

Supporting Statement A  
Quarterly Medicaid and CHIP Budget and Expenditure Reporting for the  
Medical Assistance Program, Administration and CHIP  
(MACFin Forms CMS-37 and CMS-21B)  
(MBES/CBES Forms CMS-64 and CMS-21)  
CMS-10529, OMB 0938-1265

## **BACKGROUND**

The Medicaid and CHIP Financial System (MACFin) is a financial reporting system that produces budget estimate statements for the Medical Assistance and Children's Health Insurance Program (CHIP) reported of the Forms CMS-37 and CMS-21B. The Medicaid and CHIP Budget and Expenditure System (MBES/CBES) is a financial reporting system that produces expenditure statements for Medical Assistance and CHIP reported of the Forms CMS-64 and CMS-21. All forms are to be filed on a quarterly basis and need to be certified by the states to the CMS.

This February 2024 iteration does not propose any program changes. We are, however, adjusting our cost estimates by using more recent BLS wage data. Overall, the adjustment increases our cost estimate by \$89,980 (see sections 12 and 15 of this Supporting Statement for details).

### **A. JUSTIFICATION**

#### **1. Need and Legal Basis**

MACFin is a web-based application that states and territories use to report budgeted expenditures for Medicaid and CHIP to CMS, as required for the implementation of Medicaid and CHIP per Titles XIX and XXI of the Act.

MBES/CBES is a web-based application that states and territories use to report actual expenditures for Medicaid and CHIP to CMS, as required for the implementation of Medicaid and CHIP per Titles XIX and XXI of the Act.

The MACFin and MBES/CBES use the information from each state and territory to compute the amount of FFP CMS will provide to the state or territory to fund program operations. The MACFin and MBES/CBES also store the states or territories historical budget and expenditure records for data analysis purposes.

There are four forms that are uploaded and are described below.

Form CMS-21 and Form CMS-21B: Sections 4901, 4911, and 4912, of the Balanced Budget Act of 1997 (BBA) established a new Title XXI of the Act and related Medicaid provisions, which provides funds to states to enable them to initiate and expand the provision of child health assistance to uninsured, low- income children. In order to make appropriate payments to states pursuant to this new legislation, CMS amended the existing MBES, established a new Child Health Budget and Expenditure System (CBES), and established new report forms for

states to report budget, expenditure, and related statistical information to CMS on a quarterly basis. Reporting of this information by states began after the end of the second quarter of federal fiscal year 1998 (after the end of June 1998). The MBES/CBES system added a calculation to account for a temporary increase in the FMAP enacted under Section 5001 of the Affordable Care Act (ACA) of 2009.

Form CMS-37: Section 1903(d)(1) of the Act provides the need and legal basis for the collection of Medicaid budget and expenditure information from states:

"Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsections (a) and (b) for such quarter, such estimates to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsections, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter."

Form CMS-64: Section 1903 of the Act provides the authority for collecting this information. States are required to submit the Form CMS-64 quarterly to CMS no later than 30 days after the end of the quarter being reported. These submissions provide CMS with the information necessary to issue the quarterly grant awards, monitor current year expenditure levels, determine the allowability of state and territory claims for reimbursement, develop Medicaid financial management information provided for state reporting of waiver expenditures, ensure that the federally-established limit is not exceeded for HCBS waivers, and to allow for the implementation of the Assignment of Rights and Part A and Part B Premium (i.e., accounting for overdue Part A and Part B Premiums under State buy-in agreements)--Billing Offsets. The structure of the current Form CMS-64 has evolved from the previous forms used for reporting. Classification, identification and referencing used in the Form CMS-64 forms has been in place for several years, is readily understood and accepted by the report users, and is supported by strong sentiments in both CMS and the states and territories to maintain the existing format. Beginning in the first quarter of FY 2010 expenditure reporting cycle, CMS redesigned the MBES/CBES system, and have received favorable responses from both CMS and the states. In addition, Sections 2301, 2501, 2703, and 4107 enacted under the ACA, established a Freestanding Birth Center Category of Service (COS), Prescription Drug Rebate COS, Health Homes for Enrollees with Chronic Conditions COS, and Tobacco Cessation for Pregnant Women COS respectively. To account for this legislation, CMS expanded the MBES/CBES through the addition of new COS Line items. During FY2011 and FY 2012 we added Sections 1202, Primary Care and 4106 for preventive Services under ACA.

