

**SUPPORTING STATEMENT FOR THE INFORMATION COLLECTION**

**REQUIREMENTS CONTAINED IN THE EXEMPTIONS ELIGIBILITY**

**INFORMATION COLLECTION REQUEST**

**(CMS-10466)**

**A. Background**

The Patient Protection and Affordable Care Act, Public Law 111-148, enacted on March 23, 2010, and the Health Care and Education Reconciliation Act, Public Law 111-152, enacted on March 30, 2010 (collectively, “Affordable Care Act”), expand access to health insurance for individuals and employees of small businesses through the establishment of new Affordable Insurance Exchanges (Exchanges), including the Small Business Health Options Program (SHOP). The Exchanges, which will become operational by January 1, 2014, will enhance competition in the health insurance market, expand access to affordable health insurance for millions of Americans, and provide consumers with a place to easily compare and shop for health insurance coverage.

The data collection and reporting requirements in “Patient Protection and Affordable Care Act; Exchange Functions: Eligibility for Exemptions; Miscellaneous Minimum Essential Coverage Provisions” (CMS-9958-F), address federal requirements that states must meet with regard to the Exchange minimum function of performing eligibility determinations and issuing certificates of exemption from the shared responsibility payment. The final regulation addresses standards related to eligibility, including the verification and eligibility determination process, eligibility redeterminations, options for states to rely on HHS to make eligibility determinations for certificates of exemption, and reporting.

The submission seeks OMB approval of the information collection requirements associated with 45 CFR parts 155.

**B. Justification**

1. Need and Legal Basis

Section 1501(b) of the Affordable Care Act added section 5000A of the Internal Revenue Code (the Code) to a new chapter 48 of subtitle D (Miscellaneous Excise Taxes) of the Code effective for months beginning after December 31, 2013. Section 5000A of the Code, which was subsequently amended by the TRICARE Affirmation Act of 2010, Public Law 111-159 (124 Stat. 1123) and Public Law 111-173 (124 Stat. 1215), requires that nonexempt individuals either maintain minimum essential coverage or make a shared responsibility payment, includes standards for the calculation of the shared responsibility payment, describes categories of individuals who may qualify for an exemption from the shared responsibility payment, and provides the definition of minimum essential coverage.

Section 1311(d)(4)(H) of the Affordable Care Act specifies that the Exchange will, subject to section 1411 of the Affordable Care Act, grant certifications of exemption from the shared responsibility payment specified in section 5000A of the Code. Section 1311(d)(4)(I)(i) of the Affordable Care Act specifies that the Exchange will transfer to the Secretary of the Treasury a list of the individuals to whom the Exchange provided such a certification. Section 1411(a)(4) of the Affordable Care Act provides that the Secretary of Health and Human Services (the Secretary) will establish a program for determining whether a certification of exemption from the shared responsibility requirement and penalty will be issued by an Exchange under section 1311(d)(4)(H). We interpret this provision as authorizing the Secretary to determine “whether,” with respect to the nine exemptions provided for under section 5000A, Exchanges

would perform the role of issuing certifications of exemption under section 1311(d)(4)(H), whether eligibility for the exemption would be determined solely through tax filing, or whether both processes would be available. Under this interpretation, the responsibility under section 1311(d)(4)(H) to issue certifications of exemption would be “subject to” these determinations by the Secretary under section 1411(a)(4), and Exchanges would thus only be required to issue certifications of exemption with respect to exemptions not exclusively assigned to IRS.

Section 1321 of the Affordable Care Act discusses state flexibility in the operation and enforcement of Exchanges and related requirements. Section 1321(a) provides broad authority for the Secretary to establish standards and regulations to implement the statutory requirements related to Exchanges and other components of title I of the Affordable Care Act as amended by the Health Care and Education Reconciliation Act of 2010. Section 1311(k) of the Affordable Care Act specifies that Exchanges may not establish rules that conflict with or prevent the application of regulations promulgated by the Secretary under Subtitle D of Title I of the Affordable Care Act.

In accordance with our interpretation of these sections of the Affordable Care Act, and the authority provided by, *inter alia*, section 1321(a) of the Affordable Care Act, we specify that under the program established under section 1411(a)(4) of the Affordable Care Act, the Exchange would determine eligibility for and grant certificates of exemption as described below.

