

# **Supporting Statement – Pre-Existing Condition Insurance Plan Program Regulation and Contract Requirements**

## **A. Justification**

### **1. Circumstances Making the Collection of Information Necessary**

On March 23, 2010, the President signed into law H.R. 3590, the Patient Protection and Affordable Care Act (Affordable Care Act), Public Law 111-148. Section 1101 of the law establishes a “temporary high risk health insurance pool program” (which has been named the Pre-Existing Condition Insurance Plan, or PCIP) to provide health insurance coverage to currently uninsured individuals with pre-existing conditions. The law authorizes HHS to carry out the program directly or through contracts with states or private, non-profit entities.

HHS is now seeking a three-year approval for this collection. We are requesting renewal for this package because this information is needed to assure that PCIP programs are established timely and effectively. This request is being made based on regulations that have been issued and contracts which have been executed by HHS with States or an entity on their behalf participating in the PCIP program. PCIP is also referred to as the temporary qualified high risk insurance pool program, as it is called in the Affordable Care Act, but we have adopted the term PCIP to better describe the program and avoid confusion with the existing state high risk pool programs.

CMS is requesting an extension of this currently approved collection as this information is needed to assure that PCIP programs are able to continue to provide required program deliverables to HHS in accordance with requirements outlined in both regulation and contract.

### **2. Purpose and Use of Information Collection**

The data collection in this package will include requirements outlined in both the regulation and the contract to submit the following:

- Payment invoices;
- Reporting requirements;
- Reports of dumping;
- Audit requirements;
- Record retention requirements;
- Proposal modifications; and
- Portability requirement.

The above information will assist HHS in planning for and executing contracts to provide the PCIP program to the public.

**3. Use of Improved Information Technology and Burden Reduction**

Information collected in the package will be submitted electronically with the exception of the written notification in accordance with the portability requirements. HHS staff will analyze the data in the same manner by which it was submitted and communicate with States and the District of Columbia using e-mail or telephone.

**4. Efforts to Identify Duplication and Use of Similar Information**

Since this is a new program that was created through the Affordable Care Act, the information that will be collected has never been collected before by the Federal government.

**5. Impact on Small Businesses or Other Small Entities**

No impact on small business.

**6. Consequences of Collecting the Information Less Frequent Collection**

Information collected in the package will consist of both one-time data collection and regular programmatic reporting to HHS. In order to ensure federal funds are being used correctly and efficiently, HHS must receive monthly invoices and reports of program information to monitor the spending of federal dollars and be best positioned to promptly address programmatic issues such as instances of fraud, waste and abuse. Other items addressed in this package, such as record retention requirements, will be a one-time data collection.

**7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5**

No special circumstance.

**8. Comments in Response to the Federal Register Notice/Outside Consultation**

The emergency Federal Register notice was published on January 7, 2011. This is an extension of an existing collection with no changes in burden.

**9. Explanation of any Payment/Gift to Respondents**

Not applicable.

**10. Assurance of Confidentiality Provided to Respondents**

All information will be kept private to the extent allowed by application laws/regulations.

**11. Justification for Sensitive Questions**

No sensitive information will be collected.

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

### **Payment Invoices**

Contractors will be required to submit invoices to HHS to receive actual cost reimbursement payments from HHS for administrative and claims costs incurred in the development and operation of the PCIP program. This burden estimate includes reviewing claims and administrative expenses, submitting payment invoices to HHS, monitoring available funds and notifying HHS once 75% of enrollment approved in the contract has been reached. Invoices must be submitted on a monthly basis to HHS in a format and manner specified by HHS.

We estimate that it will take each state approximately 16 hours per month to collect information, review and submit required invoices to HHS. We believe 1 person per applicant will be involved in submitting payment invoices; total burden is 9,792 hours per year.

It is estimated that up to 51 respondents will submit payment invoices.

### **Fraud, Waste, and Abuse**

Contractors will be responsible to promptly report to HHS incidences of waste, fraud, and abuse and shall cooperate with Federal law enforcement authorities in cases involving waste, fraud, and abuse. This estimate is based on a monthly burden of reporting such information. Once identified, the information must be immediately submitted to HHS and/or Federal law enforcement authorities by the contractor.

We estimate that it will take each contractor approximately 4 hours per month to collect, review and forward the required information to HHS and/or Federal law enforcement authorities. We believe 1 person per contractor will be involved in identifying and submitting this information; total burden is 2,448 hours per year.

It is estimated that up to 51 respondents will report instances of fraud, waste, and abuse.

### **Quarterly and Monthly Reports**

Contractors will be responsible to retain records of expenditures and enrollment, and submit required information for oversight purposes. Contractors will be required to report, on a monthly and quarterly basis, information described in the executed contract with HHS. Contractors will be responsible to submit quarterly reports to HHS on the status of implementing and carrying out the PCIP program and monthly reports providing information on the previous calendar month of operations. Included in such reporting, contractors are also responsible to immediately notify HHS of any claim or suit made or filed against contractor or its subcontractors regarding any matter resulting from or relating to contractor's obligations under the contract. The information must be submitted electronically in a format to be provided by HHS. This estimate is based on the monthly burden of reporting such information.

