

**SUPPORTING STATEMENT**

**Part A**

**Medical Expenditure Panel Survey –  
Insurance Component 2014-2015**

**Version September 5, 2013**

**Agency of Healthcare Research and Quality (AHRQ)**

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## **A. Justification**

### **1. Circumstances that make the collection of information necessary**

The mission of the Agency for Healthcare Research and Quality (AHRQ) set out in its authorizing legislation, The Healthcare Research and Quality Act of 1999 (see <http://www.ahrq.gov/hrqa99.pdf>), is to enhance the quality, appropriateness, and effectiveness of health services, and access to such services, through the establishment of a broad base of scientific research and through the promotion of improvements in clinical and health systems practices, including the prevention of diseases and other health conditions. AHRQ shall promote health care quality improvement by conducting and supporting:

1. research that develops and presents scientific evidence regarding all aspects of health care; and
2. the synthesis and dissemination of available scientific evidence for use by patients, consumers, practitioners, providers, purchasers, policy makers, and educators; and
3. initiatives to advance private and public efforts to improve health care quality.

Also, AHRQ shall conduct and support research and evaluations, and support demonstration projects, with respect to (A) the delivery of health care in inner-city areas, and in rural areas (including frontier areas); and (B) health care for priority populations, which shall include (1) low-income groups, (2) minority groups, (3) women, (4) children, (5) the elderly, and (6) individuals with special health care needs, including individuals with disabilities and individuals who need chronic care or end-of-life health care.

Employer-sponsored health insurance is the source of coverage for 78 million current and former workers, plus many of their family members, and is a cornerstone of the U.S. health care system. The Medical Expenditure Panel Survey – Insurance Component (MEPS-IC) measures the extent, cost, and coverage of employer-sponsored health insurance on an annual basis. These statistics are produced at the National, State, and sub-State (metropolitan area) level for private industry. Statistics are also produced for State and Local governments.

This research has the following goals:

- 1) to provide data for Federal policymakers evaluating the effects of National and State health care reforms.
- 2) to provide descriptive data on the current employer-sponsored health insurance system and data for modeling the differential impacts of proposed health policy initiatives.
- 3) to supply critical State and National estimates of health insurance spending for the National Health Accounts and Gross Domestic Product.

- 4) to support evaluation of the impact on health insurance offered by small employers due to the implementation of Small Business Health Options Program (SHOP) exchanges under the PPACA, through the addition of a longitudinal component to the sample

To achieve the goals of this project the following data collections for both private sector and state and local government employers will be implemented:

- 1) Prescreener Questionnaire – The purpose of the Prescreener Questionnaire (Attachment A), which is collected via telephone, varies depending on the insurance status of the establishment contacted. (Establishment is defined as a single, physical location in the private sector and a governmental unit in state and local governments.) For establishments that do not offer health insurance to their employees, the prescreener is used to collect basic information such as number of employees. Collection is completed for these establishments through this telephone call. For establishments that do offer health insurance, contact name and address information is collected that is used for the mailout of the establishment and plan questionnaires. Obtaining this contact information helps ensure that the questionnaires are directed to the person in the establishment best equipped to complete them.
- 2) Establishment Questionnaire – The purpose of the mailed Establishment Questionnaire (Attachment B) is to obtain general information from employers that provide health insurance to their employees. Information such as total active enrollment in health insurance, other employee benefits, demographic characteristics of employees, and retiree health insurance is collected through the establishment questionnaire.
- 3) Plan Questionnaire – The purpose of the mailed Plan Questionnaire (Attachment C) is to collect plan-specific information on each plan (up to four plans) offered by establishments that provide health insurance to their employees. This questionnaire obtains information on total premiums, employer and employee contributions to the premium, and plan enrollment for each type of coverage offered – single, employee-plus-one, and family – within a plan. It also asks for information on deductibles, copays, and other plan characteristics.
- 4) Longitudinal Sample -- For 2014, an additional sample of small employers (those with 50 or fewer employees) will be included in the collection. This sample, called the Longitudinal Sample (LS), is designed to measure the impact on small employers of the SHOP exchanges that will become available that year. The LS will consist of 3,000 small, private-sector employers that responded to the 2013 MEPS-IC regular survey. These employers will be surveyed again in 2014 – using the same collection methods as the regular survey – in order to track changes in their health insurance offerings, characteristics, and costs.

