

# **Establishment of Qualified Health Plans and American Health Benefit Exchanges Supporting Statement Part A**

## **A. Background**

The Patient Protection and Affordable Care Act, Public Law 111-148, enacted on March 23, 2010, and the Health Care and Education Reconciliation Act, Public Law 111-152, enacted on March 30, 2010 (collectively, “Affordable Care Act”), expand access to health insurance for individuals and employees of small businesses through the establishment of new Affordable Insurance Exchanges (Exchanges), including the Small Business Health Options Program (SHOP). The Exchanges, which will become operational by January 1, 2014, will enhance competition in the health insurance market, expand access to affordable health insurance for millions of Americans, and provide consumers with a place to easily compare and shop for health insurance coverage.

The third-party disclosure requirements and data collection in the Exchange rule address Federal requirements that States must meet with respect to the establishment and operation of an Exchange; minimum requirements that health insurance issuers must meet with respect to participation in a State based or Federally-facilitated Exchange; and requirements that employers must meet with respect to participation in the SHOP and compliance with other provisions of the Affordable Care Act.

The submission seeks OMB approval of the information collection requirements associated with 45 CFR parts 155, 156, and 157.

## **B. Justification**

### **1. Need and Legal Basis**

Section 1311(b) of the Affordable Care Act requires each State to establish an Exchange by January 1, 2014. Section 1311(d) of the Affordable Care Act requires that an Exchange be a governmental agency or nonprofit entity established by a State; requires that an Exchange make qualified health plans available to eligible individuals and employers; and identifies the minimum functions that an Exchange must perform. Some of these minimum functions include implementing procedures for certification, recertification, and decertification of qualified health plans, providing for the operation of a toll-free telephone hotline, maintaining an Internet Web site containing standardized comparative information on qualified health plans, and establishing and making available by electronic means a calculator to determine the actual cost of coverage after application of any advance premium tax credits and cost-sharing reductions.

Pursuant to section 1311(d)(5), States must ensure that their Exchanges are self-sustaining beginning on January 1, 2015. A State may accomplish this by permitting its Exchange to charge assessments or user fees to participating health insurance issuers, or otherwise generate funding to support Exchange operations.

Under Title VI, section 6005, qualified health plan issuers are directed to provide data on

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the cost and distribution of prescription drugs covered under the qualified health plan offered by such issuer.

Section 1321(a) requires HHS to issue regulations setting standards for meeting the requirements under Title I of the Affordable Care Act including standards for the establishment and operation of Exchanges and the offering of qualified health plans through the Exchanges. On March 27, 2012, HHS published the rule CMS-9989-F: *Establishment of Exchanges and Qualified Health Plans; Exchange Standards for Employers*. The Exchange rule contains provisions that mandate third-party disclosure and data collections necessary to ensure that Exchanges, health insurance issuers, and employers are meeting the requirements of the Affordable Care Act. These information collection requirements are set forth in 45 CFR Parts 155, 156, and 157.

### 2. Information Users

The data collection and third-party disclosure requirements will assist HHS in assessing the ability of States to operate their own Exchanges and creating a seamless and coordinated system of eligibility and enrollment. The data collected by health insurance issuers and Exchanges will help to inform HHS, Exchanges, and health insurance issuers as to the participation of individuals, employers, and employees in the individual Exchange and the SHOP.

### 3. Use of Information Technology

HHS anticipates that a majority of the systems, notices, and information collection required by this rule will be automated. Exchanges and health insurance issuers are expected to develop automated notice templates for many of the required notices. The entities issuing notices or collecting information will develop the initial template after which the templates will be automatically populated with the appropriate information for the receiving party. A majority of the information that is required by the collection of information for this rule will be submitted electronically. HHS staff will analyze or review the data in the same manner by which it was submitted and communicate with States and health insurance issuers using e-mail, telephone, or other electronic means.

### 4. Duplication of Efforts

This information collection does not duplicate any other Federal effort.

### 5. Small Businesses

We estimate minimal burden on small business as they are not required to participate in the SHOP.

### 6. Less Frequent Collection

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Due to the required flow of information between multiple parties and flow of funds for payments for health insurance coverage within the Exchange, it is necessary to collect information according to the indicated frequencies. If the information is collected less frequently, the result would be less accurate, untimely or unavailable eligibility, enrollment or payment information for Exchanges, insurers, employers and individuals. This would lead to delayed payments to insurers; late charges to or payments by employers and enrollees; inaccurate or inappropriate payments of advance premium tax credits and cost sharing reductions; the release of misleading information regarding health care coverage to potential enrollees; and an overall stress on the organizational structure of the Exchanges.

### 7. Special Circumstances

In order for the flow of payments to be made in a timely manner (often monthly), it is necessary to collect information such as enrollment data on a monthly basis. As such, the final Exchange rule states in §155.400(d) that the Exchange must reconcile enrollment information with QHP issuers and HHS no less than on a monthly basis. Section 155.720(g) has a similar requirement in the SHOP that includes reconciling enrollment information and employer participation between the SHOP and QHPs on no less than a monthly basis.

Another instance in which an information collection must be conducted more often than a quarterly basis is the premium aggregation in the SHOP. Section 155.705(b)(4) requires that the SHOP must provide each qualified employer with a bill on a monthly basis that identifies the employer contribution, the employee contribution, and the total amount that is due to the QHP issuers from the employer. This requirement is necessary to maintaining proper timely payments between health insurance issuers and the employers and their employees.

In §155.705(b)(4), we require the SHOP to maintain books, records, documents, and other evidence of accounting procedures and practices of the premium aggregation program for each benefit year for at least 10 years.

### 8. Federal Register/Outside Consultation

The proposed rule, *Establishment of Exchanges and Qualified Health Plans*, and the associated collection of information were published on July 15, 2011 and can be found on page 41905 of volume 76, number 136 of the Federal Register. The proposed rule, *Exchange Functions in the Individual Market: Eligibility Determinations; Exchange Standards for Employers*, was published on August 17, 2011 and can be found on page 51202 of volume 76, number 159 of the Federal Register. The comments for both of these proposed rules and the collection of information were due within 60 days of the publication. We received a number of comments on the proposed rules and one comment on the collection of information. The commenter stated that the Collection of Information was inadequate and recommended that HHS revise the Collection of Information. HHS staff reviewed all received comments and questions on the proposed rules, revised the document as appropriate, and forwarded revisions to the Office of the HHS Secretary for submission to OMB. The final rule was published on March 27, 2012 (77 FR 18310).

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We have consulted with contractors, academia, States, and industry of the feasibility of this information collection. We have based many of the requirements in this information collection from the consultations with outside entities.

### 9. Payments/Gifts to Respondents

No payments and/or gifts will be provided to respondents.

### 10. Confidentiality

To the extent of the applicable law and HHS policies, we will maintain respondent privacy with respect to the information collected.

### 11. Sensitive Questions

There are no sensitive questions included in this information collection effort.

### 12. Burden Estimates (Hours & Wages)

For purposes of presenting an estimate of paperwork burden, we reflect the participation of fifty states and the District of Columbia in operating an Exchange. However, we recognize that not all states will elect to operate their own Exchanges and that territories may participate in operating an Exchange. We also note that these estimates generally reflect burden for the first year, and that the associated burden in subsequent years will be significantly lower because many of the standards in the regulation can be fulfilled through automated processes. Therefore, these estimates should be considered an upper bound of burden estimates for non-Federal entities. These estimates may be adjusted in future PRA packages as states progress in their Exchange development processes.

Salaries for the positions cited in the labor category of the burden charts, except for the health policy analyst, the senior manager, and the private actuary, were mainly taken from the Bureau of Labor Statistics (BLS) Web site ([http://www.bls.gov/oco/oooh\\_index.htm](http://www.bls.gov/oco/oooh_index.htm)). The salaries for the health policy analyst and the senior manager were taken from the Office of Personnel Web site. The salary for the private actuary is derived from the PRA package for the Rate Review Program, CMS-10379. Fringe benefit estimates were taken from the BLS March 2011 Employer Costs for Employee Compensation report.