We estimate that it will take each contractor approximately 24 hours per month to collect, review and forward the required information to HHS. We believe 2 people per contractor will be involved in identifying and submitting this information; total burden is 14,688 hours per year.

### **Audited Financial Report**

Contractors will be responsible to obtain and submit annually an independently audited financial report detailing the finances of the PCIP program operated by the contractor. This estimate is based on the annual burden of reporting this information.

We estimate that it will take each contractor approximately 24 hours per year to collect, review and forward the required information to HHS. We believe 1 person per contractor will be involved in identifying and submitting this information; total burden is 1,224 hours per year.

### **Reports of Dumping**

Contractors must report to HHS any health plan issuer or group health plan they have identified as discouraging an individual from remaining enrolled in coverage offered by such issuer or health plan based on the individual's health status. This estimate is based on a monthly burden of reporting this information. Once identified, the information must be immediately submitted to HHS by the contractor.

We estimate that it will take each contractor approximately 8 hours per month to collect, review and forward the required information to HHS. We believe 2 people per contractor will be involved in identifying and submitting this information; total burden is 4,896 hours per year.

It is estimated that up to 51 respondents will report instances of dumping.

### **Audit**

Contractors may be required to submit information to HHS to demonstrate they have fully complied with all regulatory and contractual requirements. This estimate includes burden for both a paper document review process and on-site review process. Contractors will be required to submit all data requested to HHS in a manner specified by HHS.

We estimate that it will take each contractor approximately 40 hours to submit information to HHS in addition to accommodating HHS during any on-site review. We believe 3 people per contractor will be involved in satisfying this requirement; total burden is 2,040 hours per year if such audit is executed.

It is estimated that up to 51 respondents may be audited.

### **Record Retention Requirement**

Any state or entity selected to administer the PCIP program is required to retain all records that they or their subcontractors create, collect or maintain while participating in the program for at least six years following termination.

We estimate that it will take approximately 12 hours per contractor to properly store any electronic and paper records away for safekeeping. Storing such information presents a total one-time burden of 612 hours.

It is estimated that 51 respondents will comply with the record retention requirements.

### **Contract Renewal and Proposal Modifications**

Any State or entity selected to administer the PCIP program will receive written notice from HHS of its intent to exercise the upcoming option year no later than 60 days prior to the end of each performance period. At this time, a State may decide it is in their best interest to propose amendments to the agreed upon contract. We estimate that while uncommon, this may occur, and such proposed changes could be allowed in instances where they are permissible. This estimate includes changes to all previously agreed upon proposal sections.

We estimate that it will take approximately 24 hours per contractor to submit a revised proposal and implement any approved amendments. We believe 1 person per contractor would be involved in submitting and executing such proposal modification; total burden is 1,224 hours per year.

It is estimated that up to 51 respondents could request a proposal modification.

### **Portability Requirement**

Any state or entity selected to administer the PCIP program are required to disenroll an individual who no longer resides in its PCIP service area, which is defined as the geographic area encompassing an entire State in which the PCIP furnishes benefits. As part of this process, a PCIP must notify enrollees who are disenrolled because they no longer reside in the PCIP service area that:

- The Pre-Existing Condition Insurance Plan is available in every State and the District of Columbia.
- If you move out of the service area of a Pre-Existing Condition Insurance Plan, you don't have to be uninsured for another six months to be eligible to enroll in another Pre-Existing Condition Insurance Plan. You may apply to enroll in a Pre-Existing Condition Insurance Plan in your new area.
- You should contact the Pre-Existing Condition Insurance Plan in your new area to find out how to apply.
- Information about applying for the Pre-Existing Condition Insurance Plan in every State and the District of Columbia is available at [www.healthcare.gov](http://www.healthcare.gov).

Upon request by an individual, and except as noted below, a PCIP must provide a written certificate that includes:

- The date the certificate was issued;
- The name of the PCIP that provided coverage including a clear indication that the coverage was provided by a PCIP (and not by a state high risk pool);
- The name of the participant with respect to whom the certificate applies;
- The name, address, and telephone number of the PCIP administrator or issuer, and a telephone number to call for further information; and
- The period of time in which the enrollee had PCIP coverage, e.g. coverage start date and coverage end date, in the case of a former enrollee.

Such an individual may request that the certificate be sent directly to them or the PCIP in which the individual is applying to enroll, or the PCIP that would otherwise receive the certificate may

agree to accept the information through means other than a written certificate (such as by telephone).

We estimate that it will take approximately 15 minutes per contractor to submit notice of disenrollment and a certificate of coverage to the individual moving out of their PCIP service area. There are currently 28 service areas; 27 state-administered PCIP's and 1 federally-administered PCIP that covers the remainder 23 states plus the District of Columbia.

