

Supporting Statement Part A

State Medicaid Eligibility Quality Control (MEQC) Pilot Planning Document, Case Review and Reports of Findings, and Supporting Regulations at 42 CFR 431.800 – 431.820

CMS-319/OMB control number: 0938-0147

A. Background

The Medicaid Eligibility Quality Control (MEQC) program provides the 50 states, the District of Columbia and the Commonwealth of Puerto Rico (hereinafter, “states”) a unique opportunity to improve the quality and accuracy of their Medicaid and Children’s Health Insurance Program (CHIP) eligibility determinations. The MEQC program is intended to complement the Payment Error Rate Measurement (PERM) program by ensuring state operations make accurate and timely eligibility determinations so that Medicaid and CHIP services are appropriately provided to eligible individuals.

Current regulations require that states review equal numbers of active cases and negative case actions (i.e., denials and terminations) through random sampling. Active case reviews are conducted to determine whether or not the sampled cases meet all current criteria and requirements for Medicaid or CHIP eligibility. Negative case reviews are conducted to determine if Medicaid and CHIP denials and terminations were appropriate and undertaken in accordance with due process. States are required to conduct an MEQC pilot during the two-year period that falls between each state's triennial PERM cycle.

At the completion of the MEQC pilots, for all active and negative cases reviewed, the state must submit a detailed case-level report in a format provided by CMS as well as a report on the corrective actions taken on all sampled cases with errors or technical deficiencies. All case-level findings and corrective action plans (CAPs) are due to CMS by August 1 following the end of the MEQC review period. States are required to do a limited payment review as part of their MEQC pilots.

In an effort to streamline the MEQC program Paperwork Reduction Act package, this package combines two packages into a single document:

- CMS-317/OMB control number: 0938-0146 - MEQC Pilot Planning Document
- CMS-319/OMB control number: 0938-0147 – MEQC case review and reports of findings

The new single package under CMS-319/OMB control number: 0938-0147. will include the MEQC Pilot Planning Document, Case Review and Reports of Findings. CMS-317/OMB control number: 0938-0146 will no longer be maintained as a separate package.

B. Justification

1) Need and Legal Basis

The authority for collecting this information is Section 1903(u) of the Social Security Act and 42 CFR Part 431 Subpart P, Medicaid Eligibility Quality Control (MEQC) Program.

The specific requirements of the MEQC pilot planning document are described in regulations at 42 CFR 431.814(b). The specific requirement for submitting case level reports and CAPs is described in regulations at §§ 431.816 and 431.820, respectively.

The collection of information is also necessary to implement CHIPRA requirements to harmonize the MEQC and PERM programs.

2) Information Users

Title XIX and Title XXI state agencies are required to submit the MEQC pilot planning document in accordance with § 431.814(b), and the MEQC case level and CAP reports based on pilot findings in accordance with §§ 431.816 and 431.820, respectively.

The primary users of this information are state Medicaid (and where applicable CHIP) agencies and CMS. State agencies are expected to use the information collected for continuous quality improvement purposes. They will identify patterns of error in their eligibility processing operations and systems and take corrective actions to address issues and improve the eligibility determination process.

CMS will use the data collected to identify and help those states that are most in need of technical assistance. CMS will also use the data set to identify potential weaknesses in federal regulations. It will propose regulatory modifications designed to ensure that there are more effective quality controls in the eligibility determination process.

3) Use of Information Technology

States will be required to submit their MEQC pilot planning document, MEQC case level reports and CAPs in accordance with reporting specifications in CMS sub-regulatory guidance. From 2018 through 2022, states were required to submit their MEQC case level reports and CAPs electronically to CMS. Beginning in August 2023, states were required to upload their MEQC case level reports and CAPs into the Medicaid and CHIP Program Integrity Reporting Portal (MCPIRP) platform. It is part of a larger strategy to automate MEQC reporting to better facilitate tracking and analysis of all required MEQC deliverables and state technical assistance requests. Once transmitted to MCPIRP, the MEQC reports and CAPs will be subject to a number of baseline quality assurance checks. Comparative reports on state eligibility improper payment

rates, top 10 errors for active and negative cases, and other findings will then be generated for further state and federal analysis.

