

**Draft 04012011**  
**Supporting Statement for the Information Collection Requirements**  
**Contained in the Grants to States for Health Insurance Premium Review**  
**Cycle I and Cycle II**  
**OMB- Control No. 0938-1121**

**A. Justification**

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

On March 23, 2010, the President signed into law H.R. 3590, the Patient Protection and Affordable Care Act (ACA), Public Law 111-148. Section 1003 of the Affordable Care Act amends the Public Health Service Act by adding Section 2794 “Ensuring Consumers Receive Value for Their Dollars.” This section requires the Secretary of HHS in conjunction with States and territories, to establish a process for the annual review of health insurance premiums to protect consumers from unreasonable, unjustified and/or excessive plan increases. This requirement takes effect beginning with the 2010 plan year. Section 1003 also establishes a program of grants to states for health insurance premium review. States and territories receiving a grant award are to review, and if appropriate under State law, approve premium changes and provide information to the Secretary on premium increases.

The U.S. Department of Health and Human Services (HHS) released the Premium Review Grants Cycle I funding opportunity twice; first to States (and the District of Columbia) in July 2010 and then to the territories and the five States that did not apply during the first release. The second release was due to the decision that the territories were subject to provisions of the ACA and hence eligible for the Rate Review Grants. 46 States, 5 Territories plus the District of Columbia were awarded grants.

HHS is seeking to release Cycle II of the Rate Review Grants. The Cycle II grants provides the opportunity to coordinate the process for review of annual health insurance rates outlined in the Rate Increase Disclosure and Review Proposed Rule, 75 FR 81004 (NPRM) with the resources made available to the States and Territories (herein after called “States”) through the grant program. For Cycle II, the grant program requirements are based largely on the definition of an “effective rate review program” described in the NPRM that will be finalized in future rulemaking. The Cycle II funding opportunity is designed to provide States with multiple opportunities to apply for funding as they progress toward becoming a State with an ‘effective rate review” program. In order to be eligible for and receive Phase I funding, a State must demonstrate that it already has an “effective rate review program” as will be outlined in the final rule; or a State must demonstrate that as a result of receiving Cycle II grant funds, it will have and will use the resources needed to review rates through an “effective rate review program.”

Phase II funding will be available to States that are unable to meet the standard

or commitment requirements for a Phase I grant. All grant applicants will be required to provide a plan to use grant funds to develop or enhance the State process for health insurance rate review through FFY 2014, including a plan for disclosing rates to the public and a commitment to share rate trend information with the Secretary.

The Cycle II, Phase I grants will be awarded for a period of approximately three years, through FFY 2014. Supplemental awards are available to a certain number of States based on population size and premium volume. A second supplemental award is available to States based on performance, for example those States that have currently in place, or enact, enhancements to their rate review programs that provide additional protections to consumers, such as the ability to disapprove rates. The NPRM did not propose to require that States have the authority or ability to disapprove rates in order to be considered a State with an “effective rate review” program, but did propose to require States to collect certain data and conduct an effective and timely review. The Phase II grant program will be awarded for the duration of one or two years, depending upon the date of award. Phase II grant awardees may also receive a performance bonus.

On February 24, 2011, The Department of Health and Human Services (HHS) released the Funding Opportunity Award (FOA) for Cycle II Premium Rate Review Grants. The response to the FOA will be due in August 2011. Awards are scheduled to be made 45 days after applications are due.

States and territories which apply for funds are required to complete the grant application. States and territories which are awarded funds under this funding opportunity are required to provide the Secretary with rate review data, four quarterly reports, and one annual report per year until the end of the grant period detailing the States’ progression towards a more comprehensive and effective rate review process. A final report is due at the end of the grant period.

HHS is requesting three-year approval by the Office of Management and Budget no later than August 29, 2011 to ensure that the current approval #0938-1092 does not expire on August 31, 2011 and so that HHS may begin to collect Cycle II applicant information and continue the reporting requirements of Cycle I.

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

### **Cycle I Process**

The data collection is used by HHS to request that States and territories submit the following:

- An application to apply for the Cycle I Health Insurance Rate Review Grants. Guidance requirements for the application were provided on pages 12-20 of the initial funding opportunity announcement dated June 7, 2010.
- Four quarterly reports to the Secretary detailing the States’ progression towards a more comprehensive rate review process, utilizing funds awarded in Cycle I Health Insurance Premium Review Grants.

- Rate review transaction data collected by the State.
- One final Cycle I report

This information will assist HHS in planning for and executing grants to States for health insurance premium review. In addition, reporting of information by grant awardees will assist HHS in assuring that grant awardees report and share finding with the Secretary as required by the grant program.

### **Cycle II Process**

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

- An application to apply for the Cycle II Premium Review Grants. Guidance requirements for the application are provided beginning on page 14 of the funding opportunity announcement released on February 24, 2011.
- Four quarterly reports to the Secretary detailing the States' progression towards a more comprehensive rate review process, utilizing funds awarded in Cycle II Health Insurance Rate Review Grants. Data elements are consistent with data elements in Cycle I Rate Review Grants.
- Rate review transaction data collected by the State.
- One annual report.
- One final report at the end of the grant.

