

**SUPPORTING STATEMENT FOR THE INFORMATION
COLLECTION REQUIREMENTS CONTAINED IN THE
COOPERATIVE AGREEMENTS TO SUPPORT
ESTABLISHMENT OF STATE-OPERATED HEALTH
INSURANCE
EXCHANGES
OFFICE OF MANAGEMENT AND BUDGET (OMB CONTROL NO.
0938-1119)**

A. Background

Section 1311 of the Affordable Care Act provides for grants to States for the planning and establishment of American Health Benefit Exchanges (hereinafter referred to as “Marketplaces”). The Secretary has disbursed over \$4.3 billion for three types of grants: 1) Planning grants; 2) Early Innovator grants for early development of information technology; and 3) Establishment grants to develop, implement and start-up Marketplaces. Opportunities for planning funding were made available to the 50 States, the District of Columbia, and the U.S. Territories of American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, and the U.S. Virgin Islands. During this planning phase, forty-nine States, the District of Columbia, and four Territories applied and were awarded grant funds. (The State of Alaska did not apply for either the original Planning grant made available in September 2010, or the second Planning grant made available in January 2011 exclusively to those States that did not apply for the first.)

Cooperative Agreements to Support Establishment of the Affordable Care Act’s Health Insurance Exchanges (“Establishment Grants”) are awarded to States to support activities for implementing integral functional requirements of health insurance Marketplaces within a State. Funding can be used for a State to: 1) Establish a State-based Marketplace; 2) Build systems necessary to effectively link to the Federally-facilitated Marketplace operating in its State; 3) Perform functions in a Partnership within a Federally-facilitated Marketplace, or 4) Transition from one type of Marketplace to another [e.g., from a Federally-facilitated Marketplace to a State-based Marketplace]. As of May 2013, the U.S. Department of Health and Human Services (HHS) has made grants to 38 States (including the District of Columbia), based on budgets proposed by States that are deemed sufficient, reasonable and cost effective to support activities integral to Marketplace operations proposed in a respective State application.

There are two levels of Establishment Grant awards for which States can apply. Level One Establishment grants are open to all eligible States/jurisdictions, whether they are participating in the Federally-facilitated Marketplace, including States participating in the State Partnership model within the Federally-facilitated Marketplace, or developing a State-based Marketplace. (For the purposes of this discussion, the District of Columbia is considered a State). Level One grant funding supports States as they develop one or more functionalities associated with an effective and efficient Marketplace operating in their State. Level One Establishment Cooperative Agreements provide one year of funding.

Level Two Establishment grants are open to States that are committed to establishing a State-based Marketplace. They are available for up to three years and are designed to provide funding to applicants that can demonstrate meeting the following eligibility criteria: 1) Have the necessary legal authority to establish and operate a Marketplace that complies with Federal requirements available at the time of application; 2) Have established a governance structure for the Marketplace; and 3) Submit an initial plan discussing long-term operational costs of the Marketplace.

Under the Cooperative Agreement Grant program, States are afforded multiple opportunities to obtain funding to support progress toward the establishment of an effective Marketplace within their State. States may initially apply for either a Level One or a Level Two Establishment grant. Level One and Level Two Establishment grantees can reapply for another Level One grant at a subsequent application deadline to carry out additional activities related to Marketplace establishment that were not previously funded. However, Level Two grantees can only receive one Level Two grant. States may transition between different Marketplace models and if they do, they are required to update their project plans and budgets accordingly.

As of May 2013, HHS has awarded 80 Establishment grants to 38 States since May 2011: Level One grants to 25 states and both Level One and Level Two grants to 13 states. HHS anticipates releasing seven more Funding Opportunity Announcements between May 15, 2013 and October 10, 2014. No awards will be made after December 2014. Level One grants awarded in October 2014 can have 1-year project periods, so it is expected that they would report on their progress through September 30, 2015, with the possibility of their project period being extended until September 30, 2016 with a no-cost extension. Level Two grants awarded in October 2014 can have project periods for up to three years, so it is expected that they will be reporting on their progress to HHS through September 30, 2017, with the possibility of a no cost extension for one year.

Of the 38 grantee States, HHS has conditionally approved 18 to operate their State-based Marketplaces in 2014, with eligibility determination and enrollment activities beginning October 1, 2014. HHS will continue to fund states that are conditionally approved to test and evaluate the performance of their Marketplaces during the first year of operation Start-Up Year, and to build improved functionality during this period. Hence, for PRA-related estimates of information collection activity, we anticipate that in future grant years, approximately half the states will be funded for their operational testing phase. As noted above, HHS will continue to fund states that are in the process of transitioning to a State-based Marketplace. Thus, our estimates of data collection costs and burden assume that in each year, 16 grantees will be in the Start-Up Year, while 24 will be in the development phase of their grant. In the first year (beginning October 1, 2014), there will be a 6-month open enrollment period, but in subsequent years, we anticipate the enrollment period to be reduced to three months, beginning October 1. However, the PRA-related estimates reflect a 6-month enrollment period in the event that the enrollment period were to be extended.

HHS will work with States in establishing processes for Marketplaces. As a part of this collaboration, this grant opportunity will require that States meet certain periodic reporting

requirements, and consult regularly with HHS.

In order to receive a grant, applicants must be an eligible entity, must meet all technical application requirements (including the submission of all required forms), and address certain specified areas in the application.

B. Justification

1. Need and Legal Basis

Section 1311(b) of the Affordable Care Act provides the opportunity for each State to establish an Exchange (now referred to as a Marketplace). Section 1311 of the Affordable Care Act provides for grants to States for the planning and establishment of these Marketplaces. Given the innovative nature of Marketplaces and the statutorily-prescribed relationship between the Secretary and States in their development and operation, it is critical that the Secretary work closely with States to provide necessary guidance and technical assistance to ensure that States can meet the prescribed timelines, federal requirements, and goals of the statute.

