

SUPPORTING STATEMENT FOR THE  
INFORMATION COLLECTION REQUIREMENTS CONTAINED IN  
THE COOPERATIVE AGREEMENTS TO SUPPORT ESTABLISHMENT OF THE  
AFFORDABLE CARE ACT'S EXCHANGES  
(OFFICE OF MANAGEMENT AND BUDGET (OMB CONTROL NO. 0938-NEW))

A. Background

The Affordable Care Act creates new competitive private health insurance markets – called “Exchanges” -- that will give millions of Americans and small businesses access to affordable coverage. Exchanges will help individuals and small employers shop for, select, and enroll in high-quality, affordable private health plans that fit their needs at competitive prices. Exchanges will also assist eligible individuals to receive premium tax credits and cost sharing reductions or help individuals enroll in other Federal or State health care programs. By providing one-stop shopping, Exchanges will make purchasing health insurance easier and more understandable and will put greater control and greater choice in the hands of individuals and small businesses.

Section 1311 of the Affordable Care Act provides for grants to States for the planning and establishment of American Health Benefit Exchanges (hereinafter referred to as ‘Exchanges’). The Secretary will disburse funds in at least three phases: first, for planning; second, for early development of information technology; and third, for implementation. Funding was made available for the 50 States, the District of Columbia, and the U.S. Territories of American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, and the U.S. Virgin Islands during the planning phase. Forty-nine States, the District of Columbia, and four Territories applied and were awarded grant funds during this phase.

In an effort to reduce replication and the cost of work on the IT components of the Exchange, the Cooperative Agreement to Support Innovative Exchange Information Technology Systems Funding Opportunity was announced in October 2010. In February of 2011, HHS awarded its second phase of Exchange funding to six States and one consortium of States to develop Exchange IT systems that will serve as models for other States. This approach aims to reduce the need for each State to “reinvent the wheel” and aids States in Exchange establishment by accelerating the development of Exchange IT systems.

In January, 2011, HHS announced the availability of Cooperative Agreements to Support Establishment of State-Operated Health Insurance Exchanges. This funding opportunity provided States with financial support for activities related to the establishment of an Exchange, including the development of Exchange IT systems. Applications are accepted for that award on a quarterly basis from March 2011 through June 2012.

In June, HHS intends to announce additional funding through the Cooperative Agreements to Support Establishment of the Affordable Care Act’s Health Insurance Exchanges. This document refers to a pre-decisional draft of a funding opportunity announcement that may change before publication as policy decisions are finalized. It does not represent final policy. Specific

requirements for each Exchange model will be included in the the funding opportunity announcement.

These funds may be used to support activities in States that are participating in any of the Exchange models (Federally-facilitated, Partnership, or State-operated). As such, these funds are available for establishing a State-operated Exchange, to develop activities that are potential areas of collaboration under the Partnership model, and to support State activities to interface with the Federally-facilitated Exchange.

This cooperative agreement funding opportunity is designed to give States multiple opportunities to apply for funding as they progress through Exchange establishment, which helps support their progress toward the establishment of an Exchange.

The process of “establishing” an Exchange may extend beyond the first date of operation and may include improvements and enhancements to key functions over a limited period of time. Funds may be used to establish Exchange functions and operating systems and to test and improve systems and processes. In addition, a State that does not have a fully certified State-based Exchange on January 1, 2013 can continue to qualify for and receive a grant award, subject to the Funding Opportunity Announcement (FOA) eligibility criteria.

There are two levels of awards for States to apply for the Establishment grants. Level One Establishment grants are open to States that received federal funding for Exchange Planning activities and awardees of the Cooperative Agreements to Support Innovative Exchange Information Technology Systems. In addition, Level One grants are open to States that are participating in either the Federally-facilitated Exchange, including States that will be collaborating with the Federally-facilitated Exchange on certain activities, or developing a State-based Exchange. Level Two Establishment grants are open to States that are establishing a State-based Exchange.

In an effort to promote flexibility, States may initially apply in this announcement for either Level One or Level Two Establishment grants. Level One Establishment grantees may reapply for and receive more than one award Level One Establishment category, and Level One Establishment grantees may apply for Level Two Establishment awards. States may transition between different Exchange models and will update their project plans accordingly. Grants may be awarded through the end of 2014, and grant funds are available for such activities integral to establishing an Exchange.

HHS is aiming to release the new Cooperative Agreement for the Establishment of Health Insurances Exchanges FOA on June 15, 2012.

HHS anticipates Level One Establishment and Level Two Establishment applications will be due: August 1, 2012; November 1, 2012; February 1, 2013; May 1, 2013; August 1, 2013; November 1, 2013; February 3, 2014; May 1, 2014; August 1, 2014; November 3, 2014 with anticipated Notices of Grant Award made 60 days after application due date.

The project period for each Cooperative Agreement will vary based on when a State is awarded

an Establishment Cooperative Agreement. Level One Establishment awards will be for up to one year after the date of award. Level Two Establishment awards will be for up to three years after the date of award.

