

**Supporting Statement for the Information Collection Requirements Contained in the Grants to States  
for Rate Review Cycle I, Cycle II, and Cycle III  
OMB- Control No. 0938-1121**

**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 (ACA), Public Law 111-148. Section 1003 of the Affordable Care Act amends the Public Health Service Act by adding Section 2794 “Ensuring Consumers Receive Value for Their Dollars.” This section requires the Secretary of HHS in conjunction with States and territories, to establish a process for the annual review of health insurance premiums to protect consumers from unreasonable, unjustified and/or excessive plan increases. This requirement takes effect beginning with the 2010 plan year.

Section 2794(c) directs the Secretary to carry out a program to award grants to states, which are to serve the following purposes:

- (1) Establish or enhance rate review programs, referred to as “Rate Review” activities;
- (2) Help states to provide data to the Secretary regarding trends in rate increases as well as recommendations regarding plan participation in the Exchange, referred to as “Required Rate Reporting” activities;
- (3) Establish or enhance Data Centers that collect, analyze, and disseminate health care pricing data to the public, referred to as “Data Center” activities.

Congress has appropriated \$250 million to be awarded in federal fiscal years (FFYs) 2010 through 2014.

The U.S. Department of Health and Human Services (HHS) released the Premium Review Grants Cycle I funding opportunity twice; first to States (and the District of Columbia) in July 2010 and then to the territories and the five States that did not apply during the first release. The second release was due to the decision that the territories were subject to provisions of the ACA and hence eligible for the Rate Review Grants. 45 States, 5 Territories, and the District of Columbia were awarded grants.

On February 24, 2011, The Department of Health and Human Services (HHS) released the Funding Opportunity Award (FOA) for Cycle II Premium Rate Review Grants. In Phase I, HHS awarded \$109 million to 29 states. In Phase II, \$8 million was awarded to one state and three territories on September 21, 2012. On December 21, 2012, Cycle II of the Rate Review Grant Program was amended in order to include an additional application date as states prepared for the establishment of Exchanges in 2014. In Phase III, one state was awarded \$2 million.

On May 9, 2013, HHS released Cycle III of the Rate Review Grants. The purpose of Cycle III of the Rate Review Grant program is to continue the rate review successes of Cycle I and II as well as to provide greater support to Data Centers, thereby enhancing health pricing transparency.

As in Cycle II, the Cycle III grant provides resources to states to improve their rate review processes. However, Cycle III reflects updates to federal rate review regulations. Specifically, the FOA was updated to reflect the final rule that amends the standards established for effective rate review programs, entitled, “Patient Protection and Affordable Care Act; Health Insurance Market Rules; Rate Review”, 45 CFR part 154.

Any state applying for a Cycle III grant to develop or enhance its rate review activities must demonstrate that, as of the Cycle III grant application due date, the state either: (i) already meets the effective rate review criteria described in the final regulation; or (ii) as a result of receiving Cycle III grant funds, it will have the resources to meet those criteria within the twelve month period following the receipt of the Cycle III Notice of Award.

In addition to Rate Review and Required Rate Reporting activities, the Cycle III grants offer greater support for one of the fund purposes outlined in Section 2794(c) – the establishment of Data Centers. While every state has used RRG funds to enhance their rate review processes, few states have employed these funds to establish or enhance Data Centers. Thus, the Cycle III FOA differs from the Cycle II FOA in order to provide greater support to Data Centers and ensure greater public access to health pricing data.

First, the Cycle III FOA eliminates the funding cap on Data Center-related activities. Second, the Cycle III FOA broadens eligibility to permit agencies other than State Insurance Departments to submit applications. Third, the FOA clarifies conflict of interest requirements established under section 2794(d)(2) of the Public Health Service Act, which applied to states applying for funds to establish or enhance Data Centers. These and other changes will support applicants interested in establishing or enhancing Data Centers.