As of May 2013, CCIIO has disbursed \$3.9 billion in grants to States for planning and establishment of health insurance Marketplaces under the grant program, Cooperative Agreement to Support Establishment of the Affordable Care Act's Health Insurance Exchanges (Funding Opportunity Number: IE-HBE-12-001). To suitably reflect the expansion proportional to the funding now going to the States, we need to update the PRA for data collection related to the Establishment Grants. Eighteen conditionally approved State-based Marketplaces are beginning their Start-Up phase, testing and evaluating their systems. Other States are receiving funds to: 1) build their Marketplaces, 2) support partnership functions (State Partner Marketplaces), 3) better link State and Federal systems [FFMs], or 4) facilitate transitions between Marketplace models (e.g., transition of a State from a Federally-facilitated to State-based Marketplace). Given the large current and future Federal investment [seven more grant cycles between May 2013 and December 2014], we must expand our current monitoring efforts to appropriately oversee the grant funds and to provide support and guidance to States in their Marketplace development.

This refreshed PRA estimates reflect substantial changes in the Establishment Review process and reductions in the number of applications expected each year, as well as the number of grantees that are expected to report each year. The PRA estimates also reflect more intensive measurement of Marketplace effectiveness and impact on affordability; for example, this PRA package incorporates burden estimates for reporting performance metrics by State-based Marketplaces in their Start-Up Year.

The revised PRA package also accounts for the transition in data collection requirements as States proceed from planning and IT build to start-up. The proposed expansion to weekly, monthly, and quarterly reporting of some measures will allow us to gain increased insights into the challenges faced by states during their start-up year. The expanded measurement of outcomes is designed to prompt additional exploration and discussion with State officials, as well as facilitating technical support to them.

Further, the expanded reporting of outcome measures in the revised PRA package will allow CCIIO to be in compliance with the Affordable Care Act (P.L. 111-148 and 111-152), which requires Federal oversight of the programmatic integrity of State-based Marketplaces. These metrics also allow CMS to provide public visibility into the effectiveness, viability, and impact of the Marketplaces. They are essential for ensuring basic transparency in the performance of Marketplaces and allow consistent cross-state comparisons of the impacts of varying approaches to Marketplace implementation. This data collection will be carefully coordinated with other data collection efforts and will not duplicate other efforts.

2. Information Users

Information collected as a part of the application for this grant will be used to evaluate the applications and determine awardees. Information collected pursuant to the reporting requirements for awardees will be used to evaluate the progress of States in planning for and implementing Marketplaces, and determine how the Secretary can provide assistance to achieve the goals of the grant program and the Affordable Care Act.

3. Use of Information Technology

The information collection requirements associated with these grants will primarily involve programmatic narrative, accompanying budget narrative and appropriate supporting documentation, and provision of performance outcome and operational data by grantees operating their Marketplaces. The grantees are not required to track or submit any personally identifiable data. It is expected that States will create data with readily available word processing and spreadsheet programs relying on source data from information systems developed from grant funding, and submit such information electronically. This should result in 100 percent of information being transmitted electronically.

Government Paperwork Elimination Act (GPEA)

Is this collection currently available for completion electronically?

- Yes, awardees are required to send electronic reporting to HHS. Our intent is to have the awardees report to HHS using the Microsoft Word or Excel application, in PDF format, or by a grant-oriented data collection mechanism.

Does this collection require a signature from the respondent(s)?

- Yes, the application will require a signature. Progress reports will not require a signature.

If HHS had the capability of accepting electronic signature(s), could this collection be made available electronically?

- Given the one or two-time nature of application for funding for each type of grant, an e-signature will not be utilized. E-signature could be utilized as appropriate as part of a grant-oriented data collection mechanism.

If this collection isn't currently electronic but will be made electronic in the future, please give a date (month & year) as to when this will be available electronically and explain why it can't be done sooner.

- Not applicable since all data collections will be electronic.

If this collection cannot be made electronic or if it isn't cost beneficial to make it electronic, please explain.

- Not applicable since all data collections will be electronic.

4. Duplication of Efforts

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. Performance data for operational Marketplaces will be collected directly from them only when not available from other sources [e.g., such as transactional data submitted through the Federal Hub or third-party sources]. Information collected through the Establishment Review process is designed to inform, and reduce, the data collection burden connected with conditional and final approval of Marketplaces.

5. Small Businesses

The information collection requirements of the Cooperative Agreement Grant Regulation do not have a significant impact on a substantial number of small entities.

6. Less Frequent Collection

Close monitoring will be critical to ensuring that States receive prompt Federal guidance and technical assistance that is responsive to any State-specific issues that may arise, and that State activities meet statutory and other Federal requirements. In the absence of regularly reporting, there is a risk that States could invest resources and conduct activities that are not aligned with requirements. As such, HHS will be in close contact with awardees. Upon request by awardees, HHS may allow less frequent reporting due to burden on program activities.

7. Special Circumstances

Requiring respondents to report information to the agency more often than quarterly;

During times of intensive activity of exchange development and grant expenditure, our need for oversight and states needs for technical assistance may increase. At those times, we may collect information more than quarterly. An example of this is during initial open enrollment period for Marketplaces during the start-up year, when weekly reporting of some metrics will be required to gauge effectiveness and whether assistance is required.

Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;

- CCIIO may wish to follow up with States in between reporting periods in order to ensure close collaboration on Exchange development.

Requiring respondents to submit more than an original and two copies of any document;

- Not applicable. We will not require more copies than an original and two copies of any document.

Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;

- Not applicable.

In connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study

Requiring the use of a statistical data classification that has not been reviewed and approved by OMB;

- Not applicable. Statistical surveys CCIIO-wide to evaluate the consumer experience and quality are under consideration for future years. These surveys will be subject to all processes and review required by OMB.