4) Duplication of Efforts

The revised MEQC pilot reporting will streamline the PERM and MEQC requirements and eliminate redundancies in both programs.

5) Small Businesses

This collection of information does not involve small businesses or other small entities.

6) Less Frequent Collection

MEQC pilot planning documents must be submitted by November 1st following the end of the state's PERM year. All case-level findings and CAPs will be due to CMS by August 1 following the end of the MEQC review period.

7) Special Circumstances

This collection is conducted in a manner consistent with the regulations at 5 CFR § 1320.6.

8) Federal Register Notice/Outside Consultation

The 60-day Federal Register notice published on May 6, 2024 (89 FR 89 FR 37227). No comments received.

A 30-day notice published in the Federal Register on December 9, 2024 (89 FR 97619).

No outside consultation has been sought.

9) Payments of Gifts

There is no provision for any payment or gift to respondents associated with this reporting requirement.

10) Confidentiality

All information collected will be kept private in accordance with regulations at 45 CFR 155.260, Privacy and Security of Personally Identifiable Information. Pursuant to this regulation, Marketplaces may only use or disclose personally identifiable information to the extent that such information is necessary to carry out their statutory and regulatory mandated functions.

11) Sensitive Questions

No questions of a sensitive nature are asked.

12) Burden Estimates (Hours and Wages)

For the MEQC pilot planning documents, the public burden involves reporting requirements only. The respondents are the Title XIX and Title XXI state agencies that are responsible for implementing the MEQC pilot. CMS reviews the state's MEQC pilot planning document and works with states to revise the planning document or if no changes are needed, approves the planning document.

The bulk of the public burden involves tasks after the MEQC pilot planning documents are approved by CMS. The MEQC case level review and reporting tasks for the pilot include: compiling active and negative case universes, choosing sample records, reviewing the selected records (at least 400 active cases and 400 negative case actions), and compiling case level reports and CAPs for submission to CMS (due no later than August 1 of year following the MEQC review year). States also conduct some post-pilot review activities to assess the effectiveness of their CAPs. Every state must complete these tasks as part of their required MEQC pilot during the two years that fall between the PERM review years. At any given time, 34 or 35 State Title XIX and Title XXI agencies (representing the states in two PERM cycles) will be working on the developing MEQC pilot planning documents and case level review and reporting tasks.

Based on CMS analysis of data from a sample of states who are MEQC State Advisory Committee members, CMS estimates that the average state burden for the full 22-months for both developing MEQC pilot planning documents and MEQC case level review and reporting tasks is 9840 hours.

For the state's MEQC pilot planning, the estimated state burden is 52 hours total during the 3 months (50 hours per month x 3-months = 150 hours) preceding the pilot document's due date. For MEQC case level review and reporting tasks, each state's burden is estimated at 510 hours per month on the required activities (510 hours per month x 19 months = 9690 hours) during the 19-month period which follows the 3-month MEQC pilot planning, state undertake preparations for the pilot, MEQC sampling, case reviews and case level, and CAP report creation.

To derive estimated cost, we used data from the U.S. Bureau of Labor Statistics' May 2023 Occupational Employment and Wages¹ for the occupation, "Claims Adjusters, Examiners, and Investigators" (Occupation Code 13-1031). This estimate includes the median hourly wage (\$36.08) with benefits calculated at 38 percent (\$23.00) totaling \$59.08 per hour.² We have based the number of hours required to complete MEQC case level review and reporting tasks based on CMS analysis of data from a sample of states who are MEQC State Advisory Committee members. The estimated cost for a state completing the pilot planning document and MEQC case level review and reporting tasks is \$581,347.20 (9840 hours x \$59.08 per hour = \$581,347.20).