This information will assist HHS in planning for and executing grants to States for health insurance rate review. In addition, reporting of information by grant awardees will assist HHS in assuring that grant awardees report and share data with the Secretary as required by the grant program.

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

All information collected in the grant application will be submitted electronically via grants.gov. HHS staff will analyze the data electronically and communicate with States and territories using email and phone.

All reports will be submitted electronically by States and territories. For submission of transaction data records, the awardees will be provided with a structured Excel worksheet or the data will be transmitted directly from the NAIC. A web-based interface will be provided to support ease of report and data submission during the award period. All reports (quarterly, annual and final) will be submitted electronically.

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

The information collected for Cycle II is not duplicative of the information collected for Cycle I. A data set is being collected for Cycle I of the Premium Review Grants, and there is a separate data set to be collected for Cycle II.

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

No impact on small business.

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

**Cycle I Process**

All information collected in the Cycle I grant application was submitted electronically via grants.gov. HHS staff will analyze the data electronically and communicate with States and territories using email and phone.

All reports will be submitted electronically by States and territories. For submission of transaction data records, the awardees will be provided with a structured Excel worksheet or the data will be transmitted directly from the NAIC. A web based interface will be provided to support ease of report and data submission during the award period.

**Cycle II Process**

Information collected in the grant application is a one-time data collection for the purposes of determining eligibility to receive a grant award. As this grant is a multi-year award, collection at frequency less than quarterly reports, such as annual reports only, will put the Federal grant funding at risk due to the lack of oversight.

**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**

HHS is seeking a 60-day full review and Federal Register public comment period.

**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 applicable laws/regulations.

**11. Justification for Sensitive Questions**

No sensitive information will be collected.

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

The Cycle II funding opportunity is designed to provide States with multiple opportunities to apply for funding as they progress toward becoming a State with an ‘effective rate review’ program.

In order to complete the grant application, each applicant will be asked to provide information on their current rate review process for health insurance; changes that the State proposes to operate effective rate review programs; States currently reviewing rate filings will need to propose enhancements to further strengthen their existing authorities and process. States that do not currently review rate filings must describe their plans to conduct reviews or otherwise enhance their oversight over insurers’ rate setting practices. States will also be required to describe their plan for reporting data on health insurance premiums to the Secretary. State Insurance Commissioners will need to obtain a letter of support from their Governor’s office to be eligible for grant funding.

Once States, Territories and the District of Columbia are awarded grant funds they are required to provide the Secretary with quarterly reports 30 days after the quarter has ended for the entire duration of the grant cycle. The quarterly report allows awardees to update HHS with the progression towards its goal of a rate review process or process improvements. The report narrative asks for significant events towards the goal in addition to any experienced barriers and plans for rectifying any setbacks. In addition, the report asks for data components to track the progression of rate review within a state and an updated budget, work plan and time line as well as collection of rate review data.

In addition, each grantee must provide HHS with an annual report. This report does not contain data, but instead documents the progress toward becoming (or improving) the grantees’ effective rate review program. Finally, HHS requires a final report at the end of the grant period.

### **CYCLE I PROCESS**

#### **12A. Estimated Annualized Burden Hours**

##### **Estimated Annualized Burden Table – Application:**

*No Additional Burden as burden for Cycle I Application was satisfied in the emergency PRA.*

##### **Estimated Annualized Burden Table – Reporting by Awardees**

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Estimated Burden hours per Response</b>	<b>Total Estimated Burden Hours</b>
Quarterly	Territory or	51	4	24	4,896

Report	State Government				
Transaction Data Collection	Territory or State Government	51	4	40	8,160
Final Report	Territory or State Government	51	1	40	2,040
<b>Total</b>		<b>51</b>	<b>9</b>	<b>104</b>	<b>15,096</b>

**Cost Estimate for All Respondents completing all Reporting Requirements, including the quarterly reports and data and one final report (Annualized).**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour (1)	Burden Costs Per Annualized Response
Supervisor DOI Staff Review - GS 14, Step 1	51	9	3,019	\$50.41	\$152,188
DOI Staff Report Writing - GS 13, Step 4	51	9	12,077	\$46.93	\$566,774
<b>Total</b>			<b>15,096</b>		<b>\$718,962</b>

(1) Source Wages: NAIC 2009 Resource Guide provided range for State employees. The wage per hour is taken from the [OPM Washington, DC GS](#) scale for (1) GS 14-Step 1 (Supervisor); (1) GS 12- Step 1 (Programmer) and (1) GS 13-Step 4 (Writer).