It is important to note that these regulations involve several information collections that will occur through the single, streamlined application for enrollment in a QHP and for insurance affordability programs described in §155.405. We have accounted for the burden associated with these collections in the Supporting Statement for Data Collection to Support Eligibility Determinations for Insurance Affordability Programs and Enrollment through Health Benefits Exchanges, Medicaid, and Children's Health Insurance Program Agencies (CMS-10440).

We would also like to highlight that this supporting statement also includes several information collections from regulatory provisions included in the proposed rule entitled

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“Medicaid, Children’s Health Insurance Programs, and Exchanges: Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes for Medicaid and Exchange Eligibility Appeals and Other Provisions Related to Eligibility and Enrollment for Exchanges, Medicaid and CHIP, and Medicaid Premiums and Cost Sharing.” We have made references to such information collection package as necessary.

### **General Standards Related to the Establishment of an Exchange by a State (§155.100 through §155.150)**

In Part 155, subpart B of the regulation, we describe the standards related to the establishment of Exchanges by a State. Subpart B contains information collection requirements associated with determining whether a State is ready to operate an Exchange before 2014. There are additional information collection requirements associated with the development of Exchange operations after January 1, 2014.

Section 155.105 contains the requirements for the Exchange approval process. In order to have an Exchange approved by HHS, the State must develop and submit an Exchange Blueprint that demonstrates how the Exchange meets all legal requirements for successful operation of an Exchange. In addition to the Exchange Blueprint, the State must submit an operational readiness assessment to HHS to demonstrate readiness to execute the Exchange Blueprint. HHS published an Exchange Blueprint application that included an operational readiness section, subject to the notice and comment process under the Paperwork Reduction Act. The PRA package for the Exchange Blueprint application outlined the required components of the Exchange Blueprint, including the burden associated with completing an operational readiness assessment as well as the requirements regarding eligible contracting entities stated in §155.110. The burden associated with meeting the approval process requirements of §155.105 are reflected in OMB Control Number 0938-1172.

Section 155.106 includes the requirements for a State that decides to terminate the operations of an existing State-based Exchange after 2014. Should a State decide to terminate operation of its State-based Exchange, a State must notify HHS that it will no longer operate an Exchange. The notice is vital to informing HHS when to begin working with the State to develop a plan to facilitate the transition of operations from the State-based Exchange to a Federally-facilitated Exchange. The burden associated with meeting this requirement includes the time and effort needed to develop and transmit to HHS the notice of the State’s intent to cease State-based Exchange operations. However, we anticipate that few States with existing State-based Exchanges will opt to terminate Exchange operations after 2014. We will collect and review any notice that is provided by a State under this requirement and, if it is foreseeable that the number of States providing notice under this requirement will approach ten, we will seek OMB approval.

As specified in §155.110, a State may elect to enter into an agreement with an eligible entity to carry out one or more of the responsibilities of the Exchange. Such arrangements will be included as part of the Exchange Blueprint that must be submitted to HHS for approval of the Exchange. As such, the burden associated with this provision is included in the PRA package for the Exchange Blueprint, OMB Control Number 0938-1172.

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Section 155.150 requires that States with Exchanges created before January 1, 2010 work with HHS to identify areas in which such existing Exchange may not be in compliance with the requirements for establishing an Exchange reflected in subpart B of Part 155. The burden associated with meeting this requirement includes the time and effort necessary to develop a process to identify areas of non-compliance and to collect information needed to identify the areas. Because only two States operated Exchanges prior to January 1, 2010, the number of States that will be subject to this requirement is less than ten States. As a result, we have not compiled a separate burden estimate for this provision.

### **General Functions of an Exchange (§155.200 through §155.270)**

Part 155, subpart C describes the information collection and third-party disclosure requirements that Exchanges are required to perform to support the minimum functions of an Exchange. Section 155.200 sets out the basic functions of the Exchange. Section 155.200(b) requires the Exchange to issue certificates of exemption from the individual responsibility requirement and payment. Section 155.200(d) includes the required quality activities that the Exchange will have to perform. The activities that will involve the collection of information include the implementation of surveys, information disclosures, and data reporting. HHS will conduct future rulemaking on both the certificate of exemption requirement and the quality activities. At that time, and per the requirements outlined in the Paperwork Reduction Act, we will estimate the burden on Exchanges and issuers of complying with these provisions of the rule.

Section 155.205(b) requires the Exchange to maintain an up-to-date Internet Web site that provides information on available QHPs. The QHP information required to be posted on the Web site includes premium and cost-sharing information, the summary of benefits and coverage, levels of coverage (“metal levels”) for each QHP, results of the enrollee satisfaction survey, quality ratings, medical loss ratio information, transparency of coverage measures, and a provider directory. Additionally, the Exchange must maintain the Web site to publish financial information, provide information on Navigators and other consumer assistance services, and allow for eligibility determinations and enrollment in coverage. Finally, the Web site must provide a calculator for the comparison of plans and have a consumer assistance function.

The burden for this requirement may vary based on whether the Exchange decides to develop its own code to support the Internet Web site or utilize Federally-developed code provided pursuant to section 1311(c)(5)(B) of the Affordable Care Act. If the Exchange uses Federally-developed code, the burden of meeting this requirement may include customizing the code to meet the business practices of the State, developing security policies, and system testing. If the Exchange opts to develop new code, the burden will include the additional steps of designing the Web site template and writing the code for the Web site. After developing the Web site, the burden on the Exchange will be to maintain the Internet Web site by populating the Web site with information collected per information collection requirements in this rule and future rulemaking by HHS. We estimate that all 50 States and the District of Columbia will establish an Exchange Web site subject to these third-party disclosure requirements, and we assume that few States will opt to develop their own new code and that most will use Federally-developed code. We estimate

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that it will take 3,200 hours for an Exchange to meet these third-party disclosure requirements for a total of 163,200 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Cost (all respondents)
Health Policy Analyst	4	\$58.05	256	\$14,860.80	
Web Developer	4	\$51.52	512	\$26,376.19	
Senior Management	4	\$103.95	128	\$13,305.60	
Network Administrator/Database Administrator	4	\$46.86	768	\$35,987.33	
Computer Programmer	4	\$48.61	1536	\$74,670.34	
<b>Total</b>			<b>3200</b>	<b>\$165,200.26</b>	<b>\$8,425,213.06</b>

Section 155.205 requires the Exchange to have a consumer assistance function. In §155.205(e), the Exchange is required to conduct outreach and education activities that meet accessibility standards. These outreach and education activities are for the purpose of educating consumers about the Exchange and insurance affordability programs to encourage participation. Education activities may include developing an education and outreach section on the Exchange website and brochures detailing Exchange activities for public dissemination. The burden includes the time and effort needed to translate the materials to meet the accessibility standards in §155.205(c). We estimate that all 50 states and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. We estimate that it will take 156 hours for an Exchange to meet these third-party disclosure requirements for a total of 7956 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Communications Analyst	3	\$58.05	100	\$5,805.00	
Computer Programmer	1	\$48.61	40	\$1,944.40	
Senior Management	1	\$103.95	16	\$1,663.20	
<b>Total</b>			<b>156</b>	<b>\$9,412.60</b>	<b>\$480,042.60</b>

As discussed in §155.210(b), the Exchange is required to develop and publically disseminate two sets of standards for Navigators, one set of standards to govern conflict of interest and one set of standards for training. The Exchange may choose to use any method that would make the standards available to the general public as long as the Exchange does not exclusively

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rely on a method that places the burden on the public to request the standards. Such methods could, for example, include posting the standards on the Exchange Web site or disseminating them to appropriate stakeholders. The burden estimate related to this requirement includes the time and effort needed to develop the standards and make them available to the public. We estimate that all 50 States and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. We estimate that it will take 96 hours for an Exchange to meet these third-party disclosure requirements for a total of 4,896 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Health Policy Analyst	2	\$58.05	64	\$7,430.40	
Senior Management	2	\$103.95	32	\$6,652.80	
<b>Total</b>			<b>96</b>	<b>\$14,083.20</b>	<b>\$718,243.20</b>

Section 155.210(e)(4) requires that an entity that serves as a Navigator must provide referrals to offices of health insurance consumer assistance, health insurance ombudsmen, or any other appropriate state agencies. The referral must be for any enrollee with a grievance, complaint, or question regarding their health plan, coverage, or a determination under such plan or coverage. A navigator entity will develop a list of referral resources for distribution to consumers upon request. We estimate that all 50 states and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. We estimate that it will take 5 hours for an Exchange to meet these third-party disclosure requirements for a total of 255 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Health Policy Analyst	2	\$58.05	4	\$232.20	
Senior Management	2	\$103.95	1	\$103.95	
<b>Total</b>			<b>5</b>	<b>\$336.15</b>	<b>\$17,143.65</b>

Section 155.220(c) provides the option for an Exchange to allow an Internet Web site of an agent or broker to be used to select a QHP, as long as the agent or broker's Internet Web site meets certain conditions and the agent or broker complies with the terms of an agreement with the Exchange regarding access and use of Exchange data and systems by the agent or broker. In such instances, the agent or broker must ensure that applicants have their eligibility applications completed through the Exchange Internet Web site and the Exchange must transmit the enrollment



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information to the QHP issuer. For the agent or broker’s Internet Web site to be able to assist individuals in selecting a QHP, the Exchange would have to provide QHP data to the agent or broker’s Internet Web site so that the applicant could select a QHP. The Exchange would also need to develop an agreement with agents and brokers that intend to support an Internet web site that would assist individuals in selecting a QHP.

