

Generic Supporting Statement
Section 1115 Reentry Demonstration Initiative
(CMS-10398 #86, OMB 0938-1148)

This November 2024 iteration is a new generic collection of information request that is being submitted to OMB under control number 0938-1148.

A. Background

Medicaid Section 1115 Demonstration Projects

Under section 1115(a) of the Social Security Act (hereinafter, “the Act”) the Secretary of Health and Human Services (“Secretary”) may authorize a state to conduct experimental, pilot, or demonstration projects that, in the judgment of the Secretary, promote the objectives of title XIX of the Act.

Under the authorization, the Secretary may (1) waive provisions in section 1902 of the Act; and/or (2) authorize federal matching funds for state expenditures that would not otherwise be matchable (i.e., expenditure authority) under section 1903 of the Act.

Section 1902, “State Plans for Medical Assistance” lists what elements the Medicaid state plan must include, such as provisions relating to eligibility, beneficiary protections, benefits and services and cost sharing. Section 1903, “Payments to States,” describes expenditures that may be “matched” with federal title XIX dollars, allowable sources of non-federal share, and managed care requirements.

Section 1115 Reentry Demonstration Opportunity Overview

On April 17, 2023, CMS released a State Medicaid Directors Letter (SMDL #23-003) announcing a demonstration opportunity to support community reentry and improve care transitions for individuals who are incarcerated and who are otherwise eligible for Medicaid to receive medical assistance under title XIX. The Section 1115 Reentry Demonstration Opportunity (hereinafter, “the Reentry Demonstration Initiative”) will allow states to offer coverage for certain pre-release services for up to 90 days prior to the individual’s expected release date that could not otherwise be covered by Medicaid due to the Medicaid inmate exclusion policy. The provision is consistent with section 5032 of the Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT Act) (Pub. L. 115-271), “Promoting State Innovations to Ease Transitions Integration to the Community for Certain Individuals.”

States applying for the Reentry Demonstration Initiative must provide a minimum set of pre-release services called the “pre-release benefit package.” The benefit package aims to improve transitions for individuals being released from jails or prisons and returning to their communities. The benefit package must include: 1) case management to assess and address physical and behavioral health needs and health-related social needs; and 2) medication-assisted treatment services for all types of substance use disorders as clinically appropriate, with accompanying counseling. Also required in the minimum set of services is a 30-day supply of all prescription medications that have been prescribed for the beneficiary.

This collection of information request includes three templates that are intended to expedite CMS's review of reentry demonstration initiative applications and to support state implementation planning and related transparency by standardizing the presentation of key information necessary for approvals, thereby reducing rounds of clarifying questions with state applicants. The three templates include the: (1) reentry demonstration initiative preprint, (2) reentry implementation plan template, and (3) reentry budget neutrality formulation workbook. The templates are strongly encouraged but optional and described in the following section.

B. Description of Information Collection

Reentry Demonstration Initiative Preprint

States applying for the Reentry Demonstration Initiative are strongly encouraged by CMS to complete the reentry demonstration initiative preprint and submit it to CMS to more fully inform CMS of the state's reentry demonstration design proposal. The preprint is a fillable portable document format (PDF), reflective of approved reentry demonstration initiatives as aligned with requirements of SMDL #23-003, and other reentry design proposals that may be of interest to the state. The form is intended to capture the key features of the state's proposed reentry demonstration initiative and to support CMS in demonstration application review and approval determinations. While CMS will consider each application on its own merits, the reentry preprint will help a state further clarify and update its proposed reentry demonstration initiative features for CMS consideration. The reentry preprint is not a substitution for section 1115 demonstration application and transparency requirements detailed in 42 CFR 431.412 (demonstration application procedures) and approved by OMB under control number 0938-1162 (CMS-10341). The reentry demonstration initiative preprint includes pre-defined selections (checkboxes and dropdown menus) and open text boxes where additional explanation from the state would be beneficial. The reentry demonstration initiative preprint includes an accompanying document with instructions on its use.

The reentry demonstration initiative preprint provides easy-to-follow prompts for demonstration features. It requests general information about the state's application, including whether the state is requesting a new demonstration or amendment and the proposed effective and implementation dates. It also requests information on the state's: (1) reentry demonstration initiative goals; (2) proposed demonstration design features, including participating facilities, population(s) covered, pre-release timeframe, and scope of services; (3) whether the state currently suspends or will suspend (rather than terminate) Medicaid/CHIP benefits during incarceration; (4) participating providers; (5) monitoring and evaluation plans; (6) funding for planning and implementation; (7) budget neutrality; and (8) CHIP allotment for the S-CHIP population, whether the state will submit a reinvestment plan, and the interaction with mandatory state plan benefits for eligible juveniles and targeted low-income children as required under Section 5121 of the Consolidated Appropriations Act, 2023 (CAA, 2023).

