

# **Supporting Statement – Temporary High Risk Pool Program**

## **A. Justification**

### **1. Circumstances Making the Collection of Information Necessary**

The Department of Health and Human Services (HHS) is requesting emergency action for this clearance by the Office of Management and Budget no later than April 30, 2010. We are requesting emergency processing procedures for this application because this information is needed immediately to assure that temporary high risk health insurance pool programs are established timely and effectively.

The Department of Health and Human Services is updating this package to request emergency action for clearance by the Office of Management and Budget no later than May 7, 2010. We are requesting emergency processing procedures for this application because this information is needed immediately to assure that temporary high risk health insurance pool programs are established timely and effectively. This revision is being made based on regulations to be issued and the application package to be completed by states or an entity on their behalf requesting to participate in the temporary high risk pool program.

On March 23, 2010, the President signed into law H.R. 3590, the Patient Protection and Affordable Care Act (Affordable Care Act), Public Law 111-148. Section 1101 of the law establishes a “temporary high risk health insurance pool program” to provide health insurance coverage to currently uninsured individuals with pre-existing conditions. The law authorizes HHS to carry out the program directly or through contracts with states or private, non-profit entities.

### **2. Purpose and Use of Information Collection**

The data collection will be used by HHS to request that States and the District of Columbia submit the following:

- A primary contact person;
- A letter of intent indicating whether or not they intend to submit an application to contract with HHS to operate a high risk pool program under the Affordable Care Act. As part of the letter of intent, we will request they include the anticipated timing for establishment of the program and information on any State legislative decisions that would be needed in order to participate in the new high risk pool program;
- Advance indication of which of the potential implementation options appears to be most likely for states to use to carry out their program, including available additional details such as outlines of programs, or other ideas about potential mechanisms of providing coverage under the new law; and

- All of the above information be submitted via email to HHS with the subject line “Notice of Intent.”

The data collection in the revised package will include requirements outlined in both the regulation and the application to submit the following:

- The application for a state or its designated entity to request participation in the temporary high risk pool program;
- Contract acceptance for those states or its designated entity who submit an acceptable application to HHS;
- Payment invoices;
- Reporting requirements;
- Dumping reporting requirements; and
- Audit requirements.

This above information will assist HHS in planning for and executing contracts with States to provide a high risk pool program.

### **3. Use of Improved Information Technology and Burden Reduction**

All information collected in the initial package will be submitted electronically using e-mail. HHS staff will analyze the data electronically and communicate with States and the District of Columbia using email.

Information collected in the revised package will be submitted electronically with the exception of the application which must be submitted both in writing and electronically. HHS staff will analyze the data in the same manner by which it was submitted and communicate with States and the District of Columbia using email or telephone.

### **4. Efforts to Identify Duplication and Use of Similar Information**

Since this is a new program that was created through the Affordable Care Act, the information that will be collected has never been collected before by the Federal government.

### **5. Impact on Small Businesses or Other Small Entities**

No impact on small business.

### **6. Consequences of Collecting the Information Less Frequent Collection**

Information collected in the initial package is a one-time data collection. Information collected in the revised package will consist of a one-time data collection (the application and contract acceptance) in addition to regular data collection for invoices, reporting and audit requirements.

**7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5**

No special circumstance.

**8. Comments in Response to the Federal Register Notice/Outside Consultation**

Due to the emergency nature of the program announce OMB has waived the Federal Register notice requirements for this collection.

**9. Explanation of any Payment/Gift to Respondents**

Not applicable

**10. Assurance of Confidentiality Provided to Respondents**

No personal health information will be collected. All information will be kept private to the extent allowed by application laws/regulations.

**11. Justification for Sensitive Questions**

No sensitive information will be collected.

**12. Estimates of Annualized Burden Hours (Total Hours & Wages)**

In order to complete the letter of intent, each applicant will be asked to identify anticipated timing for establishment of the program, provide information on any State legislative decisions that would be needed in order to participate in the new high risk pool program, provide advance indication of which of the potential implementation options appears to be most likely for States to use to carry out their program, including available additional details such as outlines of programs or other ideas about potential mechanisms of providing coverage under the new law, and submit such information to OPHI via email.

We estimate that it will take approximately 4 hours per applicant to submit State contact information and complete the letter of intent. These will consist of .10 full week's work (40 hours) divided among two staff members, including a program manager and administrative assistant.

It is estimated that up to 51 respondents will submit contact information and letters of intent.