That includes a pledge of confidentiality that is not supported by authority established in statute or regulation that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or

- Not applicable. These information collections do not include a pledge of confidentiality.

Requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

- Not applicable. This is outside the scope of our reporting requirements.

8. Federal Register/Outside Consultation

As required by the Paperwork Reduction Act of 1995 (44 U.S.C.2506 (c)(2)(A)), the Center for Consumer Information and Insurance Oversight (CCIIO) [published a notice in the *Federal Register* requesting public comment on its proposed modification of the information collection requirements specified in the Cooperative Agreements to Support Establishment of State-Operated Health Insurance Exchanges (OMB Control No. 0938-1119). The proposed PRA included lists of Data Elements for the Outcomes Metrics and Operational Metrics to be collected from States.

The 60-day *Federal Register* notice was published on May 28, 2013. No comments were received during this period, which ended July 23, 2013. The data collection template for the Outcomes Metrics was submitted on August 29, 2013. On [TBD – OSORA to insert date] we published an emergency *Federal Register* notice announcing that we are seeking emergency review and approval for this information collection request now that the Operational Metric templates are complete. The documents are available for public viewing on the CMS PRA web site as stated in the emergency *Federal Register* notice.

9. **Payments/Gifts to Respondents**

- Not applicable. We will not provide any payments or gifts.

10. **Confidentiality**

- Not applicable. No assurance of confidentiality is provided to respondents. Further, HHS will not collect personally identifiable information from awardees as a part of this grant. All reporting will be of an aggregate nature.

11. **Sensitive Questions**

- Not applicable. Data collection will not include sensitive questions.

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

For the purposes of obtaining a PRA approval, we anticipate that 49 States and the District of Columbia will be eligible for an Establishment grant. Further, our estimates of data collection costs and burden assume that in each year, half the grantees will be in their start-up year, while the other half will still be in the development phase of their Establishment grant.

I. APPLICATION

In order to complete the application, each applicant will read the application requirements, assemble, review, finalize and submit an application package to the Department of Health and Human Services (HHS). This burden estimate encompasses the entire application process, which includes assembly of all required application content (standard forms, project narrative, work plan, budget narrative, and applicable supporting documents), certification of the application package by a senior official at the State, application submission to HHS and any subsequent application amendments, corrections or supporting documentation that may be necessary. The final application must be submitted electronically via Grants.gov using the directions furnished in the application by HHS.

Estimated Annualized Burden Table - Application

Forms	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden hours per Response	Total Burden Hours
Grant Application	State Government	40	1	564	22,560
Total - Annual				564	22,560
Total - Three Years					67,680

We estimate that it takes approximately **564 hours** per applicant to read, assemble, review, finalize and submit their application package to HHS. We believe up to 19 people per applicant will be involved in the application assembly at a cost of **\$28,081**. We estimate that of the 50 eligible States, based on their readiness level, there will be, at any one time, as many as 40

applicants for either Level 1 or Level 2 Establishment Grants. The estimated annualized burden is **22,560 hours** and **\$1,123,277**.

Fifty jurisdictions including the District of Columbia are eligible applicants for this funding opportunity. The Governor of a State (the Mayor, if from the District of Columbia) may designate a State agency or quasi-governmental entity to apply for grants on behalf of that State. Non-profit organizations are not eligible to apply. Only one application per State is permitted.

Because States have different staffing levels and pay scales, we make the following assumptions about completing the application.¹

Estimated Annualized Cost Table for Completing the Application

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour (incl fringe)	Burden Costs
Senior-level manager to oversee application	40	1	14	\$56.48	\$31,629
Senior-level manager to conduct most writing	40	1	56	\$56.48	\$126,515
Mid-level policy analyst to support writing	40	1	51	\$41.23	\$84,109
Senior-level manager with insurance expertise	40	1	35	\$56.48	\$79,072
Mid-level policy analyst with insurance expertise	40	1	35	\$41.23	\$57,722
Senior-level manager from Medicaid agency	40	1	45	\$56.48	\$101,664
Mid-level policy analyst from Medicaid agency	40	1	45	\$41.23	\$74,214
Senior-level manager with health policy expertise	40	1	40	\$56.48	\$90,368
Mid-level policy analyst with health policy expertise	40	1	30	\$41.23	\$49,476
Computer and Information Systems Managers	40	1	48	\$64.98	\$124,762
Computer Systems Analyst	40	1	33	\$49.56	\$65,419
Administrative budget analyst	40	1	48	\$37.78	\$72,538

¹ We calculate total hourly wage based on the mean hourly wage, 34.3% of compensation from benefits, and fringe rate. We calculate total annual salary by multiplying total wage by a full-time, year-round working year of 2,080 hours. Source: May 2009 National Industry-Specific Occupational Employment and Wage Estimates - State Government http://www.bls.gov/oes/current/naics4_999200.htm

Administrative assistant	40	1	14	\$24.67	\$13,815
Lawyer	40	1	17	\$60.55	\$41,174
Budget analyst from outside core team	40	1	39	\$44.60	\$69,576
Agency head (1)	40	1	4	\$76.47	\$12,235
Agency head (2)	40	1	4	\$76.47	\$12,235
Agency head (3)	40	1	4	\$76.47	\$12,235
Official in Governor's office	40	1	2	\$56.48	\$4,518
Total - Annual			564		\$1,123,277
Total - Three Years					\$3,369,830

II. DATA COLLECTION REPORT

Each year, grantees must submit multiple reports focused on various aspects of their Marketplace's progress towards full implementation. Each data submission will be based on a reporting template (OMB Control No. 0938-1119) and various amplifying instructions. As Marketplaces move into the Start-up year and full implementation, there will be changes in the types of reporting and reduction in prior reporting conducted during the Developmental Phase. It is estimated that up to 16 states will move into the Start-up Year and will reduce their burden in developmental-related reporting, while increasing reporting for certain Performance and Outcome metrics. The revised reporting estimates include the average overall burden from both the 24 States in the Development Phase and the 16 States moving into the Start-up Year.

