

Supporting Statement for the CMS-4040
Request for Enrollment in Supplementary Medical Insurance (SMI) and
Supporting Regulations in 42 CFR 407.10 and 407.11

A. Background

On July 30, 1965, P.L. 89-97 created Title XVIII of the Social Security Act. Part A of Title XVIII established the hospital insurance (HI) program (also referred to as Part A). Part B of the Act established the supplementary medical insurance (SMI) program (also referred to as Part B).

Part A entitlement is free and automatic for individuals who are entitled to or eligible for monthly Social Security Administration (SSA) or Railroad Retirement Board (RRB) benefits.

Part B is a voluntary program and is financed from premium payments by enrollees together with contributions from funds appropriated by the Federal government. Most individuals can enroll in Part B upon entitlement to Part A. There are some individuals, age 65 and over who are not entitled to or eligible for Part A. These individuals have an alternative method for enrolling in Part B.

The form CMS-4040 (and the Spanish version CMS-4040-SP) is the form used by individuals not entitled to free Part A, who wish to enroll in Part B only.

B. Justification

1. Need and Legal Basis

Section 1836 (2) of the Social Security Act (attachment 1) and Section 42 CFR 407.10 of the Code of Federal Regulations (attachment 2) list the alternative requirements for enrollment in Part B for any individual who is not entitled to hospital insurance under Part A but has attained age 65 and is either a citizen of the United States (US) or an alien lawfully admitted for permanent residence who has lived in the US continually for 5 years.

Section 42 CFR 407.11 of the Code of Federal Regulations (attachment 2) lists the CMS-4040 as the application to be used by individuals not eligible for monthly benefits or free Part A.

The CMS-4040 (attachments 3 and 4) elicits the information that the Social Security Administration (SSA) and Centers for Medicare & Medicaid Services (CMS) needed to determine entitlement to Part B only.

2. Information Users

The CMS-4040 is used to establish entitlement to and enrollment in Medicare Part B by beneficiaries who must meet the alternative requirements for enrollment because they are not entitled to benefits or free Part A. The CMS-4040 was previously approved under OMB number 0938-0245.

The CMS-4040 is used to determine entitlement based upon the alternative Part B eligibility requirements; age, citizen/alien status, residency information and federal employment. The application follows the application questions and requirements used by SSA. This is done not only for consistency purposes but to comply with other Title II and Title XVIII requirements because eligibility to Title II benefits and free Part A under Title XVIII must be ruled out in order to qualify for SMI only entitlement.

The latest revisions clarify the explanation of Part B premium payments and adds a statement before the information gathering to ensure the applicant understands a premium is due for Part B enrollment.

There are six questions that must be answered to determine eligibility.

Items 1 and 2 request information necessary to identify the applicant: name, sex, date/place of birth, and Social Security number.

Item 3 requests information on prior claims filed with SSA to determine potential or existing entitlement under Title II or Title XVIII under a different claim number or to alert SSA adjudicators of possible premium adjustments for months of prior non-SMI coverage or premium rollback.

Item 4 requests Federal Civil Service Retirement Act (annuity) information on the applicant and/or spouse for the purpose of deducting SMI premiums from a civil service annuity paid by the Office of Personnel Management.

Items 5 and 6 request citizenship and residency information pertinent to the requirement that the applicant be either a citizen, or an alien lawfully admitted for permanent residence who has resided in the U.S. continuously for 5 years before the first month of entitlement.

The form is completed by the individual with assistance from an SSA field office (FO) claims representative or field representative. Applications are processed in the FO and directly input into the SSA Master Beneficiary Record (MBR). The data is then passed to the CMS master record, the Enrollment Database (EDB). A health insurance record showing entitlement/enrollment is established, and if applicable, a Medicare card is issued.

If this information were not collected, it would be impossible to affect entitlement/enrollment for individuals not covered under Title II of the Social Security Act and subsequently process Medicare claims for them.

3. Use of Information Technology

The information on this form is also collected in an online environment. It is entered directly into the SSA Modernized Claims System (MCS). (This system uses online data input screens to capture the data supplied by the applicant.) Paper applications are printed because the Office of General Counsel requires that each application have an original signature under a fraud statement.