These information collection requirements are set forth in 45 CFR Parts 155.

## 2. Information Users

The data collection and reporting requirements described below are critical to the basic ability of Exchanges to determine eligibility for and issue certificates of exemption, and will also assist Exchanges, HHS, and IRS in ensuring program integrity and quality improvement.

### 3. Use of Information Technology

HHS anticipates that a majority of the activities described below in this rule will be automated. Exchanges are expected to develop automated notice templates for many of the specified notices, and distribute the majority of these notices through secure electronic accounts. The entities issuing notices or collecting information will develop the initial template after which the templates will be automatically populated with the appropriate information for the receiving party. A majority of the information that is collected in accordance with this rule will be submitted electronically. Staff, or systems, will analyze, review, or process the data through largely electronic means and communicate with individuals, states, and HHS using e-mail, telephone, or other electronic means whenever possible.

### 4. Duplication of Efforts

These information collections do not duplicate any current information collections. They contain information needed for a new program.

### 5. Small Businesses

We estimate minimal burden on small business as they are not required to issue certificates of exemption.

### 6. Less Frequent Collection

Due to the required flow of information between multiple parties, it is necessary to collect information according to the indicated frequencies. If the information is collected less frequently, the result would be less accurate, untimely or unavailable information about eligibility determinations for Exchanges, HHS, IRS, and individuals. This would have implications on the federal tax filing process due to IRS's reliance on information about eligibility determinations and certificates of exemption that have been issued by the Exchange in

order for IRS to administer the shared responsibility payment. As it specifically relates to the exemption application, if information was collected less frequently or not at all, individuals would not be able to obtain a certificate of exemption and the program would be unable to operate. In summary, if the information is collected less frequently, it would lead to an overall stress on the organizational structure of the Exchanges and decrease in benefit to individuals.

7. Special Circumstances that may cause respondents to submit information in fewer than 30 days

In §155.620(b), we provide that with the exception of §155.620(b)(2), an individual who has a certificate of exemption from the Exchange must report any change with respect to the eligibility standards for the exemption as specified in §155.605, with the exception of § 155.605(g)(2), within 30 days of such change. The Exchange will conduct a redetermination of eligibility for the exemption based on the reported change.

8. Federal Register/Outside Consultation

As part of Exchange implementation to date, we have consulted with contractors, academia, states, and industry of the feasibility of this information collection. CMS has sought input from states and other federal agencies, such as IRS. We have based several of the requirements in this information collection from the consultations with these outside entities.

A 60-day Federal Register notice is scheduled to publish on \_\_\_\_\_ to solicit public comments on the information collection requirements outlined in this document.

9. Payments/Gifts to Respondents

No payments and/or gifts will be provided to respondents.

10. Confidentiality

To the extent of the applicable law and HHS policies, we will maintain respondent

privacy with respect to the information collected.

#### 11. Sensitive Questions

As it relates to the exemption application, a social security number will be collected for purposes of verifying incarceration status, citizenship, and household income and family size depending on the exemption category, as well as for purposes of tax administration.

#### 12. Burden Estimates (Hours & Wages)

For purposes of presenting an estimate of paperwork burden, we recognize that not all states will elect to operate their own Exchanges and that territories may participate in operating an Exchange, and thus have provided greater specificity related to the number of conditionally approved state-based Exchange where relevant. We also note that these estimates generally reflect burden for the first year, and that the associated burden in subsequent years will be significantly lower because many of the standards in the regulation will be fulfilled through the development of automated processes that will involve only maintenance in future years. Therefore, these estimates should be considered an upper bound of burden for non-federal entities. These estimates may be adjusted in future PRA packages as Exchange development moves forward.

We utilize data from the Bureau of Labor Statistics to derive average costs for all estimates of salary in establishing the information collection requirements. Salary estimates include the cost of fringe benefits, calculated at 30.4 percent of total labor costs, which is based on the June 2012 Employer Costs for Employee Compensation report by the U.S. Bureau of Labor Statistics. Additionally, we utilize estimates from the Congressional Budget Office for estimates related to the number of exemption applications we anticipate receiving, and the number of exemption eligibility determination notifications we anticipate Exchanges to generate.