Reentry Implementation Plan Template

SMDL #23-003 establishes a requirement that states with an approved reentry demonstration initiative to submit an implementation plan that describes the activities and associated timelines for achieving the demonstration milestones discussed in the SMDL and included in the demonstration's Special Terms and Conditions (STCs). The implementation plan provides information about the state's plans to implement the demonstration's requirements, including: how the state will ensure that coverage and full payment for benefits are in place as soon as possible upon release; how the state will drive positive changes in health care quality for all demonstration beneficiaries, thereby reducing disparities; and anticipated challenges and plans to address challenges in implementation. The implementation plan establishes baseline information on which the state will provide updates as part of its annual monitoring reports as approved by OMB under control number 0938-1162 (CMS-10341). The implementation plan also provides the state an opportunity to describe whether and how the state will phase in implementation of the demonstration and to document a reinvestment plan. The SMDL specifies that federal financial participation (FFP) for services provided during individuals' stays in carceral settings is contingent upon CMS approval of the state's implementation plan.

Reentry Budget Neutrality Formulation Workbook

CMS will not approve a demonstration project under section 1115 of the Act unless the project is expected to be budget neutral to the federal government. A budget neutral demonstration project does not result in Medicaid costs to the federal government that are greater than what the federal government's Medicaid costs would likely have been absent the demonstration.¹ CMS expects the state to submit budget neutrality data, which is intended to capture financial projections for the demonstration for CMS to complete a budget neutrality assessment. After approval, the state must submit quarterly/annual budget neutrality monitoring reports (as approved by OMB under control number 0938-1162 (CMS-10341)) consistent with typical expectations and requirements for a section 1115 demonstration project.

The attached reentry budget neutrality formulation workbook is specific to reentry demonstrations. CMS strongly recommends that states complete this workbook to support more timely and efficient development of the expenditure ceilings for the reentry demonstration initiative approval and under which that demonstration will operate. The workbook has been designed to reduce user burden by tailoring the required input for reentry demonstration initiatives and automating calculations where possible. The workbook standardizes reporting across states, making formulation reviews more streamlined for CMS.

C. Deviations from Generic Request

This collection of information request does not set out any deviations from the currently approved umbrella.

¹ A review of budget neutrality is available on Medicaid.gov at <https://www.medicaid.gov/resources-for-states/downloads/2022-budget-neutrality-approach-june-2024.pdf>

D. Burden Hour Deduction

High-level Assumptions

- Each state submits a Reentry Demonstration Initiative Preprint at the beginning of either a new demonstration, or for an amendment of the demonstration in the period underway, when the period of approved demonstration (generally, five years) is ending, and the state is requesting an extension.
- The preprint is completed by a health services manager.
- Each state submits a Reentry Implementation Plan at the beginning of either a new demonstration, or for an amendment of the demonstration in the period underway, when the period of approved demonstration (generally, five years) is ending, and the state is requesting an extension.
- The implementation plan is completed by a health services manager.
- Each state submits a Reentry Budget Neutrality Formulation Workbook at the beginning of either a new demonstration, or for an amendment of the demonstration in the period underway, when the period of approved demonstration (generally, five years) is ending, and the state is requesting an extension.
- The workbook is completed by a financial manager and health services manager.
- We estimate approximately 10 states annually will request approval of a reentry demonstration either as a new application, as an amendment, or in preparation of an extension.

While OMB under control number 0938-1162 (CMS-10341) is mentioned several times in this Supporting Statement, this Section 1115 Reentry Demonstration Initiative has no impact on that collection's currently approved requirements and burden estimates.

Wage Estimates

To derive average costs, we use data from the U.S. Bureau of Labor Statistics' (BLS') May 2023 National Occupational Employment and Wage Estimates for all salary estimates (https://www.bls.gov/oes/2023/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 wages.