Accordingly, we have calculated burden for these 28 respondents. We believe one person would be involved in submitting and executing such request for the plan; total burden for all 28 plans are 560 hours per year.

We estimate that it will take approximately 30 minutes per individual to submit written notice of disenrollment and request for a certificate of coverage to the current PCIP. In calculating the estimated number of enrollees that may move from one state to another, we looked at the 2009 US Census survey and found 2% of the population may move to a different state in the course of one year. Assuming a PCIP population, which is comprised of individuals with pre-existing conditions, it is less likely these individuals may move because of their health condition and/or treatment currently being received. Therefore, we estimated that approximately 1% of PCIP enrollees may move over the course of the year. Based on current enrollment of approximately 8,011 individuals, that would approximate 80 individuals per year ( $8,011 \times 1\% = 80$ ) who could require a notice of disenrollment and a certificate of coverage; total burden is 40 hours per year.

### 12A. Estimated Annualized Burden Hours

<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>
Payment Invoices	State Government	51	12	16	9,792
Total				16	9,792

<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>
Fraud, waste, and abuse	State Government	51	12	4	2,448
Total				4	2,448

<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>
Quarterly and Monthly Reports	State Government	51	12	24	14,688
Total				24	14,688

<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>
Audited Financial Report	State Government	51	1	24	1,224
Total				24	1,224

<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>
Reports of Dumping	State Government	51	12	8	4,896
Total				8	4,896

<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>
Audit	State Government	51	1	40	2,040
Total				40	2,040

<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>
Record Retention	State Government	51	1	12	612
Total				12	612

<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>
Contract Renewal and Proposal Modification	State Government	51	1	24	1,224
Total				24	1,224

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent (total per year)</b>	<b>Average Burden hours per Response</b>	<b>Total Burden Hours</b>
Portability Requirement	Government	28	80	.25	560
Total					

<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>
Portability Requirement	Individual	80	1	.5	40
Total					

## 12B. Cost Estimate for All Respondents

### Payment Invoices

<b>Type of respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Average Burden Hours</b>	<b>Wage per Hour</b>	<b>Burden Costs All Respondents</b>
Budget Analyst	51	12	16	33	\$323,136
Total			16		\$323,136



**Fraud, Waste, and Abuse**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Office Manager	51	12	4	23	\$56,304
Total			4		\$56,304

**Quarterly and Monthly Reports**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Budget Analyst	51	12	16	33	\$323,136
Office Manager	51	12	8	23	\$112,608
Total			24		\$435,744

**Audited Financial Report**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Auditor	51	1	24	32	\$39,168
Total			24		\$39,168

**Reports of Dumping**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Office Manager	51	12	4	23	\$56,304
Fraud Investigator	51	12	4	22	\$53,856
Total			8		\$110,160

**Audit**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Office Manager	51	1	24	23	\$28,152
Lawyer	51	1	8	60	\$24,480

Budget Analyst	51	1	8	33	\$13,464
Total			40		\$66,096

**Record Retention**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Office Manager	51	1	8	23	\$9,384
Laborers and Freight, Stock and Material Movers	51	1	4	12	\$2,448
Total			12		\$11,832

(Note: The cost of a rental facility was not included under the assumption that contractors will likely have space available on-site to store information.)

**Contract Renewal and Proposal Modification**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Office Manager	51	1	24	23	\$28,152
Total			24		\$28,152

**Portability Requirement**

Type of respondent	Number of Respondents	Number of Responses per Respondent (total per year)	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Office Manager	28	80	.25	23	\$12,880
Total			.25		\$12,880

Salaries were taken from the Bureau of Labor Statistics website (<http://www.bls.gov/oco/ocos007.htm>)

**13. Estimates of other Total Annual Cost Burden to Respondents or Record Keepers /Capital Costs**

There are no additional record keeping/capital costs.

**14. Annualized Cost to Federal Government**

The cost to the government based on the package is listed below.

<b>Type Federal employee support</b>	<b>Total Burden Hours</b>	<b>Hourly Wage Rate (GS 14 equivalent)</b>	<b>Total Federal Government Costs</b>
First level reviewers monthly reoccurring	40	50	2000
<b>Total</b>	<b>40</b>		<b>\$2,000</b>

Salaries are based on a 14 Grade/Step 1 in Washington DC area.

**15. Explanation for Program Changes or Adjustments**

Not applicable.

**16. Plans for Tabulation and Publication and Project Time Schedule**

Information in the package is primarily collected monthly, until 2014 when the program terminates upon transition to the American Health Benefit Exchanges, established under sections 1311 or 1321 of the Patient Protection and Affordable Care Act. Other items addressed in this package, such as record retention requirements, will be a one-time data collection.

**17. Reason(s) Display of OMB Expiration Date is Inappropriate**

Not applicable.

**18. Exceptions to Certification for Paperwork Reduction Act Submissions**

There are no exceptions to the certification.

**B. Collection of Information Employing Statistical Methods**

Not applicable. The information collection does not employ statistical methods.