

Supporting Statement – Pre-Existing Condition Insurance Plan Program Solicitation and Contractor’s Proposal Package

A. Justification

1. Circumstances Making the Collection of Information Necessary

The Department of Health and Human Services (HHS) is requesting a renewal of this package by the Office of Management and Budget (OMB). This solicitation package instrument originally received OMB approval on April 21, 2010. HHS is now seeking a three-year approval for this collection. 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” (which has been named the Pre-Existing Condition Insurance Plan, or PCIP) 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.

This package renewal is requested as a result of a possible transition in administration of the program from a federally-run to a State administered program. A State who originally decided to have HHS administer the program in their State may in the future notify HHS of their desire to administer the Pre-Existing Condition Plan (PCIP) program. PCIP is also referred to as the temporary qualified high risk insurance pool program, as it is called in the Affordable Care Act, but we have adopted the term PCIP to better describe the program and avoid confusion with the existing state high risk pool programs.

2. Purpose and Use of Information Collection

The data collection will be used by HHS to request that States or the District of Columbia submit the following information to notify HHS of their future desire to administer the PCIP program in their State:

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

- A completed contractor's proposal package from the State or its designated entity requesting participation in the PCIP program; and
- Contract acceptance for those States or its designated entity that submit an acceptable proposal package to HHS.

3. Use of Improved Information Technology and Burden Reduction

Information collected will be submitted electronically with the exception of the contractor's proposal package, 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

This information was originally collected in belief it was a one-time data collection. During the original collection, certain States decided that it was in the best interest of their residents to allow HHS to administer the program in their State for 2010. A couple of these States have subsequently asked HHS if, in the future, this decision could be reconsidered. HHS may consider a request from a State to transition from administration by HHS to administration by a State. This request must be made before the start of the next benefit period, which would begin January 1. Accordingly, the ability to receive this request, review and decide the matter must occur before January 1 to ensure individuals in the State who are currently enrolled are smoothly transitioned from one plan to another with no lapse in coverage.

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

The 60-day Federal Register notice published on October 29, 2010.

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)

Letter of Intent

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 PCIP 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 HHS' Office of Insurance Programs 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 2 respondents will submit contact information and letters of intent, requesting a transition from administration by HHS to administration by a State, annually until the program terminates January 1, 2014 upon transition to the American Health Benefit Exchanges, established under sections 1311 or 1321 of the Patient Protection and Affordable Care Act.

Solicitation and Contractor's Proposal Package Process

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

It is estimated that up to 2 respondents will submit a proposal package, requesting a transition from administration by HHS to administration by a State, annually until the program terminates January 1, 2014 upon transition to the American Health Benefit Exchanges, established under sections 1311 or 1321 of the Patient Protection and Affordable Care Act.

Contract Acceptance

If an applicant submits an acceptable solicitation 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 (such as the enrollment form and certificate of coverage to be used), and ad hoc meetings with HHS. The signed contract must be submitted to HHS hard copy via US mail in accordance with directions furnished by HHS.

It is estimated that up to 2 respondents will accept a contract, transitioning from administration by HHS to administration by a State, annually until the program terminates January 1, 2014 upon transition to the American Health Benefit Exchanges, established under sections 1311 or 1321 of the Patient Protection and Affordable Care Act.

12A. Estimated Annualized Burden Hours

Estimated Annualized Burden for 2010 (For 2011 benefit year)

| 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 | 2 | 1 | 3.75 | 7.5 |
| Contact Information | State Government | 2 | 1 | .25 | .5 |
| Total | | | | 4 | 8 |

| Forms (If necessary) | Type of Respondent | Number of Respondents | Number of Responses per Respondent | Average Burden hours per Response | Total Burden Hours |
|--|---------------------------|------------------------------|---|--|---------------------------|
| Solicitation and Contractor's Proposal Process | State Government | 2 | 1 | 684 | 1,368 |
| Total | | | | 684 | 1,368 |

| Forms (If necessary) | Type of Respondent | Number of Respondents | Number of Responses per Respondent | Average Burden hours per Response | Total Burden Hours |
|-----------------------------|---------------------------|------------------------------|---|--|---------------------------|
|-----------------------------|---------------------------|------------------------------|---|--|---------------------------|

| | | | | | |
|---------------------|------------------|---|---|----|-----|
| Contract Acceptance | State Government | 2 | 1 | 60 | 120 |
| Total | | | | 60 | 120 |

