

SUPPORTING STATEMENT for 0938-0469

A. BACKGROUND

We are requesting an extension of the following form: CMS-906, Fiscal Soundness Reporting Requirements (FSRR). This request does not involve any changes to the requirements placed on MAOs, PACE and PDP organizations. Therefore it should be considered an extension and not a revision.

The revised form combines Medicare Advantage organizations (MAOs (including 1876 Cost Plans and Medicare-Medicaid Capitated Financial Alignment Demonstrations (MMPs)), Prescription Drug Plans (PDPs), and Program of All-Inclusive Care for the Elderly (PACE) organizations and (PDPs). The responsibility of financial reporting falls under the auspices of the Division of Finance and Benefits (DFB) in the Medicare Advantage Contract Administration Group (MCAG).

Entities contracting in these programs currently submit all documentation being requested. Specifically, all contracting organizations must submit annual independently audited financial statements one time per year. MAOs with a negative net worth and/or a net loss and the amount of that loss is greater than one-half of the organization's total net worth must file three quarterly financial statements. Currently, there are approximately 71 MAOs filing quarterly financial statements. Part D organizations must also 3 quarterly financial statements. And PACE organizations are required to file 4 quarterly financial statements for the first three years in the program as well as PACE organizations with a negative net worth and/or a net loss and the amount of that loss is greater than one-half of the organization's total net worth.

All changes in Burden are a result of an increase in the number of contracts reporting. Note: The previous (2012) calculation of impact used the wrong number of reviews per year for PACE that reported annually and quarterly however these pace have always reported 4 quarters and an annual.

- The increase in burden from the previously filed PRA Package is due to the increase in the number of participating plans, and
- Correcting the PACE frequency calculation made in the previous PRA 2012, specifically the previous calculation of impact used the wrong number of reviews per year for PACE that reported annually and quarterly however, these PACE have always reported 4 quarters and an annual.
- Addition of the Medicare Medicaid Program plans (MMPs) which increased the number of MA organizations;
- Growth in the Medicare Advantage plans (MA) and Program of All-Inclusive Care for the Elderly (PACE) programs;

B. JUSTIFICATION

1. Need and Legal Basis

CMS is assigned responsibility for overseeing all Medicare Advantage Organizations (MAOs), Prescription Drug Plan (PDP) sponsors and PACE organizations on-going financial performance. Specifically, CMS needs the requested collection of information to establish that contracting entities within those programs maintain fiscally sound organizations and thereby remain a going concern. The authority for this collection is found at Title 18 1857 (d)(4)(A)(i), 42 CFR 422.516(a)(5), 42 CFR 423.514(a)(4) and 42CFR 460.80.

2. Information Users

In addition to the specific directives mentioned above, the proposed reporting requirements serve four distinct program needs:

- a. Provide CMS information required to effectively monitor the performance of MAOs, PDPs, and PACE organizations that contract to arrange delivery of care to Medicare beneficiaries;
- b. Provide CMS information required to oversee MAOs, PDPs and PACE organizations continuing compliance with State financial and reserve requirements where applicable;
- c. Provide CMS with a base for evaluating the progress and effectiveness of the various programs; and
- d. Provide statistical data for continued effective oversight.

3. Use of Information Technology

CMS uses information technology to minimize filing burden. All organizations log onto the Health Plan Management System (HPMS) from the Web, upload a pdf of their Annual Independently Audited Financial Statements, other required documentation, (if applicable depending upon organization type i.e., subordinated debt attestation for PACE organizations, if it applies) and enter 4 financial data elements (5 financial data elements for PACE organizations with subordinated debt arrangement) from the corresponding financial statements. This allows for 100 percent of the FSRR to be captured electronically. Accordingly, the use of information technology allows CMS the ability to better track the FSRR for compliance. Moreover, the web-based collection tracks an organization's timeliness in filing and identifies any non-compliant

organizations. Ultimately, the use of information technology provides superior oversight, more timely access to the information, and significantly improved analytic capabilities.

4. Duplication of Efforts

This information collection does not duplicate any other effort and the information cannot be obtained from any other source.

5. Small Business

This collection does not adversely impact small businesses.

6. Frequency of Collection

All organizations are required to file audited annual reports. In addition, PDPs are required to report quarterly for the periods ending 3/31, 6/30 and 9/30 (totaling 4 times per year). PACE plans are required to also report those quarterlies and a 12/31 report for the first 3 years of operation (totaling 5 times per year).

Organizations that are not required to report quarterly but have been found to have financial soundness concerns by the CMS reviewer, are put on quarterly reporting until the concerns are resolved.

The frequency of collection has not changed for various organization types. Specifically, 540 MAOs file annually, 71 MAOs file quarterly and annually, 90 PDPs and Employer /Union Direct Contract sponsors file quarterly and annually, 114 PACE Organizations of which 59 file annually, and 55 file 5 times per year.

If data collection were to cease CMS would be unable to insure that organizations were operating in a fiscally sound manner or to determine financial past performance.