For Exchanges that elect to allow agents and brokers to use their Internet Web sites to help individuals select a QHP, the burden associated with this provision would be the development of electronic interfaces to provide QHP data to the agent or broker’s Internet Web site and receive QHP selection information from the agent or broker. There would also be additional burden on Exchanges to develop and execute agreements with applicable agents and brokers. We estimate that that all 50 States and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. We estimate that it will take 164 hours for an Exchange to meet these third-party disclosure requirements for a total of 8,364 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Health Policy Analyst	1	\$58.05	12	\$696.60	
Operations Analyst	1	\$56.63	24	\$1,359.18	
Senior Manager	1	\$103.95	12	\$1,247.40	
Attorney	1	\$73.18	16	\$1,170.94	
Network Administrator/Databas e Administrator	1	\$46.86	40	\$1,874.34	
Computer Programmer	1	\$48.61	60	\$2,916.81	
<b>Total</b>			<b>164</b>	<b>\$9,265.27</b>	<b>\$472,528.57</b>

The Exchanges must also develop privacy and security standards addressing the collection, use and disclosure of personally identifiable information. Section 155.260(d) states that the Exchange must develop policies and procedures regarding the use, disclosure, and disposal of personally identifiable information. These policies and procedures must be made available, in writing, to the Secretary of HHS upon request. This information will be used to ensure that Exchanges have standards in place to protect personally identifiable information and that Exchanges are in compliance with all applicable privacy and security requirements. The burden associated with this requirement is the time and effort necessary for the Exchange to develop and transmit the information, in writing, to the Secretary of HHS. Assuming that all States and the District of Columbia establish Exchanges, we estimate that it will take 95 hours for each Exchange to meet this third-party disclosure requirement for a total estimate of 4,845 hours.

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Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Health Policy Analyst	1	\$58.05	40	\$2,322.00	
Senior Manager	1	\$103.95	15	\$1,559.25	
Systems security officer	1	\$87.72	20	\$1,754.40	
Privacy Officer	1	\$87.72	20	\$1,754.40	
Total			95	\$7,390.05	\$376,892.55

**Exchange Functions in the Individual Market: Eligibility Determinations for Exchange Participation and Insurance Affordability (§155.302 through §155.345)**

These provisions are described in further detail in the Supporting Statement for CMS-2334-P entitled “Medicaid, Children’s Health Insurance Programs, and Exchanges: Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes for Medicaid and Exchange Eligibility Appeals and Other Provisions Related to Eligibility and Enrollment for Exchanges, Medicaid and CHIP, and Medicaid Premiums and Cost Sharing.”

**Exchange Functions in the Individual Market: Enrollment in Qualified Health Plans (§155.400 through §155.440)**

These provisions are described in further detail in the Supporting Statement for CMS-2334-P entitled “Medicaid, Children’s Health Insurance Programs, and Exchanges: Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes for Medicaid and Exchange Eligibility Appeals and Other Provisions Related to Eligibility and Enrollment for Exchanges, Medicaid and CHIP, and Medicaid Premiums and Cost Sharing.”

**Exchange Functions: Small Business Health Options Program (SHOP) (§155.700 through §155.730)**

In subpart H of part 155, we describe information collection and third-party disclosure requirements that pertain to the SHOP. Section 155.705(b)(4) states that the SHOP must perform certain functions related to premium payment administration. On a monthly basis, the SHOP is required to provide a bill to each employer participating in the SHOP. The bill will inform the employer of the amount of the employer and employee contributions, as well as provide a total amount that is due to the QHP issuers from the qualified employer. The SHOP will have to develop the bill and transmit it to the qualified employer by either electronic or paper means. The SHOP will have to maintain books, records, documents, and other evidence related to the premium aggregation program for a minimum of ten years. The information will be used to facilitate audit functions of the SHOP. The burden estimates associated with these requirements include the time

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and effort needed to develop automated processes for creating and transmitting the monthly bills to qualified employers. Additionally, the burden includes the time and effort needed to develop processes for the collection of discrepancy information and information retention. We estimate that all 50 States and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. As such, we estimate that it will take approximately 60 hours annually for the time and effort to develop and transmit the notice when appropriate for a total of 3,060 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Computer Programmer	3	\$48.61	40	\$5,833.62	
Senior Manager	1	\$103.95	5	\$519.75	
Operations Analyst	2	\$56.63	15	\$2,227.50	
<b>Total</b>			<b>60</b>	<b>\$8,580.87</b>	<b>\$437,624.37</b>

Section 155.715(b) states that the SHOP must accept a SHOP single employer application form. The application, which will be submitted by an employer when applying to participate in the Exchange, will include information to determine employer eligibility to participate in the Exchange and to collect information necessary to purchase coverage. As stated in §155.730(b), the application must, at a minimum, include identifying information about the employer and a list of employees with social security numbers. The burden associated with complying with the requirement to accept a SHOP single employer application form includes the time and effort to accept and process the information provided by the employer in the application. Per §155.730(d), HHS is developing a model single employer application for States that will include the minimum data elements that the Exchanges will be required to collect. In the near future, HHS will publish the model application and will solicit public comment. At that time, and per the requirements outlined in the Paperwork Reduction Act, we will estimate the burden on Exchanges of complying with this provision of the rule.

Section 155.715(b) also states that the SHOP must accept a SHOP single employee application form from employees wishing to elect coverage through SHOP. As per §155.730(b), the application will include information to determine the eligibility of an applicant and process plan selection for enrollment in a qualified health plan through the SHOP. Employees will submit the application to the Exchange upon applying to participate in the Exchange. Per §155.730(d), HHS is developing a model single employee application for States that will include the minimum data elements that the Exchanges will be required to collect. In the near future, HHS will publish the model application and will solicit public comment. At that time, and per the requirements outlined in the Paperwork Reduction Act, we will estimate the burden on Exchanges of complying with this provision of the rule.

Section 155.715 discusses several notices related to the eligibility process that SHOP must

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provide to employers and employees. If the SHOP finds any inconsistencies in the application submitted by the employer, the SHOP, in accordance with section 155.715(d)(1), must notify the employer of the inconsistency and give the employer 30 days to submit documentary evidence to support the application. If after the 30 day period the SHOP does not receive satisfactory documentary evidence, the SHOP, must notify the employer of its denial of eligibility and the employer’s right to appeal such determination. The burden estimates related to the two notices includes the time and effort needed to develop each of the notices and make it an automated process to be sent out when appropriate. We anticipate that nearly all employers will request electronic notification. We estimate that all 50 States and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. As such, we estimate that it will take approximately 80 hours annually for the time and effort to develop the two notices and transmit each notice when appropriate for a total of 4,080 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Health Policy Analyst	1	\$58.05	8	\$464.40	
Senior Manager	1	\$103.95	2	\$207.90	
Operations Analyst	1	\$56.63	6	\$339.80	
Computer Programmer	1	\$48.61	64	\$3,111.26	
<b>Total</b>			<b>80</b>	<b>\$4,123.36</b>	<b>\$210,291.31</b>

Section 155.715(d)(2) provides a similar notification process for any inconsistent information in an employee application. If the SHOP finds that information on the application is inconsistent with information provided by the employer, the SHOP must notify the individual of the inconsistency and provide the individual with 30 days to provide documentary evidence to the SHOP to support the employee application. If after the 30 day period the SHOP does not receive satisfactory documentary evidence, the SHOP, must notify the employee of denial of eligibility. The burden estimates associated with the two notices includes the time and effort needed to develop each of the notices and make it an automated process to be sent out when appropriate. We anticipate that half of enrollees will request electronic notification while the other half will receive the notice by mail. As a result, we estimated the associated mailing costs for the time and effort needed to mail notices in bulk to enrollees as appropriate. We estimate that all 50 States and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. As such, we estimate that it will take approximately 84 hours annually for the time and effort to develop the two notices and transmit each notice when appropriate for a total of 4,284 hours.

