

Supporting Statement – Part A

Supporting Statement for Data Collection to Support Eligibility Determinations and Enrollment for Small Businesses 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 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.

Employers will be able to begin applying for coverage through the SHOP October 1, 2013, for coverage beginning as early as January 1, 2014. The employer’s application for the SHOP will be a single, streamlined form that will be used to determine employer 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 employers will use to apply to the SHOP. 45 CFR 155.730 provides more detail about this “single employer application,” which will be used to determine employer 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 employer 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 Employers – Appendix A is a list of all potential questions an applicant could be asked when utilizing the online application.
- Appendix B: Paper Application for Employers – Appendix B is the paper application an applicant will utilize.

Employers will be able to submit an application for the SHOP online, using a paper application, over the phone through an agent or broker, over the phone through the SHOP call center, or in person through an agent, broker, or Navigator, per 45 CFR 155.730(f). If an employer does not complete the application, the information will be erased after a specified period of time. If an employer completes the application and offers coverage to qualified employees through the SHOP, the information will be retained to document the offer of coverage, 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 employers' eligibility and facilitate enrollment in the SHOP. Applicants include employers who may be considered qualified employers eligible to participate in the SHOP per 45 CFR 155.710(b).

3. Use of Information Technology

The single employer application will be available both as a paper form and an online process. The single employer 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. Additionally, this rate of electronic submission reflects our expectation that upwards of 85% of applications will be facilitated by a broker who will be required to submit information electronically.

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. 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 small employers who 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 impacts small employers. To minimize the burden of this collection on small businesses or other small employers, HHS is developing a single, streamlined form that employers 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, employers would be unable to receive an eligibility determination and, therefore, would not be able to purchase coverage through the SHOP.

7. Special Circumstances

Generally, qualified employers will provide or confirm this information annually. If an employee becomes newly eligible for coverage during the plan year, or if an employee leaves employment or becomes ineligible, the employer should report this information promptly to ensure that employees are enrolled or disenrolled promptly and that employers receive the correct monthly bill for their coverage. Only changes in the information would be submitted, not an entire application. This submission may occur more often than once a quarter.

If an employer is responding by mail to an information collection, the employer may need to respond in fewer than 30 days if the annual employer election period will end in fewer than 30 days, making it 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 employer 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 payment information and questions related to an employer's choice of plan offerings and contributions.

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

In order to provide issuers with the information needed to comply with IRS Code §§ 5000A and 6055, the applicant's employees' social security/tax ID numbers shall be provided.

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

SHOP Online and Paper Application

Every employer wishing to apply for coverage through the SHOP will need to complete an application to determine its eligibility and facilitate enrollment in the SHOP. In order to complete the application, each applicant will be asked to provide: (1) information about the employer including the employer's name, contact information, and the address of the employer's locations; (2) the number of full-time equivalent employees; (3) information about the employer's choices with respect to offering insurance coverage; (4) a list of the employer's qualified employees and their social security/tax ID numbers; and (5) method of payment information.

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 the individual'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 by contacting an agent or broker who will assist the employer in-person or over the phone.

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

We estimate that it will take approximately 0.209 hours (12.57 minutes) per applicant to submit a completed paper application and approximately 0.113 hours (6.77 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 a small business size of approximately 5 employees and a family size of approximately 3 per employee,¹ we estimate that approximately 200,000 employers will apply to a SHOP in 2014. Consequently, we expect approximately 200,000 employers to complete an application in 2014 for a total of approximately 24,520 burden hours. See Table 1 – Employer Annualized Burden for 2014.

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 133,333 employers will apply to a SHOP in 2015 and approximately 200,000 will apply in 2016 for a total of 16,347 and 24,520 burden hours, respectively. See Table 2 – Employer Annualized Burden for 2015 and Table 3 – Employer Annualized Burden for 2016, below. Over the three years, we estimate an annual average of 21,796 burden hours.

The burden associated with items in Appendix A “IV Offering” A.1.a, 2-3, 5.b, 5.d, and 8; B.3 (two plan option), 4.b, and 4.d; and “VII Enroll” C.1.c is not applicable in 2014 because these questions will not be asked until 2015. However, the burden associated with these items is so small that it does not have a substantial impact on the overall estimates; and therefore, the associated burden is already accounted for in the 2015 and 2016 estimates.

Table 1 - Employer Annualized Burden for 2014

Forms (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours per Response	Total Burden Hours
Paper Application	Employer Applying to a SHOP	20,000	1	0.209	4,180
On-Line Application	Employer Applying to a SHOP	180,000	1	0.113	20,340

¹ Based on US Census data of business size in 2008, the vast majority of employer firms (restricted to employer firms with 1 - 99 employees) have 1 - 4 employees. 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.

Total		200,000			24,520
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Table 2 – Employer Annualized Burden for 2015

Forms (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours per Response	Total Burden Hours
Paper Application	Employer Applying to a SHOP	13,333	1	0.209	2,787
On-Line Application	Employer Applying to a SHOP	120,000	1	0.113	13,560
Total		133,333			16,347

Table 3 – Employer Annualized Burden for 2016

Forms (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours per Response	Total Burden Hours
Paper Application	Employer Applying to a SHOP	20,000	1	0.209	4,180
On-Line Application	Employer Applying to a SHOP	180,000	1	0.113	20,340
Total		200,000			24,520

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 36,089 burden hours.

Table 4 – SHOP Application and Eligibility Annualized Burden

Year	Online/Paper	Number of Respondents	Burden per Response (hours)	Total Annual Burden (hours)	Labor Cost (per hour)	Total Cost
2014	Online Application	180,000	0.17	30,600	\$25	\$765,000
	Paper Application	20,000	0.5	10,000	\$25	\$250,000

2015	Online Application	120,000	0.17	20,400	\$25	\$510,000
	Paper Application	13,333	0.5	6667	\$25	\$166,675
2016	Online Application	180,000	0.17	30,600	\$25	\$765,000
	Paper Application	20,000	0.5	10,000	\$25	\$250,000
Total Hours				108,267		
Total Annual Hours				36,089		

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 \$738,750. This estimate projects application development costs at \$98.50 an hour and assumes approximately 7,500 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.