HHS reasonably estimates that of the 51 eligible States based on readiness there will be 44 applicants for Level 1 Establishment who may subsequently apply for additional funding under either Level 1 Establishment or Level 2 Establishment; and six States that will apply initially for Level 2 Establishment for a total of 94 applications.

Exchanges will perform the following functions, at a minimum:

Implementing procedures for the certification, recertification, and decertification of health plans as qualified health plans, consistent with guidelines developed by the Secretary;

Providing for the operation of a toll-free telephone hotline to respond to requests for assistance;

Maintaining an Internet website through which enrollees and prospective enrollees of qualified health plans may obtain standardized comparative information on such plans;

Assigning a rating to each qualified health plan offered through the Exchange in accordance with criteria developed by the Secretary;

Utilizing a standardized format for presenting health benefits plan options in the Exchange, including the use of the uniform outline of coverage established under section 2715 of the Public Health Service Act;

Informing individuals of eligibility requirements for the Medicaid program under title XIX of the Social Security Act, the CHIP program under title XXI of such Act, or any applicable State or local public program, and if through screening of the application by the Exchange, the Exchange determines that such individuals are eligible for any such program, enrolls such individuals in such program;

Making available by electronic means a calculator to determine the actual cost of coverage after the application of any premium tax credit/premium assistance or cost-sharing reduction;

Granting exemptions from the individual responsibility penalty, and providing information on exempt individuals to the Treasury;

Providing certain information to employers; and,

Establishing the Navigator program, which will provide grants to entities for public education activities, facilitate enrollment in qualified health plans, and refer individuals for assistance with grievances, complaints, or questions about their health coverage.

This grant opportunity will support activities including, but not limited to, the following:

Involving stakeholder groups to gain public input into the Exchange establishment process;

Developing legislative and regulatory action in accordance with State legislative calendars to support the State legislature in passing enabling legislation for the establishment of the Exchange;

Establishing the administrative structure and governance structure of the Exchange; Coordinating with State Medicaid, CHIP, Department of Insurance, and other State health subsidy programs throughout Exchange establishment activities related to streamlining eligibility and enrollment;

Assessing and developing IT systems and modifications/new systems needed to facilitate eligibility and enrollment and other Exchange functions;

Undertaking financial integrity activities, activities for prevention of waste, fraud, and abuse, and auditing;

Identifying funding requirements and resources needed to operate the Exchange, including fees that will be required, in order to achieve self-sustainability by January 1, 2015.

HHS will work with States in establishing processes for Exchanges. As a part of this collaboration, this grant opportunity will require that States meet certain periodic reporting requirements, and consult regularly with HHS.

All 50 States and the District of Columbia are eligible for the Cooperative Agreement to Support Establishment of the Affordable Care Act's Exchanges. In order to receive a grant, applicants must be an eligible entity, must meet all technical application requirements (including the submission of all required forms), and address certain specified areas in the application.

There are several key elements of this FOA:

The new FOA will make clear that funding is available to support activities related to the establishment of any Exchange model: Federally-facilitated Exchanges (FFE), Partnership Exchanges, or State Based Exchanges (SBE).

Funding will be available for all Exchange models through a final award date no later than December 31, 2014.

The Level One Establishment/Level Two Establishment application structure introduced in the Cooperative Agreements to Support State-Operated Health Insurance Exchanges

FOA will be maintained. Level 2 funding will remain exclusively for states with the legal authority to establish a State-based exchange. However, Level 1 funding may be used by States for State-Operated Exchanges, Federally-facilitated Exchanges, and the Partnership model.

Similar to the Cooperative Agreements to Support State-Operated Health Insurance Exchanges FOA, a Governor's letter of support endorsing the application will be required.

However, for Level 1 applicants the Governor will now be required in this letter to identify which Exchange model the State is proposing to move towards (e.g., SBE, FFE, Partnership). The FOA allow States the flexibility to transition between Exchange models while maintaining funding.

States that previously received Level 1 and Level 2 funding will be eligible to apply for funds under this FOA. Funding must support activities that are clearly distinct from those supported by other grants and cooperative agreements.

The new FOA will move from the existing structure of eleven Core Areas to one in which States conduct thirteen Exchange Activities. These areas will be:

1. Legal Authority and Governance
2. Consumer and Stakeholder Engagement and Support
3. Eligibility and Enrollment
4. Plan Management
5. Risk Adjustment, and Reinsurance
6. Small Business Health Options Program
7. Organization and Human Resources
8. Finance and Accounting
9. Technology
10. Privacy and Security
11. Oversight, Monitoring, and Reporting
12. Contracting, Outsourcing, and Agreements
13. State Partnership Exchange Activities

This FOA will continue to fund all activities associated with establishing the policy, operations and IT components of an Exchange, including building and testing the functions of the Exchange.

The FOA will provide guidance on the types of activities that can be supported with this funding in different Exchange models, such as those carried out by the State Department of Insurance.