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Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Cost (per year)
Health Policy Analysts	1	\$58.05	8	\$464.40	
Senior Manager	1	\$103.95	2	\$207.90	
Operations Analyst	1	\$56.63	6	\$339.80	
Computer Programmer	1	\$48.61	64	\$3,111.26	
Fulfillment Manager	1	\$27.00	4	\$108.00	
<b>Total</b>			<b>84</b>	<b>\$4,231.36</b>	<b>\$215,799.31</b>

Section 155.715(e) requires the SHOP to provide an employer requesting eligibility to purchase coverage with a notice of approval or denial of eligibility and the employer’s right to appeal the eligibility determination. The burden estimates associated with the notice requirement includes the time and effort needed to develop the notice and make the notice an automated process to be sent out when appropriate. We anticipate that nearly all employers will request electronic notification. As a result, we did not estimate the associated mailing costs. We estimate that all 50 States and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. As such, we estimate that it will take approximately 40 hours annually for the time and effort to develop the two notices and transmit each notice when appropriate for a total of 4,080 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Cost (per year)
Health Policy Analysts	1	\$58.05	4	\$232.20	
Senior Manager	1	\$103.95	1	\$103.95	
Operations Analyst	1	\$56.63	3	\$169.90	
Computer Programmer	1	\$48.61	32	\$1,555.63	
<b>Total</b>			<b>40</b>	<b>\$2,061.68</b>	<b>\$105,145.65</b>

Section 155.715(f) provides the same notice of approval or denial of eligibility for employees seeking to enroll in a QHP offered through the SHOP. The burden estimates associated with the notice requirement includes the time and effort needed to develop the notice and make the notice an automated process to be sent out when appropriate. We anticipate that half of enrollees will request electronic notification while the other half will receive the notice by mail. As a result, we estimated the associated mailing costs for the time and effort needed to mail notices in bulk to enrollees as appropriate. As a result, we have not estimated associated mailing costs. We estimate

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that all 50 States and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. As such, we estimate that it will take approximately 42 hours annually for the time and effort to develop the two notices and transmit each notice when appropriate for a total of 2,142 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Cost (per year)
Health Policy Analysts	1	\$58.05	4	\$232.20	
Senior Manager	1	\$103.95	1	\$103.95	
Operations Analyst	1	\$56.63	3	\$169.90	
Computer Programmer	1	\$48.61	32	\$1,555.63	
Fulfillment Manager	1	\$27.00	2	\$54.00	
<b>Total</b>			42	\$2,115.68	\$107,899.65

Section 155.715(g) requires the SHOP to notify enrolled employees when their employer terminates its participation in the SHOP. The purpose of the notice is to inform the employee of the termination of the employee’s coverage and to provide the employee with information on potential other sources of coverage. The burden estimate related to the notice includes the time and effort needed to develop a single notice template and which would be distributed through an automated process when appropriate. We anticipate that half of employees will request electronic notification while the other half of employees will receive the notice by mail. As a result, we estimated the associated mailing costs for the time and effort needed to mail notices in bulk to employees as appropriate. As a result, we have not estimated associated mailing costs. We estimate that all 50 States and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. As such, we estimate that it will take approximately 42 hours annually for the time and effort to develop and transmit the notice when appropriate for a total of 2,142 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Cost (per year)
Health Policy Analysts	1	\$58.05	4	\$232.20	
Senior Manager	1	\$103.95	1	\$103.95	
Operations Analyst	1	\$56.63	3	\$169.90	
Computer	1	\$48.61	32	\$1,555.63	

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Programmer					
Fulfillment Manager	1	\$27.00	2	\$54.00	
Total			42	\$2,115.68	\$107,899.65

Section 155.720(c) requires the SHOP to transfer enrollment information on behalf of qualified employees to QHP issuers in order to enroll qualified employees of a qualified employer participating in the SHOP. We estimate that all 50 States and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. We expect that the transmission of SHOP enrollment information will leverage the enrollment feeds to issuers developed by Exchanges for the individual market. As a result, we expect only incremental development costs associated with incorporating SHOP specific information. We estimate that it will take 28 hours for an Exchange to meet the requirement for a total of 1,428 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Health Policy Analyst	1	\$58.05	5	\$290.25	
Senior Manager	1	\$103.95	2	\$207.90	
Operations Analyst	1	\$56.63	5	\$371.25	
Computer Programmer	1	\$48.61	16	\$777.82	
Total			28	\$1,647.22	\$84,008.02

Section 155.720(f) states that the SHOP must maintain records of all employer and employee enrollments in QHPs through the SHOP. This information will be used to facilitate reconciliation functions of the SHOP. Section 155.720(g) states that the SHOP must reconcile enrollment and employer participation information with QHP issuers on no less than a monthly basis. The purpose of reconciling enrollment information between the SHOP and QHP issuers is to ensure that both entities have accurate records of the participating employers, number of enrollees, and persons enrolled in each QHP. It is expected that the information will be maintained in an electronic data system. The burden estimates associated with these requirements includes the time and effort needed to develop processes for the collection and retention of record information, and reconcile the enrollment information with HHS. We estimate that all 50 States and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. We estimate that it will take 142 hours for an Exchange to meet the record maintenance requirement for a total of 7,242 hours.

Labor Category	Number of	Hourly Labor Costs (Hourly	Burden Hours	Total Burden	Total Burden
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	Employee s	rate + 35% Fringe benefits		Costs (per respondent)	Costs (all respondents )
Health Policy Analyst	1	\$58.05	10	\$580.50	
Computer Programmer	1	\$48.61	100	\$4,861.35	
Operations Analyst	1	\$56.63	32	\$1,812.24	
<b>Total</b>			142	\$7,254.09	\$369,958.5 9

We further estimate that it will take 264 hours annually for an Exchange to meet the reconciliation requirements for a total of 13,464 hours across all Exchanges.

Labor Category	Number of Employee s	Hourly Labor Costs (Hourly rate + 35% Fringe benefits	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents )
Health Policy Analyst	1	\$58.05	84	\$4,876.20	
Computer Programmer	1	\$48.61	120	\$5,833.62	
Operations Analyst	1	\$56.63	60	\$3,397.95	
<b>Total</b>			264	\$14,107.77	\$719,496.2 7

Section 155.720(h) states that the SHOP must provide notice to a qualified employer if any employee terminates coverage from a QHP. The purpose of the notice is to inform the employer of the termination of an employee’s coverage. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and distribute it through an automated process when appropriate. We anticipate that nearly all employers will request electronic notification. As a result, we have not estimated associated mailing costs. We estimate that all 50 States and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. As such, we estimate that it will take approximately 40 hours annually for the time and effort to develop and transmit the notice when appropriate for a total of 2,040 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
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Health Policy Analyst	1	\$58.05	4	\$232.20	
Senior Manager	1	\$103.95	1	\$103.95	
Operations Analyst	1	\$56.63	3	\$169.90	
Computer Programmer	1	\$48.61	32	\$1,555.63	
<b>Total</b>			<b>40</b>	<b>\$2,061.68</b>	<b>\$105,145.65</b>