This study is being conducted by AHRQ through its contractor, the Bureau of the Census, pursuant to AHRQ's statutory authority to conduct and support research on healthcare and on systems for the delivery of such care, including activities with respect to the

quality, effectiveness, efficiency, appropriateness and value of healthcare services and with respect to quality measurement and improvement. 42 U.S.C. 299a(a)(1) and (2).

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

The primary objective of the MEPS-IC is to collect information on employer-sponsored health insurance. Such information is needed in order to provide the tools for Federal, State, and academic researchers to evaluate current and proposed health policies and to support the production of important statistical measures for other Federal agencies.

An annual survey conducted by mail and telephone, the MEPS-IC is collected and processed by the Bureau of the Census for AHRQ. Estimates are published at the National, State, and sub-State levels in annual tables on the MEPS website. Special request data runs, for estimates not available in the published tables, are made for Federal and State agencies as needed.

The MEPS-IC provides annual National and State estimates of aggregate spending on employer-sponsored health insurance (annual premium expenditures) for the National Health Accounts (NHA) that are maintained by the Centers for Medicare and Medicaid Services (CMS) and for the Gross Domestic Product (GDP) produced by the Bureau of Economic Analysis (BEA).

In support of the Patient Protection and Affordable Care Act (PPACA), MEPS-IC State-level premium estimates are the basis for determining the average premium limits for the federal tax credit available to small businesses that provide health insurance to their employees.

MEPS-IC estimates are used extensively for additional analyses related to the PPACA by federal agencies including:

- Department of Treasury;
- The U.S. Congress Joint Committee on Taxation (JCT);
- Department of Health and Human Services (HHS), including
  - Assistant Secretary for Planning and Evaluation (ASPE)
  - Centers for Medicare & Medicaid Services (CMS)
- Congressional Budget Office (CBO);
- Congressional Research Service (CRS).

Other regular users of MEPS-IC data have been:

- Council of Economic Advisors (CEA);
- HHS, Health Resources and Services Administration (HRSA);
- Department of Labor (DOL);
- General Accounting Office (GAO);
- Universities, private consulting firms, and policy groups;
- Government agencies from almost every State, including those responsible for implementing State Exchanges under PPACA.

Examples of important uses of the MEPS-IC estimates include:

- Analysis of the extent of high premium plans, by size of firm and State (CRS, CBO, JCT);
- Analysis of offers and premiums amounts by wage level and gender, by size of firm (CRS, CBO, ASPE, CMS);
- Large scale analysis of employer health insurance (GAO);
- Estimation of the costs and tax consequences of potential new laws, modeling choices and decisions made by employees concerning their health insurance (JCT, Treasury, CBO);
- Cost adjustments to the National Vaccine Injury Compensation Program (HRSA);
- Identification of the effects of selected state regulatory initiatives in health care markets and estimation of possible costs of new State programs which use employer-sponsored health insurance to provide insurance coverage to individuals through State subsidy programs. (various State governments);
- Assessment of the cost of proposed COBRA subsidies (DOL, ASPE);
- Availability of, eligibility for, and enrollment in high deductible health plans and Health Savings Accounts (CEA).

### ***3. Use of Improved Information Technology***

Beginning with survey year 2009, a web-based electronic collection tool has been used to collect MEPS-IC data, making it easier for respondents to report and also allowing for faster data processing. This collection tool, known as Census Taker, previously has been used successfully for other Census Bureau surveys and has been very popular with respondents.

Computer Assisted Telephone Interviewing (CATI) technology has been an integral tool for prescreening of respondents and telephone follow-up in the MEPS-IC since the survey's inception.

A Business Help Site (BHS) was established on the Internet by Census for respondents to visit to view copies of the forms, definitions, and frequently asked questions. Secure messaging can be used by respondents through the BHS to ask reporting questions and receive quick responses.

