

## **Supporting Statement – Part A**

### **Supporting Statement for Data Collection to Support Eligibility Determinations and Enrollment for Employees in the Small Business Health Options Program**

#### **A. Background**

On March 23, 2010, the President signed into law H.R. 3590, the Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. 111-152, collectively referred to as “The Affordable Care Act.” The Affordable Care Act expands access to health insurance coverage through improvements to the Medicaid and Children’s Health Insurance (CHIP) programs, the establishment of Affordable Insurance Exchanges (Exchanges), and the coordination between Medicaid, CHIP, and Exchanges.

Through the Small Business Health Options Program (SHOP), the new Exchanges will assist qualified employers who are small employers in facilitating the enrollment of their employees in Qualified Health Plans (QHPs) offered in the small group market. The Exchanges will become operational on January 1, 2014.

Qualified employees of employers participating in the SHOP will be able to begin applying for enrollment in QHPs through the SHOP October 1, 2013, for coverage beginning as early as January 1, 2014. The employee application for the SHOP will be a single, streamlined form that will be used to determine employee eligibility and facilitate the enrollment process.

#### **B. Justification**

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

Section 1311(b)(1)(B) of the Affordable Care Act directs that the SHOP assist qualified small employers in facilitating the enrollment of their employees in QHPs offered in the small group market. Section 1311(c)(1)(F) of the Affordable Care Act directs HHS to establish criteria for certification of health plans as QHPs and plans to utilize a uniform enrollment form for qualified employers. Further, section 1311(c)(5)(B) directs HHS to develop a model application and web site that assists employers in determining if they are eligible to participate in SHOP. Consistent with these authorities, HHS has developed a single, streamlined form that employees will use to apply to the SHOP. 45 CFR 155.730 provides more detail about this “single employee application,” which will be used to determine employee eligibility. CMS is designing the single streamlined application to be a dynamic online application that will tailor the amount of data required from an applicant based on the applicant’s circumstances and responses to particular

questions. The paper version of the application will not be able to be tailored in the same way and is being designed to collect only the data required to determine eligibility and not the data necessary to facilitate enrollment.

The information will be provided by each employee upon initial application with subsequent information collections for the purposes of confirming accuracy of previous submissions or updating information from previous submissions. Information collection will begin during initial open enrollment in October 2013, per 45 CFR 155.410. Applications for the SHOP will be collected year round, per the rolling enrollment requirements of 45 CFR 155.725.

We have attached two appendices to illustrate the process through which applicants receive an eligibility determination for purchasing coverage through the SHOP.

- Appendix A: List of Questions in the SHOP Online Application for Employees – Appendix A is a list of all potential questions an applicant could be asked when utilizing the online application.
- Appendix B: Paper Application for Employees – Appendix B is the paper application an applicant will utilize.

Employees will be able to submit an application for the SHOP online, using a paper application, over the phone through and agent or broker or a call center operated by an Exchange, or in person through an agent, broker, or Navigator, per 45 CFR 155.730(f). If an employee does not enroll in coverage through the SHOP, the information will be erased after a specified period of time. If an employee enrolls in coverage through the SHOP, the information will be retained to document the enrollment, to allow reconciliation with issuer records, and to provide information for future coverage renewals or changes in coverage.

## **2. Information Users**

Information collected by the SHOP will be used to determine employees' eligibility and facilitate enrollment in the SHOP. Applicants include employees who may be considered qualified employees eligible to participate in the SHOP per 45 CFR 155.710(e).

## **3. Use of Information Technology**

The single employee application will be available both as a paper form and an online process. The single employee application is not currently available for completion electronically because it is a new information collection and the electronic interface is under construction. The online version will be part of an interactive website that further simplifies the application process by determining which questions to ask based on answers given to previous questions. This process ensures that applicants answer as few questions as necessary in order to apply to the SHOP. The paper application does not offer the same flexibility in question sequencing due to its static nature. Therefore, some applicants who complete the paper form may answer more questions than they would using the online application.

CMS anticipates that 90 percent of applications will be submitted online because of the online application's numerous benefits, including but not limited to: ability to save information into a unique user account; ability to access immediate help resources; opportunity to receive a real-time eligibility determination in most cases; and opportunity to make coverage effective at an earlier date. An online application will reduce the burden of applying for coverage as compared to a paper application, mostly due to time and expense required to process paperwork.

An online application process is being developed because it allows applicants to more quickly and efficiently apply for coverage, as well as receive a determination for eligibility in real-time in many cases. The applicant must sign the application to the SHOP, and a process to use an electronic signature is being developed. The online application process will be available no later than October 1, 2013.