**CYCLE II PROCESS**

**12C. Estimated Annualized Burden Hours**

**Estimated Annualized Burden Table - Application**

Forms (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden hours per Response	Total Burden Hours
Grant Application	Territory or State Government	56	1	160	8,960
<b>Total</b>				<b>160</b>	<b>8,960</b>

**Estimated Annualized Burden Table - Reporting by Awardees**

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Estimated Burden hours per Response</b>	<b>Total Estimated Burden Hours</b>
Quarterly Report	Territory or State Government	56	4	24	5,376
Transaction Data Collection	Territory or State Government	56	4	40	8,960
Annual Report	Territory or State Government	56	1	40	2,240
Final Report	Territory or State Government	56	1 (not annual; end of grant)	40	2,240
<b>Total</b>			9 per year (4 quarterly reports, 4 data submissions; 1 annual), 1 final report. <b>10 total responses</b>		<b>18,816</b>

**12D. Cost Estimate for All Respondents**

**Cost Estimate for All Respondents Completing the Grant Application**

<b>Type of respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Total Burden Hours</b>	<b>Wage per Hour <sup>(1)</sup></b>	<b>Burden Costs Annualized For All Responses</b>
Supervisor DOI Staff	56	1	2,240	\$50.41	\$112,918

1() Source Wages: NAIC 2009 Resource Guide provided range for State employees. The wage per hour is taken from the [OPM Washington, DC GS](#) scale for (1) GS 14-Step 1 (Supervisor); (1) GS 12- Step 1 (Programmer) and (1) GS 13-Step 4 (Writer).

Review -GS 14, Step 1					
DOI Staff Report Writing—GS 13, Step 4	56	1	6,720	\$46.93	\$315,370
<b>Total</b>			<b>8,960</b>		<b>\$428,288</b>

**Per Applicant burden cost = \$5,726**

**Per Applicant burden hours = 120**

**Cost Estimate for All Respondents Completing the Quarterly Report and corresponding data collection combined (Annualized)**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs Per Annualized Response
Program Analyst—GS 12, Step 1	56	8	5,734	\$35.88	\$205,736
Supervisor DOI Staff Review - GS 14, Step 1	56	8	2,868	\$50.41	\$144,576
DOI Staff Report Writing —GS 13, Step 4	56	8	5,734	\$46.93	\$269,115
<b>Total</b>			<b>14,336</b>		<b>\$619,427</b>

**Cost Estimate for All Respondents Completing the Annual Report (Annualized)**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour*	Burden Costs Per Annualized Response
Supervisor DOI Staff Review - GS 14, Step 1	56	1	240	\$50.41	\$12,098
DOI Staff Report Writing —GS 13, Step 4	56	1	2,000	\$46.93	\$93,860
<b>Total</b>			<b>2,240</b>		<b>\$105,958</b>



**Cost Estimate for All Respondents Completing the Final Report (Annualized)**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour*	Burden Costs Per Annualized Response
Supervisor DOI Staff Review - GS 14, Step 1	56	1	240	\$50.41	\$12,098
DOI Staff Report Writing —GS 13, Step 4	56	1	2,000	\$46.93	\$93,860
<b>Total</b>			<b>2,240</b>		<b>\$105,958</b>

For Cycle II, the total burden hour estimate is **27,776** which includes application and reporting. The total cost associated with that estimate is **\$1,259,631**.

**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, extraction and summarization of current activities if applicable), 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 electronically via grants.gov using the directions furnished in the application by HHS.

We estimate that it will take approximately 160 hours per applicant to read, assemble, review, finalize and submit their application proposal package to HHS.

It is estimated that up to 56 respondents will submit an application which is slightly higher than the number of respondents from Cycle I (51).

**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**

Annual grant awards for Cycle I awardees total \$51 million  
 Annual grant awards for Cycle II awardees are estimated to be \$149 million

Total government program staffing costs include two GS-13s and two GS-9 with a break down as follows to intake and track applications, provide technical assistance with applicants, review and process applications, intake and review quarterly, annual and final reports and data analysis for 107 awardees.

GS-13 data analyst: hourly rate \$42.66 at 15 hours a week:	Annual cost:
\$33,275	
GS-13: hourly rate \$44.08 at 35 hours a week:	Annual cost:
\$80,225	
GS -9: hourly rate \$24.74 at 35 hours a week:	Annual cost:
\$45,027	
GS-9: hourly rate \$24.74 at 35 hours a week:	Annual cost:
\$45,027	

**Total:\$203,554**

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

The reason for the Program Changes or adjustments are due to the data collection needs for Cycle I grant awardees, including an update to the number of Cycle I applicants to correspond with the actual number of States and territories that applied and received grant awards and the associated burden for those 51 Cycle I participating States and territories in preparing and submitting quarterly reports and final reports. Similarly, we are revising the estimated burden for Cycle II applicants and potential grantees to correspond with the total possible number of applicants and their associated burden of applying, and preparing and submitting quarterly reports and final reports.

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

The grant applications will be received by HHS no later than August, 2011. Grant awards will be made 45 days after the applications are due.

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

Not applicable. We plan to include an expiration date once assigned an OMB number.

**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.