### ***4. Efforts to Identify Duplication***

There is no survey or study that has been conducted or is currently underway that will meet the objectives of the MEPS-IC. Some federal household surveys, including the MEPS-HC, collect health insurance information. However, household respondents cannot supply much of the important information provided by the MEPS-IC respondents. Data on employer premiums or about employer-sponsored enrollments and offerings are only available through employers.

The Bureau of Labor Statistics' (BLS) National Compensation Survey (NCS) – also an employer survey -- collects a subset of information similar to the MEPS-IC. Although

the two surveys can be used to produce certain overlapping National estimates, the two surveys have very different purposes and samples.

The NCS is designed to produce estimates by occupation while the MEPS-IC is not. To support the collection of occupation information, the NCS must conduct personal visits to implement its occupation sampling processes. Because of this need for personal visits, the survey uses a cluster sampling approach.

The cluster sample used by NCS does not allow for the efficient development of State level estimates. The MEPS-IC uses a sample design which allows for efficient estimation at the State and sub-State level. Also, no occupation sampling is needed within an establishment. These factors allow the MEPS-IC to collect data via less expensive mail, telephone, and Internet-based methods rather than through personal visits.

Another important difference between the surveys is that the NCS collects information about many benefits other than health insurance such as pensions, vacation time, disability insurance, etc. Because of the scope of benefits covered, limited data on each benefit are collected. In contrast, the MEPS-IC only asks for health insurance information but requests much more detail on coverage and plan specifics than does NCS.

The Interagency Committee on Employer-Related Health Insurance Surveys (1997-2002) was charged with exploring the similarities and differences between the MEPS-IC and NCS, and making recommendations for changes to the surveys based on its findings. This committee -- which was comprised of staff from OMB, AHRQ, BLS, and other stakeholder agencies -- recommended that the two separate surveys continue due to the reasons discussed above.

While many of the concerns regarding survey overlap have been resolved, MEPS-IC staff continues its communication and coordination efforts with NCS staff.

### ***5. Involvement of Small Entities***

The MEPS-IC collects information from business and government units of all sizes. The information is collected using two basic forms. The establishment form requests information about overall business characteristics (i.e., number of employees, whether health insurance is offered). The plan form requests information about the specific health insurance plans offered (i.e., premium costs, deductibles).

Many small businesses are able to entirely skip the questionnaire related to specific plans – or complete the survey during the telephone prescreener – because they do not offer health insurance. Even small firms that offer coverage to current employees usually do not offer retiree coverage, which eliminates the need for them to answer two pages of survey questions on the establishment form.

In general, the MEPS-IC is designed to minimize respondent burden. Questions have been held to an absolute minimum required for the intended use of the data.

Note that in 2014, there will be a slight, one-time increase in burden for small, private-sector businesses due to the inclusion of the Longitudinal Sample.

## **6. Consequences if Information Collected Less Frequently**

The MEPS-IC is an annual data collection activity. This clearance covers the survey years of 2014 and 2015.

Because employers make decisions about health insurance coverage and costs on an annual basis, less frequent collection would harm the quality of trend analysis and the ability to analyze employers' reactions to changes in state and federal policies.

Annual updates are needed for the PPACA-based tax credit for small businesses. In addition, less frequent data collection would also be harmful to the support of the Gross Domestic Product and National Health Accounts production, which are annual measures.

## **7. Special Circumstances**

This request is consistent with the general information collection guidelines of 5 CFR 1320.5(d)(2). No special circumstances apply.

## **8. Federal Register Notice and Outside Consultations**

### **8.a. Federal Register Notice**

As required by 5 CFR 1320.8(d), notice was published in the Federal Register on xxxx, 2013 for 60 days, and again on xxxx, 2013 for 30 days. No substantive comments were received. See Attachment D.

### **8.b. Outside Consultations**

Staff of the MEPS-IC has regular contact with Federal users of the survey's data when they have questions about the published estimates or request special runs to produce estimates not found in the published tables.