In February of 2012, OMB approved the revision of combining the System Development Lifecycle (SDLC) Reviews and On-Site Performance Reviews, which would then be conducted together and renamed "Establishment Reviews," reflected in the tables below.

In addition, the previously named "Quarterly Report" is now "Semi-Annual" reports due to the reduction of the frequency reporting requirement to twice a year.

Estimated Annualized Burden Table – Reporting by Awardees

Forms	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Estimated Burden hours per Response	Total Estimated Burden Hours
Semi Annual Report	State Government	40	2	121.4	9,712
Work Plan Update	State Government	40	2	2.0	160
Public Report	State Government	40	4	8.5	1,360
Planning Review	State Government	20	1	111.0	2,220
Design Review	State Government	24	2	235.0	11,280

Implementation Review	State Government	16	1	235.0	3,760
Establishment Review	State Government	16	2	86.0	2,752
Periodic Reports -Annual	State Government	16	1	40.0	640
Periodic Reports- Quarterly	State Government	16	4	18.0	1,152
Periodic Reports - Monthly	State Government	16	6	24.0	2,304
Periodic Reports - Weekly	State Government	16	26	18.0	7,488
Total - Annual					42,828
Total - Three Year					128,484

Currently, there are two groups of Establishment grantees participating in the grant program. The first group is comprised of grant awardees that are still developing the IT infrastructure and processes necessary to operate their Marketplace within the guidelines directed by HHS. The second group, those in the Start-up year, have been given provisional approval for their infrastructure and have begun testing the infrastructure and preparing for operations. These two groups are not static. As the implementation of the Marketplace matures, States move from one group to the next and, finally, exit the grant program. Currently there are 18 grantees that have been given conditional approval to operate a State-based Marketplace; sixteen of those are actively implementing key operations components. For the purposes of this information collection request, HHS has assumed a continuation of 16 states in the Start-up year at the time these changes go into effect and consequently have based the burden calculation on that amount. Reviewing projections for the coming years, we estimate that there will never be a time when more than 16 States are in the Start-up phase of the grant life cycle and likely, there will be less. As a result, these burden estimates will always exceed the actual burden specified in this estimate.

Each of the line items in the table above has a full explanation of the purpose, cost, and frequency of the collection specified and is explained below.

A. Semi-Annual Progress Report

In order to ensure that funds are used for authorized purposes, and to mitigate instances of fraud, waste, error, and abuse, grantees must provide HHS semi-annual information such as, but not limited to, project status, implementation activities initiated, accomplishments, barriers, and lessons learned. Such performance includes submission of the State's progress toward the milestones identified in its Work Plan. The report will include, but will not be limited to:

- Progress on the required milestones (in BOLD and preceded by two asterisks (**)) in Appendix B of the Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges funding opportunity announcement (Funding Opportunity Number: IE-HBE-11-004.)
- Progress on State determined goals, milestones, and activities

- Changes in work plan components
- Lessons learned

Because staffing levels and pay scales vary by state, we make the following assumptions about the reporting process.

Annualized Cost Estimate for States in the Development Phase Completing the Semi-Annual Report

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours Per Response	Wage per Hour (incl fringe)	Burden Costs
Senior-level manager to oversee efforts	24	2	15	\$56.48	\$40,665.60
Senior-level manager to conduct most writing	24	2	18	\$56.48	\$48,798.72
Mid-level policy analyst to support writing	24	2	24	\$41.23	\$47,496.96
Senior-level manager with insurance expertise	24	2	2	\$56.48	\$5,422.08
Mid-level policy analyst with insurance expertise	24	2	2	\$41.23	\$3,958.08
Senior-level manager from Medicaid agency	24	2	2	\$56.48	\$5,422.08
Mid-level policy analyst from Medicaid agency	24	2	2	\$41.23	\$3,958.08
Senior-level manager with health policy expertise	24	2	2	\$56.48	\$5,422.08
Mid-level policy analyst with health policy expertise	24	2	2	\$41.23	\$3,958.08
Administrative budget analyst	24	2	8	\$37.78	\$14,507.52
Budget analyst with insurance expertise	24	2	3	\$44.60	\$6,422.40
Budget analyst from Medicaid agency	24	2	3	\$44.60	\$6,422.40
Budget analyst with systems expertise	24	2	3	\$44.60	\$6,422.40
Senior-level financial manager with insurance expertise	24	2	2	\$62.69	\$6,018.24
Senior-level financial manager from Medicaid agency	24	2	2	\$62.69	\$6,018.24
Senior-level financial manager with health policy expertise	24	2	2	\$62.69	\$6,018.24
Senior-level manager with systems architecture expertise	24	2	6	\$64.98	\$18,714.24
Mid-level analyst with systems architecture expertise	24	2	4	\$49.56	\$9,515.52
Systems project manager	24	2	4	\$41.23	\$7,916.16
Administrative assistant	24	2	2	\$24.67	\$2,368.32
Lawyer	24	2	2	\$60.55	\$5,812.80

Lawyer	24	2	2	\$60.55	\$5,812.80
Budget analyst from outside core team	24	2	2	\$44.60	\$4,281.60
Agency head	24	2	1	\$76.47	\$3,670.56
Total - Annual					\$275,023.20
Total - Three Years					\$825,069.60

Annualized Cost Estimate for States in the Start-up Year Completing the Semi-Annual Report

