

## **State-based Marketplace Annual Report Tool (SMART) Supporting Statement for Paperwork Reduction Act Submissions**

### **A. Background**

On March 23, 2010, the President signed into law the Patient Protection and Affordable Care Act (P.L. 111-148) and on March 30, 2010, he signed the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152) into law. Collectively, the two laws comprise the Affordable Care Act (ACA). The ACA creates new competitive private health insurance markets – referred to as State-based Marketplaces (SBMs) – that will give millions of Americans and small businesses access to affordable healthcare coverage. To best meet the needs of the individual states to provide these services, the ACA provides them with the maximum flexibility to design, implement, and operate the market within their state.

The U.S. Department of Health and Human Services (HHS) works collaboratively with SBMs. As these Marketplaces move from design and implementation to operations, HHS will provide oversight and monitoring to ensure adequate operational systems. The effective and efficient oversight of Marketplaces will include monitoring, reporting, and oversight of financial and other Marketplace activities. These mechanisms will ensure the Marketplaces are meeting the standards of the ACA and consumers receive both appropriate choices of available coverage and advance payments of the premium tax credit or cost-sharing reductions to which they are entitled.

HHS oversight of SBMs will promote transparency and ensure compliance with Marketplace-related standards while preserving states' traditional roles in overseeing their insurance markets. To that end, there are numerous regulatory requirements described in the Exchange Final Rule, the Program Integrity Rule, and other regulatory guidance with which SBMs must comply. Regulatory requirements include submitting reports such as an annual financial statement, eligibility and enrollment reports, and the Small Business Health Option Program (SHOP) reports to the Internal Revenue Service (IRS) on employer participation, employer contributions, and employee enrollment. Other regulatory requirements address security and privacy safeguards, stakeholder consultations, and funding obligations for SBM operations, beginning in 2015.

In order to ensure the SBMs are complying with the full range of reporting requirements, SBMs must submit the State-based Marketplace Annual Report Tool (SMART) to HHS. This report will include all reporting requirements for SBMs and will be used as the vehicle for evaluating comprehensive compliance with regulations and standards of the Centers for Medicare & Medicaid Services (CMS). This report will include State Blueprint Profiles that compile information annually on key operational and performance requirements, attestations of SBM compliance with ACA requirements, attestations of compliance with eligibility and enrollment requirements, performance monitoring data, attestations on gaps or failures that would affect the functioning of the SBM, and the annual financial statement and external audit report.

## **B. Justification**

### **1. Need and Legal Basis**

The annual report is the primary vehicle to ensure compliance with all reporting requirements contained in the ACA. It is specifically called for in Section 1313(a)(1) of the ACA, which requires an SBM to keep an accurate accounting of all activities, receipts, and expenditures, and to submit a report annually to the Secretary concerning such accounting. Instructions governing specific facets of the activities covered by the report are contained both in the ACA and in applicable Federal Regulations.

### **2. Information Users**

CMS and other Federal agencies will use the information collected from states to assist in determining if a state is maintaining a compliant operational Exchange. It will also provide a mechanism to collect innovative approaches to meeting challenges encountered by the SBMs during the preceding year as well as to provide information to CMS regarding potential changes in priorities and approaches for the upcoming year.

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

The SMART data collection tool will be available on the State Exchange Resource Virtual Information System (SERVIS) and will permit electronic submission of responses.

### **4. Duplication of Efforts**

CMS has designed the SMART to reduce the data collection to the maximum extent possible. While it is intended as a comprehensive compliance review to ensure SBMs are fulfilling their statutory requirements, very little additional data gathering is required to complete the form. The respondents can answer most questions by attestations and uploading existing documents.

### **5. Small Businesses**

This collection does not impact small businesses or other small entities.

### **6. Less Frequent Collection**

CMS cannot conduct this collection less frequently. The ACA requires an annual submission of the report.

### **7. Special Circumstances**

No special circumstances apply.

### **8. Federal Register/Outside Consultation**

As required by the Paperwork Reduction act of 1995, the Centers for Medicare & Medicaid Services (CMS) published a 60-day Federal Register Notice (FRN) to provide interested parties the opportunity to comment on the collections of information required by the Annual Regulatory Report. The announcement was published as FR Doc. 2013-27305, and filed on 11-14-13; 8:45 AM.

## 9. Payments/Gifts to Respondents

There will be no payments or gifts to respondents.

## 10. Confidentiality

Not applicable.

## 11. Sensitive Questions

There will be no sensitive questions asked.

## 12. Burden Estimates (Hours & Wages)

There are currently 19 States operating marketplace formats requiring submission of the SMART. As a result, 19 total respondents were used to calculate the burden estimates. CMS used the Bureau of Labor Statistics' most recent wage estimates ([http://www.bls.gov/oes/current/oes\\_nat.htm](http://www.bls.gov/oes/current/oes_nat.htm)) as the basis for standard wages to calculate the burden costs.

### Estimated Annualized Burden Table

Forms	Type of Respondent	Number of Respondents	Responses per Respondent	Estimated Burden hours per Response	Total Estimated Burden Hours
Annual Regulatory Report	State Agency	19	1	69	1,311
<b>Total</b>				<b>69</b>	<b>1,311</b>

### Hours and Costs Table

Type of respondent	Number of Respondents	Responses per Respondent	Average Burden Hours	Wage per Hour (incl fringe)	Burden Costs
Agency head to Approve Report	19	1	2	\$64.71	\$2,459
Senior-level manager to oversee report	19	1	9	\$62.03	\$10,607
Senior-level manager to conduct most writing	19	1	17	\$62.03	\$20,036
Mid-level policy analyst to support writing	19	1	25	\$51.09	\$24,268
Mid-level financial analyst to support writing	19	1	14	\$45.04	\$11,981
Administrative assistant	19	1	2	\$22.97	\$873
<b>Total</b>			<b>69</b>		<b>\$70,223</b>

### 13. Capital Costs

None

### 14. Cost to Federal Government

None

### 15. Changes to Burden

This is a new collection of information.

### 16. Publication/Tabulation Dates

The results of this collection will not be published.

### 17. Expiration Date

No exemption required.