**12A. Estimated Annualized Burden Hours**

Estimated Annualized Burden Table

Forms (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden hours per Response	Total Burden Hours
Letter of Intent	State Government	51	1	3.75	191.25
Contact information	State Government	51	1	.25	12.75
Total				4	204

**12B. Cost Estimate for All Respondents Completing the Letter of Intent and Contact Information**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs Per Response
General manager	51	1	3.75	\$50.00	\$9562.50
Administrative assistant	51	1	.25	\$22.00	\$280.50
Total			4		\$9843.00

Salaries were taken from the Bureau of Labor Statistics website (<http://www.bls.gov/oco/ocos007.htm>)

**Application Process**

In order to complete the application, each applicant will need to read the application requirements, assemble, review, finalize and submit an application package to HHS. This burden estimate encompasses the entire application process which includes assembly of all required application content (technical approach, cost proposal, application format), certification of the application package by a senior official at the State or Delegated Entity, application submission to HHS and any subsequent application amendments or corrections that may be necessary for application approval. The final application must be submitted both electronically via email and hard copy via US mail in accordance with directions furnished in the application by HHS.

We estimate that it will take approximately 1012 hours per applicant to read, assemble, review, finalize and submit their application proposal package to HHS. We believe up to 12 people per applicant will be involved in the application assembly; total one-time burden is 51,612 hours.

It is estimated that up to 51 respondents will submit an application.

### **Contract Acceptance**

If an applicant submits an acceptable application to HHS, we will notify them of our acceptance via a contract award letter. The applicant must then sign the contract award letter and submit back to HHS solidifying the contract execution. This burden estimate includes all aspects of contract acceptance with HHS including submitting an implementation plan, signing a data use agreement, submitting forms to HHS for review, and ad hoc meetings with HHS. All documents must be submitted to HHS hard copy via US mail in accordance with directions furnished by HHS.

We estimate that it will take approximately 60 hours per applicant to read, discuss and submit its contract acceptance to HHS. We believe 5 people per applicant will be involved in the contract acceptance; total one-time burden is 3,060 hours.

It is estimated that up to 51 respondents will accept a contract.

### **Payment Invoices**

Contractors will be required to submit monthly invoices to HHS to receive actual cost reimbursement payments from HHS for administrative and claims costs incurred in the development and operation of the high risk pool program. This burden estimate includes all aspects of tracking expenses and submitting payment invoices to HHS. Invoices must be submitted on a monthly basis to HHS in a format and manner requested by HHS.

We estimate that it will take each state approximately 90 hours per month to collect information, review and submit required invoices to HHS. We believe 3 people per applicant will be involved in submitting payment invoices; total burden is 55,080 hours per year.

It is estimated that up to 51 respondents will submit payment invoices.

### **Reporting Requirements**

Contractors will be responsible to retain records of expenditures and enrollment, and submit required information for oversight purposes. Contractors will be required to report, on a regular basis, information described both in this subpart and the executed contract with HHS. This burden estimate includes all monthly, quarterly, annual and ad hoc reporting required under the contract. The information must be submitted electronically in a manner specified by HHS.

We estimate that it will take each contractor approximately 70 hours per month to collect, assemble, review, and submit the required reporting information. We believe 5 people per contractor will be involved in submitting reporting requirements; total burden is 42,840 hours per year.

It is estimated that up to 51 respondents will submit the required reporting information.

### **Reports of Dumping**

Contractors must refer, to the appropriate Federal or State authorities, any issuer's or group

health plans they have identified as discouraging an individual from remaining enrolled in coverage offered by such issuer or health plan based on the individual’s health status. This estimate was based on a monthly burden of reporting this information.

Once identified, the information must be immediately submitted to the appropriated source as designated by the contractor.

We estimate that it will take each contractor approximately 40 hours per month to collect, review and forward the required information to HHS. We believe 2 people per contractor will be involved in identifying and submitting this information; total burden is 24,480 hours per year.

It is estimated that up to 51 respondents will report instances of dumping.

**Audit**

Contractors may be required to submit information to HHS to demonstrate it has fully complied with all regulatory and contractual requirements. This estimate is based on four audits per contractor over the course of the program and includes burden for both a paper document review process and more detailed on-site review process. Contractors will be required to submit all data requested by HHS within a ten day timeframe in a manner specified by HHS.

We estimate that it will take each contractor approximately 142 hours to prepare information, review and submit to HHS. We believe 5 people per contractor will be involved in assembling and submitting this information in addition to accommodating HHS during any on-site review; total burden for all 4 potential audits is 7,242 hours.

It is estimated that up to 51 respondents may be audited.

**12A. Estimated Annualized Burden Hours**

Estimated Annualized Burden Table

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden hours per Response</b>	<b>Total Burden Hours</b>
Application Process	State Government	51	1	1012	51,612
Total				1012	51,612

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden hours per</b>	<b>Total Burden Hours</b>
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				<b>Response</b>	
Contract Acceptance	State Government	51	1	60	3,060
Total				60	3,060

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden hours per Response</b>	<b>Total Burden Hours</b>
Payment Invoices	State Government	51	12	90	55,080
Total				90	55,080

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden hours per Response</b>	<b>Total Burden Hours</b>
Reporting Requirements	State Government	51	12	70	42,840
Total				70	42,840

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden hours per Response</b>	<b>Total Burden Hours</b>
Reports of Dumping	State Government	51	12	40	24,480
Total				40	24,480