In Cycle III, the project period and funding awarded to each recipient will be conditional upon funding availability. As a result, all applicants must submit a mandatory Letter of Intent. CMS used this information to determine the amount of funding available to each recipient. The amount of funding available will determine the overall project period. The project period is expected to be 18 months unless there is sufficient funding to issue awards for a two-year project period. CMS provided applicants with information on the project period and their funding allocation prior to July 1, 2013.

Baseline funding consists of one million per grant year. **If** there are sufficient funds, states may also receive supplemental awards, called “*Workload*” and “*Performance*” funds. “*Workload*” funds are determined based on the population and number of health insurance carriers. “*Performance*” funds are determined based on the ability to disapprove unreasonable rate increases in at least one market (i.e. individual or small group). CMS informed states of funding allocations following submission of the mandatory Letters of Intent.

The response to the Cycle III FOA is due in August, 2013. Awards are scheduled to be made 60 days after applications are due.

On July 12, 2013, HHS released an amendment to the Cycle III FOA that extended the Letter of Intent deadline.

States and territories which apply for funds are required to complete the grant application. States and territories which are awarded funds under this funding opportunity are required to provide the Secretary with rate review data, four quarterly reports, and one annual report per year until the end of the grant period detailing the States' progression towards a more comprehensive and effective rate review process. A final report is due at the end of the grant period.

HHS is requesting three-year approval by the Office of Management and Budget no later than September 16, 2013 so that HHS may begin to collect Cycle III applicant information and continue the reporting requirements of Cycle I and II.

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

### **Cycle I Process**

The data collection is used by HHS to request that States and territories submit the following:

- Four quarterly reports to the Secretary detailing the States' progression towards a more comprehensive rate review process, utilizing funds awarded in Cycle I Rate Review Grants.
- Rate review transaction data collected by the State.
- One final Cycle I report

Reporting of information by grant awardees will assist HHS to perform oversight of federal grants.

### **Cycle II Process**

The data collection is used by HHS to request that States and territories submit the following:

- Four quarterly reports to the Secretary detailing the States' progression towards a more comprehensive rate review process, utilizing funds awarded in Cycle II Rate Review Grants.
- Rate review transaction data collected by the State.
- One annual report.
- One final report at the end of the grant.

### **Cycle III Process**

The data collection will be used by HHS to request that States and territories submit the following:

- An application to apply for the Cycle III Rate Review Grants. Guidance requirements for the application are provided in the Funding Opportunity Announcement, beginning in Section 3, entitled "Program Requirements".
- Four quarterly reports to the Secretary detailing the States' enhancements of their rate review programs or Data Centers. Data elements have been adjusted in order to enhance reporting on Data Center activities.
- Rate review transaction data collected by the State.
- One annual report.
- One final report at the end of the grant.

This information will assist HHS in planning for and executing grants to States for rate review and

Data Center activities. In addition, reporting of information by grant awardees will assist HHS in assuring that grant awardees report and share data with the Secretary as required by the statute.

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

All information collected in the grant application will be submitted electronically via grants.gov. HHS staff will analyze the data electronically and communicate with States and territories using email and phone.

All reports will be submitted electronically by States and territories. For submission of transaction data records, the awardees will be provided with a structured Excel worksheet or the data will be transmitted directly from the NAIC. A web-based interface will be provided to support ease of report and data submission during the award period. All reports (quarterly, annual and final) will be submitted electronically.

As a result of the new Uniform Rate Review Template, established through the final rule published at 45 CFR part 154.1, HHS now collects health insurance rate information on all rate increases. As the Rate Review Grant data collects unique data that is not captured by the Uniform Rate Review Template, it remains relevant. However, this PRA will eliminate redundant data fields. In order to eliminate redundant data fields, it is necessary to add fields to link the two rate-related data sets. In general, however, the new data collection template will be less burdensome than the previously authorized data collection template.