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours Per Response	Wage per Hour (incl fringe)	Burden Costs
Senior-level manager to oversee efforts	16	2	15	\$56.48	\$27,110.40
Senior-level manager to conduct most writing	16	2	18	\$56.48	\$32,532.48
Mid-level policy analyst to support writing	16	2	24	\$41.23	\$31,664.64
Senior-level manager with insurance expertise	16	2	2	\$56.48	\$3,614.72
Mid-level policy analyst with insurance expertise	16	2	2	\$41.23	\$2,638.72
Senior-level manager from Medicaid agency	16	2	3	\$56.48	\$5,422.08
Mid-level policy analyst from Medicaid agency	16	2	6	\$41.23	\$7,916.16
Senior-level manager with health policy expertise	16	2	3	\$56.48	\$5,422.08
Mid-level policy analyst with health policy expertise	16	2	6	\$41.23	\$7,916.16
Administrative budget analyst	16	2	8	\$37.78	\$9,671.68
Budget analyst with insurance expertise	16	2	5	\$44.60	\$7,136.00
Budget analyst from Medicaid agency	16	2	5	\$44.60	\$7,136.00
Budget analyst with systems expertise	16	2	3	\$44.60	\$4,281.60
Senior-level financial manager with insurance expertise	16	2	2	\$62.69	\$4,012.16
Senior-level financial manager from Medicaid agency	16	2	2	\$62.69	\$4,012.16
Senior-level financial manager with health policy expertise	16	2	2	\$62.69	\$4,012.16
Senior-level manager with systems architecture expertise	16	2	6	\$64.98	\$12,476.16
Mid-level analyst with systems architecture expertise	16	2	4	\$49.56	\$6,343.68
Systems project manager	16	2	4	\$41.23	\$5,277.44
Administrative assistant	16	2	4	\$24.67	\$3,157.76

Lawyer	16	2	2	\$60.55	\$3,875.20
Lawyer	16	2	2	\$60.55	\$3,875.20
Budget analyst from outside core team	16	2	2	\$44.60	\$2,854.40
Agency head	16	2	1	\$76.47	\$2,447.04
Total - Annual					\$204,806.08
Total - Three Years					\$614,418.24

Averaged across the two groups, we estimate that it will take approximately 121.4 hours per applicant to assemble, review, finalize and submit each semi-annual report to HHS. We believe that 23 personnel will be required for the production and delivery of required semi-annual reports. The total annualized burden for 40 applicants to submit two reports each is **9,712 hours** and **\$479,829.28**.

B. Work Plan Update

Each State will be required to periodically submit an updated Work Plan in order to exhibit progress toward identified milestones contained in the Work Plan. HHS Project Officers will track State progress using these updated Work Plans and progress made towards milestones.

Annualized Cost Estimate for All Respondents Completing Work Plan Updates

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour (incl fringe)	Burden Costs
General and Operations Managers	40	2	1.5	\$56.48	\$6,778
Management Analysts	40	2	0.5	\$41.23	\$1,649
Total - Annual					\$8,426.80
Total - Three Years					\$25,280.40

We estimate that it will take approximately two hours per applicant to assemble, review, finalize and make available each work plan update, and that grantees will make reports available intermittently as work plans change between quarterly progress reports. We estimate that two of the personnel involved in reporting would be involved in making progress reports public. The total annualized burden for 40 applicants to post two work plan updates each is **160 hours** and **\$8,426.80**.

C. Public Report

Grantees are required to prominently post progress reports about their planning grants on their respective Internet websites to ensure that the public has information on the use of funds. The Public Report must be compliant with Section 508. The content of each public report should include information on the progress of each State's Exchange.

Annualized Cost Estimate for All Respondents Completing Public Report

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour (incl fringe)	Burden Costs
General and Operations Managers	40	4	2	\$56.48	\$18,073.60
Management Analysts	40	4	3	\$41.23	\$19,790.40
Budget Analysts	40	4	3.5	\$44.60	\$24,976.00
Total - Annual					\$62,840.00
Total - Three Years					\$188,520.00

We estimate that it will take approximately 8.5 hours per applicant to assemble, review, finalize and make available each public report, and that grantees will make reports available quarterly. We estimate that three of the personnel involved in reporting would be involved in making progress reports public. The total annualized burden for 40 entities to post four progress reports each is **1,360 hours** and **\$62,840**.

D. Establishment Reviews

A February 9, 2012 Revision Memo approved by OMB cites the non-substantive change to combine the System Development Lifecycle (SDLC) Reviews and On-Site Performance Reviews rename them as “Establishment Reviews.” The Establishment Reviews comprise a multi-faceted review of the design, implementation and effectiveness of each Marketplace’s information technology infrastructure and the processes required to effectively operate it.

For **States in the development phase**, a major focus of the reviews is on the construction and maturation of the Marketplace’s IT infrastructure and processes for its effective utilization. The States’ organization governing the design, development, and implementation of the core IT capabilities must follow standard industry Systems Development Life Cycle (SDLC) frameworks, including the use of iterative and incremental development methodologies, or “gate reviews.” To assist the grantees and insure effective use of the funding provided by HHS, the grantees must participate in a series of reviews that are aligned to the SDLC process. These formal reviews include: Planning Reviews, Design Reviews, and Implementation Reviews.

For those **States in their Start-up Phase** the Establishment review will have a streamlined method for reporting system development progress. The reporting requirements differ somewhat for States that have their infrastructure operational as opposed to those States that are still developing the infrastructure. The focus for these States will be on testing their IT infrastructure and other processes to ensure an efficient and effectively operating Marketplace. As such, they will have additional requirements to report metrics measuring the infrastructure’s effectiveness.