Section 155.725(d) states that the SHOP must provide notice to a qualified employer of the annual election period. The Exchange will send the notice of annual election period via mail or electronic means depending on the preference of the qualified employer. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and distribute the notice through an automated process when appropriate. We anticipate that nearly all employers will request electronic notification. As a result, we have not estimated associated mailing costs. We estimate that all 50 States and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. As such, we estimate that it will take approximately 40 hours annually for the time and effort to develop and transmit the notice when appropriate for a total of 2,040 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Health Policy Analyst	1	\$58.05	4	\$232.20	
Senior Manager	1	\$103.95	1	\$103.95	
Operations Analyst	1	\$56.63	3	\$169.90	
Computer Programmer	1	\$48.61	32	\$1,555.63	
<b>Total</b>			<b>40</b>	<b>\$2,061.68</b>	<b>\$105,145.65</b>

Section 155.725(f) requires that the SHOP provide notice to a qualified employee of the annual open enrollment period. The Exchange will send the notice of the annual open enrollment period via mail or electronic means depending on the preferences of the qualified employee. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and distribute the notice through an automated process when appropriate. We anticipate that half of employees will request electronic notification while the other half of employees will receive the notice by mail. As a result, we estimated the associated mailing costs for the time and effort needed to mail notices in bulk to employees as appropriate. As a result, we have not estimated associated mailing costs. We estimate that all 50 States and the District of Columbia will establish an Exchange subject to these third-party disclosure requirements. This estimate is an upper bound of burden. As such, we estimate that it will take approximately 42 hours annually for

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the time and effort to develop and transmit the notice when appropriate for a total of 2,142 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Cost (per year)
Health Policy Analysts	1	\$58.05	4	\$232.20	
Senior Manager	1	\$103.95	1	\$103.95	
Operations Analyst	1	\$56.63	3	\$169.90	
Computer Programmer	1	\$48.61	32	\$1,555.63	
Fulfillment Manager	1	\$27.00	2	\$54.00	
<b>Total</b>			42	\$2,115.68	\$107,899.65

Section 155.730(e) states that the SHOP may use an alternative employer application, other than the model application being developed by HHS. The alternative application must adhere to §155.730(b) by including identifying information about the employer and a list of qualified employees with social security numbers. This section also states that the SHOP may use an alternative employee application, other than the model application being developed by HHS. The alternative application includes the information necessary to establish eligibility of the employee as a qualified employee and to complete the enrollment of a qualified employee. The alternative employer applications must be submitted to HHS. The burden estimate associated with this requirement includes the time and effort needed to develop the alternative applications and submit the applications for approval by HHS. We believe that most Exchanges, in the interest of not duplicating existing work, will choose to use the model employer application being developed by HHS. We presume that the number of Exchanges choosing to develop an alternate employer application will be less than ten in a twelve month period. We will review each alternative employer application that is submitted to HHS and, if the number of Exchanges opting to use an alternative application approaches ten, then we will seek OMB approval.

**Exchange Functions: Certification of Qualified Health Plans (§155.1000 through §155.1080)**

In subpart K of Part 155, we describe a number of data collection and third-party disclosure requirements for Exchanges related to the certification of qualified health plans (QHPs). As described in §155.1010, we require Exchanges to establish procedures for the certification of QHPs. The Exchange will have to develop procedures to collect information from QHPs that will be used to determine whether a QHP complies with the minimum certification standards seen in subpart C of part 156 and, based on §155.1000(c), is in the interest of the qualified individuals and qualified employers. HHS is developing a model application for the certification of QHPs that will include the data elements needed to inform the Exchange’s certification process in determining whether an issuer meets the minimum standards for QHP certification. HHS will publish the

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model QHP certification application and will solicit public comment. At that time, and per the requirements outlined in the Paperwork Reduction Act, we will estimate the burden on Exchanges for complying with this provision of the regulation.

As discussed in §155.1020(a), the Exchange will be required to collect justifications for each rate increase by a QHP prior to the implementation of the rate increase. The Exchange must also make the justification available on its Web site. The burden estimate related to the collection of rate increase justifications includes the time and effort needed to develop standards related to the format and content of the rate increase justification, collect the justification from the QHP issuer, and provide access to the justification on the Exchange Web site. We estimate that all 50 States and the District of Columbia will establish an Exchange subject to these requirements. This estimate is an upper bound of burden. We note that 42 States and the District of Columbia have rate review programs under section 2794 of the PHS Act (“Effective Rate Review programs”) in both the individual and small group markets; an additional two States have programs for one market. We expect the Exchange to leverage standards for rate increase justifications provided to the Effective Rate Review program where available, thus reducing the burden on the Exchange in developing standards related to this information collection. We also anticipate that each Exchange will automate the collection of the rate increase justification. As such, we estimate that it will take approximately 41.5 hours annually per Exchange for the time and effort to comply with this requirement for a total of 2,116.5 hours for all Exchanges.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent )	Total Burden Costs (all respondents )
Operations analyst	1	\$56.63	13.25	\$983.81	
Actuary	1	\$64.14	3	\$192.42	
Computer Programmer	1	\$48.61	24	\$1,166.72	
Web developer	1	\$51.52	0.25	\$12.88	
Senior Manager	1	\$103.95	1	\$103.95	
<b>Total</b>			41.5	\$2,459.78	\$125,448.78

As discussed in §155.1020(c), the Exchange must collect information, at least annually, from QHPs about rates, covered benefits, and cost-sharing requirements. The burden estimate for collecting the rate and benefit information includes the time and effort expended by the Exchange in collecting and reviewing the rate, benefit, and cost-sharing information provided by QHP issuers. HHS is developing a model QHP certification application for the States that will include data elements for uploading rate and benefit information. HHS will publish the model QHP certification application and will solicit public comment. At that time, and per the requirements outlined in the Paperwork Reduction Act, we will estimate the burden on QHP issuers for complying with this provision of the regulation.

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As discussed in §155.1040, Exchanges will be required to collect from QHP issuers information relating to coverage transparency as described in §156.220(a). The information will include claims payment policies and practices, data on enrollment, data on disenrollment, the number of claims that are denied, and rating practices. Finally, the Exchange must collect information on cost-sharing and payments with respect to any out-of-network coverage and information on enrollee rights under title I of the Affordable Care Act. The information collected by the Exchange from the QHP issuers may be used by Exchanges during the QHP certification process or when considering the past performance of the health insurance issuers. HHS will be providing future guidance on the collection of coverage transparency information. At that time, and per the requirements outlined in the Paperwork Reduction Act, we will estimate the burden on Exchanges for complying with this provision of the regulation.

Section 155.1055 requires the Exchange to have a process to establish or evaluate the service areas of QHPs to ensure such service areas meet minimum criteria. The Exchange will collect information related to service area through the QHP certification application. As previously stated, HHS is developing a model QHP certification application for the States that will include data elements related to service area standards. HHS will publish the model QHP certification application and will solicit public comment. At that time, and per the requirements outlined in the Paperwork Reduction Act, we will estimate the burden on QHP issuers for complying with this provision of the regulation.

Section 155.1065 describes the requirements on an Exchange to allow stand-alone dental plans. The Exchange will have to collect information from an issuer of a stand-alone dental plan to ensure that it meets the Exchange's certification requirements that apply to dental plans. The information may be collected through an application similar to the QHP certification application previously mentioned. However, the burden estimate related to certifying a stand-alone dental plan will be less due to the limited nature of the benefits offered by a stand-alone dental plan compared to a full QHP. Furthermore, in order to ensure sufficient child-only coverage of the pediatric essential health benefit, as described in 155.1065(e), the Exchange will have to ensure collection of benefit information from potential QHP issuers regarding whether the QHPs it offers will cover the pediatric dental essential health benefit. The burden for this information is included in the overall estimate of benefit reporting included under 155.1020(c). As previously stated, HHS is developing a model QHP certification application. HHS will publish the model QHP certification application and will solicit public comment. At that time, and per the requirements outlined in the Paperwork Reduction Act, we will estimate the burden on QHP issuers for complying with this provision of the regulation.

