Supporting Statement – Part A

Supporting Statement For Paperwork Reduction Act Submissions

A. Background

The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), Pub. L. 110-275 was enacted on July 15, 2008 and amended titles XVIII and XIX of the Social Security Act to make various revisions to the Medicare statute intended to improve the Medicare program. Section 103 established new statutory prohibitions and limitations for Medicare Advantage plans and Medicare prescription drug plans. On September 18, 2009, we published the Final Rule-4131F in the Federal Register (E8-21674) that set forth the provisions that would implement Section 103 of MIPPA. This rule finalized six new marketing provisions. Specifically, our regulations at §422.2274(b) and (c) and §423.2264(b) and (c), require MA plans and Part D sponsors to ensure agents selling Medicare products are trained and tested annually on Medicare rules and regulations specific to the plan products they intend to sell.

We are requesting OMB approval to reflect the information collection requirements referenced in the Proposed Rule CMS-4144P - Proposed Changes to the Medicare Advantage and the Medicare Prescription Drug Benefit Programs for Contract Year 2012 and Other Proposed Changes; Revisions to Conditions of Participation for Long Term Care Facilities: to be published tentatively September 7, 2010. The collection instrument that requires OMB approval concerns the agent and broker training requirements in §422.2274(b) and (c) and §423.2264(b) and (c) which requires MA organization and prescription drug plan sponsor to ensure that all agents selling Medicare products be trained annually through a CMS endorsed or approved training program or as specified by CMS, on Medicare rules and regulations specific to the plan products that they intend to sell.
Specifically, the collection of proposals, through the Request from Proposal (RFP) process, submitted by MA organizations, prescription drug plan sponsors or other third party entities. CMS would review and endorse or approve one or more of these entities to provide Medicare agents and brokers with their annual testing and training.

B. Justification

1 . Need and Legal Basis

The information collection requirements are mandated by the proposed 42 CFR §422.2274(b) and (c) and §423.2264(b) and (c). The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), Pub. L. 110-275, added the new requirements

specified in this statement.

2. Information Users

CMS would review and endorse or approve one or more entities to provide Medicare agents and brokers with their annual testing and training based on the proposals submitted. We would review and approve or endorse proposed training programs for comprehensiveness and consistency with marketing rules and policies. Medicare Advantage (MA) organizations and prescription drug plan would be required to use the CMS approved or endorsed entity to provide agent and broker training.

3. Use of Information Technology

The collection of this information will likely not involve the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

4. Duplication of Efforts

The information collection requirements contained in the regulations are not duplicated through any other effort.

5. Small Businesses

Some MA organizations and Part D sponsors may be affected by this rule if they choose to submit a proposal to be reviewed and considered by CMS.

6. Less Frequent Collection

This information will be collected yearly. If the proposals are not collected, CMS would not be able to approve or endorse an entity to provide agent and broker training.

If it were to be collected less frequently, CMS would not be able to obtain this data. Some of

7. Special Circumstances

Generally, the collection of the proposals would occur annually. Under 422.2274(b) and (c) and §423.2264(b) and (c) MA organization and prescription drug plan sponsor must ensure that all agents selling Medicare products be trained annually through a CMS endorsed or approved training program or as specified by CMS. The proposals submitted would be

updated annually based on recent policy changes and/or changes to the regulation.

8. Federal Register/Outside Consultation

CMS will publish a proposed rule for comments. Comments received will be responded to in the final rule.

9. Payments/Gifts to Respondents

There are no payments/gifts to respondents.

10. Confidentiality

Information will be kept private to the extent permitted by law. The terms and conditions of the information collected will be governed by the Federal Acquisition Act (FAR) and other FAR clauses.

11. Sensitive Questions

There are no sensitive questions included in this collection effort.

12. Burden Estimates (Hours & Wages)

The following material is from Section VI. Collection of Information Requirements, contained in the preamble of the Proposed Rule (CMS-4144P) to be published tentatively on September 7, 2010.

The burden associated with this requirement is the time and effort put forth by plan sponsors and/or third party vendors to submit their proposals for CMS review. We estimate that about 12 entities (plan sponsors and/or third party vendors) will submit a proposal and the average estimated hours per entity to complete the proposal is 100 hours. The total estimated hourly burden associated with this requirement is equal to the estimated number of entities (12) multiplied by the estimated hours per entity (100) resulting in a total of 1200 hours. We estimate the hourly labor cost for the preparer of the proposal will be $59.20 (based on hourly wages for management analysts reported by the U.S. Department of Labor Bureau of Labor Statistics). The total annual labor cost of this proposal preparation is estimated to be $71,040 ($59.20 x 1200 hours) per fiscal year.

13. Capital Costs

Not applicable. The entities that will submit proposals to CMS should have no or minimal total capital, startup, operational or maintenance costs resulting from this collection of information.

14. Cost to Federal Government

The only cost to the federal government is the time and effort to review the proposals submitted.

15. Changes to Burden

The changes in burden and the number of respondents are associated with the number of MA organizations and Part D sponsors that will submit proposals for the new contract year. However, we estimate that the number of respondents will not be higher than 12.

16. Publication/Tabulation Dates

There are no publication or tabulation dates.

17. Expiration Date

CMS does not object to displaying the expiration date on information collection materials.

18. Certification Statement

There are no exceptions to the certification statement.