

Generic Supporting Statement  
Managed Care Plan (MCP) Medical Loss Ratio (MLR) Reporting Template  
(CMS-10398 #87, OMB 0938-1148)

This June 2025 iteration is being submitted to OMB for approval as a new generic collection of information request under control number 0938-1148.

The contents of this Supporting Statement and the associated attachments have been reviewed to ensure that they are consistent with the Trump administration's policies, goals, and objectives.

**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 develops implementing guidance and templates to comply with statutory and regulatory provisions. CMS also works with States through other methods to further the goals of Medicaid and CHIP, including program waivers and demonstrations, and other technical assistance initiatives.

**B. Description of Information Collection**

Medicaid managed care is the predominant delivery system for Medicaid beneficiaries to access health care services. State Medicaid agencies contract with managed care plans (MCPs) that accept a fixed, prospective monthly payment for each enrolled beneficiary (also referred to as risk-based managed care). Section 1903(m)(2) of the Social Security Act and 42 CFR 438.4 require that capitation rates be actuarially sound, meaning that the capitation rates are projected to provide for all reasonable, appropriate, and attainable costs that are required under the terms of the contract and for the operation of the MCP for the time period and the population covered under the terms of the contract. The medical loss ratio (MLR) is a key measure of MCP financial performance and indicates the share of premium revenue (capitation payments) that a plan spends on covered health services and activities to improve health care quality compared to the share of revenue to cover administrative expenses and profit/surplus. MLRs are used as a retrospective tool to assess financial performance of MCPs. Federal regulations at § 438.8 provide detail on MLR calculations and MCP reporting requirements.

Section 438.8(k) requires State contracts with MCPs to include a requirement to annually report to the state specific details of the plan's MLR. The attached Medicaid managed care plan MLR reporting template provides States with a standard format for collecting the required details from their contracted MCPs. States are not required to have their MCPs use this template; it is provided in response to States' requests for a streamlined, consistent way to collect the required information. States are required to use the information collected from their plans in their

reporting to CMS (42 CFR 438.74), which is approved by OMB under control number 0938-0920 (CMS-10108).

CMS' review process for managed care MLR represents an essential federal oversight function to ensure that States and MCPs are compliant with applicable federal laws and regulations.

### **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' (BLS) May 2024 National Occupational Employment and Wage Estimates for all salary estimates (<https://www.bls.gov/oes/tables.htm>). In this regard, the following table presents BLS' mean hourly wage, our estimated cost of fringe benefits and other indirect costs (calculated at 100 percent of salary), and our adjusted hourly wage.

BLS's wage estimates are updated annually. Current and historic wage figures can be found at the above BLS address and can be used to calculate current cost estimates. May 2024 is current as of the date of this collection of information request.

Occupation Title	Occupation Code	Mean Hourly Wage (\$/hr)	Fringe Benefits and Other Indirect Costs (\$/hr)	Adjusted Hourly Wage (\$/hr)
Accountant	13-2011	44.96	44.96	89.92
Business Operations Specialist, All Other	13-1199	44.41	44.41	88.82
General and Operations Manager	11-1021	64.00	64.00	128.00

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 other indirect 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*

There are 46 States and DC (for a total of 47 Medicaid agencies) that operate risk-based managed care programs with approximately 627 managed care contracts that require MLR reporting.

We estimate that States will request or require their managed care plans to complete the reporting template and submit it to the State for approximately 75 percent of all applicable MCO, PIHP, and PAHP contracts (approximately 470 contracts). We estimate it will take an MCO, PIHP, or PAHP a total of 5 hours to enter the data into the template: 1 hour at \$89.92/hr for an accountant, 3 hours at \$88.82/hr for a business operations specialist, and 1 hour at \$128.00/hr for a general and operations manager. In aggregate, to enter the data into the template we estimate an annual private sector burden of 2,350 hours (470 contracts x 5 hr) at a cost of \$227,659 (470 contracts x [(1 hr x \$89.92/hr) + (3 hr x \$88.82/hr) + (1 hr x \$128.00/hr)]).

#### *Burden Summary*

<b>Requirement</b>	<b>Respondents</b>	<b>Total Annual Responses</b>	<b>Time per Response (hours)</b>	<b>Total Time (hours)</b>	<b>Labor Cost (\$/hr)</b>	<b>Total Annual Cost (\$)</b>
Completion of Managed care plan MLR template	470 contracts	470	5	2,350	varies	227,659

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

#### Managed Care Plan (MCP) Medical Loss Ratio (MLR) Reporting Template (New)

#### **E. Timeline**

An initial 14-day notice published in the Federal Register on January 16, 2025 (90 FR 4744). Due to difficulties with posting that collection of information request for public review/comment we are correcting that error by publishing a subsequent notice that reopens the comment period for 14 days. The subsequent notice published on June 13, 2025 (90 FR 25045). Comments are due on/by June 27, 2025.

We respectfully request OMB's approval within 30-days of our submission date. CMS aims to post the attached template on Medicaid.gov as soon as feasible.