

Generic Supporting Statement

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

Generic Information Collection #69 (New)

Reporting Requirements for Additional Funding for Medicaid HCBS During the COVID–19 Emergency

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

A. Background

The Centers for Medicare & Medicaid Services (CMS) works in partnership with States to implement the 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 because 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.

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARP) (Pub. L. 117-2). This action represents the largest expansion of health coverage for the American people since the Affordable Care Act in 2010, and has a significant and immediate impact on state Medicaid programs and beneficiaries. Section 9817 of the ARP provides qualifying states with a temporary 10 percentage point increase to the federal medical assistance percentage (FMAP) for certain Medicaid expenditures for home and community-based services (HCBS). States must use the federal funds attributable to the increased FMAP to supplement, not supplant, existing state funds expended for Medicaid HCBS, and states must use state funds equivalent to the amount of federal funds attributable to the increased FMAP to implement or supplement the implementation of one or more activities to enhance, expand, or strengthen HCBS under the Medicaid program. This provision is effective April 1, 2021.

B. Description of Information Collection

CMS is responsible for ensuring that states receiving the temporary 10 percentage point increase comply with the statutory requirements specified in Section 9817 of the ARP. In order to do so, CMS is publishing a State Medicaid Director Letter (SMDL)¹ that specifies the information that states must report to CMS in order to receive the temporary 10 percentage point increase. Participating states are required to submit initial and quarterly HCBS spending plans and narratives to CMS to report how the additional funding will be expended on activities that the state has implemented and/or intends to implement to enhance, expand, or strengthen HCBS to demonstrate that the state is supplementing, but not supplanting, existing state funds expended for Medicaid HCBS.

In order to ensure maximum state flexibility and to reduce the reporting burden on states as much as possible, states will submit spending plans and narratives in their own preferred format. CMS will not require states to use a standardized template or form. Instead, the SMDL details the minimum reporting requirements in full. The SMDL stipulates that in order to receive the additional funding available under Section 9817, states must initially submit the following via email within 30 days of the release of the SMDL:

¹ SMD# 21-003. *Implementation of American Rescue Plan Act Section 9817: Additional Support for Medicaid Home and Community-Based Services During the COVID-19 Emergency*

- Initial HCBS Spending Plan Projection: State estimates of the total amount of funds attributable to the increase in FMAP that the state anticipates claiming between April 1, 2021 and March 31, 2022, as well as the anticipated expenditures for the activities the state intends to implement to enhance, expand, or strengthen HCBS under the state Medicaid program between April 1, 2021 and March 31, 2024.
- Initial HCBS Spending Narrative: Information on the state's required section 9817 activities and the connection between the spending plan projection and the scope of the activities. States must provide sufficient detail to affirm that the state's activities enhance, expand, or strengthen HCBS under the state Medicaid program.

States must then submit a quarterly HCBS spending plan and narrative for CMS review and approval; states may update their initial spending plan submissions through the quarterly spending plan submissions. States must report on a quarterly basis until funds are expended. As part of the reporting cycle, there are two documents to be submitted:

- Quarterly HCBS Spending Plan: State estimate the total amount of funds attributable to the increase in FMAP that the state has claimed and/or anticipates claiming between April 1, 2021 and March 31, 2022, as well as anticipated and/or actual expenditures for the state's activities to implement, to enhance, expand, or strengthen HCBS under the state Medicaid program between April 1, 2021, and March 31, 2024.
- Quarterly HCBS Spending Narrative: Similar to the narrative that was submitted with the initial HCBS spending plan, this is a shorter narrative to provide activity updates. A state may also choose to provide information on activity outcomes, lessons learned, challenges, or any other information that the state deems as relevant and important to advancing HCBS.

When submitting the initial and quarterly HCBS spending plan and narrative, the designated state point of contact should attest to the following via email:

- The state is not imposing stricter eligibility standards, methodologies, or procedures for HCBS programs and services than were in place on April 1, 2021;
- The state is preserving covered HCBS, including the services themselves and the amount, duration, and scope of those services, in effect as of April 1, 2021; and
- The state is maintaining provider payments at a rate no less than those in place as of April 1, 2021.

C. Deviations from Generic Request

No deviations from the generic PRA request.

D. Burden Hour Deduction

High-level Assumptions

- Each state and territory will submit an initial spending plan projection and narrative for a total of 56 submissions.

- Each state and territory will submit a maximum of 10 quarterly spending plans and narratives following submission of the initial spending plan and narrative, for a total of 560 submissions.
- The project spans a maximum of three years.
- All plans and narratives are completed by a health services manager.

Wage Estimates

To derive average costs, we are using 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) |
|-------------------------|------------------------|---------------------------------|---|-------------------------------------|
| Health services manager | 11-9111 | 54.68 | 54.68 | 109.36 |

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 Associated Burden Estimates

States will submit an initial spending plan and narrative and quarterly updates until funds are expended; March 31, 2024 at the latest.

Since all states/territories (state) will have the option to complete and submit an initial spending plan and narrative, we project 56 state respondents. We estimate it would take 4 hours (per state) at \$109.36/hr for a health services manager to develop their plan for spending the funding available under Section 9817 and to detail their activities for enhancing, expanding, or strengthening HCBS under the state Medicaid program. We estimate a burden of 224 hours (56 states x 4 hr) at a cost of \$24,497 (224 hr x \$109.36/hr).

We also project that each/state territory will submit 10 quarterly spending plans and narratives for expenditures rendered through March 31, 2024. We estimate it would take 2 hours (per state) for a health services manager to develop quarterly spending plans and narrative updates. We estimate a burden of 1,120 hours (56 states x 2 hr x 10 quarterly plans/narratives) at a cost of \$122,483 (1,120 hr x \$109.36/hr).

This yields a total respondent burden of 1,344 hours (224 hr + 1,120 hr) at a cost of \$146,980 (\$24,497 + \$122,483). These activities (both the initial plan/narrative and quarterly updates) will span three years in total (one year for PCS and one year for HHCS).

Summary of Collection of Information Requirements and Burden Estimates

| Requirement | No. Respondents | Total Responses | Time per Response (hr) | Total Time (hr) | Labor Cost (\$/hr) | Total Cost (\$) |
|--------------------------|-----------------|-----------------|------------------------|-----------------|--------------------|-----------------|
| Initial plan/narrative | 56 | 56 | 4 | 224 | 109.36 | 24,497 |
| Quarterly plan/narrative | 56 | 560 | 2 | 1,120 | 109.36 | 122,483 |
| TOTAL | 56 | 616 | Varies | 1,344 | 109.36 | 146,980 |

Information Collection Instruments and Instruction/Guidance Documents

All information collection requirements are detailed in Section D of SMD# 21-003 (available at <https://www.medicaid.gov/sites/default/files/2021-05/smd21003.pdf>).

E. Timeline

Our new collection of information request was approved by OMB (the Office of Management and Budget) on May 11, 2021.

Our 14-day notice published in the Federal Register on May 20, 2021 (86 FR 27433). Comments must be received by June 3, 2021.