## 2. Information for Users:

The information that MACFin and MBES/CBES collect and store is state and territory Medicaid program financial information. The financial information is uploaded directly into the MACFin and MBES/CBES system by a designated state or territory user. The information contained within MACFin and MBES/CBES is not broken down to the recipient or provider-detail level and does not contain any information that can identify any individual.

Forms CMS-21 and CMS-21B: These are budget and expenditure forms. The Form CMS-21

should be filed on or before 30 days after the end of the federal quarter in the MBES/CBES system. The Form CMS-21B provides estimates for CHIP and is entered in the MACFin system.

Form CMS-37: Is an estimate for the year and quarter, both for the current year and the budgeted year. It needs to be certified before it is submitted to the MACFin System.

Form CMS-64: Used by the states and territories to report their actual program benefit costs and administrative expenses to the CMS. CMS uses this information to compute the FFP for the state's Medicaid Program costs.

### 3. Use of Improved Information Technology

CMS has developed an automated Medicaid budget and expenditure system for use within CMS using electronic transfer between states and CMS for processing all state Medicaid budget & expenditure data. During the planning phase of the MBES/CBES redesign, CMS saw the need to reorganize and create a System's team to assist with the development, migration, and maintenance of the MBES/CBES system. A part of the team's purpose is to be an effective liaison between CMS and the contractor. The system's team consults with the contractor regularly to ensure that the system is functioning according to the system's business rules, and to provide guidance to the state and CMS personnel should they have questions or identify glitches. As a result of this process, the MBES/CBES system continually evolves to meet the needs of MBES/CBES users and stay true to the MBES/CBES system's purpose. In addition, the Header columns are now fixed which assists in streamlining a particular task by reducing the time that a user had to scroll up and down to view the headers. As a result of additional COS line items and enhanced graphics, the loading time has increased for many of the larger forms. To help continually enhance the system's performance, a "quick entry" solution was implemented for the largest forms, and it is CMS' intent to apply this function more frequently to the larger forms. The additional COS lines assist the states as well as CMS by means simplifying the identification, reporting, and analysis of these budget & expenditures. Moreover, the new platform has significantly less down time, and the new platform helps to optimize the overall performance of the MBES/CBES system. Although there are new COS lines, they do not result in an increase in burden as this information was originally reported on the Forms CMS-64.9I, CMS-64.10I, CMS-64.9PI, and CMS-64.10PI Informational Forms (I-Forms). In addition, the COS line items added in accordance with ACA do not result in an increase in burden because the updated MBES/CBES system's intuitive, efficient nature, and reduced down time offsets any increase in time for data entry.

MACFin is continuing its evolution as the modernized solution for CMS and states to improve the accuracy of over \$700 billion in annual state-reported budget and expenditure data, and is essential for federal and state administration of the Medicaid program and CHIP. It empowers federal and state administration to evolve efficiently with ongoing programmatic and technological changes. MACFin has improved the technology, functionality, and efficiency of the existing financial processes, thus providing a consolidated solution to Medicaid and CHIP financial administration and oversight.

MACFin is iteratively assuming responsibilities and business functions previously provided by the existing MBES/CBES system, has integrated the Incurred But Not Reported Survey (IBNRS)

system and processes, and is integrating and automating financial management processes external to MBES/CBES and IBNRS.

MBES/CBES, thus MACFin, is the only system that CMS uses to determine federal payment amounts to states and territories for the Medicaid and CHIP programs.

4. Duplication/Similar Information

The information covered by this request does not duplicate any data being collected. While the Form CMS-37, Medicaid Program Budget Report, is used to collect expenditure data, it is used only to report estimated data on a quarterly basis for budgetary purposes. The Form CMS-64 is the only means used by CMS to collect actual expenditure data on a quarterly basis. The Form CMS-21B collects expenditure estimates for CHIP and the Form CMS-21 collects actual expenditures on a quarterly basis. MACFin only collects expenditure data for the Form CMS-37 and Form CMS-21B. MBES/CBES only collects expenditure data for the Form CMS-64 and Form CMS-21.