It is important to note that these regulations involve several information collections that will occur through the application for exemptions, as described in §155.610(a), and the notification of eligibility determination, as described in §155.610(i). We have accounted for the burden associated with these collections in this information collection requirement. We include data elements associated with the application and relevant notice requirements in Appendices A and B.

PART 155- EXCHANGE ESTABLISHMENT STANDARDS AND OTHER RELATED STANDARDS UNDER THE AFFORDABLE CARE ACT

Subpart G— Exchange Functions in the Individual Market: Eligibility Determinations for Exemptions

A. Eligibility process for exemptions (§155.610)

Throughout the subpart G, we specify that the Exchange collect attestations from applicants for a certificate of exemption. These attestations will be collected using the application described in §155.610(a). In §155.610(a), we provide that the Exchange use an application created by HHS to determine eligibility for and to collect information necessary for issuing certificates of exemption. §155.610(b) allows the Exchange to use an alternative application to collect the information necessary for issuing certificates of exemption. However, the alternative application must be HHS approved and it must collect the minimum information necessary for determining eligibility for and issuing certificates of exemption. The burden associated with this requirement is the time and effort associated with an applicant completing an application.

While the Congressional Budget Office<sup>1</sup> estimates that 24 million individuals would be exempt from the individual shared responsibility payment in 2016, it is unclear how many individuals will seek these exemptions from an Exchange. Some of these individuals will claim an exemption through the tax filing process, others will be exempt but not need to file for an exemption (for example those below the filing threshold), while others will apply for and receive an exemption through the Exchange. Therefore, of the 24 million individuals, we conservatively anticipate that up to half will apply for an exemption through the Exchange. We specifically sought comment on this assumption.

The exemption application may be available in both paper and electronic formats. The electronic application process will vary depending on each applicant's circumstances and which exemption an applicant is applying, such that an applicant is only presented with questions relevant to the exemption for which he or she is applying. The goal is to solicit sufficient information so that in most cases no further inquiry will be needed. We estimate that on average the application will take approximately .27 hours (16 minutes) for an application filer to complete an application, which is based on the estimates created for the single, streamlined application for enrollment in a QHP<sup>2</sup>, with a 90 percent electronic / 10 percent paper mix (noting that no specific application channel is specified in this final rule). We conservatively anticipate up to 12 million applications for exemptions will be submitted to the Exchange, for a total of approximately 3.2 million burden hours. We note, however, that the Commonwealth of

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<sup>1</sup> Congressional Budget Office, "Payments of Penalties for Being Uninsured Under the Affordable Care Act," September 2012, [http://cbo.gov/sites/default/files/cbofiles/attachments/09-19-12-Indiv\\_Mandate\\_Penalty.pdf](http://cbo.gov/sites/default/files/cbofiles/attachments/09-19-12-Indiv_Mandate_Penalty.pdf)

<sup>2</sup> The estimates may be found in the information collection request entitled, "Data Collection to Support Eligibility Determinations for Insurance Affordability Programs and Enrollment through Affordable Insurance



Exchanges, Medicaid and Children's Health Insurance Program Agencies.”

Massachusetts saw a very small number of individuals apply for exemptions from a similar individual shared responsibility payment<sup>3</sup>.

We also note that some individuals will apply for an exemption but be determined ineligible for an exemption, but it is difficult for us to estimate this number, and that in an unknown number of cases, multiple individuals in a single household may submit a single application.

Table 1 - Estimated Annualized Burden for Exemptions Application

<b>Labor Category</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>
Individual	12 million	1	0.27	3,200,000
Total	12 million			3,200,000

We estimate that the cost to develop the exemption application will be significantly less than the estimated cost of developing the coverage application because the coverage application takes into account additional factors necessary in order to perform eligibility determinations for insurance affordability programs. In total, we estimate that this will take a developer approximately 1,059 hours to develop the exemption application at an average labor cost of \$98.50 per hour, for a total cost of \$104,312 per Exchange and a total cost of \$1,877,607 for 18 state-based Exchanges. While we have estimated this on a per-Exchange basis, we note that HHS will be releasing a model application, which should significantly decrease the burden for any state that uses it.

