SUPPORTING STATEMENT

Part A

2010 - 2011
Medical Expenditure Panel Survey – Insurance Component

Version August 17, 2009

Agency for Healthcare Research and Quality (AHRQ)

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A. Justification

1. Circumstances that make the collection of information necessary

The mission of the Agency for Healthcare Research and Quality (AHRQ) set out in its authorizing legislation, The Healthcare Research and Quality Act of 1999 (see Attachment A), is to enhance the quality, appropriateness, and effectiveness of health services, and access to such services, through the establishment of a broad base of scientific research and through the promotion of improvements in clinical and health systems practices, including the prevention of diseases and other health conditions. AHRQ shall promote health care quality improvement by conducting and supporting:

1. research that develops and presents scientific evidence regarding all aspects of health care; and

2. the synthesis and dissemination of available scientific evidence for use by patients, consumers, practitioners, providers, purchasers, policy makers, and educators; and

3. initiatives to advance private and public efforts to improve health care quality.

Also, AHRQ shall conduct and support research and evaluations, and support demonstration projects, with respect to (A) the delivery of health care in inner-city areas, and in rural areas (including frontier areas); and (B) health care for priority populations, which shall include (1) low-income groups, (2) minority groups, (3) women, (4) children, (5) the elderly, and (6) individuals with special health care needs, including individuals with disabilities and individuals who need chronic care or end-of-life health care.

Employment-based health insurance is the source of coverage for over 90 million workers and their family members, and is a cornerstone of the current U.S. health care system. The Medical Expenditure Panel Survey – Insurance Component (MEPS-IC) measures the extent, cost, and coverage of employment-based health insurance on an annual basis. These statistics are produced at the National, State, and sub-State (metropolitan area) level for private industry. Statistics are also produced for State and Local governments.

The survey is designed to provide data for Federal policymakers evaluating the effects of National and State health care reforms. It also provides descriptive data on the current employment-based health insurance system and data for modeling the differential impacts of proposed health policy initiatives. The MEPS-IC also supplies critical State and National estimates of health insurance spending for the National Health Accounts and Gross Domestic Product.

State governments, nonprofit researchers, and private sector employers also need State

and sub-State level information to assess government policies and to help make decisions on health insurance coverage. Currently, the MEPS-IC is the only survey that provides estimates for all States on an ongoing basis.

The legislation authorizing collection of this information is contained in Title 42, USC, Section 299b-2. (See Attachment A.)

2. Purpose and Use of Information

The primary objective of the MEPS-IC is to collect information on employer-sponsored health insurance available to American workers. Such information is needed in order to provide the tools for Federal, State, and academic researchers to evaluate current and proposed health policies and to support the production of important statistical measures for other Federal agencies.

An annual survey conducted by mail and telephone, the MEPS-IC is collected and processed by the Bureau of the Census for AHRQ. Estimates are published at the National, State, and sub-State levels in annual tables on the MEPS website. Special request data runs, for estimates not available in the published tables, are made for Federal and State agencies as needed.

The MEPS-IC provides annual National and State estimates of aggregate spending on employer-sponsored health insurance (annual premium expenditures) for the National Health Accounts (NHA) that are maintained by the Centers for Medicare and Medicaid Services (CMS) and for the Gross Domestic Product (GDP) produced by the Bureau of Economic Analysis (BEA).

Other regular users of previous MEPS-IC data have been:

- Department of Treasury;
- The U.S. Congress Joint Committee on Taxation;
- Council of Economic Advisors (CEA);
- Department of Labor (DOL);
- Department of Health and Human Services, including
    - AHRQ;
    - Centers for Medicare & Medicaid Services (CMS);
    - Assistant Secretary for Planning and Evaluation (ASPE);
    - Health Resources and Services Administration (HRSA);
- General Accounting Office (GAO);
- Congressional Budget Office (CBO);
- Congressional Research Service (CRS);
- Universities, private consulting firms, and policy groups;
- Government agencies from almost every State.