#### **4. Duplication of Effort**

The Affordable Care Act establishes new State-based marketplaces for individuals, employers, and employees to apply for coverage through entities referred to as Exchanges. There is currently no similar entity administered by the Federal government that facilitates the enrollment of small business employees in health insurance coverage offered in the small group market. This information collection does not duplicate any other effort, and the information cannot be obtained from any other source.

#### **5. Small Businesses**

This application is for employees of small employers that may be qualified employers eligible for participation in the SHOP. This application will assist these eligible small employers in facilitating the enrollment of their employees in QHPs offered in the SHOP. Therefore, this collection of information potentially impacts small employers and their employees. To minimize the burden of this collection on small businesses or other small employers, HHS is developing a single, streamlined form that employees will use to apply to the SHOP. Additionally, the availability of an online application process will allow applicants to more quickly and efficiently apply for coverage, as well as receive a determination of SHOP eligibility in real-time in many cases.

#### **6. Less Frequent Collection**

If information is collected on a less frequent basis, employees would be unable to receive an eligibility determination and, therefore, would not be able to enroll in coverage through the SHOP.

#### **7. Special Circumstances**

Generally, qualified employees will provide or confirm this information annually. When an employee experiences certain changes pertaining to his or her enrollment, such as an address

change or change in the number of dependents through marriage, birth, or adoption, the changed information must be submitted online to ensure that employees and their dependents are enrolled or disenrolled in a timely manner and that employers receive the correct monthly bill in order to make accurate payroll deductions. Only changes in the information would be submitted, not an entire application. In rare circumstances, changes might have to be submitted more than once in a quarter.

If an employee is responding by mail to an information collection, the employee may need to respond in fewer than 30 days if the annual open enrollment period or special enrollment period that he or she qualifies for will end in fewer than 30 days, making the employee ineligible to enroll in coverage.

## **8. Federal Register/Outside Consultation**

The 30-day Federal Register notice published on January 29, 2013 (78 FR 6109). The 60-day Federal Register notice published on July 6, 2012 (77 FR 40061).

CMS has consulted with a variety of stakeholders on the list of data elements that will provide the basis for developing the single employee application. The purpose of the consultations has been to ensure that all information necessary to determine eligibility and facilitate enrollment will be collected and that solicitation of extraneous information is avoided. The consultation process considered the perspective of groups representing those who will eventually apply for health insurance and those who will administer the programs.

CMS sought input from other federal agencies, such as the IRS. The National Association of Insurance Commissioners also was consulted. CMS consulted the Advisory Panel on Outreach and Education (APOE). The APOE is convened under the Federal Advisory Committee Act and whose members represent States, providers, health plans, and consumer advocates.

In addition, CMS conferred with States, issuer associations, issuers, agent/broker associations, and various consumer advocacy organizations in both formal and informal discussions. CMS has solicited input and advice via in-person and webinar presentations of the data elements from more than one dozen state and national consumer advocacy organizations.

We received public comments from over 45 entities addressing a range of topics, including the application process, paper and/or online accessibility, processes for verifying information, privacy and security of information, and the types of questions or data elements that should be included. Many commenters were concerned with ensuring that the data collected are sufficient to make an eligibility determination and facilitate enrollment. Some of the commenters were concerned with duplicate or overly burdensome data collection as related to the employee application. CMS has been working with States to minimize any required document submission to streamline and reduce duplication, especially in future years. We have taken into consideration all of the proposed suggestions and have made changes to this collection of information, such as re-adding plan selection, including special enrollment period questions, and adjusting final language for the tobacco use question.

## **9. Payments/Gifts to Respondents**

There are no payments or gifts to respondents proposed.

## **10. Confidentiality**

All information will be kept private to the extent allowed by applicable laws and regulations.

## **11. Sensitive Questions**

There are no sensitive questions.

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

Every qualified employee of an employer participating in the SHOP who wishes to apply for coverage through the SHOP will need to complete an application to determine his or her eligibility and facilitate enrollment in the SHOP. In order to complete the application, each applicant will be asked to provide: (1) information about the applicant, including contact information and demographic information, such as name and address; (2) information about the employee's choices of health insurance coverage; and (3) information about the employee's dependents.

The applicant will also be asked to verify his or her understanding of the application and sign attestations regarding information in the application. The completed application will be submitted to the SHOP in the employer's State.

Applicants who choose to complete the electronic application will need to create an online account at the beginning of the application process. This process consists of entering basic information, such as employee's name, address, and email. Based on the information an applicant provides, an identification proofing system tool will generate three to five challenge questions, such as a previous address where an individual has lived. The tool will have a large bank of questions it will randomly generate based on information from external databases. Due to the security and integrity of the system, we cannot provide the list of questions that are generated. Please refer to Appendix A for more detail about the identification proofing process. Applicants who complete a paper application will not be required to create an account.

