

**Supporting Statement for Applications  
for Federal Qualification CMS-901A (42 CFR §417.140)  
and Medicare Health Care Prepayment Plan CMS-901D (42 CFR §417.800)**

A. Background

Federal Qualification Application: CMS-901A

Title XIII of the Public Health Service Act was established by Public Law 93-222, the Health Maintenance Organization Act of 1973. This Act established a major federal initiative in the private sector to change the emphasis of the health service system. The HMO Act also established requirements for HMO's performance and a mechanism for continued regulation.

For Medicare Health Care Prepayment Plan Application

Medicare Health Care Prepayment Plans (HCPP) are authorized under Section 1833(a)(1)(A) of the SSA, as codified in 42 CFR 417.800 et. sec., of title 42 of the Code of Federal Regulations, to provide Part B medical and other health services (or arrange for their availability) to enrollees who are entitled to benefits under Part B of the Medicare program on a prepayment basis. HCPPs are paid for these services based upon their reasonable cost reduced by the amount equal to the actuarial value of the deductible and coinsurance that would otherwise be applicable to those services if the Medicare enrollees who received the services had not been enrolled in the HCPP.

B. Justification

1. Need and Legal Basis

This clearance request is for the information collected to ensure applicant compliance with CMS requirements and to gather data used to support determination of contract awards.

2. Information Users

For the Federal Qualification Application (CMS-901 A):

This information will be collected under the solicitation of proposals from entities that seek qualification as of an HMO under Title XIII of the PHS Act and HMOS that seek qualification for their regional components or expansion of it service areas.

For the Medicare Health Care Prepayment Plan Application (CMS-901D):

This information will be collected under the solicitation of proposals from organization that is union or employer sponsored or from an organization that does not provide, or arrange for the provision, of any inpatient hospital services.

Participation in these programs is voluntary in nature. Only organizations that are interest in participating in these programs will respond to the solicitations.

3. *The use of technological collection techniques.*

The applications are in MS Word97. Essentially, for the Narrative Section of the form, the user fills in responses to questions and fills in the cells on formulated tables. The text is marked so that pagination is automatic and the user can generate a table of contents automatically. Tables that are to be inserted into the Documents part are on separate files. This technology greatly simplifies application preparation because the user neither retypes questions nor formulates table formats. Technological instructions are included in the beginning of the application.

4. *Efforts to identify duplication.*

This form does not duplicate any information currently collected. Each application in this collection is unique due to distinct regulatory requirements.

5. *Impact on small businesses or other small entities.*

For the Federal Qualification Application

The collection of information will have a minimal impact on small business or small entities since the applicants must possess an insurance license and be able to accept risk. State statutory licensure requirements effectively prevent small organizations from accepting the level of risk needed to provide the benefit package.

For the Medicare Health Care Prepayment Plan

The collection of information will have no impact on small business or other small entities.

6. *Consequence if the collection is not conducted or is conducted less frequently.*

If this information is not collected CMS will have no mechanism to (1) ensure applicants meet the CMS requirements and (2) support determination of contract awards.

7. *Special circumstances causing information collection to be conducted, as listed.*

The only circumstance that applies here is confidentiality.

8. Federal Register notice, if applicable.

A 60-day *Federal Register* notice was published on May 7, 2010, no comments were received.

9. Any payment or gift to respondents, other than remuneration of contractors or grantees.

There are no gifts or payments associated with this collection.

10. Assurance of confidentiality to respondents and the basis for the assurance.

Consistent with federal government and CMS policies, CMS will protect the confidentiality of the requested proprietary information. Specifically, only information within a submitted application (or attachments thereto) that constitutes a trade secret, privileged or confidential information, (as such terms are interpreted under the Freedom of Information Act and applicable case law), and is clearly labeled as such by the Applicant, and which includes an explanation of how it meets one of the expectations specified in 45 CFR Part 5, will be protected from release by CMS under 5 U.S.C. § 552(b)(4). Information not labeled as trade secret, privileged, or confidential or not including an explanation of why it meets one or more of the FOIA exceptions in 45 CFR Part 5 will not be withheld from release under 5 U.S.C. § 552(b)(4).  
Subpart D (Application for Federal Qualification) at 42 CFR 417.143(h)

11. Justification for any questions of a sensitive nature.

Other than, the labeled information noted above in section 10, there are no sensitive questions included in the information request.

