Supporting Statement for Applications for
Part C Medicare Advantage, 1876 Cost Plans, and Employer Group Waiver Plans
to Provide Part C Benefits as defined in Part 417 & 422 of 42 C.F. R.

A Background

The Balanced Budget Act of 1997 (BBA) Pub. L. 105-33, established a new "Part C" in the Medicare statute (sections 1851 through 1859 of the Social Security Act (the Act)).which provided for a Medicare+Choice (M+C) program. Under section 1851(a)(1) of the Act, every individual entitled to Medicare Part A and enrolled under Part B, except for most individuals with end-stage renal disease (ESRD), could elect to receive benefits either through the Original Medicare Program or an M+C plan, if one was offered where he or she lived.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) Pub. L. 108-173 was enacted on December 8, 2003. The MMA established the Medicare Prescription Drug Benefit Program (Part D) and made revisions to the provisions of Medicare Part C, governing what is now called the Medicare Advantage (MA) program (formerly Medicare+Choice). The MMA directed that important aspects of the new Medicare Prescription Drug Benefit Program under Part D by similar to and coordinated with regulations for the MA program.

The MMA also enacted the prescription drug benefits program and revised MA program provisions with a required implementation date of January 1, 2006. The final rules for the MA and Part D prescription drug programs appeared in the **Federal Register** on January 28, 2005 (70 FR 4588 through 4741 and 70 CFR 4194 through 458,5 respectively. Many of the provisions relating to applications, marketing, contracts and the new bidding process for the MA program became effective on March 22, 2005, 60 days after publication of the rule, so that the requirements for both programs could be implemented by January 1, 2006. As we have gained more experience with the MA and the Part D programs, we are revising areas of both programs. Many of these revisions clarify existing polices or codify current guidance.

B Justification

1. Need and Legal Basis

Collection of this information is mandated in Part C of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) in Subpart K of 42 CRF 422 entitled "*Contracts with Medicare Advantage Organizations*." In addition, the Medicare

Improvements for Patients and Providers Act of 2008 (MIPPA) amended titles XVII and XIX of the Social Security Act to improve the Medicare program.

In general, coverage for the prescription drug benefit is provided through prescription drug plans (PDPs) that offer drug-only coverage or through Medicare Advantage (MA) organizations that offer integrated prescription drug and health care products (MA-PD plans). PDPs must offer a basic drug benefit. Medicare Advantage Coordinated Care Plans (MA-CCPs) either must offer a basic benefit or may offer broader coverage for no additional cost. Medicare Advantage Private Fee for Service Plans (MA-PFFS) may choose to offer enrollees a Part D benefit. Employer Group Plans may also provide Part D benefits. If any of the contracting organizations meet basic requirements, they may also offer supplemental benefits through enhanced alternative coverage for an additional premium.

Organizations wishing to provide healthcare services under MA and/or MA-PD plans must complete an application, file a bid, and receive final approval from CMS. Existing MA plans may request to expand their contracted service area by completing the Service Area Expansion (SAE) application. Applicants may offer a local MA plan in a county, a portion of a county (i.e., a partial county) or multiple counties. Applicants may offer a MA regional plan in one or more of the 26 MA regions.

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.

1876 Cost Plan SAE

The Cost plan application is based on Section 1876 of Title XVIII of the Social Security Act and applicable regulations and Title XIII of the Public Health Services Act and the applicable regulations.

Any current 1876 Cost Plan Contractor that wants to expand its Medicare cost-based contract with CMS under Section 1876 of the Social Security Act, as amended by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and subsequent legislation can complete the service area expansion application. 1876 Cost plans under section 1876 of the Social Security Act

2. Information Users

The information will be collected under the solicitation of Part C application from MA, EGWP Plan, and Cost Plan applicants. The collection information will be used by CMS to: (1) ensure that applicants meet CMS requirements, (2) support the determination of contract awards.