Publication of this new announcement does not impact cooperative agreements that have already been awarded, or applications under review.

Funding is available to eligible entities regardless of whether or not the applicant already receives an Establishment award. However, the applicant cannot apply to fund a specific activity that is already supported by another award. Grantees are required to track activities under each award to determine that activity is not otherwise supported by an Exchange grant.

## B. Justification

### 1 .Need and Legal Basis

Section 1311(b) of the Affordable Care Act provides the opportunity for each State to establish an Exchange no later than January 1, 2014. Section 1311 of the Affordable Care Act provides for grants to States for the planning and establishment of these Exchanges. Given the innovative nature of Exchanges and the statutorily-prescribed relationship between the Secretary and States in their development and operation, it is critical that the Secretary work closely with States to provide necessary guidance and technical assistance to ensure that States can meet the prescribed timelines, federal requirements, and goals of the statute.

In order to provide appropriate and timely guidance and technical assistance, the Secretary must have access to timely, periodic information regarding State progress. Consequently, the information collection associated with these grants is essential to facilitating reasonable and appropriate federal monitoring of funds, providing statutorily-mandated assistance to States to implement Exchanges in accordance with Federal requirements, and to ensure that States have all necessary information required to proceed, such that retrospective corrective action can be minimized.

### 2. Information Users

Information collected as a part of the application for this grant will be used to evaluate the applications and determine awardees. Information collected pursuant to the reporting requirements for awardees will be used to evaluate the progress of States in planning for and implementing Exchanges, and determine how the Secretary can provide assistance to achieve the goals of the grant program and the Affordable Care Act.

### 3. Use of Information Technology

The information collection requirements associated with this grant will primarily involve programmatic narrative based on policy research and strategic planning processes, and accompanying budget narrative and appropriate supporting documentation. This grant does not involve the tracking or submission of person-level data. As such, it is expected that States will create data with readily available word processing and spreadsheet programs, and submit such information electronically. This should result in 100 percent of information being transmitted electronically.

#### Government Paperwork Elimination Act (GPEA)

*Is this collection currently available for completion electronically?*

Yes, awardees are required to send electronic reporting to HHS. Our intent is to have the awardees report to HHS using the Microsoft Word application, in PDF format, or by a grant-oriented data collection mechanism.

*Does this collection require a signature from the respondent(s)?*

Yes, the application will require a signature. Progress reports will utilize e-signature.

*If HHS had the capability of accepting electronic signature(s), could this collection be made available electronically?*

Given the one or two-time nature of application for funding, an e-signature will not be utilized. E-signature could be utilized as appropriate as part of a grant-oriented data collection mechanism.

*If this collection isn't currently electronic but will be made electronic in the future, please give a date (month & year) as to when this will be available electronically and explain why it can't be done sooner.*

Not applicable since all data collections will be electronic.

*If this collection cannot be made electronic or if it isn't cost beneficial to make it electronic, please explain.*

Not applicable since all data collections will be electronic.

### 4. Duplication of Efforts

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. Small Businesses

The information collection requirements of the Regulation do not have a significant impact on a substantial number of small entities.

6. Less Frequent Collection

Close monitoring will be critical to ensuring that States receive prompt Federal guidance and technical assistance that is responsive to any State-specific issues that may arise, and that State activities meet statutory and other Federal requirements. In the absence of regularly reporting, there is a risk that States could invest resources and conduct activities that are not aligned with requirements. As such, HHS will be in close contact with awardees. Upon request by awardees, HHS may allow less frequent reporting due to burden on program activities.

7. Special Circumstances

*Requiring respondents to report information to the agency more often than quarterly;*

CCIIO may wish to follow up with States in between reporting periods in order to ensure close collaboration on Exchange development.

*Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;*

CCIIO may wish to follow up with States in between reporting periods in order to ensure close collaboration on Exchange development.

*Requiring respondents to submit more than an original and two copies of any document;*

Not applicable. We will not require more copies than an original and two copies of any document.

*Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;*

Not applicable.

*In connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study*



Not applicable. Statistical surveys are not contemplated for this program.

*Requiring the use of a statistical data classification that has not been reviewed and approved by OMB;*

Not applicable. Statistical surveys are not contemplated for this program.

*That includes a pledge of confidentiality that is not supported by authority established in statute or regulation that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or*

Not applicable. These information collections do not include a pledge of confidentiality.

*Requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.*

Not applicable. This is outside the scope of our reporting requirements.

#### 8. Federal Register/Outside Consultation

As required by the Paperwork Reduction Act of 1995 (44 U.S.C.2506 (c)(2)(A)), the Center for Consumer Information and Insurance Oversight (CCIIO) published a notice in the *Federal Register* on March 2, 2012 (Vol. 77, p42), requesting public comment on its proposed information collection requirements specified in the Cooperative Agreements to Support Establishment of the Affordable Care Act's Exchanges (OMB Control No. 0938-NEW). The notice was part of a preclearance consultation program intended to provide those interested parties the opportunity to comment on CCIIO's request by the Office of Management and Budget (OMB) of the collections of information required by the grant. No outside parties were consulted in the development of this collection CCIIO will publish a second notice in the *Federal Register* for additional public comment.

