

# **Supporting Statement for Data Collection to Support Eligibility Determinations and Enrollment for Small Businesses in the Small Business Health Options Program (OMB Control Number: 0938-1193/CMS-10439)**

## **A. Background**

On March 23, 2010, the President signed into law H.R. 3590, the Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. 111-152, collectively referred to as “The Affordable Care Act.” The Affordable Care Act expands access to health insurance coverage through improvements to the Medicaid and Children’s Health Insurance (CHIP) programs, the establishment of Affordable Insurance Exchanges (Exchanges), and the coordination between Medicaid, CHIP, and Exchanges.

Through the Small Business Health Options Program (SHOP), the Exchanges assist qualified employers who are small employers in facilitating the enrollment of their employees in Qualified Health Plans (QHPs) and Qualified Dental Plans (QDPs) offered in the small group market. The Exchanges became operational on October 1, 2013.

Employers are able to apply for coverage through the SHOP at any time during the year. The employer’s application for the SHOP is a single, streamlined form available online at [HealthCare.gov](http://HealthCare.gov) that is used to determine employer eligibility and facilitate the enrollment process.

## **B. Justification**

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

Section 1311(b)(1)(B) of the Affordable Care Act directs that the SHOP assist qualified small employers in facilitating the enrollment of their employees in QHPs offered in the small group market. Section 1311(c)(1)(F) of the Affordable Care Act directs HHS to establish criteria for certification of health plans as QHPs and plans to utilize a uniform enrollment form for qualified employers. Further, section 1311(c)(5)(B) directs HHS to develop a web site that assists employers in determining if they are eligible to participate in SHOP. Consistent with these authorities, HHS has developed a single, streamlined form that employers will use to apply to the SHOP. 45 CFR 155.730 provides more detail about this “single employer application,” which will be used to determine employer eligibility. CMS has designed the single streamlined application to be a dynamic online application that tailors the amount of data required from an applicant based on the applicant’s circumstances and responses to particular questions.

The information will be provided by each employer upon initial application with subsequent information collections for the purposes of confirming accuracy of previous submissions or updating information from previous submissions. Information collection will begin upon initial enrollment, per 45 CFR 155.410. Applications for the SHOP will be collected year round, per

the rolling enrollment requirements of 45 CFR 155.725.

We have attached two appendices to illustrate the process through which applicants receive an eligibility determination for purchasing coverage through the SHOP.

- Appendix A: List of Questions in the SHOP Online Application for Employers – Appendix A is a list of all potential questions an applicant could be asked when utilizing the online application.
- Appendix B: SHOP Marketplace Employer Enrollment User Guide – Appendix B is the employer enrollment user guide created to guide applicants through the step-by-step process of applying for SHOP Marketplace coverage on HealthCare.gov. The user guide includes screenshots.

Employers will be able to submit an application for the SHOP online, over the phone through an agent or broker, over the phone through the SHOP call center, or in person through an agent, broker, or Navigator, per 45 CFR 155.730(f). If an employer does not complete the application, the information will be erased after a specified period of time. If an employer completes the application and offers coverage to qualified employees through the SHOP, the information will be retained to document the offer of coverage, to allow reconciliation with issuer records, and to provide information for future coverage renewals or changes in coverage.

## 2. Information Users

Information collected by the SHOP will be used to determine employers' eligibility and facilitate enrollment in the SHOP. Applicants include employers who may be considered qualified employers eligible to participate in the SHOP per 45 CFR 155.710(b).

## 3. Use of Information Technology

The single employer application is available online at HealthCare.gov. The application is an interactive website that further simplifies the application process by determining which questions to ask based on answers given to previous questions. This process ensures that applicants answer as few questions as necessary in order to apply to the SHOP.

An online application process was developed because it allows applicants to more quickly and efficiently apply for coverage, as well as receive a determination for eligibility in real-time in many cases. The applicant must sign the application to the SHOP. A process was developed to allow for the use of an electronic signature.

## 4. Duplication of Effort

The Affordable Care Act establishes State-based marketplaces for individuals, employers, and employees to apply for coverage through entities referred to as Exchanges. There is currently no similar entity administered by the Federal government that facilitates the enrollment of small business employees in health insurance coverage offered in the small group market. This information collection does not duplicate any other effort, and the information cannot be

obtained from any other source.

#### 5. Small Businesses

This application is for small employers who may be qualified employers eligible for participation in the SHOP. This application will assist these eligible small employers enroll their employees in QHPs offered in the SHOP. Therefore, this collection of information impacts small employers. To minimize the burden of this collection on small businesses or other small employers, HHS is developing a single, streamlined form that employers will use to apply to the SHOP. Additionally, the availability of an online application process allows applicants to more quickly and efficiently apply for coverage, as well as receive a determination of SHOP eligibility in real-time in most cases.