Section 155.1075 requires that an Exchange notify a QHP, seeking recertification by the Exchange, of the Exchange's determination. We assume that the Exchange will notify QHP issuers by using a standardized notice that provides information about the recertification process. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and distribute the notice to QHP issuers. We expect that this notice will be distributed electronically to all QHP issuers. We estimate that all 50 States and the District of Columbia will distribute recertification notices on an annual basis. This estimate is an upper bound

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of burden. As such, we estimate that it will take approximately 40 hours annually for each Exchange to develop and transmit the notice when appropriate, and a total of 2,040 hours across all Exchanges.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Cost (per year)
Operations analyst	1	\$56.63	4	\$226.53	
Senior manager	1	\$103.95	1	\$103.95	
Health Policy Analyst	1	\$58.05	3	\$174.15	
Computer Programmer	1	\$48.61	32	\$1,555.63	
<b>Total</b>			<b>40</b>	<b>\$2,060.26</b>	<b>\$105,073.36</b>

Section 155.1080(e) requires that an Exchange must provide notification of decertification to all affected parties, including the QHP issuer, the enrollees in the QHP who enrolled through the Exchange, HHS, and the State department of insurance. The decertification notice needs to be provided to HHS so that the IRS can cease payment of tax credits and cost-sharing reductions, as appropriate. The notice will advise affected enrollees to enroll in other available QHPs during a special enrollment period and provide information about how enrollees may select a new QHP. The burden estimate for notifying all of the affected parties of the decertification of a QHP includes the time and effort needed to develop the decertification notice and transmit the notice to the affected parties. We expect that the decertification notice will be distributed electronically to HHS and the State department of insurance. We anticipate that half of enrollees will prefer to receive electronic notification while the other half of enrollees will receive the notice by mail. As such, the burden includes the time and effort needed to mail notices, in bulk, to enrollees electing to receive notice by mail. For the purposes of this estimate, we assume that Exchanges in all 50 States and the District of Columbia will issue a decertification notice annually. This is an upper bound of burden. Accordingly, we estimate that it will take 42.5 hours for each Exchange to meet this requirement for a total estimate of 2,167.5 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Cost (per year)
Operations Analyst	1	\$56.63	6	\$339.80	
Senior Manager	1	\$103.95	2.5	\$259.88	
Computer Programmer	1	\$48.61	32	\$1,555.63	

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Fulfillment Manager	1	\$27.00	2	\$54.00	
Total			42.5	\$2,209.30	\$112,674.40

**Qualified Health Plan Minimum Certification Standards (§156.200 through §156.295)**

In part 156, subpart C, we describe data collection and third-party disclosure requirements for health insurance issuers related to the certification of qualified health plans. Section 156.200 includes some of the basic requirements that a health insurance issuer must meet to be certified as a QHP issuer. The QHP issuer will have to submit information to the Exchange to show that it meets the certification requirements contained in subpart K of part 155, demonstrate that it is licensed and in good standing to offer health insurance coverage in each State in which the issuer offers health insurance coverage, implement and report on a quality improvement strategy, and report information on health care quality and outcomes described in sections 1311(c)(1)(H) and (I) of the Affordable Care Act. QHP issuers will also have to implement appropriate enrollee satisfaction surveys. The Exchange will collect the information through a QHP certification application or through third-party disclosure requirements that will be specified in future rulemaking on quality and the enrollee satisfaction survey. HHS is developing a model application for the certification of QHPs that will include data elements specifying the information that a health insurance issuer will need to report for the Exchange to determine whether an issuer meets the minimum standards for QHP certification. HHS will publish the model QHP certification application and will solicit public comment. HHS also plans on publishing future rulemaking on quality activities in the Exchange. At that time, and per the requirements outlined in the Paperwork Reduction Act, we will estimate the burden on QHP issuers for complying with this provision of the regulation.

Section 156.210(b) states that a QHP issuer must submit rate and benefit information to the Exchange. The information will be submitted to the Exchange in a form specified by HHS and will be used by the Exchange to determine whether the QHP issuer's benefit package complies with the benefit design standards. The information will also be used to populate the Internet Web site that will allow consumers to shop for, compare, and purchase QHPs. Rate information will be used to identify the second lowest cost silver plan available to each individual, which in turn is used to determine the amount of any advanced payments of the premium tax credits. Finally, the information will also be used to facilitate payment of cost-sharing reductions. The burden estimate associated with this third-party disclosure requirement includes the time and effort required for the issuer to compile rate and benefit information in the required form and manner and submit the information to the Exchange. HHS is developing a model QHP certification application for the States that will include data elements for uploading rate and benefit information. In the near future, HHS will publish the model QHP certification application and will solicit public comment. At that time, and per the requirements outlined in the Paperwork Reduction Act, we will estimate the burden on QHP issuers for complying with this provision of the regulation.

Section 156.210(c) states that a QHP issuer must submit a rate increase justification prior

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to the implementation of an increase. The QHP issuer must also post the rate increase justification on its Web site. This information will help consumers better understand the reason for a rate increase, which QHP issuers implement rate increases, and increase transparency around the setting of rates. The burden estimate associated with this requirement includes the time and effort required for the QHP issuer to develop the rate increase justification in a manner specified by the Exchange, transmit the justification to the Exchange, and post the justification on its Web site. We estimate that 1,200 issuers will participate in the Exchanges and be subject to these third-party disclosure requirements. We estimate that it will take approximately 13.35 hours annually for the time and effort to develop and transmit the notice when appropriate for a total of 16,020 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Operations Analyst	1	\$56.63	8.25	\$467.20	
Private Actuary	1	\$202.50	3	\$607.50	
Senior Manager	1	\$103.95	2.1	\$218.30	
<b>Total</b>			13.35	\$1,292.99	\$1,551,591.00

As discussed in §156.220, each qualified health plan issuer is required to provide coverage transparency information that includes claims payments policies and practices, periodic financial disclosures, enrollment and disenrollment data, number of claims denied, rating practices, cost sharing and payments for out of network coverage and information on enrollee rights under the Affordable Care Act. Qualified health plan issuers will submit the information to the Exchange, HHS, and the State insurance commissioner. Additionally, the QHP will have to make the information available to the public. HHS will provide further guidance on the coverage transparency requirements. At that time, and per the requirements outlined in the Paperwork Reduction Act, we will estimate the burden on Exchanges for complying with this provision of the regulation.

Section 156.230(b) states that a QHP issuer must make its provider directory available to the Exchange for publication online, and to potential enrollees in hard copy upon request. The burden estimate associated with this requirement includes the time and effort needed to develop the provider directory, transmit or mail it to the Exchange or potential enrollees, and publish the directory online. For purposes of this estimate, we assume that QHP issuers will modify existing provider directories that are transmitted or mailed to potential enrollees, to reflect the provider networks of QHPs. As a result, the estimate reflects the incremental burden associated with modifying an existing provider directory, rather than development of a completely new provider directory. We estimate that 1,200 QHP issuers will participate in the Exchanges. We assume that each QHP issuer will update its provider directory on a quarterly basis. As such, this estimate is an upper bound of burden. As such, we estimate that it will take approximately 97 hours annually for the time and effort to develop and transmit the notice when appropriate for a total of 116,400 hours across all QHP issuers.

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Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Management analyst	1	\$56.63	60	\$3,397.95	
Computer programmer	1	\$48.61	32	\$1,555.63	
Web developer	1	\$51.52	5	\$257.58	
<b>Total</b>			97	\$5,211.16	\$6,253,394.40

Section 156.260(b) requires that a QHP issuer provide notice of an effective date of coverage to an individual. The burden estimates associated with provision are included in the Supporting Statement for CMS-2334-P entitled “Medicaid, Children’s Health Insurance Programs, and Exchanges: Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes for Medicaid and Exchange Eligibility Appeals and Other Provisions Related to Eligibility and Enrollment for Exchanges, Medicaid and CHIP, and Medicaid Premiums and Cost Sharing.”

Section 156.265(e) states that issuers must provide an enrollment information package to new enrollees. The burden estimates associated with this provision are included in the Supporting Statement for CMS-2334-P entitled “Medicaid, Children’s Health Insurance Programs, and Exchanges: Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes for Medicaid and Exchange Eligibility Appeals and Other Provisions Related to Eligibility and Enrollment for Exchanges, Medicaid and CHIP, and Medicaid Premiums and Cost Sharing.”