12. Estimates of the hour burden of the collection of information.

**CMS 901A (Federal Qualification Application)**

CMS estimates the respondent burden for completing the application is 40 hours per application. This estimate is based on consultations with applicants and consultants who work with or for HMOs.

**CMS 901D (Medicare Health Care Prepayment Plan Application)**

CMS estimates the respondent burden for completing the application is 40 hours per application. This estimate is based on consultations with applicants and consultants who work with current Medicare health care prepayment plans.

The total annual hours requested is calculated as follows

**TABLE 1 Summary of Hours Burden by Type of Applicant and Process**

In total CMS estimates 20 organizations to file 20 total responses to the application. This will amount to 800 annual burden hours.

Activity	Federal Qualification Application	Medicare Health Care Prepayment Plan Application	Summary
Expected Applications/ Responses	10	10	20
Review Instructions	1 hrs	1 hrs	2
Complete Application	39 hrs	39 hrs	78
Hours per application (from table 1)	40	40	80
Annual Burden hours	400	400	800

**Table 2 Total Wage burden by Application**

The estimated wage burden for this collection is \$4400.00 based on an estimate wage rate of \$55.00 per hour wage.

Activity	Federal Qualification Application	Medicare Health Care Prepayment Plan Application	Summary
<b>Annual burden Hours</b>	400	400	800
<b>Hourly Wages.</b>	\$55.00	\$55.00	\$55.00
<b>Total Wage burden</b>	\$22,000	\$22,000	\$44,000

**Table 3 Summary of Burden Hours Comparison CY2010 to CY2011**

The overall burden decrease by 1400 hours (CY2007 Burden hours-CY2012 Burden hours). The overall number of expected respondents has decreased by 35.

	CY2007 Number of Respondents	CY2007 (hours) Estimates	CY2007 Annual Burden	Number of Respondents	CY2012 (hours) Estimate	CY2012 Annual Burden

			<b>Hours</b>		<b>s</b>	<b>Hours</b>
F QA	20	40	800		10	400
HCPP	35	40	1400		10	400
<b>Total</b>	<b>55</b>	<b>80</b>	<b>2200</b>		<b>20</b>	<b>800</b>

Estimate of total annual cost burden to respondents from collection of information - (a) total capital and start-up cost; (b) total operation and maintenance.

Not applicable. The entities that apply are ongoing health organizations that voluntarily elect to become federally qualified.

13. Capital Cost (Maintenance of Capital Costs)

We do not anticipate additional capital cost. CMS requirements do not require the acquisition of new systems or the development of new technology to complete the application. CMS anticipates that all qualified applicants maintain systems for maintenance of their contract and application records.

14. Annualized cost to federal government

The estimated approximated cost cost for preparation, review, and evaluation per application is \$3200 (\$64,000 divided by 20 responses). This estimated cost is based on the budgeted amount for application review and estimate wages of key reviewers and support staff.

Annualized cost to Federal Government

Reviewer	Hours x wages	Cost
SME (MCAG)	4 hours x \$50.00/hr x 20 applications	\$4,000
RO Acct. Manager	28 hours x \$50.00/hr x 20 applications	\$28,000
RO Sp. Review (HSD)	28 hours x \$50.00/hr x 20 applications	\$28,000
RO Supervisor	4 hours x \$50.00/hr x 20 applications	\$4,000
Total		\$64,000

15. Program/Burden Changes.

CMS doesn't anticipate an increase burden of hours for this collection. We assigned the minimum number of respondents and responses to address the burden associated with these application requirements.

Note: The burden estimates under item12 are strictly for the purpose of obtaining OMB approval. Although CMS has not received a HCPP application in 5+ years or a FQ application in 15+ years, these applications are still under CMS regulatory authority as indicated in 42 CFR 417. Therefore, CMS believe it is still required to send this collection through OMB clearance.

16. Plans for publication.

This information is not published or tabulated.

17. Expiration date

The collection of information is for CY 2012 through 2015 only.

18. Reasons for exception to certification statement

There are not exceptions to the certification statement.