The Centers for Medicare and Medicaid (CMS) received four comments, all conveyed via email from States, related to CMS-10424, which is entitled "Cooperative Agreement to Support Establishment of the Affordable Care Act's Health Insurance Exchanges." The information presented below is a synopsis of the comments received and CMS' responses to them.

#### (1) Comment:

Several commenters questioned why the Federal Register Notice stated that applicants would have four opportunities to apply for funding and listed ten application dates.

#### Response:

This was a typographical error. Applicants will have ten opportunities to apply for Establishment Cooperative Agreements, on the application cycles presented in the Supporting Statement: August 1, 2012; November 1, 2012; February 1, 2013; May 1, 2013; August 1, 2013; November 1, 2013; February 3, 2014; May 1, 2014; August 1, 2014; November 3, 2014.

(2) Comment:

One commenter asked whether the new funding opportunities would be subject to the same format and content requirements as the existing Cooperative Agreement and FOA, Cooperative Agreements to Support Establishment of State-Operated Health Insurance Exchanges (funding opportunity number IE-HBE-11-004.)

Response:

Certain format and content requirements are determined by HHS grants policy; FOA specific-content and format is still being finalized, but the PRA package provides an estimate of respondent burden to prepare an application.

(3) Comment

One commenter asked whether the new application cycles provided in this application would be open to both Level One and Level Two applications. The commenter also asked whether the new structure would allow Level Two requests in multiple stages.

Response:

HHS anticipates this Funding Opportunity will be open to both Level One and Level Two applications. Level One funds are available to States eligible for Level Two funding, and offer the flexibility of multiple stages of funding. More information will be available when the Funding Opportunity Announcement is finalized.

(4) Comment

One commenter asked if there were any process or timing implications of releasing this as a PRA request for comment rather than a less formal bulletin.

Response:

Under the Paperwork Reduction Act (PRA), HHS is required to share proposed information collections with the public and receive and respond to comments on the burden it would impose on respondents. This Funding Opportunity represents an information collection subject to PRA. Typical timing of a PRA clearance process is available at the following link:

<http://www.hhs.gov/ocio/policy/collection/infocollectfaq.html#17>

(5) Comment

What can funds be used for in 2014 if Exchange are to be operational January 1, 2014?

Response:

The process of “establishing” an Exchange may extend beyond the first date of operation and may include improvements and enhancements to key functions over a limited period of time. Funds may be used to establish Exchange functions and operating systems and to test and improve systems and processes. In addition, a State that does not have a fully certified State-based Exchange on January 1, 2013 can continue to qualify for and receive a grant award, subject to the Funding Opportunity Announcement (FOA) eligibility criteria.

Also, below are two links that provide additional information on the recently released PRA as well as FAQs that are posted on the CCIIO website you may find helpful in relation to your questions about funding availability and use of funds.

PRA:

<http://cciio.cms.gov/resources/fundingopportunities/index.html#hie>

FAQs:

[http://cciio.cms.gov/resources/files/Files2/11282011/exchange\\_q\\_and\\_a.pdf.pdf](http://cciio.cms.gov/resources/files/Files2/11282011/exchange_q_and_a.pdf.pdf)

**(6) Comment**

What are the anticipated application due dates? When will the FOA be released?

Response:

HHS is aiming to release the new Cooperative Agreement for the Establishment of Health Insurances Exchanges FOA on June 15, 2012.

HHS anticipates Level One Establishment and Level Two Establishment applications will be due: August 1, 2012; November 1, 2012; February 1, 2013; May 1, 2013; August 1, 2013; November 1, 2013; February 3, 2014; May 1, 2014; August 1, 2014; November 3, 2014 with anticipated Notices of Grant Award made 60 days after application due date.

9. Payments/Gifts to Respondents

Not applicable. We will not provide any payments or gifts.

10. Confidentiality

Not applicable. No assurance of confidentiality is provided to respondents. Further, HHS will not collect personally identifiable information from awardees as a part of this grant. All reporting will be of an aggregate nature.

11. Sensitive Questions

Not applicable. Data collection will not include sensitive questions.

12. Burden Estimates (Hours & Wages)

For the purposes of obtaining a PRA approval, we anticipate that 50 States and the District of Columbia will receive a Notice of Grant Award.

## I. APPLICATION

In order to complete the application, each applicant will need to read the application requirements, assemble, review, finalize and submit an application package to the Department of Health and Human Services (HHS). This burden estimate encompasses the entire application process, which includes assembly of all required application content (standard forms, project narrative, work plan, budget narrative, and applicable supporting documents), certification of the application package by a senior official at the State, application submission to HHS and any subsequent application amendments, corrections or supporting documentation that may be necessary. The final application must be submitted electronically via Grants.gov using the directions furnished in the application by HHS.