Examples of important uses of the MEPS-IC estimates include:

- For large scale analysis of employer health insurance. (GAO)
- To estimate the costs and tax consequences of potential new laws, modeling

choices and decisions made by employees concerning their health insurance. (Taxation committee, Treasury, CBO)
- For modeling the impact of proposed changes in the tax treatment of employment-related health insurance and of potential effects of health care reform initiatives. (CMS, CBO, AHRQ)
- For cost adjustments to the National Vaccine Injury Compensation Program (HRSA)
- For identifying the effects of selected state regulatory initiatives in health care markets and to estimate possible costs of new State programs which use employer sponsored health insurance to provide insurance coverage to individuals through State subsidy programs. (various State governments)
- For assessment of the cost of proposed COBRA subsidies (DOL, ASPE)
- To analyze employer-sponsored coverage of low-wage workers (CBO, CRS)
- To discuss availability of, eligibility for, and enrollment in high deductible health plans and Health Savings Accounts. (CEA)

3. Use of Improved Information Technology

Computer Assisted Telephone Interviewing (CATI) technology has been an integral tool for prescreening of respondents and telephone follow-up in the MEPS-IC since the survey's inception.

These technological improvements have been made to the MEPS-IC survey to help assist respondents when reporting and to reduce respondent burden:

- A Business Help Site (BHS) was established on the Internet for respondents to visit to view copies of the forms, definitions, and frequently asked questions. Secure messaging can be used by respondents through the BHS to ask reporting questions and receive quick responses.

- Beginning with survey year 2009, a web-based electronic reporting tool was used to collect MEPS-IC data, making it easier for respondents to report and also allowing for faster data processing. This collection tool, know as Census Taker, previously has been used successfully for other Census Bureau surveys.

4. Efforts to Identify Duplication

There is no survey or study that has been conducted or is currently underway that will meet the objectives of the MEPS-IC. Many federal household surveys, including the MEPS-HC, collect insurance information. However, household respondents cannot supply much of the important information provided by the MEPS-IC respondents. Data on employer premiums or about employment-based enrollments and offerings are only available through employers.

The Bureau of Labor Statistics' (BLS) National Compensation Survey (NCS) – also an

employer survey -- collects a subset of information similar to the MEPS-IC. Although the two surveys can be used to produce certain overlapping National estimates, the two surveys have very different purposes and samples.

The NCS is designed to produce estimates by occupation while the MEPS-IC is not. To support the collection of occupation information, the NCS must conduct personal visits to implement its occupation sampling processes. Because of this need for personal visits, the survey uses a cluster sampling approach.

The cluster sample used by NCS does not allow for the efficient development of State level estimates. The MEPS-IC can use a sample design which allows for efficient estimation at the State and sub-State level. No occupation sampling is needed within an establishment. These factors allow the MEPS-IC to collect data via less expensive mail and telephone methods rather than through personal visits.

Another important difference between the surveys is that the NCS offers information about many other benefits other than health insurance such as pensions, vacation time, disability insurance, etc. Because of the scope of benefits covered, limited data on each benefit are collected. In contrast, the MEPS-IC only asks for health insurance data, but requests much more detail on coverage and plan specifics than does NCS.

The Interagency Committee on Employer-Related Health Insurance Surveys (1997-2002) was charged with exploring the similarities and differences between the MEPS-IC and NCS, and making recommendations for changes to the surveys based on its findings. This committee -- which was comprised of staff from OMB, AHRQ, BLS, and other stakeholder agencies -- recommended that the two separate surveys continue due to the reasons discussed above.

While many of the concerns regarding survey overlap have been resolved, MEPS-IC staff continues their communication and coordination efforts with NCS staff.

5. Involvement of Small Entities

The MEPS-IC collects information from business and government units of all sizes. The information is collected using two basic forms. The establishment form (see Attachment O) requests information about the overall business characteristics (i.e., number of employees, whether health insurance is offered). The plan form (see Attachment P) requests information about the specific health insurance plans offered (i.e., premium costs, deductibles).

Many small businesses are able to entirely skip the questionnaire related to specific plans – or even complete the survey during the telephone prescreener (see Attachment N) – because they do not offer health insurance. Even small firms that offer coverage to current employees usually do not offer retiree coverage, which eliminates the need for them to answer two pages of survey questions.

In general, the MEPS-IC is designed to minimize respondent burden. Questions have been held to an absolute minimum required for the intended use of the data.

