

**Supporting Statement for PRA Information Collection Package and Accompanying  
Instructions - Survey of Early Retiree Reinsurance Program Plan Sponsors**

**A. Background**

Under 42 U.S.C. §18002 and implementing regulations at 45 CFR Part 149, employment-based plans that offer health benefits to early retirees and their spouses, surviving spouses and dependents are eligible under a temporary program to receive a tax-free reimbursement for the costs of certain health benefits for such individuals (the Early Retiree Reinsurance Program, or ERRP). In order to qualify, plan sponsors must submit a complete application to the Department of Health & Human Services (HHS), and must continually update any incorrect or outdated information in its application. In order to receive reimbursement under the program, they must also submit summary and detailed documentation of actual costs for health care benefits, which consists of documentation of actual costs for the items and services involved, and a list of individuals to whom the documentation applies. Once HHS reviews and analyzes the information on the application, notification will be sent to the plan sponsor about its eligibility to participate in the program. Once HHS reviews and analyzes each reimbursement request, reimbursement under the program will be made to the sponsor, as appropriate. The program's funding is limited to \$5 billion, and the program sunsets on January 1, 2014.

**B. Justification**

1. Need and Legal Basis

42 U.S.C. §18002(c)(4) limits the permissible uses of ERRP proceeds, as follows:

(4) USE OF PAYMENTS – Amounts paid to a participating employment-based plan under this subsection shall be used to lower costs for the plan. Such payments may be used to reduce premium costs for an entity described in subsection (a)(2)(B)(i) or to reduce premium contributions, copayments, deductibles, coinsurance, or other out of pocket costs for plan participants. Such payments shall not be used as general revenues for an entity described in subsection (a)(2)(B)(i).

That subparagraph also states:

The Secretary shall develop a mechanism to monitor the appropriate use of such payments by such entities.

As part of the Secretary's efforts to monitor the appropriate use of such payments, the Secretary has asked ERRP plan sponsors that have received ERRP funds to respond to a survey that asked detailed questions about how they have used ERRP funds, or intend to use ERRP funds, and the timing of when they have or will use such funds, along with other related questions. The Secretary had been using a survey instrument that OMB cleared as part of a PRA package OMB approved on an emergency basis on December 1, 2011, (OCN:0938-1150). That package was discontinued on June 30, 2012. The Secretary intends to continue surveying select plan sponsors with a revised survey instrument that is the subject of this PRA package. The following plan sponsors will be directed to respond to the revised survey instrument:

- Sponsors with applications for which we've already sent the discontinued version of the survey, but for which we received no response.
- Sponsors with applications for which the sponsor previously responded to the discontinued version of the survey, but for which additional ERRP funds were sent for the application after the date the sponsor responded to the survey.
- Sponsors with applications for which ERRP funds have been received, but for which no survey was sent (due to discontinuance of the previous version of survey).
- Sponsors with applications for which the sponsor, in its previous responses to the since-discontinued version of the survey indicated that it had spent none, or only some, of their received ERRP reimbursement.

## 2. Information Users

HHS has contracted with outside contractors to assist in the administration of the program. Once the plan sponsors complete and submit the revised survey, HHS will analyze the survey's responses.

## 3. Use of Information Technology

The survey will be completed online using Survey Monkey, an online questionnaire and survey tool.

## 4. Duplication of Efforts

Information on how a sponsor has actually used – or plans to use -- ERRP funds is not collected through any other means. Therefore, this information collection does not duplicate any other effort and the information cannot be obtained from any other source.

5. Small Businesses

HHS has made efforts to minimize the burden that this collection of information will have on all submitting entities including small businesses. For example, the sponsors will complete the survey instrument online. Also, almost none of the survey instrument questions require narrative responses. Rather, almost every question in the survey is a multiple choice question that permits a sponsor to select from several listed answers, and with drop-down boxes from which to select.

6. Less Frequent Collection

After having responded to the revised survey, we don't anticipate directing any sponsor to again respond to the survey.

7. Special Circumstances

This collection of information fully complies with 5 CFR 1320.5. There are no special circumstances.

8. Federal Register/Outside Consultation

The 60-day Federal Register notice published on September 28, 2012 (77 FR 59615). No comments were received in response to the notice.

Our solicitation of comments will constitute our efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format, and on the data elements to be recorded, disclosed, or reported.

9. Payments/Gifts to Respondents

There are no payments or gifts to respondents.

10. Confidentiality

We are assuring ERRP plan sponsors that respond to this survey, that if their responses are released they will be released in the form of aggregated data that, as a matter of course, will not identify the plan sponsor to which each response applies. However, all submitted data is subject to the Freedom of Information Act.

11. Sensitive Questions

No questions of a sensitive nature, such as sexual behavior and attitude and religious beliefs are asked.

## 12. Burden Estimates (Hours & Wages)

We estimate that it will take each sponsor an average of 11 hours to research answers to, and complete the survey. We estimate that 927 sponsors in total will complete the survey, for an average of one application per plan sponsor. We expect to begin directing sponsors to complete the survey during the first calendar quarter of 2013 (i.e., during the second quarter of fiscal year 2013). We estimate that 927 plan sponsors will complete the survey, based on the following cohorts of plan sponsors which we intend to direct to complete the survey, and the anticipated survey response rate for each cohort. The discontinued version of the survey had been sent to sponsors with applications for which ERRP payment had been made. The response rate was 50%. For the reasons explained below, we expect varying response rates, by cohort.