## Estimated Annualized Burden Table - Application

| Forms             | Type of Respondent | Number of Respondents | Number of Responses per Respondent | Average Burden hours per Response | Total Burden Hours |
|-------------------|--------------------|-----------------------|------------------------------------|-----------------------------------|--------------------|
| Grant Application | State Government   | 51                    | 1                                  | 564                               | 28764              |
| Total             |                    |                       |                                    | 564                               | 28764              |

We estimate that it will take approximately 564 hours per applicant to read, assemble, review, finalize and submit their application package to HHS. We believe up to 19 people per applicant will be involved in the application assembly at a cost of \$28,081. We reasonably estimate that of the 51 eligible States based on readiness there will be 44 applicants for Level 1 Establishment who may subsequently apply for additional funding under either Level 1 Establishment or Level 2 Establishment; and six States that will apply initially for Level 2 Establishment for a total of 94 applications, with an annualized estimate of one application per eligible entity per year. The estimated annualized burden is 28,764 hours and \$1,432,178.

Fifty States and the District of Columbia are eligible applicants for this funding opportunity. The Governor of a State (the Mayor, if from the District of Columbia) may designate a State agency or quasi-governmental entity to apply for grants on behalf of that State. Non-profit organizations are not eligible to apply. Only one application per State is permitted.

Because States have different staffing levels and pay scales, we make the following assumptions about completing the application. We calculate total hourly wage based on the mean hourly wage, 34.3% of compensation from benefits, and fringe rate. We calculate total annual salary by multiplying total wage by a full-time, year-round working year of 2,080 hours. (Source: May 2009 National Industry-Specific Occupational Employment and Wage Estimates - State Government [http://www.bls.gov/oes/current/naics4\\_999200.htm](http://www.bls.gov/oes/current/naics4_999200.htm).)

## Estimated Annualized Cost Table for Completing the Application

| Type of respondent                           | Number of Respondents | Number of Responses per Respondent | Average Burden Hours | Wage per Hour (including fringe) | Burden Costs  |
|--|-----------------------|------------------------------------|----------------------|----------------------------------|---------------|
| Senior-level manager to oversee application  | 51                    | 1                                  | 14                   | \$ 56.48                         | \$ 40,326.72  |
| Senior-level manager to conduct most writing | 51                    | 1                                  | 56                   | \$ 56.48                         | \$ 161,306.88 |

| Type of respondent                                    | Number of Respondents | Number of Responses per Respondent | Average Burden Hours | Wage per Hour (including fringe) | Burden Costs    |
|---|-----------------------|------------------------------------|----------------------|----------------------------------|-----------------|
| Mid-level policy analyst to support writing           | 51                    | 1                                  | 51                   | \$ 41.23                         | \$ 107,239.23   |
| Senior-level manager with insurance expertise         | 51                    | 1                                  | 35                   | \$ 56.48                         | \$ 100,816.80   |
| Mid-level policy analyst with insurance expertise     | 51                    | 1                                  | 35                   | \$ 41.23                         | \$ 73,595.55    |
| Senior-level manager from Medicaid agency             | 51                    | 1                                  | 45                   | \$ 56.48                         | \$ 129,621.60   |
| Mid-level policy analyst from Medicaid agency         | 51                    | 1                                  | 45                   | \$ 41.23                         | \$ 94,622.85    |
| Senior-level manager with health policy expertise     | 51                    | 1                                  | 40                   | \$ 56.48                         | \$ 115,219.20   |
| Mid-level policy analyst with health policy expertise | 51                    | 1                                  | 30                   | \$ 41.23                         | \$ 63,081.90    |
| Computer and Information Systems Managers             | 51                    | 1                                  | 48                   | \$ 64.98                         | \$ 159,071.04   |
| Computer Systems Analyst                              | 51                    | 1                                  | 33                   | \$ 49.56                         | \$ 83,409.48    |
| Administrative budget analyst                         | 51                    | 1                                  | 48                   | \$ 37.78                         | \$ 92,485.44    |
| Administrative assistant                              | 51                    | 1                                  | 14                   | \$ 24.67                         | \$ 17,614.38    |
| Lawyer  | 51                    | 1                                  | 17                   | \$ 60.55                         | \$ 52,496.85    |
| Budget analyst from outside core team                 | 51                    | 1                                  | 39                   | \$ 44.60                         | \$ 88,709.40    |
| Agency head (1)                                       | 51                    | 1                                  | 4                    | \$ 76.47                         | \$ 15,599.88    |
| Agency head (2)                                       | 51                    | 1                                  | 4                    | \$ 76.47                         | \$ 15,599.88    |
| Agency head (3)                                       | 51                    | 1                                  | 4                    | \$ 76.47                         | \$ 15,599.88    |
| Official in Governor's office                         | 51                    | 1                                  | 2                    | \$ 56.48                         | \$ 5,760.96     |
| Total   |                       |                                    |                      |                                  | \$ 1,432,177.92 |