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden hours per Response</b>	<b>Total Burden Hours</b>
Audit	State Government	51	1	142	7,242
Total				142	7,242

## 12B. Cost Estimate for All Respondents

### Application Process

<b>Type of respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden Hours</b>	<b>Wage per Hour</b>	<b>Burden Costs All Respondents</b>
CEO/CFO/Govr	51	1	4	77	15708
General Mgr	51	1	8	50	20400
Mgmt Analyst (2)	51	1	160	40	326400
Actuaries (2)	51	1	320	46	750720
Administrative Assistant	51	1	40	22	44880
Budget Analyst	51	1	80	33	134640
Lawyer/policy analyst	51	1	160	60	489600
Auditor	51	1	80	32	130560
Network & Computer Systems Administrators(2)	51	1	160	33	269280
<b>Total</b>			<b>1,012</b>		<b>\$2,182,188</b>

Contract Acceptance

<b>Type of respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden Hours</b>	<b>Wage per Hour</b>	<b>Burden Costs All Respondents</b>
CEO/CFO/Govr	51	1	4	77	15708
Lawyer/policy analyst	51	1	10	60	30600
Office Manager	51	1	40	23	46920
Administrative Assistant	51	1	2	22	2244
Network & Computer Systems Administrators	51	1	4	33	6732
<b>Total</b>			<b>60</b>		<b>\$102,204</b>



Payment Invoices

<b>Type of respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden Hours</b>	<b>Wage per Hour</b>	<b>Burden Costs All Respondents</b>
General Mgr	51	12	2	50	61200
Budget Analyst	51	12	80	33	1615680
Office Manager	51	12	8	23	112608
Total			90		\$1,789,488

Reporting Requirements

<b>Type of respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden Hours</b>	<b>Wage per Hour</b>	<b>Burden Costs All Respondents</b>
General Mgr	51	12	2	50	61200
Budget Analyst	51	12	16	33	323136
Office Manager	51	12	40	23	563040
Administrative Assistant	51	12	4	22	53856
Auditor	51	12	8	32	156672
Total			70		\$1,157,904

Reports of Dumping

<b>Type of respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden Hours</b>	<b>Wage per Hour</b>	<b>Burden Costs All Respondents</b>
Office Manager	51	12	8	23	112608
Fraud Investigator	51	12	32	22	430848
Total			40		\$543,456

Audit

<b>Type of respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden Hours</b>	<b>Wage per Hour</b>	<b>Burden Costs All Respondents</b>
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CEO/CFO/Govr	51	1	4	77		15708
General Mgr	51	1	10	50		25500
Lawyer	51	1	44	60		134640
Budget Analyst	51	1	40	33		67320
Auditor	51	1	44	32		71808
Total			142			\$314,976

**Salaries were taken from the Bureau of Labor Statistics website**

(<http://www.bls.gov/oco/ocos007.htm>)

**13. Estimates of other Total Annual Cost Burden to Respondents or Record Keepers /Capital Costs**

There are no additional record keeping/capital costs.

**14. Annualized Cost to Federal Government**

This is the cost to government to review the program.

<b>Type Federal employee support</b>	<b>Total Burden Hours</b>	<b>Hourly Wage Rate (GS 14 equivalent)</b>	<b>Total Federal Government Costs</b>
First level reviewer	.5	\$50.41	\$25.20
Total	.5		\$25.20

Salaries are based on a 14 Grade/Step 1 in Washington DC area.

The cost to the government based on the revised package is listed below. This includes the one-time cost of reviewing applications and contract acceptance in addition to the reoccurring cost of reviewing those items required for participation in the program.

<b>Type Federal employee support</b>	<b>Total Burden Hours</b>	<b>Hourly Wage Rate (GS 14 equivalent)</b>	<b>Total Federal Government Costs</b>
First level reviewers one time	800	50	40000
First level reviewers monthly reoccurring	160	50	8000
<b>Total</b>	<b>960</b>		<b>\$48,000</b>

Salaries are based on a 14 Grade/Step 1 in Washington DC area.

**15. Explanation for Program Changes or Adjustments**

This is a revised data collection to expand the collection data to include information required to be collected per the regulation and application requirements for those states or their designated entities who choose to operate a temporary high risk pool program.

**16. Plans for Tabulation and Publication and Project Time Schedule**

Information in the initial package was for data collection which will begin as soon as clearance is received and will be completed in less than 30 days.

Information in the revised package will include information which will begin as soon as clearance is received and the application process will be collected over the next approximate 90 days. The remainder of the information will be collected monthly, beginning within the next 30 days, until January 1, 2014 when the program terminates upon transition to the American Health Benefit Exchanges, established under sections 1311 or 1321 of the Patient Protection and Affordable Care Act.

**17. Reason(s) Display of OMB Expiration Date is Inappropriate**

Not applicable.

**18. Exceptions to Certification for Paperwork Reduction Act Submissions**

There are no exceptions to the certification.

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

Not applicable. The information collection does not employ statistical methods.