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

The information collected for Cycle III is not duplicative of the information collected for Cycle I or II.

As noted previously, this PRA proposes to eliminate some data fields rendered redundant by the new Uniform Rate Review Template, established through the final rule published at 45 CFR part 154.2. Through the Uniform Rate Review Template, HHS now collects health insurance rate information on all increase. As the Rate Review Grant data collects unique data that is not captured by the Uniform Rate Review Template, it remains necessary. However, this PRA will eliminate redundant data fields. In order to eliminate redundant data fields, it is necessary to add fields to link the two rate-related data sets. In general, however, the new data collection template will be less burdensome than the previously authorized data collection template.

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

No impact on small business.

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

#### **Cycle I Process**

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1 See 78 F.R. 13406 (February 27, 2013).

2 See 78 F.R. 13406 (February 27, 2013).

There are no new funding opportunities under Cycle I, and therefore Cycle I will cease to collect application information.

All reports will be submitted electronically by States and territories. For submission of transaction data records, the awardees will be provided with a structured Excel worksheet or the data will be transmitted directly from the NAIC. A web based interface will be provided to support ease of report and data submission during the award period.

### **Cycle II Process**

There are no new funding opportunities under Cycle I, and thus Cycle I will cease to collect application information.

All reports are and will continue to be submitted electronically by States and territories. For submission of transaction data records, the awardees are provided with a structured Excel worksheet or the data will be transmitted directly from the NAIC. A web based interface is used to support ease of report and data submission during the award period.

### **Cycle III Process**

Information collected in the grant application is a one-time data collection for the purposes of determining eligibility to receive a grant award. As this grant is a multi-year award, collection at frequency less than quarterly reports, such as annual reports only, will put the Federal grant funding at risk due to the lack of oversight.

All reports will be submitted electronically by States and territories. For submission of transaction data records, the awardees are provided with a structured Excel worksheet or the data will be transmitted directly from the NAIC. A web based interface is used to support ease of report and data submission during the award period.

## **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 60-day *Federal Register* notice was published on May 14, 2013, providing the public with a 60-day period to submit written comments on the information collection requirements (ICRs). No comments were submitted during this public comment period. A 30-day Federal Register notice will be published, providing the public with a 30-day period to submit written comments on the information collection requirements (ICR).

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

Not applicable.

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

No personal health information will be collected. All information will be kept private to the extent allowed by applicable laws/regulations.

## **11. Justification for Sensitive Questions**

No sensitive information will be collected.

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

The Cycle III funding opportunity provides states with the opportunity to apply for funding as they progress toward becoming a State with an ‘effective rate review’ program and/or enhance and establish a Data Center. Prior to submitting an application, applicants are required to submit a letter of intent via email; this letter of intent does not need to exceed one sentence, and is to be submitted electronically.

Application response requirements are determined by the purpose for which the applicant seeks funds.

- Applicants applying for funds to establish or enhance Rate Review activities and Required Rate Reporting will be asked to provide information: a) on their current rate review process for health insurance; and b) changes that the State proposes to operate effective rate review programs. States currently reviewing rate filings will need to propose enhancements to further strengthen their existing authorities and process. States that do not currently review rate filings must describe their plans to conduct reviews or otherwise enhance their oversight over insurers’ rate setting practices. States will also be required to describe their plan for reporting data on health insurance premiums to the Secretary.
- Applicants applying for funds to establish or enhance a Data Center will be asked to provide information on: a) existing Data Centers that collect and report pricing, cost, charge and/or quality data in the applicant’s state; and b) proposed plans to enhance or establish a Data Center that collects, analyzes, and publishes pricing, and cost data to the public.
- Applicants applying for funds to establish or enhance both Data Center activities and Rate Review Activities/Required Rate Reporting will be required to complete both sections of the application.

All applicants will need to obtain a letter of support from their Governor’s office, Mayor’s Office, or independently elected Insurance Commissioner to be eligible for grant funding.