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<sup>3</sup> Massachusetts Health Connector and Department of Revenue, “Data on the Individual Mandate, Tax Year 2010”, June, 2012. Retrieved from <http://www.mahealthconnector.org>

Table 2 – Estimated Burden for Development of Exemptions Application

Labor Category	Number of Employees	Hourly Labor Costs	Burden Hours	Burden Costs (per Exchange)	Total Burden Costs (18Exchanges)
Application Development	1	\$98.50	1,059	\$104,312	\$1,877,607

Section 155.610(f) specifies that the Exchange determine an applicant’s eligibility for an exemption and issue a certificate of exemption to any applicant deemed eligible. §155.610(i) provides that the Exchange notify exemption applicants of any eligibility determination made as a result of the application. If an individual is eligible for an exemption, the notification provided to the applicant will satisfy the requirement that the Exchange provide a certificate of exemption, provided that all relevant noticing standards for exemptions are met. Accordingly, we do not provide a separate burden estimate for the standard described under §155.610(f) because the burden estimate for §155.610(i) encompasses the burden for both requirements.

The notification of eligibility determination, or certificate of exemption, provides information to an applicant about his or her eligibility for an exemption, including information about the time frame for which the exemption is effective, and appeal rights. When possible, we anticipate that the Exchange will consolidate this notice when multiple members of a household are applying for an exemption together and receive an eligibility determination at approximately the same time. Consistent with 45 CFR 155.230(d), the notice may be in paper or electronic format, based on the election of an individual, will be in writing, and will be sent after an eligibility determination has been made by the Exchange; these are the same standards that are used for eligibility notices for enrollment in a QHP through the Exchange and for insurance affordability programs, as described in 45 CFR 155.310(g). It is difficult to estimate the number of applicants that will opt for electronic versus paper notices, although we anticipate that a large

volume of enrollees will request electronic notification while others will opt to receive the notice by mail. We estimated the associated mailing costs for the time and effort needed to mail notices in bulk to applicants who request paper notices.

We expect that the exemption eligibility determination notice will be dynamic and include information tailored to all possible outcomes of an application. To develop the notice, Exchange staff would need to learn exemption eligibility rules related to exemptions and draft notice text for various decision points, follow up, referrals, and appeals procedures. A health policy analyst, senior manager, and an attorney would review the notice. The Exchange would then engage in review and editing to incorporate changes from the consultation and user testing including review to ensure compliance with plain writing, language access, and readability standards. Finally, a computer programmer would program the template notice into the eligibility system so that the notice may be populated and generated in the correct format.

HHS is currently developing model notices, which will decrease the burden on Exchanges associated with providing such notices. If a state opts to use the model notices provided by HHS, we estimate that the Exchange effort related to the development and implementation of the exemption eligibility determination notice will necessitate 44 hours from a health policy analyst (occupation no. 13-2031) at an hourly cost of \$49.35 to learn exemptions rules and draft notice text; 20 hours from an attorney (occupation no. 23-1011) at an hourly cost of \$90.14, and four hours from a senior manager (occupation no. 11-1021) at an hourly cost of \$79.08 to review the notice; and 32 hours from a computer programmer (occupation no. 15-1131) at an hourly cost of \$52.50 to conduct the necessary development. In total, we estimate that this will take a total of 100 hours for each Exchange, at a cost of approximately \$5,971 per Exchange and a total cost of \$107,469 for 18 state-based Exchanges. We expect that the burden

on the Exchange to maintain this notice will be significantly lower than to develop it. We estimate that it will take each professional approximately a quarter of the time to maintain the notice as compared to developing the notice. Accordingly, we estimate the maintenance of the eligibility determination notice in subsequent years will necessitate 11 hours from a health policy analyst at an hourly cost of \$49.35; 5 hours from an attorney at an hourly cost of \$90.14; one hour from a senior manager at an hourly cost of \$79.08 and eight hours from a computer programmer at an hourly cost of \$52.50. In total, we estimate that this will take a total of 25 hours for each Exchange, at a cost of approximately \$1,492 per Exchange and a total cost of \$26,856 for 18 state-based Exchanges.

