) Agencies

In the COVID-19 FAQ document, CMS advised States to implement two-sided risk corridors with Medicaid managed care plans to address the uncertainty associated with the COVID-19 public health emergency. The FAQ document provided examples of risk corridors to assist States in the design and implementation of risk corridors. The COVID-19 FAQ document did not provide instructions or guidance related to the collection of data for the Excel template. It did not indicate that States are required to submit information related to the risk corridor reconciliations to CMS. The FAQ document did not provide instructions or guidance related to the collection, reporting, or disclosure of information and/or recordkeeping.

- Section 1115 Approval Letters (Sample)

The section 1115 demonstration approval letters for States indicated that in the future CMS will collect information about risk mitigation payments to managed care plans as part of the agency's ongoing managed care oversight and monitoring. This collection of financial information is noted separately in the letter and is distinct from the section 1115 demonstration evaluation requirements. The approval letters note that CMS will be assessing how payments for retroactive risk mitigation arrangements are sufficient to cover costs under the managed care contract. The letters also indicate that CMS will determine the financial impact of allowing the retroactive implementation of risk mitigation compared to the alternative (i.e., not approving these arrangements). The approval letters do not provide instructions or guidance related to the collection, reporting, or disclosure of information and/or recordkeeping for the risk corridor reconciliation information.

- CMCS Outreach Email

CMS will send an email to each relevant State regarding this data collection. The email will provide a copy of the Excel template and a short description of why the State is receiving the template. The email will also indicate the relevant Medicaid managed care programs and rating periods for State reporting. The email will summarize the types of data and potential sources for data and will also indicate the deadline for reporting. The email message will provide the date and time for a webinar that will demonstrate data entry for the template and allow States to ask questions. The email message will provide an email address for States to use to obtain technical assistance in using the Excel template.

#### **E. Timeline**

The collected information will not be published.

The 14-day notice published in the Federal Register on February 10, 2023 (88 FR 8867). Although comments were due February 24, none were received.