Sponsors with applications for which we've already sent the survey, but for which we received no response.

- Estimated number of sponsors: 1,522
- Estimated response rate: 15%. (Because these sponsors have a history of not responding, we anticipate that their response rate will be less than the previous response rate of 50%).
- Estimated number of respondents: 228

Sponsors with applications for which the sponsor, in its previous responses to the survey, indicated that it had spent none, or only some, of their received ERRP reimbursement.

- Estimated number of sponsors: 861
- Estimated response rate: 70% (Because these sponsors have a history of responding, we anticipate a much higher response rate than the previous response rate of 50%, mitigated somewhat by the fact that we will direct these sponsors not to respond to the survey if they have no new data to report)
- Estimated Number of Respondents: 602

Sponsors with applications for which the sponsor previously responded to the survey, but for which additional ERRP funds were sent for the application after the date the sponsor responded to the survey

- Estimated number of sponsors: 138
- Estimated response rate: 70% (Because these sponsors have a history of responding, we anticipate a much higher response rate than the previous response rate of 50%, mitigated somewhat by the fact that we will direct these sponsors not to respond to the survey if they have no new data to report),
- Estimated number of respondents: 96

Sponsors with applications for which ERRP funds have been received, but for which no survey was sent (due to discontinuation of the previous version of survey).

- Estimated number of sponsors: 2
- Estimated response rate: 50%.
- Estimated number of respondents: 1

Total

- Estimated number of sponsors: 2,523
- Estimated number of respondents: 927
- Overall estimated response rate: 36%

For a number of reasons, including, but not limited to, the statutory cap on ERRP funding, and the fact that the ERRP program has a statutory sunset date of January 1, 2014, we do not anticipate sponsors responding to the survey beyond fiscal year 2013. Based on a burden estimate of 11 hours to research responses to and complete the survey, we estimate a burden of \$565,525.62

( Burden estimates for the survey are based on an hourly labor rate of \$55.46, which is the hourly labor rate for a Federal GS 13, Step 10 employee in the Washington D.C./Baltimore locale).

The burden estimate is broken down as

follows:

- Reading the instructions: 15 minutes
- Researching the answers to the questions: 10 hours, 15 minutes
- Providing responses to the survey: 30 minutes

Following is a table that provides the Burden per Task, Number of Respondents, Frequency of Response, and Total Burden. The data populating this table is calculated from the above data.

| Task                                    | Burden      | Estimated # of Respondents | Average Frequency of Response | Total Average Burden |
|---|-------------|----------------------------|-------------------------------|----------------------|
| Reading survey instructions             | .25 hours   | 927                        | 1                             | 231.75 hours         |
| Researching answers to survey questions | 10.25 hours | 927                        | 1                             | 9,501.75 hours       |
| Provide responses to the survey         | .50 hours   | 927                        | 1                             | 463.5 hours          |
| Totals, averaged per FY                 | 11 hours    | 927                        | 1                             | 10, 197 hours        |

13. Capital Costs

(a) Total Capital and Start-up Cost

We have determined that there are no new capital outlays required complete the

survey. We have assumed that all ERRP plan sponsors will own at least one computer and have access to the internet.

(b) Total Operation and Maintenance and Purchase of Service Component

We estimate that there may be expenses associated with hiring of vendors to assist plan sponsors in gathering and aggregating the data required to respond to the questions in the survey. Those expenses are subsumed in the burden estimates discussion contained in Section 12 of this paper.

14. Cost to Federal Government

We estimate annual costs to the Federal government of \$30,000, including the costs of paying an existing ERRP contractor to send emails to plan sponsors inviting them to a secure website to complete the on-line survey, and to tally and analyze the survey results.

15. Change to Burden

The change to burden is as follows (As discussed above, the universe of sponsors that will be directed to respond, is much smaller, which accounts for much of the reduction in burden).

| <b>Prior</b>                                       | <b>New</b>                                       | <b>Change</b>                                       |
|--|--|---|
| Prior Estimated # of Respondents:2,076             | New Estimated # of Respondents:927               | Change in Estimated # of Respondents (1,149)        |
| Prior Estimated Burden Hours Per Respondent:11     | New Estimated Burden Hours Per Respondent:11     | Change in Estimated Burden Hours Per Respondent: 0  |
| Prior Estimated Hourly Cost Per Respondent:\$55.46 | New Estimated Hourly Cost Per Respondent:\$55.46 | Change in Estimated Hourly Cost Per Respondent: \$0 |
| Prior Estimated Total Burden:\$1,266,484.50        | New Estimated Total Burden: \$565,525.62         | Change in Estimated Total Burden: (\$700,958.88)    |

16. Publication/Tabulation Dates

We expect that some data from the collection of information on the survey instrument will be published, in aggregate form. At this time, HHS has not determined the specific data that will be published, or the time schedule for such publication.

17. Expiration Date

HHS does not request an exemption from displaying the expiration date alongside the OMB control number.