Table 3- Estimated Burden for Development and Maintenance of Exemption Eligibility Notice

Labor Category	Number of Employees	Hourly Labor Costs	Burden Hours	Total Burden Costs (per Exchange)	Total Burden Costs (18 Exchanges)
Health Policy Analyst	2	\$49.35	55	\$2,171	
Attorney	1	\$90.14	25	\$1,802.87	
Senior Manager	1	\$79.08	5	\$316.32	
Computer Programmer	1	\$52.50	40	\$1,680	
Total			125	\$7,463	\$26,856

We also include an estimate for the total printing and mailing costs related to sending eligibility determination notices for all 50 states and the District of Columbia. This includes the cost of a mail clerk (occupation no. 43-9051) spending two hours to coordinate the mailing of paper notices as necessary. As noted previously, we estimated 12 million total applications for 2016. While each of these applications will receive an eligibility determination notice, we estimate that approximately 1.2 million notices will need to be printed and mailed, while the remainder will be sent electronically (based on the user’s preferences). We note that it is difficult to estimate how

many individuals will elect to receive electronic versus paper notices. We use these assumptions to determine the number of eligibility notices that we expect to be printed and distributed as described in §155.610(i).

Table 4- Estimated Mailing Costs for Eligibility Determination Notices

	Number of Notices	Printing/Mailing Costs per notice	Total Burden Cost (all Exchanges)
Printing/Mailing	1.2 million	\$.50	\$600,000

Pursuant to section 5000A of the Code, the IRS must collect the necessary data from QHP issuers to determine the national average bronze monthly premiums in order to assist in the computation of the shared responsibility payment. To assist the IRS, HHS must request the monthly premium for all bronze level QHP’s through all 51 Exchanges from QHP issuers. The burden associated on states and QHP issuers is already included in the information collection request entitled, “Initial Plan Data Collection to Support QHP Certification and other Financial Management and Exchange Operations,” and as such, we do not include a separate burden estimate here. As this information is already being collected for another purpose, there will be no additional burden on QHP issuers or states.

B. Verification process related to eligibility for exemptions (§155.615)

§155.615 outlines the standards for Exchanges to verify applicant information as it pertains to exemption requests.

In §155.615(g), we outline the process for resolving inconsistencies identified through the verification process. We anticipate that the Exchange eligibility system will be able to process most applications in an automated fashion and that only the more complex cases will necessitate the resolution of inconsistencies or adjudication of documentation through an offline

process. For example, the Affordable Care Act designates authority to the Secretary of HHS to establish the criteria by which an individual will qualify for a hardship exemption, and we believe that for in several cases, individuals may have to submit documentation to the Exchange to substantiate the hardship he or she experienced. Given the fact that the Exchange eligibility process for exemptions is entirely new and involves the use of new electronic data sources in combination with a new application, it is not possible at this time to provide estimates for the number of applicants for whom additional information will be required to complete an eligibility determination, but we anticipate that this number will decrease as applicants become more familiar with the eligibility process for exemptions and as more data become available electronically.

In §155.615(g)(2)(i), we specify that the Exchange will provide notice to an applicant regarding any inconsistencies identified through the verification process. This notice of inconsistency is a part of the notice in §155.610(i), and so we do not include a separate burden estimate here.

Section §155.615(g)(2)(ii) provides that in the case of an inconsistency that cannot be resolved through the action taken by the Exchange under §155.615(g)(1), the Exchange must request that the individual provide satisfactory documentation or otherwise resolve the inconsistency. Our estimates below reflect the time and effort required for an individual to collect information and provide it to the Exchange, as well as time needed for eligibility support staff (occupation no. 43-4061) to review the documentation, since we are unable to estimate the number of individuals who will receive such a notice. We expect that it will take an individual one hour to gather the relevant documentation, five minutes to upload or mail the relevant documentation, and 12 minutes for eligibility support staff to review the documentation, which

reflects our expectation that each individual who is required to submit documentation will submit 2.2 documents for review. We estimate that it will take an individual one hour to collect and submit the relevant documentation, and 12 minutes for eligibility support staff at an hourly cost of \$28.66 to review the documentation, for a total cost of \$6 per document submission.

Table 5- Estimated Burden for Inconsistencies

	Number of Individuals /Employees	Hourly Labor Costs	Burden Hours	Total Burden Costs (per individual)
Individual	1	--	1	--
Eligibility Support Staff	1	\$28.66	.20	\$6
Total	2		1.2	\$6

Section 155.615(g)(4) provides that if after that the period described in paragraph (g)(2) (ii) of this section, the Exchange remains unable to verify the applicant’s attestation, the Exchange must determine the applicant’s eligibility for an exemption based on any information available from the data sources used in accordance with this subpart, if applicable, unless such applicant qualified for the exception for special circumstances under paragraph (g)(3) of this section, and notify the applicant of such determination in accordance with the notice requirements specified in §155.610(f) and §155.610(i), including notice that the Exchange is unable to verify the attestation. We do not include a separate burden estimate for this notice because the burden for this notice is described under §155.610(i).