Section 156.265(f) states that the QHP issuer must reconcile enrollment files with the Exchange. The QHP issuer must reconcile files at least monthly. The purpose of reconciling enrollment information between the Exchange and QHP issuers is to ensure that both entities have accurate records of the number of enrollees and persons enrolled in each QHP. We expect that QHP issuers will maintain the enrollment information in an electronic data system. We estimate that 1,200 QHP issuers will participate in the Exchanges that will be subject to this requirement. As such, we estimate that it will take 19 hours for a QHP issuer to reconcile information on a monthly basis for a total of 273,600 hours across all QHP issuers annually. This estimate is similar to estimates provided by Medicare Part D in their rule on data submissions. For example, Medicare Part D estimated that it would take plan sponsors approximately 10 hours annually for plan sponsors to submit data on aggregated negotiated drug pricing from pharmaceutical companies described in §423.104. We provided a higher estimate for the submission of data due to the potential increased complexity of reconciling enrollment data.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Cost (per year)
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Health Policy Analyst	1	\$58.05	60	\$3,483.00	
Senior Manager	1	\$103.95	24	\$2,494.80	
Computer Programmer	1	\$48.61	84	\$4,083.24	
Operations Analyst	1	\$56.63	60	\$3,397.80	
<b>Total</b>			228	\$13,459.28	\$16,151,136.00

Section 156.270(b) states that the QHP issuer must provide notice to the enrollee and the Exchange if an enrollee’s coverage in a QHP is terminated. The burden estimates associated with this provision are included in the Supporting Statement for CMS-2334-P entitled “Medicaid, Children’s Health Insurance Programs, and Exchanges: Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes for Medicaid and Exchange Eligibility Appeals and Other Provisions Related to Eligibility and Enrollment for Exchanges, Medicaid and CHIP, and Medicaid Premiums and Cost Sharing.”

Section 156.270(d) requires that the QHP issuer provide two types of notice in the event of a nonpayment of premium by an enrollee. Section 156.270(d)(2) states that the QHP issuer must notify HHS of the non-payment of a premium by an enrollee. The notice serves the purpose of informing HHS of the need for a grace period for an enrollee who received payments of a premium tax credits. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and to electronically transmit the notice to HHS as appropriate. We estimate that 1,200 QHP issuers will participate in the Exchanges. As such, we estimate that it will take approximately 40 hours annually for the time and effort to develop and transmit the notice for a total of 48,000 hours across all QHP issuers.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Health Policy Analyst	1	\$58.05	4	\$232.20	
Senior Manager	1	\$103.95	1	\$103.95	
Operations Analyst	1	\$56.63	3	\$169.90	
Computer Programmer	1	\$48.61	32	\$1,555.63	
<b>Total</b>			40	\$2,061.68	\$2,474,016.00

Section 156.270(d)(3) requires that the QHP issuer provide a notice to providers of the possibility for denied claims when an enrollee is in the second and third months of the grace period. We assume that both notices will be provided electronically. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and to electronically transmit the notice to the provider as appropriate. We estimate that 1,200 QHP issuers will participate in the Exchanges. As such, we estimate that it will take approximately 40

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hours annually for the time and effort to develop and transmit the notice for a total of 48,000 hours across all QHP issuers.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Health Policy Analyst	1	\$58.05	4	\$232.20	
Senior Manager	1	\$103.95	1	\$103.95	
Operations Analyst	1	\$56.63	3	\$169.90	
Computer Programmer	1	\$48.61	32	\$1,555.63	
<b>Total</b>			<b>40</b>	<b>\$2,061.68</b>	<b>\$2,474,016.00</b>

Section 156.270(e) requires that the QHP issuer provide notice of payment delinquency to an enrollee who is delinquent on premium payment. The burden estimates associated with this provision are included in the Supporting Statement for CMS-2334-P entitled “Medicaid, Children’s Health Insurance Programs, and Exchanges: Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes for Medicaid and Exchange Eligibility Appeals and Other Provisions Related to Eligibility and Enrollment for Exchanges, Medicaid and CHIP, and Medicaid Premiums and Cost Sharing.”. Section 156.270(h) requires QHP issuers to maintain records of terminations of coverage. We expect that QHP issuers will maintain this information in an electronic data system. The burden estimate associated with this requirement includes the time and effort needed to program the issuer’s electronic data system to retain this information. We estimate that 1,200 QHP issuers will participate in the Exchange and be subject to this requirement. As such, we estimate that it will take approximately 60 hours annually for the time and effort to maintain the records for a total of 72,000 hours across all QHP issuers.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Health Policy Analyst	1	\$58.05	10	\$580.50	
Computer Programmer	1	\$48.61	40	\$1,944.54	
Operations Analyst	1	\$56.63	10	\$566.33	
<b>Total</b>			<b>60</b>	<b>\$3,091.37</b>	<b>\$3,709,638.00</b>

Section 156.275 requires QHP issuers to be accredited on the basis of local performance and to authorize the accrediting entity that accredits the QHP issuer to release to the Exchange and HHS a copy of its most recent accreditation survey. The accreditation process involves the collection and submission of various types of data by the issuer to the accrediting entity, and per the requirements outlined in the Paperwork Reduction Act, we estimate the burden on issuers for

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complying with this provision of the regulation.

We estimate that approximately 500 of the 1200 issuers expected to participate in an Exchange are already accredited. Those that are not yet accredited will have to develop and submit documentation for review.<sup>1</sup> This process will require multiple staff as detailed in the below table.

In addition to submitting the documentation for accreditation, issuers must also submit performance measures beginning in 2015 (after a year of coverage has been offered through an Exchange). However, most issuers already report performance measures to meet regulatory requirements. As a result, we estimate that 20 percent of issuers will have to develop the systems and hire staff to report the measures, which one source estimates as costing \$140,000.<sup>2</sup> The hourly burden estimates to collect and report these measures is included in the below table. For those issuers that already report performance measures but are not yet accredited, the marginal cost of reporting the measures to the accrediting entity would be minor. The hourly burden estimate for this marginal cost has also been incorporated into the table.

The final third-party disclosure requirement for issuers to authorize the release of their accreditation survey each year represents a minor burden as it will be largely automated. This hourly burden has also been included in the table.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Cost (per respondent)	Total Burden Cost (all respondents)
Administrative Assistant	1	\$28.03	2080	\$58,302.40	
Senior Manager	1	\$140.33	1605.72	\$225,330.69	
Management Analyst	1	\$76.45	60	\$4,587.00	
Medical Assistants	3	\$26.08	5616	\$439,395.84	
Analyst	1	\$78.37	1252	\$98,119.24	
Total			10613.72	\$825,735.17	\$198,176,440.22

Section 156.280(e)(5)(ii) requires each QHP issuer to submit to the State Insurance Commissioner a segregation plan describing how the issuer will establish and maintain separate payment account for any QHP that covers non-expected abortion services. This plan will be used to verify that the QHP's financial and other systems fully conform to the segregation requirements, as required by the Affordable Care Act. The burden estimate associated with this requirement include the time for QHP issuers to report on the operational and financial systems

<sup>1</sup> Mihalik GJ, Scherer MR, and Schreter RK. The high price of quality: a cost analysis of NCQA accreditation. *J Health Care Finance*. 2003;29(3)38-47.

<sup>2</sup> Cross M. Money pit: is accreditation always worth the cost? *Managed Care*. July 2003.