6. Consequences if Information Collected Less Frequently

The MEPS-IC is an annual data collection activity. This clearance covers the survey years of 2010 and 2011. Because employers make decisions about health insurance coverage and costs on an annual basis, less frequent collection would harm the quality of trend analysis and the ability to analyze employers' reactions to changes in state and federal policies. Less frequent data collection would also be harmful to the support of the Gross Domestic Product and National Health Accounts production, which are annual measures.

7. Special Circumstances

This request is consistent with the general information collection guidelines of 5 CFR 1320.5(d)(2). No special circumstances apply.

8. Federal Register Notice and Outside Consultations

8.a. Federal Register Notice

As required by 5 CFR 1320.8(d), notice was published in the Federal Register on June16, 2009, page 28504 for 60 days (see Attachment B). Two comments were received (see Attachment Q for both the comment and AHRQ's response).

8.b. Outside Consultations

Staff of the MEPS-IC has regular contact with Federal users of the survey's data when they have questions about the published estimates or request special runs to produce estimates not found in the published tables. These discussions help identify topics of interest to other Federal agencies for which the survey is not currently obtaining information. For example, when the Department of Treasury needed estimates of the availability of and enrollment in Health Savings Accounts and Health Reimbursement Accounts, Treasury and AHRQ staff worked together to develop new questions for the survey to capture that information.

MEPS-IC staff also has received valuable input from data users in the staff's role as frequent presenters and technical consultants at meetings of State data users, such as those of the State Planning Grants program (discontinued in 2007) run by the Health Resource Services Administration and the State Health Access Data Assistance Center at the University of Minnesota. Both of these programs focus on information on health insurance coverage at the State level, and have made extensive use of MEPS-IC estimates. Information requested by these groups has helped MEPS-IC refine and revise its forms and output.

A key part of MEPS-IC outreach efforts involves input from the Census staff that collects and processes the survey. For example, several years ago, the collection staff reported that they were receiving questions from respondents as to how to provide information on a type of health insurance plan that fit neither the definition of single coverage nor family coverage on the survey form. This type of plan – employee-plus-one coverage – limited coverage to the employee plus either a spouse or a child. Due to the information received from the collection staff, a new section was added to the 2001 questionnaire to obtain information on employee-plus-one coverage.

Another source of respondent input is the Census dedicated staff that deal with the concerns of large employers who – because of their size – are asked to respond to many different surveys run by Census. These large employers provide input into all aspects of survey collection.

Internal AHRQ researchers also provide important input into the usefulness of existing questions and needed revisions. An annual meeting is held to get their suggestions. These internal researchers also bring to the table ideas to improve the usefulness of the survey from their colleagues in academia and at non-profit research organizations.

The following list includes MEPS-IC contacts at various Federal, State, and research organizations:

Bill Wiatrowski
Associate Commissioner
Office of Compensation and Working Conditions
Bureau of Labor Statistics

Cathy Cowan
Office of the Actuary
Center for Medicare and Medicaid Services

Joseph Piacentini
Office of Policy and Research
Employee Benefits and Security Administration

Patricia Willis
Office of Policy and Research
Employee Benefits and Security Administration

Alexandra Minicozzi
Office of Tax Analysis
US Department of the Treasury

Brent Moulton, Associate Director
Bureau of Economic Analysis
U.S. Department of Commerce

Kenneth Thorpe, Ph.D.
Robert Woodruffe Professor and Chair
Department of Health Policy and Management
Emory University

Len Nichols
Director, Health Policy Program
The New America Foundation

Ed Neuschler
Senior Program Officer
Institute for Health Policy Solutions

Stuart Hagen
Health and Human Resources Analyst
Congressional Budget Office

Lynn Blewitt
Principal Investigator
State Health Access Data Assistance Center

Michael Davern
Research Associate
State Health Access Data Assistance Center

Joyce Somsak
Associate Administrator
Healthcare Systems Bureau
Health Resources and Services Administration

P.J. Maddox, Ed.D.
Director, Office of Research
George Mason University

Linda Bartnyska
Chief, Cost and Quality Analysis
Maryland Health Care Commission

Amy Lischko
Commissioner, Division of Health Care Finance and Policy
Executive Office of Health and Human Services
Commonwealth of Massachusetts

Jean Abraham
Senior Economist
Council of Economic Advisors

9. Payments/Gifts to Respondents

There are no payments to respondents.