CMS and SSA are looking at the use of electronic signatures and are using them on some of their applications. This collection is not one of the applications currently designated for use of electronic signature.

Additionally, paper applications are taken in situations where the online system is not available. Even when a paper application is taken, the information is subsequently entered into the MCS system to facilitate adjudication and data transfer. The electronically collected information is adjudicated online and the data used to establish SSA and CMS master records. The SSA and CMS records communicate with each other through electronic data interchange

All data, whether initially collected on paper or online, is stored electronically. The paper application and proofs of entitlement are kept on file along with the award certificate (which is a printout of the online system) for a prescribed length of time and then destroyed. The electronic data is retained.

Although technology is used in the collection, processing and storage of the data, the burden is not reduced by the use of technology.

4. Duplication of Efforts

Item 3 requests information pertaining to previous applications for benefits. It is elicited to ensure that a previous claim has not already been filed and, if it has, to ensure that the proper action will be taken by SSA.

If no duplication in filing has occurred, this information is not available from any other source.

5. Small Businesses

Use of this form does not involve small businesses.

6. Less Frequent Collection

This information is collected once, for each individual respondent, at the time the individual files for Part B of Medicare. If this information is not collected, the applicant cannot establish entitlement to SMI. Because there is a legal requirement to apply for benefits either on paper or electronically, the burden cannot be minimized.

7. Special Circumstances

The collection of this information is consistent with the guidelines in 5 CFR 1320.6. There are no special circumstances.

8. Federal Register/Outside Consultations

The 60 day Federal Register notice was published on _____, attached.

The gathering of this information is a necessary part of the Medicare entitlement process. This form was developed in 1966. Appropriate comments were solicited at that time. There have been no problems associated with the use of this form or the procedures established. Since the data is collected only once, there is no need for ongoing consultations.

9. Payments/Gift to Respondents

There were no payments/gifts to respondents.

10. Confidentiality

The information collected is protected under the provisions of the Privacy Act and this is stated on the application.

11. Sensitive Questions

There are no questions of a sensitive nature asked on this form.

12. Burden Estimate (Hours and Wages)

There are approximately 10,000 respondents annually requesting enrollment in the Part B on the CMS-4040. The average interview and completion time for the CMS-4040 is 15 minutes based on actual experience. (The completion time is the same whether the application is taken on paper or in an electronic environment because the time is spent soliciting the information rather than completing the form.)

The burden is computed as follows:

There are 10,000 respondents taking 15 minutes per response. Using the multiplier provided Part II of the Paperwork Reduction Act Submission Worksheet the total burden hours are 2,499.9.

There is no cost to the respondents. Individuals who complete this form have not worked and there is no appropriate wage category to use to annualize any cost to the respondent for 15 minutes.

13. Capital Costs

There are no additional costs. SSA is the record keeper and the collection and storage of this data represents no additional cost. It is part of their normal claims activity

14. Cost to Federal Government

Printing Costs:

The printing cost associated with the CMS-4040 is \$375.00 for the English version and \$375.00 for the Spanish version. The total printing cost is \$750.00.

Processing Costs:

Interviews are conducted by SSA FO claims and field representatives (average is GS 11, step 5) whose hourly rate of pay (without locality pay) is \$25.08). Thus, 2,499.9 burden hours (see item 12) multiplied by \$25.08 = \$62,698.

Total Federal Cost including printing and processing costs = \$63,448.

15. Changes to Burden

The changes to the costs in item 14 occurred because printing costs increased because CMS is printing new versions of the CMS-4040 and CMS-4040 SP so all existing stock is being replaced.

Additionally, there was an error in the computation of the hourly rate of payment for the SSA employees who take and process CMS-4040. The last submission overestimated the hourly rate at \$25.24. Based upon the rate obtained from the OPM tables, the current rate should be \$25.08. This lessens the processing costs.

When taken together, the burden increases by \$48.00 over the last submission.

16. Publication/Tabulation Dates

This information is not published or tabulated.

17. Expiration Date

CMS would like an exemption from displaying the expiration date as these forms are used on a continuing basis. To include an expiration date would result in having to discard a potentially large number of forms.

18. Certification Statement

There are no exceptions to the certification statement.

C. Collection of Information Employing Statistical Methods

There have been no statistical methods employed in this collection.