5. Small Business

This information collection does not significantly impact small businesses.

6. Less Frequent Collection

Failure to collect the data on a quarterly basis may result in delays in states and territories receiving the appropriate amount of initial federal funding to operate the Medicaid and CHIP and federal funds not being returned promptly and properly to the Federal Government. States and territories could mispend large sums of federal funds undetected with no immediate mechanism of recovery. Conversely, there are instances where states and territories are due federal funds and delays in reimbursement could cause financial hardships on states and territories and adversely impact the operation of Medicaid and CHIP. Quarterly reporting applies to Forms CMS-37, CMS-64, CMS-21B, and CMS-21.

7. Special Circumstances

There are no special circumstances that would require an information collection to be conducted in a manner that requires respondents to:

- Report information to the agency more often than quarterly;
- Prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- Submit more than an original and two copies of any document;
- Retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- Collect data in connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study,
- Use a statistical data classification that has not been reviewed and approved by OMB;

- Include a pledge of confidentiality that is not supported by authority established in statute or regulation that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- Submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

8. Federal Register Notice/Outside Consultation

The 60-day notice published in the Federal Register on February 9, 2024 (89 FR 9155). Comments must be received by April 9, 2024.

9. Payment/Gifts To Respondents

There were no payments/gifts to respondents.

10. Confidentiality

Forms CMS-64, CMS-37, CMS-21, and CMS-21B do not collect information on individuals. Consequently, they are not subject to the Privacy Act.

11. Sensitive Questions

There are no sensitive questions associated with this collection. Specifically, the collection does not solicit questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

12. Burden Estimates

*Wage Estimates*

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2022 National Occupational Employment and Wage Estimates for all salary estimates ([http://www.bls.gov/oes/2022/may/oes\\_nat.htm](http://www.bls.gov/oes/2022/may/oes_nat.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 Occupation Title	Occupation Code	Mean Hourly Wage (\$/hr)	Fringe Benefits and Other Indirect Costs (\$/hr)	Adjusted Hourly Wage (\$/hr)
Data Entry and Information Processing Workers	43-9020	18.97	18.97	37.94
Financial Analysts	13-2050	56.14	56.14	112.28

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 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 Respondent Burden Estimates*

Respondents consist of 56 state or territorial Medicaid agencies. Each respondent will make four quarterly submissions to CMS with an average staff effort of 20 or 40 hours per submission.

Since reports are submitted electronically, there are negligible printing and distribution costs to the respondent. The total annual respondent burden follows:

Form CMS-64	
9,184 hours (56 agencies x 41 hr x 4 qtr)	
\$1,014,527 [56 agencies x 4 qtr x ((40 hr x \$112.28/hr) + (1 hr x 37.94))]	
Form CMS-37	
4,480 hours (56 agencies x 20 hr x4 qtr)	
\$503,014 (4,480 hr x \$112.28/hr)	
Forms CMS-21/21B	
4,480 hours (56 agencies 20 hr x4 qtr)	
\$503,014 (4,480 hr x \$112.28/hr)	
Total	
18,144 hours (9,184 hr + 4,480 hr + 4,480 hr)	
\$2,020,555 (\$1,014,527 + \$503,014 + \$503,014)	

When considering the federal match, the state/territory share is 50% of the cost.