10. Assurance of Confidentiality

The MEPS-IC is subject to rules and provisions set by the Bureau of the Census since its sample is drawn from the Census Bureau Business Register, a Census frame. Because of the use of the sampling frame from the Bureau of the Census, the MEPS-IC is bound by the confidentiality standards that apply to the Bureau of the Census. These standards, located in Title 13, Sections 8 and 9 of the United States Code are shown in Attachment C.

Because the Census frame is developed using Internal Revenue Service Tax (IRS) information, the data also fall under the review of the IRS which conducts regular audits of the data collection, storage, and use.

The confidentiality statement provided to respondents is:

Section 9 of Title 13, U.S.C. (the Census Bureau Statute), ensures that the information you report will be strictly confidential. Your report will be seen only by individuals sworn to uphold Census Bureau confidentiality.

Individuals and organizations contacted will be further assured of the confidentiality of their replies under 42 U.S.C. 1306, and 20 CFR 401 and 4225 U.S.C.552a (Privacy Act of 1974). In instances where respondent identity is needed, the information collection will fully comply with all respects of the Privacy Act.

Respondents are told by the interviewer that confidentiality of their individual response is protected by Federal law prior to answering the questions during telephone collection.

11. Questions of a Sensitive Nature

The MEPS-IC contains no questions generally considered sensitive.

12. Estimates of Annualized Burden Hours and Costs

Exhibit 1 shows the estimated annualized burden hours for the respondent's time to provide the requested data. The Prescreener questionnaire will be completed by 32,006 respondents and takes about 5 ½ minutes to complete. The Establishment questionnaire will be completed by 24,965 respondents and takes about 23 minutes to complete. The Plan questionnaire will be completed by 21,437 respondents and will require an average of 2.1 responses per respondent. Each Plan questionnaire takes about 11 minutes to complete. The total annualized burden hours are estimated to be 20,471 hours.

Exhibit 2 shows the estimated annualized cost burden associated with the respondents' time to participate in this data collection. The annualized cost burden is estimated to be $546,576.

Exhibit 1. Estimated annualized burden hours

Form Name	Number of Respondents	Number of responses per respondent	Hours per response	Total Burden hours
Prescreener Questionnaire	32,006	1	0.09	2,881
Establishment Questionnaire	24,965	1	0.38	9,487
Plan Questionnaire	21,437	2.1	0.18	8,103
Total	78,408	na	na	20,471

Note: The total number of respondents increased from previous clearances not due to any increase in sample size, but due to a change in the way the number of respondents is reported. While now total respondents are the sum of respondents per form, previously they were reported as the number of unique establishments completing at least one form.

Exhibit 2. Estimated annualized cost burden

Form Name	Number of Respondents	Total Burden hours	Average Hourly Wage Rate*	Total Cost Burden
Prescreener Questionnaire	32,006	2,881	26.70	$76,923
Establishment Questionnaire	24,965	9,487	26.70	$253,303
Plan Questionnaire	21,437	8,103	26.70	$216,350
Total	78,408	20,471	na	$546,576

*Based upon the mean wage for Compensation, benefits, and job analysis specialists, civilian workers, National Compensation Survey: Occupational Earnings in the United States, 2007, U.S. Department of Labor, Bureau of Labor Statistics.

13. Estimates of Annualized Respondent Capital and Maintenance Costs

Capital and maintenance costs include the purchase of equipment, computers or computer software or services, or storage facilities for records, as a result of complying with this data collection. There are no direct costs to respondents other than their time to participate in the study.

14. Estimates of Annualized Cost to the Government

Exhibit 3 shows the total and annualized cost for this project. Project development is estimated to cost about $3.1 million, data collections activities about $7.2 million, data processing and analysis about $7.2 million, project management about $2.1 million and overhead about $1.03 million. The total cost for two years is estimated to be about $20.7 million.

Exhibit 3. Estimated Total and Annualized Cost ($ thousands)

Cost Component	Total Cost	Annualized Cost
Project Development	$3,099	$1,550
Data Collection Activities	$7,230	$3,615
Data Processing and Analysis	$7,230	$3,615
Project Management	$2,066	$1,033
Overhead	$1,033	$517
Total	$20,658	$10,329

NOTE: Components may not sum to Total due to rounding.