BLS's wage estimates are updated annually. Current wage figures can be found at http://www.bls.gov/oes/current/oes_nat.htm and can be used to calculate current cost estimates. May 2023 (see above) 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)
Financial Manager	11-3031	84.05	84.05	168.10
Health Services Manager	11-9111	64.64	64.64	129.28

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 Associated Burden Estimates

Reentry Demonstration Initiative Preprint

We estimate it will take 6 hours (per state) at \$129.28/hr for a health services manager to complete and submit the preprint. Of the 6 hours, we estimate it will take 4 hours to complete the fillable PDF preprint and 2 hours to submit the preprint to CMS.

In aggregate, we estimate an annual burden of 60 hours (10 states x 6 hr) at a cost of \$7,757 (60 hr x \$129.28/hr).

Since we have no reliable basis for estimating the number of preprint amendments we may receive each year, the 60-hour estimate is an annual figure that addresses the one-time burden at the beginning of a new demonstration, the occasional burden at the time of a demonstration extension (generally once every five years), and the occasional burden for preparing and submitting amendments to an ongoing demonstration. We acknowledge that this is likely an overestimate, but we will refine our annual 60-hour estimate if/when applicable.

Reentry Implementation Plan

We estimate it will take 14 hours (per state) at \$129.28/hr for a health services manager to complete one response. Of the 14 hours, we estimate it will take 6 hours to complete the template and 8 hours to create and document the reinvestment plan.

In aggregate, we estimate an annual burden of 140 hours (10 states x 14 hr) at a cost of \$18,099 (140 hr x \$129.28/hr).

Since we have no reliable basis for estimating the number of implementation plans we may receive each year, the 140-hour estimate is an annual figure that addresses the one-time burden at the beginning of a new demonstration, the occasional burden at the time of a demonstration extension (generally once every five years), and the occasional burden for preparing and submitting amendments to an ongoing demonstration. We acknowledge that this is likely an overestimate, but we will refine our annual 140-hour estimate if/when applicable.

Reentry Budget Neutrality Formulation Workbook

We estimate it will take 10 hours (per state) to complete one reentry budget neutrality formulation workbook. This estimate includes the labor involved in completing the workbook and time-savings provided by the formulas that are pre-populated in the workbook. Of the 10 hours, we estimate it will take 8 hours at \$168.10/hr for a financial manager to complete the necessary information in the workbook and 2 hours at \$129.28/hr for a health services manager to review and submit the reentry budget neutrality formulation workbook.

In aggregate, we estimate an annual burden of 100 hours (10 submissions x 10 hr) at a cost of \$16,034 (10 submissions x ([8 hr x \$168.10/hr] + [2 hr x \$129.28/hr])).

Since we have no reliable basis for estimating the number of workbooks we may receive each year, the 100-hour estimate is an annual figure that addresses the one-time burden at the beginning of a new demonstration, the occasional burden at the time of a demonstration extension (generally once every five years), and the occasional burden for preparing and submitting amendments to an ongoing demonstration. We acknowledge that this is likely an overestimate but will refine our annual 100-hour estimate if/when applicable.

Summary of Collection of Information Requirements and Burden

Requirement	No. Respondents	Total Responses	Time per Response (hours)	Total Time (hours)	Labor Cost (\$/hr)	Total Cost (\$)
Preprint	10	10	6	60	129.28	7,757
Implementation Plan	10	10	14	140	129.28	18,099
Workbook	10	10	10	100	varies	16,034
TOTAL	10	30	varies	300	varies	41,890

Collection of Information Instruments and Instruction/Guidance Documents

- Reentry Demonstration Initiative Preprint
- Reentry Demonstration Initiative Preprint Instructions
- Reentry Implementation Plan Template
- Reentry Budget Neutrality Formulation Workbook
- SMDL #23-003 (Opportunities to Test Transition-Related Strategies to Support Community Reentry and Improve Care Transitions for Individuals Who Are Incarcerated)

E. Timeline

The 14-day notice published in the Federal Register on November 1, 2024 (89 FR 87375). Comments must be received by November 15.

The Medicaid section 1115 reentry initiative is a top Medicaid priority for the Administration. Approximately 20 states have submitted proposals for CMS approval of a reentry demonstration, and many more are interested. These reentry templates will create efficiencies for states and CMS by streamlining the review processes necessary for demonstration approval. The template supports articulating design features, related implementation plans and budget neutrality data in a consistent and complete manner. CMS is experiencing a significant and growing backlog in 1115 applications. Leveraging these templates is an important process improvement step in addressing the backlog. We respectfully request approval within a month following public comment. We plan to complete the review and approval of a group of states in Q1 of CY2025 and the PRA approval timeline will facilitate the efficient review of that group of states.