Annualized Cost Estimate for States in the Development Phase to Complete the Planning Review

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours Per Response	Wage per Hour (incl fringe)	Burden Costs
Senior-level manager to oversee efforts	20	1	10	\$56.48	\$11,296.00
Senior-level manager to conduct most writing	20	1	10	\$56.48	\$11,296.00
Mid-level policy analyst to support writing	20	1	6	\$41.23	\$4,947.60
Senior-level manager with insurance expertise	20	1	3	\$56.48	\$3,388.80
Mid-level policy analyst with insurance expertise	20	1	4	\$41.23	\$3,298.40
Senior-level manager from Medicaid agency	20	1	3	\$56.48	\$3,388.80
Mid-level policy analyst from Medicaid agency	20	1	4	\$41.23	\$3,298.40
Budget analyst with systems expertise	20	1	10	\$44.60	\$8,920.00
Senior-level manager with systems architecture expertise	20	1	11	\$64.98	\$14,295.60
Mid-level analyst with systems architecture expertise	20	1	14	\$49.56	\$13,876.80
Systems project manager	20	1	22	\$41.23	\$18,141.20
Administrative assistant	20	1	12	\$24.67	\$5,920.80
Agency head	20	1	2	\$76.47	\$3,058.80
Total - Annual					\$105,127.20
Total - Three Years					\$315,381.60

We estimate that it will take approximately 111 hours per applicant to assemble, review, finalize and conduct each Planning, and that grantees will make material available to HHS once a year.. We estimate that the 13 personnel involved in the review. The total annualized burden for 20 entities to conduct the reviews is **2,220** hours and **\$105,127.20**.

Annualized Cost Estimate for States in the Development Phase to Complete the Design Reviews

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours Per Response	Wage per Hour (incl fringe)	Burden Costs
Senior-level manager to oversee efforts	24	2	20	56.48	\$54,220.80
Senior-level manager to conduct most writing	24	2	20	56.48	\$54,220.80
Mid-level policy analyst to support writing	24	2	30	41.23	\$59,371.20
Senior-level manager with insurance expertise	24	2	10	56.48	\$27,110.40
Mid-level policy analyst with insurance expertise	24	2	10	41.23	\$19,790.40
Senior-level manager from Medicaid agency	24	2	10	56.48	\$27,110.40
Mid-level policy analyst from Medicaid agency	24	2	10	41.23	\$19,790.40
Budget analyst with systems expertise	24	2	20	44.6	\$42,816.00
Senior-level manager with systems architecture expertise	24	2	20	64.98	\$62,380.80
Mid-level analyst with systems architecture expertise	24	2	20	49.56	\$47,577.60
Systems project manager	24	2	30	41.23	\$59,371.20
Administrative assistant	24	2	30	24.67	\$35,524.80
Agency head	24	2	5	76.47	\$18,352.80
Total - Annual					\$527,637.60
Total - Three Years					\$1,582,912.80

We estimate that it will take approximately 235 hours per applicant to assemble, review, finalize and conduct each Design Review, and that grantees will make material available to HHS twice a year. We estimate that the 13 personnel involved in the review. The total annualized burden for 24 entities to conduct the reviews is **11,280** hours and **\$527,637.60**.

Annualized Cost Estimate for States in the Development Phase to Complete the Implementation Review

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours Per Response	Wage per Hour (incl fringe)	Burden Costs
Senior-level manager to oversee efforts	16	1	20	56.48	\$18,073.60
Senior-level manager to conduct most writing	16	1	20	56.48	\$18,073.60
Mid-level policy analyst to support writing	16	1	30	41.23	\$19,790.40
Senior-level manager with insurance expertise	16	1	10	56.48	\$9,036.80
Mid-level policy analyst with insurance expertise	16	1	10	41.23	\$6,596.80
Senior-level manager from Medicaid agency	16	1	10	56.48	\$9,036.80
Mid-level policy analyst from Medicaid agency	16	1	10	41.23	\$6,596.80
Budget analyst with systems expertise	16	1	20	44.6	\$14,272.00
Senior-level manager with systems architecture expertise	16	1	20	64.98	\$20,793.60
Mid-level analyst with systems architecture expertise	16	1	20	49.56	\$15,859.20
Systems project manager	16	1	30	41.23	\$19,790.40
Administrative assistant	16	1	30	24.67	\$11,841.60
Agency head	16	1	5	76.47	\$6,117.60
Total - Annual					\$175,879.20
Total - Three Years					\$527,637.60

We estimate that it will take approximately 235 hours per applicant to complete the Implementation Review and approximately. The total annualized burden for those 16 States in the Development Phase to complete these reviews and provide the results to HHS is **3,760 hours** and **\$175,879.20**.

Annualized Cost Estimate for States in the Start-up Year to Complete the Establishment Reviews

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours Per Response	Wage per Hour (incl fringe)	Burden Costs
Senior-level manager to oversee efforts	16	2	6	\$56.48	\$10,844.16
Senior-level manager to conduct most writing	16	2	4	\$56.48	\$7,229.44
Mid-level policy analyst to support writing	16	2	8	\$41.23	\$10,554.88
Senior-level manager with insurance expertise	16	2	2	\$56.48	\$3,614.72
Mid-level policy analyst with insurance expertise	16	2	16	\$41.23	\$21,109.76
Senior-level manager from Medicaid agency	16	2	2	\$56.48	\$3,614.72
Mid-level policy analyst from Medicaid agency	16	2	16	\$41.23	\$21,109.76
Budget analyst with systems expertise	16	2	16	\$44.60	\$22,835.20
Administrative assistant	16	2	14	\$24.67	\$11,052.16
Agency head	16	2	2	\$76.47	\$4,894.08
Total - Annual					\$116,858.88
Total - Three Years					\$350,576.64

For States that have a Marketplace in the Start-up Year we estimate that it will take approximately 86 hours per applicant to complete the review. The total annualized burden for 16 entities to complete two Establishment Reviews each is **2,752 hours** and **\$ 116,858.88**.

E. Outcomes Metrics – Annual Reports

Annualized Cost Estimate for States in the Start-up Year to Complete Annual Periodic Reporting

States that have successfully moved from a development phase to the Start-up year are required to collect data and report on a series of outcomes and performance measures, or “metrics.” These reports are pursuant to necessary oversight and monitoring by HHS, and ensure compliance with Marketplace responsibilities and adherence by states to the standards set forth in the grant process. These requirements only apply to the (no more than) 16 states that have or will (at one time) progress to operating a State-based Marketplace implementation.