Estimated Annualized Burden Table for 2011 (For 2012 Benefit Year)

| 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 | 2 | 1 | 3.75 | 7.5 |
| Contact information | State Government | 2 | 1 | .25 | .5 |
| Total | | | | 4 | 8 |

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| Total | | | | 684 | 1,368 |

| Forms (If necessary) | Type of Respondent | Number of Respondents | Number of Responses per Respondent | Average Burden hours per Response | Total Burden Hours |
|-----------------------------|---------------------------|------------------------------|---|--|---------------------------|
| Contract Acceptance | State Government | 2 | 1 | 60 | 120 |
| Total | | | | 60 | 120 |

Estimated Annualized Burden Table for 2012 (For 2013 Benefit Year)

| 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 | 2 | 1 | 3.75 | 7.5 |
| Contact information | State Government | 2 | 1 | .25 | .5 |

| | | | | | |
|-------|--|--|--|---|---|
| Total | | | | 4 | 8 |
|-------|--|--|--|---|---|

| Forms (If necessary) | Type of Respondent | Number of Respondents | Number of Responses per Respondent | Average Burden hours per Response | Total Burden Hours |
|--|--------------------|-----------------------|------------------------------------|-----------------------------------|--------------------|
| Solicitation and Contractor's Proposal Process | State Government | 2 | 1 | 684 | 1,368 |
| Total | | | | 684 | 1,368 |

| Forms (If necessary) | Type of Respondent | Number of Respondents | Number of Responses per Respondent | Average Burden hours per Response | Total Burden Hours |
|----------------------|--------------------|-----------------------|------------------------------------|-----------------------------------|--------------------|
| Contract Acceptance | State Government | 2 | 1 | 60 | 120 |
| Total | | | | 60 | 120 |

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

Letter of Intent / 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 | 2 | 1 | 3.75 | \$50.00 | \$375.00 |
| Administrative assistant | 2 | 1 | .25 | \$22.00 | \$11.00 |
| Total | | | 4 | | \$386.00 |

Solicitation / Contractor's Proposal Process

| Type of respondent | Number of Respondents | Number of Responses per Respondent | Average Burden Hours | Wage per Hour | Burden Costs All Respondents |
|--------------------|-----------------------|------------------------------------|----------------------|---------------|------------------------------|
| CEO/CFO/Govr | 51 | 1 | 4 | 77 | 15708 |

| | | | | | |
|--|----|---|-----|----|-------------|
| Management | 51 | 1 | 120 | 40 | 244800 |
| Actuary | 51 | 1 | 120 | 46 | 281520 |
| Budget Analyst | 51 | 1 | 120 | 33 | 201960 |
| Administrative Assistant | 51 | 1 | 40 | 22 | 44880 |
| Lawyer/policy analyst | 51 | 1 | 120 | 60 | 367200 |
| Auditor | 51 | 1 | 80 | 32 | 130560 |
| Network & Computer Systems Administrator | 51 | 1 | 80 | 33 | 134640 |
| Total | | | 684 | | \$1,421,268 |

Contract Acceptance

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

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 a request from a State to administer a PCIP program, application review, and contract acceptance.

| Type Federal employee support | Total Burden Hours | Hourly Wage Rate (GS 14 equivalent) | Total Federal Government Costs |
|--------------------------------------|---------------------------|--|---------------------------------------|
| First level reviewers; annual basis | 80 | 50 | \$4,000.00 |
| Total | | | \$4,000.00 |

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

15. Explanation for Program Changes or Adjustments

We are revising this data collection to calculate burden for the possible, but unique occasion, where a State may request that administration of the PCIP program in their State be transitioned from HHS to the State. The original data collection was intended to be a one-time data collection. However, in the course of executing contracts and speaking with each State, there were a couple of States that expressed a potential interest to HHS in possibly administering the plan in their State in the future. This revised data collection is designed to calculate burden only in those unique instances where HHS may consider a request from a State to transition from administration by HHS to administration by a State. Accordingly, this is not an expansion of the data collection but instead a renewal of and modification for those unique circumstances that may arise between now and January 1, 2014 when the program terminates upon transition to the American Health Benefit Exchanges.

16. Plans for Tabulation and Publication and Project Time Schedule

Information in this package could be collected within the next 90 days in anticipation of the upcoming 2011 calendar year. The remainder of the information will be collected annually, most likely within the 90-day period before the calendar year benefit begins, until January 1, 2014 when the program terminates upon transition to the American Health Benefit Exchanges.

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.