Once States, Territories and the District of Columbia are awarded grant funds, they are required to provide the Secretary with quarterly reports 30 days after the quarter has ended for the entire duration of the grant. The quarterly report allows awardees to update HHS with the progression towards establishing or enhancing rate review or Data Center activities. The report narrative asks for significant events towards the goal in addition to any experienced barriers and plans for rectifying any setbacks. In addition, the report asks for data components to track the progression of rate review within a state and an updated budget, work plan and time line as well as collection of rate review and pricing data.

In addition, each grantee must provide HHS with an annual report. This report does not contain data, but instead documents the progress toward establishing or enhancing an effective rate review program and/or a Data Center. Finally, HHS requires a final report at the end of the grant period. Similarly, this report does not contain data, but instead documents the progress toward establishing or enhancing an effective rate review program and/or a Data Center.

CYCLE I PROCESS

**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>Estimated Burden hours per Response</b>	<b>Total Estimated Burden Hours</b>
Quarterly Report	Territory or State Government	5	4	24	480
Transaction Data Collection	Territory or State Government	5	5	30	750
Final Report	Territory or State Government	5	1 (not annual; end of grant)	40	200
<b>Total</b>			<b>9 per year</b> (4 quarterly reports, 5 data submissions), 1 final report. <b>10 total responses</b>		<b>1,430</b>

**12B. Cost Estimate for All Respondents completing all Reporting Requirements, including the quarterly reports and data and one final report (Annualized).**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs Per Annualized Response
Supervisor DOI Staff Review – GS 14, Step 1	5	9	477	\$40.58	\$2,383
DOI Staff Report Writing—GS 13, Step 4	5	9	953	\$37.78	\$36,017
<b>Total</b>			<b>1,430</b>		<b>\$38,400</b>

(1)The wage per hour is taken from the [OPM Washington, DC GS scale](#) for (1) GS 14-Step 1 (Supervisor); (1) GS 12-Step 1 (Programmer) and (1) GS 13-Step 4 (Writer).

For Cycle II, the total burden hour estimate is **1,430**, which covers reporting. The total cost associated with that estimate is **\$38,400**.



CYCLE II PROCESS

**12C. 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>Estimated Burden hours per Response</b>	<b>Total Estimated Burden Hours</b>
Quarterly Report	Territory or State Government	34	4	24	3,264
Transaction Data Collection	Territory or State Government	34	5	30	5,100
Annual Report	Territory or State Government	34	1	40	1,360
Final Report	Territory or State Government	34	1 (not annual; end of grant)	40	1,360
<b>Total</b>			<b>10 per year</b> (4 quarterly reports, 5 data submissions; 1 annual), 1 final report. <b>11 total responses</b>		<b>11,084</b>

## 12D. Cost Estimate for All Respondents

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs Per Annualized Response
Supervisor DOI Staff Review – GS 14, Step 1	34	10	3,695	\$40.58	\$125,619
DOI Staff Report Writing—GS 13, Step 4	34	10	7,389	\$37.78	\$279,169
<b>Total</b>			<b>11,084</b>		<b>\$404,788</b>

### Cost Estimate for All Respondents Completing the Quarterly Report and corresponding data collection combined (Annualized)

For Cycle II, the total burden hour estimate is **11,084**, which includes reporting. The total cost associated with that estimate is **\$404,788**.

### Cycle III process

#### Application Process

In order to complete the application, each applicant will need to read the application requirements, assemble, review, finalize and submit an application package to HHS. This burden estimate encompasses the entire application process which includes assembly of all required application content (technical approach, cost proposal, application format, extraction and summarization of current activities if applicable), certification of the application package by a senior official at the State or Delegated Entity, application submission to HHS and any subsequent application amendments or corrections that may be necessary for application approval. The final application must be submitted electronically via grants.gov using the directions furnished in the application by HHS.