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours Per Response	Wage per Hour (incl fringe)	Burden Costs
Senior-level manager to oversee efforts	16	1	4	\$56.48	\$3,614.72
Mid-level policy analyst	16	1	16	\$41.23	\$10,554.88
Mid-level analyst with systems architecture expertise	16	1	14	\$49.56	\$11,101.44
Administrative assistant	16	1	6	\$24.67	\$2,368.32
Total - Annual					\$27,639.36
Total - Three Years					\$82,918.08

We estimate that it will take approximately 40 hours per applicant to assemble, review, finalize and make available each report, and that grantees will make reports available once a year. We estimate that four personnel will be involved in developing and submitting this reporting. The total annualized burden for 16 entities to provide the four reports each is **640 hours** and **\$27,639.36**.

F. Periodic Reports-Quarterly

Annualized Cost Estimate for States in the Start-up Year to Complete Quarterly Periodic Reporting

States that have successfully moved from a development phase to the Start-up year are also required to report selected outcome measures on a quarterly basis outside of open enrollment periods. The purpose of this reporting is for HHS to ensure compliance with Marketplace responsibilities and adherence by states to the standards set forth in the grant process. These requirements only apply to the estimated 16 states that have progressed to operating a State-based Marketplace.

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours Per Response	Wage per Hour (incl fringe)	Burden Costs
Senior-level manager to oversee efforts	16	4	2	\$56.48	\$7,229.44
Mid-level policy analyst	16	4	12	\$41.23	\$31,664.64
Administrative assistant	16	4	4	\$24.67	\$6,315.52
Total - Annual					\$45,209.60
Total - Three Years					\$135,628.80

We estimate that it will take approximately 18 hours per applicant to assemble, review, finalize and make available each report, and that grantees will make reports available four times per year. We estimate that three of the personnel will be involved in developing and submitting this

reporting. The total annualized burden for 16 entities to provide the four reports each is **1,152 hours** and **\$45,209.60**.

G. Performance Metrics – Monthly Reports

States that have successfully moved from a development phase to the Start-up Year are required to report selected Start-up Performance Metrics on a monthly basis outside of open enrollment periods; these measures relate to volume and effectiveness of Marketplace call centers, web portals, enrollment processes, and outreach and education efforts. The purpose of this reporting is for HHS to ensure compliance with Marketplace responsibilities and adherence by states to the standards set forth in the grant process. These requirements only apply to the estimated 16 states that have progressed to operating a State-based Marketplace.

Annualized Cost Estimate for States in the Start-up Year to Complete Monthly Periodic Reporting

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours Per Response	Wage per Hour (incl fringe)	Burden Costs
Senior-level manager to oversee efforts	16	6	2	\$56.48	\$10,844.16
Mid-level policy analyst	16	6	16	\$41.23	\$63,329.28
Administrative assistant	16	6	6	\$24.67	\$14,209.92
Total - Annual					\$88,383.36
Total - Three Years					\$265,150.08

We estimate that it will take approximately 24 hours per applicant to assemble, review, finalize and make available each report, and that grantees will make reports available six times per year. We estimate that three of the personnel will be involved in developing and submitting this reporting. The total annualized burden for 16 entities to provide the six reports each is **2,304 hours** and **\$88,383.36**.

H. Performance Metrics – Weekly Reports

States that have successfully moved from a development phase to the Start-up year are required to report select Start-up Performance Metrics on a weekly basis during Open Enrollment periods. These measures relate to volume and effectiveness of Marketplace call centers, web portals, enrollment processes, and outreach and education efforts. The purpose of this reporting is for HHS to ensure compliance with Marketplace responsibilities and adherence by states to the standards set forth in the grant process. Many of these measures are regularly reported on a monthly basis; however during open enrollment periods the frequency is increased to weekly in order to more closely track those measures which have the most potential to adversely impact beneficiaries related to their ability to enroll in insurance plans. These requirements only apply to the estimated 16 states that have progressed to operating a State-based Marketplace.

Annualized Cost Estimate for States in the Start-up Year to Complete Weekly Periodic Reporting

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours Per Response	Wage per Hour (incl fringe)	Burden Costs
Senior-level manager to oversee efforts	16	26	2	\$56.48	\$46,991.36
Mid-level policy analyst	16	26	12	\$41.23	\$205,820.16
Administrative assistant	16	26	4	\$24.67	\$41,050.88
Total - Annual					\$293,862.40
Total - Three Years					\$881,587.20

We estimate that it will approximately 18 hours per applicant to assemble, review, finalize and make available each report, and that grantees will make reports available 26 times (during Open Enrollment). We estimate that three of the personnel will be involved in the developing and submitting this reporting. The total annualized burden for 16 entities to provide the 26 reports each is **7,488 hours** and **\$293,862.40**.

13. Capital Costs

We anticipate that contracts will be awarded to existing entities, not to start-up organizations, therefore we do not anticipate a total capital and start-up cost component. As such, we have not estimated these costs to applicants.

We do not anticipate applicants incurring Start-up costs beyond those estimated above. As we expect that existing entities will be the recipients of these awards, we have not calculated costs related to electronic communication. However, we have estimated possible costs that might arise from States that may not conduct the application development process entirely electronically via either email or facsimile.

It may be necessary to make up to 500 copies in black and white on 8.5” by 11” paper. HHS reasonably estimates that of the 50 eligible States based on readiness there will be 44 applicants for Level 1 Establishment who may subsequently apply for additional funding under either Level 1 Establishment or Level 2 Establishment; and six States that will apply initially for Level 2 Establishment for a total of 94 applications. At an estimated maximum price of \$0.10 per page, this results in a price of \$50 per state per application or **\$4,700** for all 94 applications.