The previous MEPS-IC clearance covering the 2012-2013 collection noted the possibility of making changes to the 2013 MEPS-IC survey in order to address data needs for Patient Protection and Affordable Care Act (PPACA) and other issues. AHRQ solicited input on possible new questions from a working group of over 50 individuals that included multiple representatives from the U.S. Department of Health and Human Services' Assistant Secretary for Planning and Evaluation (ASPE), the Center for Medicare & Medicaid Services' (CMS) Center for Consumer Information and Insurance Oversight, the CMS Office of the Actuary, the National Center for Health Statistics, the President's Council of Economic Advisors, the Office of Management and Budget, the Bureau of Labor Statistics, the Employee Benefits Security Administration, and the Bureau of the Census.



After the working group agreed on a reasonable number of specific questions, the Bureau of the Census, at AHRQ's direction, conducted a pretest of these questions on a sampled set of 2012 MEPS-IC survey respondents under Census's generic pretest clearance process in the spring and summer of 2012. The results of this pretest led to a subset of the tested questions being added to the survey in 2013. To avoid increasing the overall burden on survey respondents, a proportional number of questions were deleted. OMB approval for the changes made in 2013 was solicited in FR Doc. 2012-30631

The MEPS-IC has contacts within the Center for Consumer Information and Insurance Oversight (CCIIO), the division of the Centers for Medicare and Medicaid leading the implementation of the PPACA. CCIIO staff and MEPS-IC staff are determining the impact of the upcoming State Health Insurance Exchanges on MEPS-IC data collection for small businesses (those businesses first able to use Exchanges), and what assistance CCIIO might be able to provide to assist collection. In addition, discussions will focus on what information the MEPS-IC might be able to provide CCIIO to help it evaluate the effectiveness of Exchanges and other PPACA programs.

A key part of MEPS-IC outreach efforts involves input from the Census staff that collects and processes the survey. At one time, for example, the collection staff reported that it was receiving questions from respondents as to how to provide information on a type of health insurance plan that fit neither the definition of single coverage nor family coverage on the survey form. This type of plan – employee-plus-one coverage – limited coverage to the employee plus either a spouse or a child. Due to the information received from the collection staff, a new section was added to the questionnaire to obtain information on employee-plus-one coverage.

Another source of respondent input is the Census dedicated staff that deal with the concerns of large employers who – because of their size – are asked to respond to many different surveys run by Census. These large employers provide input into all aspects of survey collection.

Internal AHRQ researchers also provide important input into the usefulness of existing questions and needed revisions. An annual meeting is held to get their suggestions. These internal researchers also bring to the table ideas to improve the usefulness of the survey from their colleagues in academia and at non-profit research organizations.

The following list includes MEPS-IC contacts at various Federal, State, and research organizations:

Bill Wiatrowski  
Associate Commissioner  
Office of Compensation and Working Conditions  
Bureau of Labor Statistics

Cathy Cowan  
Office of the Actuary  
Center for Medicare and Medicaid Services, DHHS

Elaine Zimmerman  
Office of Policy and Research  
Employee Benefits and Security Administration

James Butikofer  
Office of Policy and Research  
Employee Benefits and Security Administration

Gillian Hunter  
Office of Tax Analysis  
US Department of the Treasury

Janet Kmitch  
Bureau of Economic Analysis  
U.S. Department of Commerce

Len Nichols  
Director, Center for Health Policy Research and Ethics  
George Mason University

Ed Neuschler  
Senior Program Officer  
Institute for Health Policy Solutions

Stuart Hagen  
Health and Human Resources Analyst  
Congressional Budget Office

Frank Russek  
Health and Human Resources Analyst  
Congressional Budget Office

Lynn Blewitt  
Principal Investigator and Director  
State Health Access Data Assistance Center

Julie Sonier  
Deputy Director  
State Health Access Data Assistance Center

Linda Bartnyska  
Chief, Cost and Quality Analysis  
Maryland Health Care Commission

Pamela Moomau, PhD.  
Joint House/Senate Taxation Committee

Dena Puskin  
Center for Consumer Information and Insurance Oversight  
Centers for Medicare and Medicaid Services, DHHS

### **9. Payments/Gifts to Respondents**

There are no payments to respondents.