Total Respondents Cost (Rounded)	\$2,020,555
Less 50% Federal Match	-\$1,010,278 (\$2,020,555 x 0.5)
<b>Respondents Share of Cost</b>	<b>\$1,010,278</b>

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

To view the forms as they appear in the MACFin system go to Medicaid.Gov

- Form CMS-21B: Provides an estimate of CHIP expenses for the year and quarter, both for the current year and the budgeted year. It must be certified before it is submitted to the MACFin system. The form should be filed on or before 45 days before the start of the federal quarter. (No changes)

- Form CMS-37: Provides an estimate of Medicaid expenses for the year and quarter, both for the current year and the budgeted year. It must be certified before it is submitted to the MACFin system. The form should be filed on or before 45 days before the start of the federal quarter. (No changes)

To view the forms as they appear on the MBES/CBES Production screens go to Medicaid.Gov

- Form CMS-21: These are CHIP expenditure forms which should be filed on or before 30 days after the end of the federal quarter. (No changes)
- Form CMS-64: Used by states and territories to report their actual program benefit costs and administrative expenses to the CMS for Medicaid. CMS uses this information to compute the FFP for the state's and territory's Medicaid Program costs. (No changes)

### 13. Capital Cost

There are no capital costs.

### 14. Cost to the Federal Government

We use the hourly salary from the General Schedule (GS) Locality Pay Table for employees with the grade of GS-14 step 3 (at \$62.46/hr) to estimate analyst cost. Because of the various localities involved, we used the hourly rate chart for the “Rest of the United States” link below.

[https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/24Tables/html/RUS\\_h.aspx](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/24Tables/html/RUS_h.aspx)

#### *Division of Financial Operations – East Costs*

Central Office cost would include an estimated average of salaries for a GS-14 step3 analyst (at \$62.46/hr) that reviews Forms CMS-64, CMS-37, CMS-21B and CMS-21.

For the Form CMS-64, analysts' costs are based on reviewing 224 submissions per year (56 submissions times 4 quarters per year). Each review takes approximately 7 hours to complete totaling \$97,937 (224 submissions x 7 hr x \$62.46/hr).

For the Form CMS-37, analysts' costs are based on reviewing 224 submissions per year (56 submission times 4 quarters per year). Each review takes approximately 4 hours to complete totaling \$55,964 (224 submissions x 4 hr x \$62.46/hr).

For the Form CMS-21B, analysts' costs are based on reviewing 224 submissions per year (56 submission times 4 quarters per year). Each review takes approximately 4 hours to complete totaling \$55,964 (224 submissions x 4 hr x \$62.46/hr).

For the Form CMS-21, analysts' costs are based on reviewing 224 submissions per year (56

submission times 4 quarters per year). Each review takes approximately 7 hours to complete totaling \$97,937 (224 submissions x 7 hr x \$62.46/hr).

Total central office analyst's costs are estimated at \$307,802.

#### Printing and Distribution Costs

Printing and distribution costs are estimated to be \$7,100. This has been confirmed with CMS's Printing and Distribution Branch.

#### Divisions of Financial Operations Costs

The costs for the Divisions of Financial Operations are calculated as follows: 2,080 total hours per person year, multiplied by 90 full time financial management employees totals 187,200 hours. It is estimated that 23 percent of total staff time is spent on analysis of the form CMS-64 totaling \$2,689,278 (187,200 x 23% x \$62.46/hr).

#### Federal Share of State Reporting Costs

The total federal share is half of the total state reporting costs or \$1,010,278 (see section 12, above).

#### TOTAL

The total federal costs consist of central office review, regional office review, printing and distribution and the federal share of State reporting costs.

\$307,802	Division of Financial Operations - East Review
\$7,100	Printing and Distribution
\$2,689,278	Divisions of Financial Operations Review
<u>+ \$1,010,278</u>	<u>State Reporting Federal Share</u>
\$4,014,458	Total

#### 15. Changes in Program/Burden

This February 2024 iteration does not propose any program changes. We are, however, adjusting our cost estimates by using more recent BLS wage data (from \$36.14/hr to \$37.94/hr for Data Entry and Information Processing Workers and from \$102.26/hr to \$112.28/hr for Financial Analysts).

Overall, the adjustment increases our cost estimate by \$89,980 (from \$920,298 to \$1,010,278).

#### 16. Publication and Tabulation Data

The results of this information collection are not planned for publication for statistical use nor does this information collection employ statistical research methodologies.



17. Expiration Date

CMS would like to display the expiration date as determined by OMB

18. Certification Statement

There are no exceptions to the certification statement.

**B. Collection of Information Employing Statistical Methods**

The use of statistical methods does not apply.