## II. DATA COLLECTION REPORT

During each one-year grant cycle, grantees must submit data a minimum of two times: two semiannual reports, and a number of periodic reports based on the grantee's progress and funded activities. Each data submission will be based on a reporting template (OMB Control No. 0938-NEW), and must address the following:

Estimated Annualized Burden Table – Reporting by Awardees

| Forms                | Type of Respondent | Number of Respondents | Number of Responses per Respondent | Estimated Burden hours per Response | Total Estimated Burden Hours |
|----------------------|--------------------|-----------------------|------------------------------------|-------------------------------------|------------------------------|
| Progress Report      | State Government   | 51                    | 2                                  | 115                                 | 11730                        |
| Public Report        | State Government   | 51                    | 2                                  | 8.5                                 | 867                          |
| Establishment Review | State Government   | 51                    | 1.5                                | 115                                 | 8797.5                       |
| Total                |                    |                       |                                    | 238.5                               | 21394.5                      |

1. Progress Report

Grantees must provide HHS with information such as, but not limited to, project status, implementation activities initiated, accomplishments, barriers, and lessons learned in order to ensure that funds are used for authorized purposes. Such performance includes submission of the State’s progress toward the Exchange Activities in its Work Plan. The Cooperative Agreement to Support Establishment of the Affordable Care Act’s Health Insurance Exchanges funding opportunity announcement (Funding Opportunity Number: TBD) provides a series of sub-functions organized under each Exchange Function. Each State Exchange should draw from these sub-functions in the development of its Work Plan. The report could include, but will not be limited to:

Progress on State determined goals, milestones, and activities

Changes in work plan components

Lessons learned

The final progress report will serve as the final project report and should discuss accomplishments throughout the entire project period.

We estimate that it will take approximately 115 hours per applicant to assemble, review, finalize and submit each progress report to HHS. We believe that 24 personnel will be required for the production and delivery of required progress reports. The total burden for 51 applicants to submit two reports each is 11,730 hours and \$584,424.

Because staffing levels and pay scales vary by state, we make the following assumptions about the reporting process.

## Annualized Cost Estimate for All Respondents Completing the Progress Report

| Type of respondent                                    | Number of Respondents | Number of Responses per Respondent | Average Burden Hours Per Response | Wage per Hour (including fringe) | Burden Costs  |
|---|-----------------------|------------------------------------|-----------------------------------|----------------------------------|---------------|
| Senior-level manager to oversee efforts               | 51                    | 2                                  | 15                                | \$ 56.48                         | \$ 86,414.40  |
| Senior-level manager to conduct most writing          | 51                    | 2                                  | 18                                | \$ 56.48                         | \$ 103,697.28 |
| Mid-level policy analyst to support writing           | 51                    | 2                                  | 24                                | \$ 41.23                         | \$ 100,931.04 |
| Senior-level manager with insurance expertise         | 51                    | 2                                  | 2                                 | \$ 56.48                         | \$ 11,521.92  |
| Mid-level policy analyst with insurance expertise     | 51                    | 2                                  | 2                                 | \$ 41.23                         | \$ 8,410.92   |
| Senior-level manager from Medicaid agency             | 51                    | 2                                  | 2                                 | \$ 56.48                         | \$ 11,521.92  |
| Mid-level policy analyst from Medicaid agency         | 51                    | 2                                  | 2                                 | \$ 41.23                         | \$ 8,410.92   |
| Senior-level manager with health policy expertise     | 51                    | 2                                  | 2                                 | \$ 56.48                         | \$ 11,521.92  |
| Mid-level policy analyst with health policy expertise | 51                    | 2                                  | 2                                 | \$ 41.23                         | \$ 8,410.92   |
| Administrative budget analyst                         | 51                    | 2                                  | 8                                 | \$ 37.78                         | \$ 30,828.48  |
| Budget analyst with insurance expertise               | 51                    | 2                                  | 3                                 | \$ 44.60                         | \$ 13,647.60  |
| Budget  | 51                    | 2                                  | 3                                 | \$ 44.60                         | \$ 13,647.60  |