We estimate that it will take approximately 160 hours per applicant to read, assemble, review, finalize and submit their application proposal package to HHS.

It is estimated that up to 56 respondents will submit an application, which is higher than the number of respondents from Cycle I (51) and Cycle II (34).

**12E. Estimated Annualized Burden Table - Application**

<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>
Grant Application	Territory or State Government	56	1	160	8,960
<b>Total</b>				<b>160</b>	<b>8,960</b>

**12F. Estimated Annual Cost – Application Submission**

<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  Per Annualized Response</b>
Supervisor DOI Staff Review –GS 14, Step 1	56	1	53	\$40.58	\$2,987
DOI Staff Report Writing—GS 13, Step 4	56	1	107	\$37.78	\$4,030
<b>Total</b>			<b>160</b>		<b>\$7,017</b>

**12G. Estimated Annualized Burden Hours – Reporting**

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Estimated Burden hours per Response</b>	<b>Total Estimated Burden Hours</b>
Quarterly Report	Territory or State Government	56	4	26	5,824
Transaction Data Collection	Territory or State Government	56	5	30	8,400
Annual Report	Territory or State Government	56	1	40	2,240
Final Report	Territory or State Government	56	1 (not annual; end of grant)	40	2,240
<b>Total</b>			<b>10 per year</b> (4 quarterly reports, 5 data submissions; 1 annual), 1 final report.  <b>11 total responses</b>		<b>18,704</b>

**12H. Estimated Annual Cost – Reporting**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs Per Annualized Response
Supervisor DOI Staff Review – GS 14, Step 1	56	10	6,235	\$40.58	\$349,141
DOI Staff Report Writing—GS 13, Step 4	56	10	12,469	\$37.78	\$471,091
<b>Total</b>			<b>18,704</b>		<b>\$820,233</b>

Through application and reporting, Cycle III will require 18,864 in annual hours and \$827,249 in annual labor costs.

**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**

Grant awards for Cycle III awardees are estimated to be: \$89 million.

Total government program staffing costs include one GS-13, one GS-11 and two GS-9 with a break down as follows to intake and track applications, provide technical assistance with applicants, review and process applications, intake and review quarterly, annual and final reports and data analysis for an estimated 94 awardees.

GS-13: Full-time (Salary with local cost adjustment: \$89,033)	Annual cost:	\$89,033
GS-11: Full-time (Salary with local cost adjustment: \$62,487)	Annual cost:	\$62,467
GS -9: Full-time (Salary with local cost adjustment: \$51,630)	Annual cost:	\$51,630
GS -9: Full-time (Salary with local cost adjustment: \$51,630)	Annual cost:	\$51,630
	<b>Total:</b>	<b>\$254,760</b>

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

Program changes and adjustments will reduce the burden from the previously approved annual burden of 48,872 hours to the requested annual burden of 31,378 hours.

These changes were made for two reasons.

First, reporting burdens have changed due to the conclusion of cycles of funding and the initiation of new cycles of funding. The number of Cycle I respondents was updated to reflect that most states have concluded Cycle I. The number of Cycle II respondents was updated to correspond with the actual number of States and territories that applied and received grant awards. Cycle III was added, as a new FOA is being released.

Second, burden estimates were updated to reflect changes in reporting due to the new Uniform Rate Review Template as well as changes in FOA requirements. As indicated previously, CMS plans to eliminate grant data submissions that are redundant due to the new Uniform Rate Review Template. This will reduce significantly the burden of data submissions. In addition, minor changes to the progress reports were made to increase reporting on pricing transparency through Data Centers, due to increased emphasis on Data Centers in the Cycle III FOA. Decreases in data submissions outweigh increased reporting on Data Centers. Thus, the overall reporting burden on states will decrease.

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

The grant applications will be received by HHS no later than August 1, 2013. Grant awards will be made 60 days after the applications are due.

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

Not applicable. We plan to include an expiration date.

**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.