Participation in all Programs is voluntary in nature. Only organizations that are interested in participating in the program will respond to the solicitation. MA-PDs that voluntarily participate in the Part C program must submit a Part D application and successful bid.

3. Improved Information Technology

In the application process, technology is used in the collection, processing and storage of the data. Specifically, applicants must submit the entire application and supporting documentation through CMS' Health Plan Management System (HPMS). The application submission is 100% electronic.

4. Duplication of Similar Information

This form does not duplicate any information currently collected. It contains information essential for the operation and implementation of the Medicare Advantage program. It is the only standardized mechanism available to record data from organizations interested in contracting with CMS. Where possible, we have modified the standard application to accommodate information that is captured in prior data collection and resides in (HPMS).
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5. Small Business

The collection of information will have a minimal impact on small businesses since applicants must possess an insurance license and be able to accept substantial financial risk. Generally, state statutory licensure requirements effectively preclude small business from being licensed to bear risk needed to serve Medicare enrollees.

6. Less Frequent Collection

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

7. Special Circumstances

Each applicant is required to enter and maintain data in the CMS Health Plan Management System (HPMS). Prompt entry and ongoing maintenance of the data in HPMS will facilitate the tracing of the applicant's application throughout the review process. If the applicant is awarded a contract after negotiation, the collection information will be used for frequent communications during implementation of the Medicare Advantage Organizations Program. Applicants are expected to ensure the accuracy of the collected information on an ongoing basis.

8. Federal Register Notice/Outside Consultation

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The 60-day Federal Register notice published on July 1, 2011 (76 FR 38655).

9. Payment/Gift To Respondent

There are no payments or gifts associated with this collection.

10. Confidentiality

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 n 45 CFR Part 5, will be protected from release by CMS under 5 U.S.C.§552(b)(4). Information not labeled as trades 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).

11. Sensitive Questions

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

12. Burden Estimate (Total Hours & Wages)

CMS estimates that respondent burden for completion of an MA Initial application is 40 hours per application. CMS estimates the respondent burden for completion a Special Needs Plan Proposal (SNP) is 40 hours. CMS estimates the respondent burden for completion of an EGWP Direct application is 1 hour per application. These estimates are based an internal assessment of the application materials.

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 that it will receive 378 applications/responses. This would amount to 13,296 total annual hours.

Application/Responses	Initial (CCP,PFFS-Network, EGWP)	PFFS (Initial-Non-network)	SAE (CCP, PFFS-Network,	MSA	Initial with SNP	SAE with SNP	SNP only	Direct EGWP	Cost Plan SAE	Summary

			EGWP)							
Expected Applications/ Responses	30	5	150	**0**	80*	60*	50*	1	2	378
Review Instructions (#of hours)	0.5	0.5	0.5	0	0.5	0.5	0	0.5	0.5	3.5
Complete Application/Proposal (# of hours)	39.5	34.5	34.5	0	39.5	39.5	20	0.5	34.5	242.5
Overall # of hours per application /proposal	40	35	35	0	40	40	20	1	35	246
Annual Burden hours	1200	175	5250	0	3200	2400	1000	1	70	13,296

*Number represents # of expected SNP proposals

Table 2
Total Wage burden by Application

The estimated wage burden for the MA Part C Application is $731,280 based on an estimate wage rate of $55.00 per hour wage

Application/ Responses	**Initial (CCP, PFFS-Network, EGWP)**	**PFFS (Initial-Non-network)**	**SAE (CCP, PFFS-Network, EGWP)**	**MSA**	**MA with SNP**	**SAE with SNP**	**SNP only**	**Direct EGWP**	**Cost Plan SAE**	**Total**
Annual burden Hours	1200	175	5250	0	3200	2400	1000	1	70	13296
Hourly Wages.	$55.00	$55.00	$55.00	$55.00	$55.00	$55.00	$55.00	$55.00	$55.00	$55.00
Total Wage burden	$66,000	$9,625	$288,750	0	$176,000	$132,000	$55,000	$55.00	$3,850	$731,280

Table 3
Summary of Burden Hours Comparison CY2012 to CY2013

The overall burden hour decrease 2400 hours (CY2012 Burden hours-CY2013 Burden hours). The overall number of expected respondents has decreased by 492.

