

Supporting Statement for the CMS-4040
Request for Enrollment in Supplementary Medical Insurance (SMI) and
Supporting Regulations in 42 CFR §§407.10 and 11 and §408.40(a)(2)

A. Background

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

The Social Security Act at §226(a) provides that individuals who are age 65 or older and eligible for or entitled to Social Security or Railroad Retirement Board (RRB) benefits shall be entitled to premium-free Part A upon filing an application for such 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. All individuals age 65 or older who are entitled to Part A can enroll in Part B. There are some individuals, age 65 and over who are not entitled to or eligible for premium-free Part A. These individuals may, however, enroll in Part B only.

The form CMS-4040 (and the Spanish version CMS-4040-SP) is the form used by individuals 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 CMS regulations at 42 CFR §407.10, (attachment 2) provide the eligibility requirements for enrollment in Part B for individuals age 65 and older who are not entitled to premium-free Part A. The individual must be a resident of the United States, and either a U.S. citizen or an alien lawfully admitted for permanent residence who has lived in the US continually for 5 years.

CMS regulations at 42 CFR §407.11 (attachment 3) lists the CMS-4040 as the application to be used by individuals not eligible for monthly benefits or free Part A.

Section 1840(d)(1) of the Social Security Act (attachment 4) and 42 CFR §408.40(a)(2) (attachment 5) requires that the Part B premium be deducted from a Federal Civil Service Retirement Act annuity if the individual is receiving such benefits. The statute also permits the Part B premium of a spouse to be deducted from the individual's annuity.

The CMS-4040 (attachments 6) and the CMS-4040SP (attachment 7) elicit the information that the Social Security Administration (SSA) and Centers for Medicare & Medicaid Services (CMS) need to determine entitlement to Part B and to allow for the deduction of a beneficiary's Part B premium from his/her spouse's annuity.

2. Information Users

The CMS-4040 (and the CMS-4040SP) is used to establish entitlement to and enrollment in Medicare Part B for beneficiaries who file for Part B only. The CMS-4040 forms were previously approved under OMB number 0938-0245.

The CMS-4040 solicits the information that is used to determine entitlement for individuals who meet the requirements in §1836(2) as well as the entitlement of the applicant or their spouses to an annuity paid by OFM for premium deduction purposes. 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 form provides an explanation of Part B premium payments to ensure the applicant understands a premium is due for Part B enrollment.

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

Items 1 and 2 request the information necessary to identify the applicant: name, sex, date and place of birth. The applicant's Social Security number is requested to allow SSA to access their earnings system to determine if the applicant is eligible for or entitled to premium-free Part A.

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.

Item 4 requests Federal Civil Service Retirement Act annuity information on the applicant or their spouse for the purpose of deducting SMI premiums from the annuity paid by the Office of Personnel Management. One of the questions asks for the Civil Service Annuity number (CSA). If a CSA number is not available the SSN is requested as an alternate identifier.

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 claims representative or field representative. Applications are processed 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 by SSA representatives. When done in the online environment, the data 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. SSA is currently using them on some of their applications. Medicare only applications still require original signatures so 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 to the SSA MBR.

In all but very limited situations, the MCS system uses the electronically collected information to do online claims adjudication. The adjudicated record is electronically transferred to the SSA MBR where an entitlement record is established. The MBR then electronically transfers the record to CMS through an 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 August 15, 2008.

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 2,500.

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 CMS-4040(SP). The total printing cost is \$750.00.

Processing Costs:

Interviews are conducted by SSA claims and field representatives (average pay scale is GS 11, step 5) whose hourly rate of pay (without locality pay) is \$26.15). Thus, 2,500 burden hours (see item 12) multiplied by \$26.15 = \$65,375.

Total Federal Cost including printing and processing costs = \$66,125.

15. Changes to Burden

The increase in the burden cost is due to an increase in the hourly rate of pay for SSA employees who take and process CMS-4040.

The burden increases by \$2,677 over the last submission because of the salary increase.

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.