15. Changes in Hour Burden

Overall, annual estimated burden hours will increase by 7.6 percent, compared to the 2008-2009 clearance. A slight decrease in burden due to fewer respondents for all forms will be offset by an increase in the number of expected plan forms to be completed per respondent (from an average 1.6 to 2.1), based on results from prior years. The number of plan forms completed by a respondent depends on the number of health insurance plans offered by the respondent's organization. A business offering only one plan will have one plan form to fill out; a business offering three plans will have three plan forms to fill out. Small firms generally offer only one plan; large firms are more likely to offer multiple plans.

16. Time Schedule, Publication and Analysis Plans

The following is a brief schedule of major milestones for the scheduled project for the year 2010 data collection. The schedule for 2011 data collection would be similar.

$	Select sample	January 2010-March 2010
$	Telephone number research for the sample	April 2010-June 2010
$	Telephone Prescreener	June 2010-August 2010
$	First mailout	June 2010-August 2010
$	Follow-up mailout	August 2010-October 2010
$	Telephone follow-up	September 2010-December 2010
$	Analyst review, edits and callbacks	August 2010-April 2011

- Private sector

- $ Imputation and reweighting — April 2011-May 2011
- $ Produce and format final tables and files — June 2011-July 2011
- $ Tables available — July 2011

- Governments
  - Imputation and reweighting — August 2011-September 2011
  - Produce and format final tables and files — October 2011-November 2011
  - Tables available — November 2011

As part of the tabulation plans, AHRQ publishes tables of key estimates. For the 2008 MEPS-IC, approximately 400 tables of estimates were produced for the private sector and approximately 30 tables for governments. These included a set of important variables, such as average premiums, average contributions, percent of establishments that offer health insurance, percent of employees eligible, percent of employees enrolled, and percent of self insured establishments.

Each variable is estimated for a variety of employer characteristics in the private sector. Published cells are determined by crossing combinations of industry, size of firm, State and other characteristics. For instance, a set of estimates would be defined as the average single coverage premium for each cell – with cell defined by the State in which the establishment is located and the size of the firm that owns the establishment.

State and local government estimates are available by Census region and government size category.

AHRQ also produces sets of estimates of total expenditures and enrollments for employer health insurance by industry, state and whether a plan is purchased or self-insured. This information is produced by request of CMS and BEA, and is also of general interest.

Tables containing estimates are placed on the AHRQ website in a variety of formats (PDF, Excel, HTML, and CSV).

The underlying sample microdata are also made available to the research community for analytic purposes through Census research data centers. The data centers require that a user submit a research proposal; proposals are thoroughly reviewed before access is given to the microdata. When working with the microdata, analysts must follow strict confidentiality procedures set forth by the Census Bureau. Census also imposes rigorous guidelines limiting the types of research tabulations that can be released. These procedures are followed to assure that the promise of confidentiality given to survey respondents is kept.

As with any survey, Census and AHRQ perform various methodological studies to assess the quality of the data and sample design. Among studies done are benchmarking against results from other surveys, such as the NCS, when similar national estimates can be made. Other important research is also taking place to determine methods to improve sample design, weighting and post stratification of the results.

17. Exemption for Display of Expiration Date

AHRQ does not seek this exemption.

List of Attachments

Attachment A -- Healthcare Research and Quality Act of 1999

Attachment B -- 60 Day Federal Register Notice

Attachment C -- Confidentiality Form

Attachment D -- Sample Allocation

Attachment E -- Sample Strata

Attachment F -- Cover Letter Private Sector

Attachment G -- Cover Letter Government Sector

Attachment H -- Followup Letter Private Sector

Attachment I -- Followup Letter Government Sector

Attachment J -- Call Center Fax Followup Letter Private Sector

Attachment K -- Call Center Fax Followup Letter Government Sector

Attachment L -- Thank You Letter

Attachment M – Definitions

Attachment N -- Prescreener Questionnaire

Attachment O -- Establishment Questionnaire

Attachment P -- Plan Questionnaire

Attachment Q -- Public Comment & Response