Applicants may also have costs associated with mailings. A maximum estimated price for a mailing, based on the use of Express Mail by the United States Postal Service is \$40.50. This is calculated by the cost of an Express Mail flat rate envelope, for a package weighing 8 ounces, delivered at the highest zone (8) price on a non-holiday Monday through Saturday. The total cost, based on an estimate of ten mailings per State is **\$405 per applicant** or a total of **\$38,070**.

14. Cost to Federal Government

Preparation of the Funding Opportunity Announcement was a one-time cost of \$3,972 of ordinary labor costs based on a full-time GS-09 salary, which we annualized over the four program years. The applications will be prepared and reviewed by staff in the Washington, D.C. area at the GS-13, GS-11, and GS-9 levels. Applications will only be reviewed in the first two program years, but we have annualized this cost over four program years.

Based on the 2011 GS pay schedule, a GS-13, Step 1 earns \$89,033 annually; a GS-11, Step 1 earns \$62,467 annually; and a GS-9, Step 1 earns \$51,630 annually. To derive hourly estimates, HHS divided annual compensation estimates by 2,080, the number of hours in the Federal work year. HHS then multiplied hourly rates by a standard government benefits multiplication factor of 1.6.

Federal staff will convene an outside panel of experts to evaluate applications and assist in the selection process as an objective review panel. We assume that the panelists will be local and their travel expenses will not be reimbursed, and those who choose not to travel will use existing HHS conference calling capabilities.

Total annual estimated cost to the federal government for preparation of funding announcements, review of applications and selection of grantees is therefore **\$5,889** of ordinary labor costs.

Federal staff will prepare and review progress reports. Reports will be evaluated across all program years. Federal staff will also conduct remote and on-site reviews with State planners, as appropriate.

Total annual estimated cost to the federal government for review of reports and other grantee progress, including labor and travel costs, is **\$389,023**.

Total annual cost to the federal government is estimated at \$394,912.

15. Changes to Burden

In 2012, a revision was made to reduce the requirement for quarterly progress reports and conduct them semi-annually. This significantly reduced the burden for that activity from 23,000 hours to 14,900 hours of respondent's time.

The more substantial current revisions result in a net reduction in annual burden of over 4,000 hours and a net reduction of over \$360,000 in annual cost to the respondents. These revisions to the ICR are necessary to reflect the maturation of the Marketplace development as well as the need for more robust oversight and monitoring of the grantees in their Start-up year. The revised estimates of respondents reflect the actual participation of States in these grants; while initially the estimate included all eligible jurisdictions, the current estimate is based on grants awarded through April 2013, and the anticipated grant requests and entry into Marketplace Development and Start-up. Revisions to the Establishment Review delineation of tasks appropriately reflect the comprehensive preparation required for the series of planning, design and implementation

reviews during the Developmental Phase. In addition, during the Start-up year, there are robust additional monitoring requirements; these Outcomes and Performance Metrics have been developed as needs for critical performance assessment has been identified. An increase in reporting is offset by the previous reductions in reporting frequency, and more accurate number of respondents for many of the reports.

The burden for the original, approved Information Collection Request was 69,450 hours, at a cost of \$3,418,301. This revision will decrease the requirement to 65,388 hours, and decrease the cost to \$3,054,970. The net change in the overall burden is a **decrease of 4,062 hours, and a decrease in the burden cost of \$363,331**. Spread over 40 respondents (some in development and some in the start-up year), this equates to a 92.3 hour decrease per respondent per year and a decreased cost of \$8,258 per respondent per year. See the table below for a summary.

Comparison of Original Information Collection Requirement to Current Revision Data Collection Requirement

Original Information Collection Requirements			
Required Information	Number of Respondents	Hours	Cost
Application	50	28,200	1,404,096
Quarterly Report	50	23,000	1,145,350
Work Plan Update	50	200	10,534
Public Report	50	1,700	78,550
Periodic Report	50	10,600	503,627
Performance Review	50	5,750	276,144
Total		69,450	\$ 3,418,301

Revised Information Collection Requirements					
Required Information	Number of Respondents	Hours	Cost	Change in Hours	Change in Cost
Application	40	22,560	\$1,123,276.80	-5,640	-280,819.20
Semi Annual Report	40	9,712	\$479,829.28	-13,288	-665,520.72
Work Plan Update	40	160	\$8,426.80	-40	-2,107.20
Public Report	40	1,360	\$62,840.00	-340	-15,710.00
Planning Review (Development phase)	24	2,220	\$105,127.20	-8,380	-398,499.80
Design Review (Development phase)	24	11,280	\$527,637.60	5,530	251,493.60
Implementation Review (Development)	24	3,760	\$175,879.20	3,760	175,879.20
Start-up Establishment Review	16	2,752	\$116,858.88	2,752	116,858.88
Outcomes Metrics -Annual (Start-up)	16	640	\$27,639.36	640	27,639.36
Outcomes Metrics -Quarterly (Start-up)	16	1,152	\$45,209.60	1,152	45,209.60
Performance Metrics-Monthly (Start-up)	16	2,304	\$88,383.36	2,304	88,383.36
Performance Metrics -Weekly (Start-up)	16	7,488	\$293,862.40	7,488	293,862.40
Total		65,388	\$3,054,970.48	-4,062	-363,331

16. Publication/Tabulation Dates

The Department will not publish the information collected under this application.

17. Expiration Date

This Funding Opportunity Announcement is for a performance period of 48 months from the Notice of Grant Award. However, Section 1311(a)(4)(B) specifies that no grants may be awarded after December 31, 2014.

18. Certification Statement

There are no exceptions to the certification statement identified in Item 19, “Certification for Paperwork Reduction Act Submissions,” of OMB Form 83-I.