

SUPPORTING STATEMENT
Final Regulation
REG-118315-12

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 9010 of the Patient Protection and Affordable Care Act (PPACA), Public Law No. 111-148 (124 Stat. 119 (2010)), as amended by section 10905 of PPACA, and as further amended by section 1406 of the Health Care and Education Reconciliation Act of 2010, Public Law 111-152 (124 Stat. 1029 (2010)) (collectively “the ACA”) imposes an annual fee on health insurance providers that provide health insurance for United States health risks (a covered entity).

The final regulations describe how the IRS will administer the health insurance providers fee. Members of a controlled group are treated as a single covered entity. The proposed regulations generally allow members of a controlled group to designate a single entity to report on their behalf and section 57.2(e)(2) requires each member to maintain a record of its consent to the designated entity.

This information collection covered under this request are the recordkeeping requirements prescribed in §57.2(e)(2) that each member of a controlled group are to maintain records of consent to the controlled group’s selection of the designated entity. The burden associated with the reporting requirements under §57.3 which prescribe the use of Form 8963, “Report of Health Insurance Provider Information,” are not available at this time and clearance will be requested at a later date once the information is released.

2. USE OF DATA

The IRS will use the data for compliance purposes. In the situation where a designated entity is reporting information for another controlled group member covered entity, the IRS may need to verify that the member covered entity gave the designated entity consent to report on its behalf.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Not applicable. The final regulation does not designate the manner in which the consent is to be maintained.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Not applicable.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Not applicable.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

Not applicable.

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTION AND FORMS, AND DATA ELEMENTS

A notice of proposed rulemaking was published in the **Federal Register** on March 4, 2013, at 78 FR 14034 and provided an opportunity for public comments relating to any aspect of the proposed regulation. A public hearing was scheduled with respect to this NPRM if any person who has submitted written comments requests one.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 25 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The collection of information in this proposed regulation is in § 57.2(e)(2) and requires certain entities to maintain records of consent for a designated entity. This information is necessary to evaluate whether an entity has consented to the designation of another entity to report its net premiums written. The likely

respondents are entities in the business of providing health insurance for United States health risks.

We estimate that 800 entities will need to maintain this record. The estimated annual burden per recordkeeper varies from 15 minutes to an hour for each entity, for an estimated average of 30 minutes; for a total annual burden of 400 hours.

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

This is a new collection.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulations sunset as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

Not applicable.