C. Eligibility redeterminations for exemptions during a calendar year (§155.620)

Section 155.620(b)(1) specifies that the Exchange require an individual who has a certificate of exemption from the Exchange to report any change with respect to the eligibility standards for the exemption within 30 days of such change. Upon receipt of changes reported by an individual, §155.620(c)(1) provides the Exchange will verify the information in accordance



with the rules described in §155.615. Our estimates reflect the time that it would take for an individual to collect information related to a change that impacts their eligibility, as well as the time it would take to report these changes to the Exchange. We expect that a large volume of changes would be reported electronically by enrollees. We expect that it will take an enrollee approximately ten minutes to report a change to the Exchange.

Table 6- Estimated Burden for Reporting Changes

	Number of Individuals	Hourly Labor Costs	Burden Hours	Total Burden Costs (per change)
Individual	1	--	.16	--
Total			.16	--

The Exchange will use the same verification processes for new applications and for changes that are reported during the year. In §155.620(c)(1), we provide that the Exchange will verify any information reported by an enrollee in accordance with the processes specified in §155.615 prior to using such information in an eligibility redetermination. It is not possible at this time to provide estimates for the number of applicants for whom additional information will be required to complete an eligibility determination, but we anticipate that this number will decrease as applicants become more familiar with the eligibility process and as more data become available. As such, for now, we note that the burden is one hour for an individual to collect and submit documentation, and 12 minutes for eligibility support staff at an hourly cost of \$28.66 to review the documentation, for a total cost of \$6 per document submission. We solicit comment on the number of applicants for whom a change report with necessitate the adjudication of documentation.

Table 7- Estimated Burden for Verifying Information

	Number of Employees	Hourly Labor Costs	Burden Hours	Total Burden Costs (per inconsistency)
Individual	1	--	1	--
Eligibility Support Staff	1	\$28.66	.2	\$6
Total	1		1.2	\$6

In §155.620(c)(2), we specify that the Exchange will provide periodic electronic notifications regarding the requirements for reporting changes and an individual’s opportunity to report any changes as described in paragraph (b)(3) of this section, to an individual who has elected to receive electronic notifications, unless he or she has declined to receive notifications under this paragraph. For each Exchange, we expect that this will take 21 hours total, 20 hours for an operations analyst to integrate this electronic notification into the Exchange eligibility system, and one hour for a computer programmer to program the electronic notifications into the eligibility system. We estimate a cost burden of \$1,040 per Exchange and a total cost of \$18,720 for 18 state-based Exchanges.

Table 8- Estimated Burden for Periodic Electronic Notifications

Labor Category	Number of Employees	Hourly Labor Costs	Burden Hours	Total Burden Costs (per Exchange)	Total Burden Costs (18 Exchanges)
Health Policy Analyst	1	\$49.35	20	\$987	
Computer Programmer	1	\$52.50	1	\$52	
Total	2		21	\$1,040	\$18,720

In §155.620, we describe the redetermination and notification procedures when an individual reports a change to the Exchange. As described above, 155.620(a) provides that if the Exchange verifies updated information reported by an enrollee, the Exchange must redetermine

the enrollee's eligibility in accordance with the standards specified in §155.605. Section 155.620(c)(2) specifies that the Exchange notify the individual regarding the redetermination in accordance with the requirements specified in §155.610(f) and §155.610(i). The burden for this notice is identical to the burden associated with the eligibility notice described in §155.610(i).

#### D. Options for conducting eligibility determinations (§155.625)

Section §155.625 of the regulation provides options for conducting eligibility determinations. These provisions specify that an Exchange that decides to utilize the HHS service for making eligibility determinations for exemptions for application submitted on or after October 15, 2014, will enter into a written agreement with HHS. These agreements are necessary to ensure that the use of the service will minimize burden on individuals, ensure prompt determinations of eligibility without undue delay, and provide for secure, timely transfers of application information.