### **10. Assurance of Confidentiality**

The MEPS-IC is subject to rules and provisions set by the Bureau of the Census since its sample is drawn from the Business Register, a Census frame. Because of the use of the sampling frame from the Bureau of the Census, the MEPS-IC is bound by the confidentiality standards that apply to the Bureau of the Census. These standards, located in Title 13, Sections 8 and 9 of the United States Code are shown in Attachment E.

Because the Census frame is developed using Internal Revenue Service Tax (IRS) information, the data also fall under the review of the IRS which conducts regular audits of the data collection, storage, and use.

The confidentiality statement provided to respondents is:

Section 9 of Title 13, U.S.C. (the Census Bureau Statute), ensures that the information you report will be strictly confidential. Your report will be seen only by individuals sworn to uphold Census Bureau confidentiality.

Individuals and organizations contacted will be further assured of the confidentiality of their replies under 42 U.S.C. 1306, and 20 CFR 401 and 4225 U.S.C.552a (Privacy Act of 1974). In instances where respondent identity is needed, the information collection will fully comply with all respects of the Privacy Act.

Respondents are told by the interviewer that confidentiality of their individual response is protected by Federal law prior to answering questions during telephone collection.

### **11. Questions of a Sensitive Nature**

The MEPS-IC contains no questions generally considered sensitive.

### **12. Estimates of Annualized Burden Hours and Costs**

Exhibit 1 shows the estimated annualized burden hours for the respondent's time to provide the requested data. The Prescreener questionnaire will be completed by 32,675 respondents and takes about 5 ½ minutes to complete. The Establishment questionnaire will be completed by 28,365 respondents and takes about 23 minutes to complete. The Plan questionnaire will be completed by 23,813 respondents and will require an average

of 2.2 responses per respondent. Each Plan questionnaire takes about 11 minutes to complete. The total annualized burden hours are estimated to be 23,150 hours.

Exhibit 2 shows the estimated annualized cost burden associated with the respondents' time to participate in this data collection. The annualized cost burden is estimated to be \$679,221.

**Exhibit 1. Estimated annualized burden hours**

Form Name	Number of Respondents	Number of responses per respondent	Hours per response	Total Burden hours
Prescreener Questionnaire	32,675	1	0.09	2,941
Establishment Questionnaire	28,365	1	0.38*	10,779
Plan Questionnaire	23,813	2.2	0.18	9,430
<b>Total</b>	<b>84,853</b>	<b>na</b>	<b>na</b>	<b>23,150</b>

\* The burden estimate printed on the establishment questionnaire is 45 minutes which includes the burden estimate for completing the establishment questionnaire, an average of 2.2 plan questionnaires, plus the prescreener. The establishment and plan questionnaires are sent to the respondent as a package and are completed by the respondent at the same time.

**Exhibit2. Estimated annualized cost burden**

Form Name	Number of Respondents	Total Burden hours	Average Hourly Wage Rate*	Total Cost Burden
Prescreener Questionnaire	32,675	2,941	29.34	\$86,289
Establishment Questionnaire	28,365	10,779	29.34	\$316,256
Plan Questionnaire	23,813	9,430	29.34	\$276,676
<b>Total</b>	<b>84,853</b>	<b>23,150</b>	<b>na</b>	<b>\$679,221</b>

\*Based upon the mean hourly wage for Compensation, Benefits, and Job Analysis Specialists occupation code 13-1141, at <http://bls.gov/oes/current/oes131141.htm> (U.S. Department of Labor, Bureau of Labor Statistics.)

**13. Estimates of Annualized Respondent Capital and Maintenance Costs**

There are no direct costs to respondents other than their time to participate in the study.

**14. Estimates of Annualized Cost to the Government**

Exhibit 3 shows the estimated annualized cost of this data collection. The total cost over the 2 years of this clearance is \$20,800,000.