7. Special Circumstances

There are no special circumstances in this filing.

8. Federal Register Notice/Outside Consultation

The 60-day comment period ended and CMS-906 docket number is CMS-2015-0113. No citations or comment were received during the 60 day comment period.

9. Payments/Gifts to Respondents

No gifts were made to the respondents.

10. Confidentiality

CMS' The Division of Finance and Benefits does not collect any Personally Identifiable Information (PII).

11. Sensitive Questions

No questions of a sensitive nature are being asked.

12. Burden Estimate (Hours & Wages)

The FSRR is designed to capture financial data the MAOs, PDPs and PACE organizations are required to maintain for managerial, actuarial and clinical purposes. Therefore, the organizations' job is principally one of assembling the required information in the requested format, from its own records.

The estimate of reporting burden is based upon the following assumption. The majority of the FSRR information supplied to CMS has been required to be collected by appropriate regulatory agencies (e.g., State departments of insurance, Department of Labor, IRS, and/or health agencies). The following discussion clearly demonstrates the minimal marginal time required to supply CMS with annual financial information.

Estimated Person Hours Per Response.

Estimates of respondent hours may vary among organizations as result of (1) membership size, (2) staffing patterns, (3) the type of management information system(s) utilized and (4) variance in frequency of reporting. The time required preparing the requested information is related to State-filing requirements or other Federal agencies (the burden is created by those agencies or departments). The only additional burden to an organization is to log into the Fiscal Soundness module located in HPMS, upload required documentation and four financial data elements (5 financial data elements for PACE organizations with subordinated debt arrangement). HPMS staff has established the total annual burden for the data upload and entry at 20 minutes per organization.

There are a total of 611 MAOs 1876 Cost Plans and Demonstration Plans. From that total, 540 file once a year taking 20 minutes to file at a cost of \$35 per hour ($540 \times 1 \times .3333 \times 35$) with the total dollar burden being \$6,299.37 (Total burden hours: $540 \times .3333 = 180$). The remaining 71 organizations file 4 times a year, which takes 20 minutes to file at \$35 per hour ($71 \times 4 \times .3333 \times 35$) or \$3,313. (Total burden hours: $71 \times 4 \times .3333 = 95$) PDPs and Employer/Union Direct Contract sponsors total 90 organizations. Those organizations file quarterly so the burden would be

90 organizations filing 4 times a year taking 20 minutes a filing at \$35 per hour ($90 \times 4 \times .3333 \times 35$) or \$4,200 total burden dollars (Total burden hours: $90 \times 4 \times .3333 = 120$).

There are 114 PACE organizations. From that total 55 are required to file 5 times a year taking 20 minutes to file at \$35 per hour ($55 \times 5 \times .3333 \times 35$) for a total burden of \$3,208 (Total hourly burden: $55 \times 5 \times .3333 = 92$). The remaining 59 PACE organizations file 1 time per year taking 20 minutes to file at \$35 per hour ($59 \times 1 \times .3333 \times 35$) or \$688 (Total hourly burden: $59 \times 1 \times .3333 = 20$) By combining the burden of MAOs, 1876 Cost Plans, Demonstration Plans, PDPs, Employer/Union Direct Contract PDPs and PACE organizations the total cost burden of the FSRR is \$17,710 annually. This represents an increase of \$5,589 over the 2013 annual burden of \$12,121. There are 506 burden hours, and 1,518 total filings. The increase in metrics is due to the increase in the number of organizations participating in the Medicare Advantage Program (See the table on the following page as well as the five OMB 83i Disclosure Statement II Filings for further understanding.)

Type	EXPECTED Contract Year 2015 Respondents	Number of Responses per Respondent	Annual Responses	Avg.Burden per response	Total Burden Hours
PACE ANNUAL only	59	1	59	20/60	20
PACE Annual + Qtly	55	5	275	20/60	92
PDP	90	4	360	20/60	120
MAO ANNUAL only	540	1	540	20/60	180
MAO Annual + Qtly	71	4	284	20/60	95
TOTAL	815		1518		506

13. Capital Costs

There are no costs for capital and start-up cost components, or costs

associated with operation and maintenance, and purchase of service(s) components.

14. Estimate of Cost to Federal Government

The annual cost to the Federal Government for processing the FSRR is \$37,950. The figure was derived from the following assumptions:

1,518 total filings, X .50 per review X \$50 (approximate hourly rate for GS 13 = \$37,950 per year

15. Changes to Burden

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- Correcting the PACE frequency calculation made in the previous PRA 2012, specifically the previous calculation of impact used the wrong number of reviews per year for PACE that reported annually and quarterly however, these PACE have always reported 4 quarters and an annual.
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16. Publication/Tabulation Dates

There are no publication or tabulation dates.

17. Expiration Date

We are not seeking exemption for displaying the expiration date.

18. Certification Statement

There is no exception to the "Certification for Paperwork Reduction Act Submissions", of OMB Form 83-1.