The burden associated with these provisions is the time and effort necessary for the Exchange to establish an agreement with HHS. We estimate that the creation of the necessary agreement will necessitate 35 hours from a health policy analyst at an hourly cost of \$49.35, and 35 hours from an operations analyst at an hourly cost of \$54.45 to develop the agreement; and 30 hours from an attorney at an hourly cost of \$90.14 and five hours from a senior manager at an hourly cost of \$79.14 to review the agreement. For the purpose of this estimate, we assume that the 18 state-based Exchanges will utilize the HHS service for exemptions. Accordingly, the total burden on the Exchange associated with the creation of the necessary agreement will be approximately 105 hours and \$6,733 per Exchange, for a total cost of \$121,194 for 18 Exchanges.

Table 9- Estimated Burden for Agreements

Labor Category	Number of Employees	Hourly Labor Costs	Burden Hours	Total Burden Costs (per Exchange)	Total Burden Costs (per year)
Health Policy Analyst	1	\$49.35	35	\$1,727	\$31,086
Operations Analyst	1	\$54.45	35	\$1,906	\$34,308
Attorney	1	\$90.14	30	\$2,704	\$48,672
Senior Manager	1	\$79.08	5	\$395	\$7,110
Total			105	\$6,733	\$121, 194

E. Reporting (§155.630)

In §155.630, we specify that when the Exchange issues certificates of exemption to individuals in accordance with the requirement contained in §155.610(i), the Exchange promptly transmit to IRS the individual’s names, Social Security numbers, and any other information required in guidance published by the Secretary of the Treasury in accordance with 26 CFR 601.601(d)(2). As these reporting functions will all be electronic, we do not expect for there to be any additional burden than that which is required to design the overall eligibility and enrollment system.

13. Capital Costs

We anticipate that the majority of capital costs associated with these information collections, as well as the burden and costs associated with the transactions described in §155.615 related to verification, will be related to the implementing regulations found in

Subparts D and E that provide for a streamlined eligibility and enrollment system. We anticipate that States that have elected to operate an Exchange will perform eligibility determinations and issuing certificates of exemptions by using the information technology system that the State has already built or modified in order to meet the other minimum functions of an Exchange related to eligibility and enrollment under subparts D and E of the Exchange final rule. Any administrative costs incurred in the development of information technology infrastructure to support the Exchange may be funded wholly through State Exchange Planning and Establishment Grants. The Federal government expects that these grants will fund the development of IT systems that can be used by many States who either develop their own Exchanges or who partner with the Federal government to provide a subset of Exchange services.

Table 10 includes estimates of grants from 2013 to 2017. It does not include costs related to reduced Federal revenues from refundable premium tax credits, which are administered by the Department of the Treasury and subject to IRS rulemaking. It does not include the Medicaid effects, or the policies whose offsets led CBO to estimate that the Affordable Care Act would reduce the Federal budget deficit by over \$100 billion over the next 10 years. Table 1 also includes the estimates for outlays for grants to States for Exchange start up.

Table 10. Estimated Outlays for the Affordable Insurance Exchanges FY 2013 - FY2017, in billions of dollars

<b>Year</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2013-2017</b>
Grant Authority for Exchange Start up <sup>b</sup>	1.5	2.1	1.7	0.8	0.2	6.2

<sup>b</sup> FY 2014 President's Budget

Other administrative costs to support the streamlined and coordinated eligibility and enrollment process and the associated information collections will also vary for each State depending on the specific approaches taken, including how the state chooses to support the

review of paper documentation and the resolution of eligibility and enrollment issues, or whether the state chooses to utilize the federally managed service for issuing exemptions. We also believe that overall administrative costs may increase in the short term as States build information technology systems; however, in the long-term States will see savings through the use of more efficient systems and consolidation across programs.

#### 14. Cost to Federal Government

We anticipate that the costs to the Federal government include costs related to 1) implementation of the federally-facilitated Exchange and the associated requirement to issue exemptions, and 2) providing the federally managed service for exemptions. As the FFE, costs related to implementation would be the same as the costs described in the burden estimates for each Exchange above and would vary depending on the number of states that opt to participate as an FFE. Costs related to providing the federally-managed service for exemptions relate primarily to the number of state-based Exchanges that decide to utilize the federally managed service for exemptions. Additionally, costs related to the federally-managed service would be similar to the costs described in the burden estimates for each Exchange above, with the exception that it would not include burden related to the application and notification of eligibility determination, since we specify that the state-based Exchange handle the responsibilities of accepting the application and generating the notice if it is utilizing the service for applications submitted after October 15, 2014.