	CY2012 Number of Respondents	**2012(hours) Estimates**	**CY2012 Annual Burden Hours**		**Number of Respondents**	**2013(hours) Estimates**	**CY2013 Annual Burden Hours**
MA (initials)	30	35	1050		30	40	1200
PFFS non-network	30	35	1050		5	35	175

SAE	170	33	5610		150	35	5250
MSA	0	0	0		0	0	0
SNP with MA	65	41	2665		80	40	3200
SNP with SAE	50	39	1950		60	40	2400
SNP Only	500	6.5	3250		50	20	1000
Direct EGWP	1	33	33		1	1	1
800 Series* only	22	1	22		0	0	
Cost Plan SAE	2	33	66		2	35	70
Total	**870**		**15696**		**378**		**13296**

*For CY2013, EGWP 800 series only are included in the CCP and SAE

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 pursue a CMS MA contract to offer health coverage to beneficiaries.

13. Capital Cost (Maintenance of Capital Costs)

We do not anticipate additional capital costs. CMS requirements do not require the acquisition of new systems or the development of new technology to complete the application.

System requirements for submitting HPMS applicant information are minimal. MAOs will need the following access to HPMS: (1) Internet or Medicare Data Communications Network (MDCN) connectivity, (2) use of Microsoft Internet Explorer web browser (version 5.1 or higher) with 128-bits encryption and (3) a CMS-issued user ID and password with access rights to HPMS for each user within the MAO's organization who will require such access. CMS anticipates that all qualified applicants meet these system requirements and will not incur additional capital costs.

14. Cost to Federal Government

The estimated cost for preparation, review, and evaluation of the MAO's application is $2,509. 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

Systems staff (HPMS)	4 hours x $50.00/hr x 378 applications	$75,600
SME (MCAG)	4 hours x $50.00/hr x 378 applications	$75,600

RO Acct. Manager**	20 hours x $50.00/hr x 328 applications	$328,000
RO Sp. Review** (HSD)	20 hours x $50.00/hr x 328 applications	$328,000
RO Supervisor**	4 hours x $50.00/hr x 328 applications	$75,600
SNP Clinical	20 hours x $50.00/hr x 190 applications	$65,600
Total		$948,400

**Do not review SNP only responses

The estimated approximated cost for per application review is $2,508 ($948,400 divided by 378 applications).

15. Program or Burden Changes

Increase Burden Hours per application:

An additional 5 hours of burden was added to the Initial application. This increase stems from an internal assessment of the application materials. For CY2013, CMS added three (3) new templates to clarify information that is being requested and to reduce confusion amongst applicants and reviewers. CMS also added three (3) new attestations. These attestations stems from regulatory changes at 42 CFR 422 subpart K.

Decrease in Overall Burden of Hour and Respondents:

The decrease in the overall burden hours is due to the decrease in the expected number of respondents. The number of SNP-only request will decrease because CMS has made an internal decision to not have all MA contractors that are currently offering a SNP product to complete and submit a SNP proposal. Only the MAO's that currently offer a SNPs will be reviewed for re-approval under the NCQA SNP Approval process and therefore would be required to submit their Models of Care (MOCs) written narrative and Model of Care Matrix Upload Document portion of the SNP Proposal.

16. Publication and Tabulation Dates

This information is not published or tabulated.

17. Expiration Date

CMS is not requesting an exemption from displaying the expiration date.

18. Certification Statement

There are no exceptions to the certification statement.

C. Collection of Information Employing Statistical Methods

There has been no statistical method employed in this collection.