The application may also be completed with assistance over the phone by calling an agent or broker or the SHOP call center and speaking with a customer service representative who will complete the application with the employee. In addition, employees may complete the application with their employer's assistance or by visiting an agent, broker, or Navigator who will assist the individual in-person.

After submitting a paper application, applicants will receive a follow up confirmation of eligibility along with the information necessary to complete enrollment.

We estimate that it will take approximately 0.159 hours (9.53 minutes) per applicant to submit a completed paper application and approximately 0.086 hours (5.17 minutes) per applicant to submit a completed online application as broken down below. We had several individuals fill out the paper application, averaged their times to complete the application, and factored in additional time due to potential variation in applicants' health literacy rate. Since the application is meant to be a single, streamlined process, we have estimated that completing the electronic application will be faster than the paper application. The Congressional Budget Office (CBO) estimates approximately 3 million people will enroll in health insurance through a SHOP in 2014. Assuming family size of approximately 3 per employee,<sup>1</sup> we expect approximately 1 million employees to complete an application in 2014 for a total of approximately 93,300 burden hours. See Table 1-Annualized Burden for 2014.

**Table 1 - Annualized Burden for 2014**

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden Hours per Response</b>	<b>Total Burden Hours</b>
Paper Application	Employee Applying to a SHOP	100,000	1	0.159	15,900
On-Line Application	Employee Applying to a SHOP	900,000	1	0.086	77,400
<b>Total</b>		<b>1,000,000</b>			<b>93,300</b>

CBO estimates approximately 2 million people will enroll in health insurance through a SHOP in 2015 and 3 million in 2016. Consequently, we estimate that approximately 666,666 employees will apply to a SHOP in 2015 and approximately 1 million will apply in 2016 for a total of 62,200 and 93,300 burden hours, respectively. Over the three years, we estimate an annual average of 82,933 burden hours. See Table 2 and 3 below.

**Table 2 - Annualized Burden for 2015**

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden Hours per Response</b>	<b>Total Burden Hours</b>
Paper Application	Employee Applying to a SHOP	66,667	1	0.159	10,600
On-Line Application	Employee Applying to a	599,999	1	0.086	51,600

<sup>1</sup> Based on ASPE analysis of 2011 Current Population Survey data, the average family size (restricted to individuals under the age of 65) with income above 400% Federal Poverty Level is 3.16.

	SHOP				
<b>Total</b>		<b>666,666</b>			<b>62,200</b>

**Table 3 - Annualized Burden for 2016**

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden Hours per Response</b>	<b>Total Burden Hours</b>
Paper Application	Employee Applying to a SHOP	100,000	1	0.159	15,900
On-Line Application	Employee Applying to a SHOP	900,000	1	0.086	77,400
<b>Total</b>		<b>1,000,000</b>			<b>93,300</b>

**SHOP Application Processing and Eligibility Determination**

We developed the following estimates of burden hours and costs for each SHOP receiving applications to process the applications and determine eligibility. We estimate the burden at 10 minutes for online applications and 30 minutes for paper applications, at a rate of \$25 per hour. Consequently, over three years, we estimate an annual average of 180,178 burden hours.

**Table 4 – Annualized Burden for Application Processing and Eligibility Determination**

<b>Year</b>	<b>Online/ Paper</b>	<b>Number of Respondents</b>	<b>Burden per Response (hours)</b>	<b>Total Annual Burden (hours)</b>	<b>Labor Cost (per hour)</b>	<b>Total Cost</b>
2014	Online Application	900,000	0.17	153,000	\$25	\$3,825,000
	Paper Application	100,000	0.5	50,000	\$25	\$1,250,000
2015	Online Application	599,999	0.17	101,200	\$25	\$2,530,000
	Paper Application	66,667	0.5	33,334	\$25	\$833,350
2016	Online Application	900,000	0.17	153,000	\$25	\$3,825,000
	Paper Application	100,000	0.5	50,000	\$25	\$1,250,000
<b>Total Hours</b>				<b>540,534</b>		
<b>Total Annual Hours</b>				<b>180,178</b>		

### **13. Capital Costs**

There are no additional record keeping or capital costs.

### **14. Cost to Federal Government**

The initial burden to the Federal government for the development and implementation of the data collection tool is \$502,350. This estimate projects application development costs at \$98.50 an hour and assumes approximately 5,100 hours of development work needed to design, build, and unit test the tool.

An additional burden to the Federal government is the work of one full time GS-13 employee. The current salary of a 13 Grade/Step 1 employee in the Washington, D.C. area is \$89,033.

### **15. Changes to Burden**

This is a new collection; and therefore, there are no changes to burden. There are no changes to burden resulting from changes between the 30-day Federal Register package and this final submission.

### **16. Publication/Tabulation Dates**

Not applicable.

### **17. Expiration**

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