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that will segregate funds, and to provide an annual attestation to the State Insurance Commissioner that the QHP issuer remains in compliance with its segregation plan. We assume that the burden associated with developing the segregation plan will be concentrated in the first year in which the QHP issuer submits such a plan, and that burden in later years will be limited to providing the annual attestation. We estimate that 1,200 QHP issuers will participate in the Exchange and be subject to this requirement. As such, we estimate that it will take approximately 13 hours annually for the time and effort to develop and provide the segregation plan to the State insurance commissioner for a total of 15,600 hours across all QHP issuers. It will take approximately 2.25 hours to provide an attestation to the State insurance commissioner for a total of 2,700 hours across all QHP issuers.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Systems Analyst	1	\$56.63	5	\$371.25	
Financial Analyst	1	\$55.84	5	\$371.25	
Private Actuary	1	\$202.50	2	\$405.00	
Senior Executive	1	\$270.00	1	\$270.00	
Manager	1	\$103.95	2	\$207.90	
Senior Executive	1	\$270.00	0.25	\$67.50	
<b>Total</b>			15.25	\$1,692.90	\$2,031,480.00

Section 156.285(c)(4) requires QHP issuers in the SHOP to reconcile SHOP enrollment files with the Exchange on a monthly basis. The purpose of reconciling enrollment information between the SHOP and QHP issuers is to ensure that both entities have accurate records of the participating employers, number of enrollees, and persons enrolled in each QHP. We estimate that 1,200 QHP issuers will participate in the Exchange that will be subject to this requirement. As such, we estimate that it will take 19 hours per month for a QHP issuer to reconcile information on a monthly basis for a total of 273,600 hours annually across all QHP issuers. This estimate is similar to estimates provided by Medicare Part D in their rule on data submissions. For example, Medicare Part D estimated that it would take plan sponsors approximately 10 hours annually for plan sponsors to submit data on aggregated negotiated drug pricing from pharmaceutical companies described in §423.104. We provided a slightly higher estimate for the submission of data due to the complexity of the Exchange program.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Cost (per year)
Health Policy Analyst	1	\$58.05	60	\$3,483.00	
Senior Manager	1	\$103.95	24	\$2,494.80	

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Computer Programmer	1	\$48.61	84	\$4,083.24	
Operations Analyst	1	\$56.63	60	\$3,397.80	
<b>Total</b>			228	\$13,459.28	\$16,151,136.00

Section 156.285(d)(1) requires the QHP issuer to provide notice to the enrollee and the SHOP if an enrollee’s coverage in a QHP is terminated. The notice must inform the enrollee of the reason for the termination and provide information about obtaining other coverage. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and to distribute it through an automated process to the enrollee and the SHOP as appropriate. We anticipate that half of enrollees will request electronic notification while the other half will receive the notice by mail. As a result, we estimated the associated mailing costs for the time and effort needed to mail notices in bulk to enrollees as appropriate. We estimate that 1,200 QHP issuers will participate in the Exchanges. As such, we estimate that 1,200 QHP issuers will participate in the Exchanges. As such, we estimate that it will take approximately 42 hours annually for the time and effort to develop and transmit the notice for a total of 50,400 hours across all QHP issuers.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Cost (per year)
Health Policy Analyst	1	\$58.05	4	\$232.20	
Senior Manager	1	\$103.95	1	\$103.95	
Operations Analyst	1	\$56.63	3	\$169.90	
Computer Programmer	1	\$48.61	32	\$1,555.63	
Fulfillment Manager	1	\$27.00	2	\$54.00	
<b>Total</b>			42	\$2,115.68	\$2,538,816.00

Section 156.285(d)(1) also requires a QHP issuer to provide notify the SHOP and each enrollee if the QHP issuer voluntarily decides not to renew participation of a QHP on the SHOP. The burden estimate associated with each of these requirements includes the time and effort needed to draft the termination notice, and to develop an automated process to distribute to the notice to enrollees as appropriate. We anticipate that half of enrollees will request electronic notification while the other half will receive the notice by mail. As a result, we estimated the associated mailing costs for the time and effort needed to mail notices in bulk to enrollees as appropriate. We estimate that 1,200 issuers will participate in the Exchanges, and of that amount, less than 5% might elect to not renew participation annually. This represents an upper bound for the estimate. We estimate that it will take approximately 41 hours annually for the time and effort to develop and transmit both notices, for a total of 2,460 hours across all affected QHP issuers.

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Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Operations Analyst	1	\$56.63	6	\$339.78	
Senior Manager	1	\$103.95	1	\$103.95	
Management Analyst	1	\$56.63	6	\$339.78	
Computer Programmer	1	\$48.61	24	\$1,166.64	
Fulfillment Manager	1	\$27.00	4	\$108.00	
<b>Total</b>			<b>41</b>	<b>\$2,058.15</b>	<b>\$123,489.00</b>

Section 156.290 requires QHP issuers to notify the Exchange if the QHP issuer voluntarily decides not to renew participation of a QHP on the Exchange. The burden estimate associated with each of these requirements includes the time and effort needed to draft separate notices of non-renewal to HHS is described here. Section 156.290 also provides standards for notices to the enrollee. The burden estimates associated with the notice to the enrollee are included in the Supporting Statement for CMS-2334-P entitled “Medicaid, Children’s Health Insurance Programs, and Exchanges: Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes for Medicaid and Exchange Eligibility Appeals and Other Provisions Related to Eligibility and Enrollment for Exchanges, Medicaid and CHIP, and Medicaid Premiums and Cost Sharing.”

We estimate that 1,200 issuers will participate in the Exchanges, and of that amount, less than 5% might elect to not renew participation annually. This represents an upper bound for the estimate. We estimate that it will take approximately 41 hours annually for the time and effort to develop and transmit the issuer notice, for a total of 2,460 hours across all affected QHP issuers.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Operations Analyst	1	\$56.63	6	\$339.78	
Senior Manager	1	\$103.95	1	\$103.95	
Management Analyst	1	\$56.63	6	\$339.78	
Computer Programmer	1	\$48.61	24	\$1,166.64	
Fulfillment Manager	1	\$27.00	4	\$108.00	
<b>Total</b>			<b>41</b>	<b>\$2,058.15</b>	<b>\$123,489.00</b>

Section 156.295 requires QHP issuers to submit to the Exchange certain information related to prescription drug dispensing, pricing, and management, such as the percentage of

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prescriptions dispensed by pharmacy type, the generic dispensing rate, and the aggregate amount of price concessions, rebates, and discounts obtained by the QHP issuer or its contracted pharmacy benefit manager. Much of the burden associated with these third-party disclosure requirements will be concentrated in the first reporting year, as pharmacy benefit managers and QHP issuers work together to develop the necessary third-party disclosure structures and produce the appropriate reports. Following the initial effort to develop the programming and other third-party disclosure structures, we assume that the burden to maintain ongoing compliance with this section will be significantly lower. We estimate that 1,200 QHP issuers will participate in the Exchange and be subject to this requirement. As such, we estimate that it will take approximately 47 hours annually for the time and effort to maintain the records for a total of 56,400 hours.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 35% Fringe benefits)	Burden Hours	Total Burden Costs (per respondent)	Total Burden Costs (all respondents)
Operations Analyst	1	\$56.63	25	\$1,415.75	
Computer Programmer	1	\$48.61	20	\$972.20	
Senior Manager	1	\$103.95	2	\$207.90	
<b>Total</b>			47	\$2,595.85	\$3,115,020.00

**Standards for Qualified Employers (§157.205)**

In part 155, subpart B of the regulation, we describe the standards associated with qualified employers and their participation in the SHOP. The burden associated with 157.205(e) is included in the Supporting Statement for CMS-2334-P entitled “Medicaid, Children’s Health Insurance Programs, and Exchanges: Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes for Medicaid and Exchange Eligibility Appeals and Other Provisions Related to Eligibility and Enrollment for Exchanges, Medicaid and CHIP, and Medicaid Premiums and Cost Sharing.”

Section 157.205(f) requires qualified employers participating in the SHOP to provide the SHOP with information about individuals or employees whose eligibility status in the SHOP have changed. The burden estimate associated with this requirement is included in E&E NPRM II.

**13. Capital Costs**

There are no additional record keeping/capital costs.

**14. Cost to Federal Government**

The initial burden to the Federal Government for the establishment of qualified health plans and Exchanges is \$671,232. The calculations for CCIIO employees’ hourly salary were obtained from the OPM Web site: [http://www.opm.gov/oca/10tables/html/dcb\\_h.asp](http://www.opm.gov/oca/10tables/html/dcb_h.asp).

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<b>Task</b>	<b>Estimated Cost</b>
Certification of Exchanges	
15 GS-13: 15 x \$42.66 x 480 hours	\$307,152.00
Review of State/Exchange data	
15 GS-13: 15 x \$42.66 x 480 hours	\$307,152.00
Managerial Review and Oversight	
2 GS-15: 2 x \$59.30 x 480 hours	\$56,928.00
<b>Total Costs to Government</b>	<b>\$671,232.00</b>

15. Explanation for Program Changes or Adjustments

There are no changes to the burden. This is a new data collection.

16. Publication/Tabulation Dates

TBD.

17. Expiration Date

Not applicable.