| Type of respondent  | Number of Respondents | Number of Responses per Respondent | Average Burden Hours Per Response | Wage per Hour (including fringe) | Burden Costs  |
|---|-----------------------|------------------------------------|-----------------------------------|----------------------------------|---------------|
| analyst from Medicaid agency                                |                       |                                    |                                   |                                  |               |
| Budget analyst with systems expertise                       | 51                    | 2                                  | 3                                 | \$ 44.60                         | \$ 13,647.60  |
| Senior-level financial manager with insurance expertise     | 51                    | 2                                  | 2                                 | \$ 62.69                         | \$ 12,788.76  |
| Senior-level financial manager from Medicaid agency         | 51                    | 2                                  | 2                                 | \$ 62.69                         | \$ 12,788.76  |
| Senior-level financial manager with health policy expertise | 51                    | 2                                  | 2                                 | \$ 62.69                         | \$ 12,788.76  |
| Senior-level manager with systems architecture expertise    | 51                    | 2                                  | 6                                 | \$ 64.98                         | \$ 39,767.76  |
| Mid-level analyst with systems architecture expertise       | 51                    | 2                                  | 4                                 | \$ 49.56                         | \$ 20,220.48  |
| Systems project manager                                     | 51                    | 2                                  | 4                                 | \$ 41.23                         | \$ 16,821.84  |
| Administrative assistant                                    | 51                    | 2                                  | 2                                 | \$ 24.67                         | \$ 5,032.68   |
| Lawyer  | 51                    | 2                                  | 2                                 | \$ 60.55                         | \$ 12,352.20  |
| Lawyer  | 51                    | 2                                  | 2                                 | \$ 60.55                         | \$ 12,352.20  |
| Budget analyst from outside core team                       | 51                    | 2                                  | 2                                 | \$ 44.60                         | \$ 9,098.40   |
| Agency head   | 51                    | 2                                  | 1                                 | \$ 76.47                         | \$ 7,799.94   |
| Total   |                       |                                    |                                   |                                  | \$ 584,424.30 |

2. On-Site Performance Review (“Establishment Review”)

HHS intends to use the grant process and its evaluation of a State’s progress in completing its Work Plan as the opportunity to provide hands-on assistance and counseling to States. Our mutual goal is the successful certification and operation of each State’s Exchange.

HHS is interested in enhancing the performance of its funded programs within communities and States. As part of this agency-wide effort, grantees will be required to participate, where appropriate, in an on-site performance review of their HHS-funded project(s) by a review team. The timing of the performance review is at the discretion of HHS. States may also be subject to site visits to enable HHS to conduct evaluations of Exchange progress as needed to support the determinations HHS must make related to Exchange certification, as detailed in the Cooperative Agreement to Support Establishment of the Affordable Care Act’s Health Insurance Exchanges (Funding Opportunity Number: TBD).

#### Annualized Cost Estimate for All Respondents Completing Establishment Reviews

| Type of respondent                                | Number of Respondents | Number of Responses per Respondent | Average Burden Hours Per Response | Wage per Hour (including fringe) | Burden Costs  |
|---|-----------------------|------------------------------------|-----------------------------------|----------------------------------|---------------|
| Senior-level manager to oversee efforts           | 51                    | 1.5                                | 24                                | \$ 56.48                         | \$ 103,697.28 |
| Senior-level manager with insurance expertise     | 51                    | 1.5                                | 6                                 | \$ 56.48                         | \$ 25,924.32  |
| Mid-level policy analyst with insurance expertise | 51                    | 1.5                                | 11                                | \$ 41.23                         | \$ 34,695.05  |
| Senior-level manager from Medicaid agency         | 51                    | 1.5                                | 6                                 | \$ 56.48                         | \$ 25,924.32  |
| Mid-level policy analyst from Medicaid agency     | 51                    | 1.5                                | 7                                 | \$ 41.23                         | \$ 22,078.67  |
| Administrative budget analyst                     | 51                    | 1.5                                | 10                                | \$ 37.78                         | \$ 28,901.70  |
| Budget analyst with insurance expertise           | 51                    | 1.5                                | 4                                 | \$ 44.60                         | \$ 13,647.60  |
| Budget analyst from                               | 51                    | 1.5                                | 4                                 | \$ 44.60                         | \$ 13,647.60  |

| Type of respondent                                       | Number of Respondents | Number of Responses per Respondent | Average Burden Hours Per Response | Wage per Hour (including fringe) | Burden Costs  |
|--|-----------------------|------------------------------------|-----------------------------------|----------------------------------|---------------|
| Medicaid agency  |                       |                                    |                                   |                                  |               |
| Budget analyst with systems expertise                    | 51                    | 1.5                                | 4                                 | \$ 44.60                         | \$ 13,647.60  |
| Senior-level financial manager with insurance expertise  | 51                    | 1.5                                | 6                                 | \$ 62.69                         | \$ 28,774.71  |
| Senior-level financial manager from Medicaid agency      | 51                    | 1.5                                | 6                                 | \$ 62.69                         | \$ 28,774.71  |
| Senior-level manager with systems architecture expertise | 51                    | 1.5                                | 6                                 | \$ 64.98                         | \$ 29,825.82  |
| Mid-level analyst with systems architecture expertise    | 51                    | 1.5                                | 7                                 | \$ 49.56                         | \$ 26,539.38  |
| Administrative assistant                                 | 51                    | 1.5                                | 14                                | \$ 24.67                         | \$ 26,421.57  |
| Total  |                       |                                    |                                   |                                  | \$ 422,500.32 |

We estimate that it will take approximately 115 hours per applicant to assemble, review, finalize and make available materials and presentations for each Establishment Review. We estimate that fourteen of the personnel involved in reporting would be involved in completing on-site reviews. The annualized total burden for 51 applicants to complete three Establishment Reviews in two years each is 8,797 hours and \$422,500.