Accordingly, we note that HHS will be responsible for developing an exemptions application and exemptions notices that will be utilized across all FFEs. As such, we estimate that it will take the federal government a total of 1,059 hours to develop the application, at a cost of \$104,312. We also estimate that it will take the federal government 125 hours to develop

exemptions notices, at a cost of \$7,463.

15. Changes to Burden

There are no changes to the burden. This is a new data collection.

16. Publication/Tabulation Dates

TBD

17. Expiration Date

Not applicable

**Appendix A- Data Elements for Application for Exemption**

<b>Baseline Applicant Information</b>	<b>Type of Exemption (Individuals Can Request More Than One)</b>			<b>Confirmation and Eligibility Determination</b>
<p><b>Household Contact Information-</b> name, address(es), phone number(s), languages(s), paperless notices and other forms of communication (email, text), applying for an exemption for self</p>	<p><b>Religious Sect or Division-</b> Name of religious sect or division, location of the sect or division, timeframe for which a member</p>	<p><b>Health Care Sharing Ministry-</b> Name of ministry, location of the ministry, timeframe for which a member</p>	<p><b>Indian tribe-</b> Name of tribe, timeframe for which a member</p>	<p><b>Application Summary-</b> Opportunity to make edits if needed</p>
<p><b>Authorized Representative-</b> (If applicable, skip if no representative) name, organization, address, phone number, email, permissions, signature or applicant, or legal proxy</p> <p><b>Build Your Tax Household-</b> (Depending on the exemption) list tax filers, spouse, dependent(s), indicate whether each is applying for an exemption</p>	<p><b>Hardship for Affordability-</b> Information about access to employer sponsored coverage, household composition and household income (Projected annual income- amount and option for “don’t know)</p>	<p><b>Hardship-</b> Description of hardship, timing of when hardship occurred, request documentation or other information specific to hardship category, as applicable</p>	<p><b>Incarceration-</b> If Pending Disposition, timeframe for which incarcerated, facility name where incarcerated</p>	<p><b>Rights and Responsibility and Signatures</b></p> <p><b>Determination and Notices(s), including Exemption Certificate Number</b></p>



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<sup>1</sup> Pursuant to the National Voter Registration Act of 1993, 42 USC Sec. 1973 GG-5

**Appendix B: Data Elements for Notices Under 45 CFR Part 155, Subpart G**

<b>Data Elements for Exemption Eligibility Determination Notice (45 CFR 155.610(f) and (i))-</b> Sent after the processing of an initial application, as well as after the processing of self-reported changes.		
<p><b>Household Contact Information –</b> Name, address(es)</p>	<p><b>Eligibility Determination Information, For Each Applicant that applied together, if applicable-</b> Eligibility determination for each applicant for an exemption.</p> <p>Exemption Certificate Number* Time period for which exemption is effective (Applicable Months and Years)*</p>	<p><b>Customer Service Information –</b> Contact information for the Exchange, information regarding Navigators and other customer service resources serving the applicant’s area (45 CFR 155.230(a)(1))</p>
<p><b>Reminder to report changes within 30 days of a change related to eligibility throughout the year</b> (45 CFR 155.620(b))</p>	<p><b>Inconsistencies* -</b> If an inconsistency exists for any applicant, the cause for the inconsistency, length of the inconsistency period, and directions for resolving inconsistency, including acceptable documentation and information to assist Exchange in matching documentation to person (45 CFR 155.615(g)(2)(i))</p>	<p><b>Citation to regulation for action, including the reason for the action</b> (45 CFR 155.230(a)(3))</p>
<p><b>Appeal rights and instructions</b> (45 CFR 155.635 and 155.230(a)(2))</p>	<p><b>Accessibility-</b> Taglines in other languages for how to obtain assistance interpreting the notice, and information about availability and access to oral interpretation, written translation, and other services for individuals living with disabilities or who are limited English proficient (45 CFR 155.205(c))</p>	<p><b>Disclosure statement</b> (45 CFR 155.260(iii) and (iv))</p> <p>Instructions for how to receive electronic notices* (§155.230(d))</p>

\*Information will only be included in the notice if applicable.