**Exhibit3. Estimated Total and Annualized Cost (\$ thousands)**

Cost Component	Total Cost	Annualized Cost
Project Development	\$3,120	\$1,560

Data Collection Activities	\$7,280	\$3,640
Data Processing and Analysis	\$7,280	\$3,640
Project Management	\$2,080	\$1,040
Overhead	\$1,040	\$520
<b>Total</b>	<b>\$20,800</b>	<b>\$10,400</b>

### **15. Changes in Hour Burden**

Total estimated burden hours will go up 8.0 percent from the 2012/2013 clearance estimates. The increase reflects three changes:

- a rise in the number of completed establishment questionnaires
- a small increase in the average number of plan questionnaires completed by each establishment offering insurance
- the addition of the Longitudinal Sample in 2014.

### **16. Time Schedule, Publication and Analysis Plans**

The following is a schedule of major milestones for the survey for the year 2014 data collection. The schedule for 2015 data collection will be similar.

- \$ Select sample January 2014-March 2014
- \$ Telephone number research for the sample April 2014-June 2014
- \$ Telephone Prescreener June 2014-August 2014
- \$ First mailout June 2014-August 2014
- \$ Follow-up mailout August 2014-October 2014
- \$ Telephone follow-up September 2014-December 2014
- \$ Analyst review, edits and callbacks August 2014-April 2015
- Private sector
  - \$ Imputation and reweighting April 2015-May 2015
  - \$ Produce and format final tables and files June 2015-July 2015
  - \$ Tables available July 2015
- Governments

- Imputation and reweighting                      August 2015-September 2015
- Produce and format  
final tables and files                                      October 2015-November 2015
- Tables available    November 2015

As part of the tabulation plans, AHRQ publishes tables of key estimates. For the 2011 MEPS-IC (the most recently released), approximately 400 tables of estimates were produced for the private sector and approximately 30 tables for governments. These included a set of important variables, such as average premiums, average contributions, percent of establishments that offer health insurance, percent of eligible employees, percent of employees enrolled, and percent of self-insured establishments.

Each variable is estimated for a variety of employer characteristics in the private sector. Published cells are determined by crossing combinations of industry, size of firm, State and other characteristics. For instance, a set of estimates would be defined as the average single coverage premium for each cell – with cell defined by the State in which the establishment is located and the size of the firm that owns the establishment.

State and local government estimates are available by Census Division and government size category. Twenty-three new civilian tables, combining private sector plus state and local government data by Census Division, have been released for 2008 forward.

AHRQ also produces sets of estimates of total expenditures and enrollments for employer-sponsored health insurance by industry, state and whether a plan is purchased or self-insured. This information is produced by request of CMS and BEA, and is also of general interest.

Tables containing estimates are placed on the AHRQ website in a variety of formats (PDF, Excel, HTML, and CSV).

The underlying sample microdata are also made available to the research community for analytic purposes through Census research data centers. The data centers require that a user submit a research proposal; proposals are thoroughly reviewed before access is given to the microdata. When working with the microdata, analysts must follow strict confidentiality procedures set forth by the Census Bureau. Census also imposes rigorous guidelines limiting the types of research tabulations that can be released. These procedures are followed to assure that the promise of confidentiality given to survey respondents is kept.

As with any survey, Census and AHRQ perform various methodological studies to assess the quality of the data and sample design. Among studies done are benchmarking against results from other surveys, such as the NCS, when similar national estimates can be made. Other important research is also taking place to determine methods to improve sample design, weighting, and post stratification of the results.

## **17. Exemption for Display of Expiration Date**

AHRQ does not seek this exemption.

### **List of Attachments:**

- Attachment A -- Prescreener Questionnaire
- Attachment B -- Establishment Questionnaire
- Attachment C -- Plan Questionnaire
- Attachment D -- Federal Register Notice
- Attachment E -- Confidentiality Form
- Attachment F -- Sample Allocation
- Attachment G -- Sample Strata
- Attachment H -- Cover Letter, Private Sector
- Attachment I -- Cover Letter, Government Sector
- Attachment J -- Followup Letter, Private Sector
- Attachment K -- Followup Letter, Government Sector
- Attachment L -- Call Center Fax Followup Letter, Private Sector
- Attachment M -- Call Center Fax Followup Letter, Government Sector
- Attachment N -- Thank You Letter
- Attachment O -- Definitions