### 3. Public Report

Grantees are required to prominently post progress reports about grant activity on their respective Internet websites to ensure that the public has information on the use of funds. The Public Report must be compliant with Section 508. The content of each public report should include information on the progress of each State's Exchange.

## Annualized Cost Estimate for All Respondents Completing Public Report

| Type of respondent              | Number of Respondents | Number of Responses per Respondent | Average Burden Hours | Wage per Hour (including fringe) | Burden Costs |
|---------------------------------|-----------------------|------------------------------------|----------------------|----------------------------------|--------------|
| General and Operations Managers | 51                    | 2                                  | 2                    | \$ 56.48                         | \$ 11,521.92 |
| Management Analysts             | 51                    | 2                                  | 3                    | \$ 41.23                         | \$ 12,616.38 |
| Budget Analysts                 | 51                    | 2                                  | 3.5                  | \$ 44.60                         | \$ 15,922.20 |
| TOTAL                           |                       |                                    |                      |                                  | \$ 40,060.50 |

We estimate that it will take approximately 8.5 hours per applicant to assemble, review, finalize and make available each public report, and that grantees will make reports available semiannually. We estimate that three of the personnel involved in reporting would be involved in making progress reports public. The total burden for 51 entities to post two public reports each is 867 hours and \$40,060.

### 13. Capital Costs

We anticipate that contracts will be awarded to existing entities, not to start-up organizations, therefore we do not anticipate a total capital and start-up cost component. As such, we have not estimated these costs to applicants.

We do not anticipate applicants incurring operational costs beyond those estimated above. As we expect that existing entities will be the recipients of these awards, we have not calculated costs related to electronic communication. However, we have estimated possible costs that might arise from States that may not conduct the application development process entirely electronically via either email or facsimile.

It may be necessary to make up to 500 copies in black and white on 8.5" by 11" paper. HHS reasonably estimates that of the 51 eligible States based on readiness there will be 44 applicants for Level 1 Establishment who may subsequently apply for additional funding under either Level 1 Establishment or Level 2 Establishment; and six States that will apply initially for Level 2 Establishment for a total of 94 applications. At an estimated maximum price of \$0.10 per page, this results in a price of \$50 per state per application or \$4,700 for all 94 applications.

Applicants may also incur costs associated with mailings. A maximum estimated price for a mailing, based on the use of Express Mail by the United States Postal Service is \$40.50. This is calculated by the cost of an Express Mail flat rate envelope, for a package weighing 8 ounces, delivered at the highest zone (8) price on a non-holiday Monday through Saturday. The total cost, based on an estimate of ten mailings per State is \$405 per applicant or a total of \$38,070.

#### 14. Cost to Federal Government

Preparation of the Funding Opportunity Announcement was a one-time cost of \$4,805 of ordinary labor costs based on a full-time GS-11 salary, which we annualized over the four program years. The applications will be prepared and reviewed by staff in the Washington, D.C. area at the GS-13, GS-11, and GS-9 levels. Applications will only be reviewed in the first three program years, but we have annualized this cost over four program years.

Based on the 2012 GS pay schedule, a GS-13, Step 1 earns \$89,033 annually; a GS-11, Step 1 earns \$62,467 annually; and a GS-9, Step 1 earns \$51,630 annually. To derive hourly estimates, HHS divided annual compensation estimates by 2,080, the number of hours in the Federal work year. HHS then multiplied hourly rates by a standard government benefits multiplication factor of 1.6.

Federal staff will convene an outside panel of experts to evaluate applications and assist in the selection process as an objective review panel. We assume that the panelists will be local and their travel expenses will not be reimbursed, and those who choose not to travel will use existing HHS conference calling capabilities.

Total annual estimated cost to the federal government for preparation of funding announcements, review of applications and selection of grantees is therefore \$6,097 of ordinary labor costs.

Federal staff will prepare and review progress reports. Reports will be evaluated across all program years. Federal staff will also conduct remote and on-site reviews with State planners, as appropriate.

Total annual estimated cost to the federal government for review of reports and other grantee progress, including labor and travel costs, is \$136,292.

Total annual cost to the federal government is estimated at \$142,390.

#### 15. Changes to Burden

In the Federal Register Notice dated March 2, 2012 (Vol.77, p42), HHS identified 49 States and the District of Columbia as eligible applicants for this award. Subsequent review by HHS has found that all States are eligible applicants for this award. HHS has therefore revised its overall burden estimates to include 51 eligible entities, rather than 50. This resulted in an overall change of 564 hours and \$28,081 in application burden, and an annual overall change of 420 hours and \$20,059 in reporting burden. This change did not impact the burden on individual respondents.

This resulted in an overall increase of \$6,340 in cost to the Federal government.

16. Publication/Tabulation Dates

The Department will not publish the information collected under this application.

17. Expiration Date

CCIIO would like an exemption from displaying the expiration date as these forms are used on a continuing basis. To include an expiration date would result in having to discard a potentially large number of forms.

18. Certification Statement

There are no exceptions to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.