Previous burden estimates for the MEQC pilot planning and MEQC case level review and reporting tasks were based on extrapolated data of workload estimates. There are several reasons

¹ U.S. Bureau of Labor Statistics' (BLS) May 2023 Occupational Employment and Wages (<https://www.bls.gov/oes/current/oes131031.htm>).

² Bureau of Labor Statistics. Employer Costs for Employee Compensation; total employer compensation costs for state and local government workers, 62 percent wage and 38 percent benefits. Available at: <https://www.bls.gov/news.release/pdf/ecec.pdf>.

why the current estimates, which derive from CMS analysis of data from a sample of states, are significantly greater than the earlier estimates.

The previous eligibility pilots did not fully factor in the time or cost of developing the MEQC pilot planning documents or the required workload (a minimum of 400 active and 400 negative case reviews. In addition, the time required to obtain state agency and local office concurrence with larger numbers of MEQC findings may not have been fully accounted for in the earlier estimates. Similarly, the time and effort spent on developing CAPs, conducting post-pilot reviews to evaluate CAP effectiveness, and disruptions from the COVID-19 Public Health Emergency,³ were not included. Given the range and scope of activities that states must perform for the MEQC pilot planning, preparations for the pilot, MEQC sampling, case reviews and case level, and CAP report creation, CMS estimates that the pilots run for a minimum of 22-months, rather than the earlier estimate of 19-months.

In conclusion, CMS estimates that each state will spend up to 9840 hours of time, per pilot, per program, to support this collection of MEQC information. The hours for the main components of the estimated state burden are listed below:

- Compiling universe of active cases (400) and negative cases (400) and preparation of MEQC pilot planning document (700 hours)
- Sampling, eligibility case reviews, payment reviews, reviewers obtaining concurrence from state eligibility and enrollment staff with findings, reporting on findings for all active and negative cases (6,000 hours)
- Reporting to CMS on the status of previous CAPs, and developing, submitting, implementing and evaluating new CAPs (3,140 hours)

Type of Respondent	Number of Respondents	Number of Responses per Respondent	Estimated Time per Response (hours)	Estimated Annual Burden (hours)
States	35	19	518	9840
Total				344,400

13) Capital Costs

There are no capital costs.

14) Cost to Federal Government

We estimated that the annualized number of hours required for federal staff to manage all the MEQC activities will be approximately 11,000. At the 2024 General Schedule GS-12-01 rate of

³ CMS. August 17, 2020. Medicaid Eligibility Quality Control (MEQC) Program: Supplemental Guidance in Effect during the COVID-19 Public Health Emergency. Available at: <https://www.medicaid.gov/medicaid/eligibility/downloads/meqc-final-covid19-supp-guidance-08172020.pdf>.

pay that includes benefit costs (\$35.79 per hour), we calculated a cost of \$393,690 (\$35.79 per hour x 11,000 hours = \$393,690) in federal costs.

15) Changes to Burden

All 50 states, the District of Columbia and Commonwealth of Puerto Rico will conduct the MEQC pilot during their off-cycle PERM years. At any given point in time, 34 or 35 states will be working on MEQC pilot planning documents and MEQC case level review and reporting tasks. Based on CMS analysis of data from a sample of states who are MEQC State Advisory Committee members, the cumulative burden of conducting MEQC reviews and preparing case level reports and CAPs is now estimated at 9840 hours. Previous burden estimates for the MEQC pilot planning and MEQC case level review and reporting tasks were based on extrapolated data of workload estimates. The 9840 estimate is a more accurate reflection of the first-time states have pulled 400 active cases and 400 negative cases since the finalized July 2017 regulation.

The new single package under CMS-319/OMB control number: 0938-0147 will include the MEQC Pilot Planning Document, Case Review and Reports of Findings. CMS-317/OMB control number: 0938-0146 will no longer be maintained as a separate package. Therefore, burden hours have increased to include MEQC pilot planning estimated state burden of 150 hours.

16) Publication and Tabulation Dates

There are no plans to publish this information collection.

17) Display of Expiration Date

18) Certification Statement

/There are no exceptions to the certification statement.