#### 6. Less Frequent Collection

If information is collected on a less frequent basis, employers would be unable to receive an eligibility determination and, therefore, would not be able to purchase coverage through the SHOP.

#### 7. Special Circumstances

Generally, qualified employers will provide or confirm this information annually. If an employee becomes newly eligible for coverage during the plan year, or if an employee leaves employment or becomes ineligible, the employer should report this information promptly to the SHOP Marketplace on HealthCare.gov to ensure that employees are enrolled or disenrolled promptly and that employers receive the correct monthly bill for their coverage. Only changes in the information would be submitted, not an entire application. This submission may occur more often than once a quarter.

If an employer is responding by mail to an information collection, the employer may need to respond in fewer than 30 days if the annual employer election period will end in fewer than 30 days, making it ineligible to enroll in coverage.

#### 8. Federal Register/Outside Consultation

The 60-day Federal Register Notice was published on December 11, 2015 on pages 76994-95. No comments were received.

A Federal Register notice will be published for a 30-day period for the public to submit written comment on the ICRs. We don't anticipate any significant public reaction.

CMS has consulted with a variety of stakeholders on the list of data elements that will provide the basis for developing the single employer application. The purpose of the consultations has been to ensure that all information necessary to determine eligibility and facilitate enrollment will be collected and that solicitation of extraneous information is avoided. The consultation

process considered the perspective of groups representing those who will eventually apply for health insurance and those who will administer the programs.

CMS sought input from other federal agencies, such as the IRS. The National Association of Insurance Commissioners also was consulted. CMS consulted the Advisory Panel on Outreach and Education (APOE). The APOE is convened under the Federal Advisory Committee Act and whose members represent States, providers, health plans, and consumer advocates.

In addition, CMS conferred with States, issuer associations, issuers, agent/broker associations, and various consumer advocacy organizations in both formal and informal discussions. CMS has solicited input and advice via in-person and webinar presentations of the data elements from more than one dozen state and national consumer advocacy organizations.

CMS has worked to minimize any required document submission to streamline and reduce duplication, especially in future years.

#### 9. Payments/Gifts to Respondents

There are no payments or gifts to respondents proposed.

#### 10. Confidentiality

All information will be kept private to the extent allowed by applicable laws and regulations.

#### 11. Sensitive Questions

In order to provide issuers with the information needed to comply with IRS Code §§ 5000A and 6055, the applicant's employees' social security/tax ID numbers shall be provided.

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

Every employer wishing to apply for coverage through the SHOP will need to complete an application to determine its eligibility and facilitate enrollment in the SHOP. In order to complete the application, each applicant will be asked to provide: (1) information about the employer including the employer's name, contact information, and the address of the employer's locations; (2) the number of full-time equivalent employees; (3) information about the employer's choices with respect to offering insurance coverage; (4) a list of the employer's qualified employees and their social security/tax ID numbers; and (5) method of payment information.

The applicant will also be asked to verify his or her understanding of the application and sign attestations regarding information in the application. The completed application will be submitted to the SHOP in the employer's State.

All applicants will need to create an online account at the beginning of the application process. This process consists of entering basic information, such as the individual’s name, address, and email. Based on the information an applicant provides, an identification proofing system tool will generate three to five challenge questions, such as a previous address where an individual has lived. The tool will have a large bank of questions it will randomly generate based on information from external databases. Due to the security and integrity of the system, we cannot provide the list of questions that are generated. Please refer to Appendix A for more detail about the identification proofing process.

The application may also be completed with assistance by contacting an agent or broker who will assist the employer in-person or over the phone.

We estimate that it will take approximately 2 hours per applicant (at \$46.77 an hour) to submit a completed online application as broken down below. We based this estimate on feedback we have received from employer groups completing their SHOP applications online at HealthCare.gov. We estimate approximately 500 employer groups will complete an application every month in the SHOP Marketplace on HealthCare.gov. Thus, we expect approximately 6,000 employers to complete an application annually for a total of approximately 12,000 burden hours or \$561,240.

The burden associated with items in Appendix A “IV Offering” A.1.a, 2-3, 5.b, 5.d, and 8; B.3(two plan option), 4.b, and 4.d; and “VII Enroll” C.1.c is so small that it does not have a substantial impact on the overall estimates; and therefore, the associated burden is already accounted for in the estimates.

<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Burden per Respondent (hours)</b>	<b>Total Annual Burden Hours</b>	<b>Hourly Labor Costs (per respondent)</b>	<b>Total Burden Cost (Per Year)</b>
Employer Applying to a SHOP	6,000	2	12,000	\$46.77	\$561,240

### 13. Capital Costs

There are no additional record keeping or capital costs.

### 14. Cost to Federal Government

We do not anticipate any burden on the Federal Government for employers to complete the application.

15. Explanation for Program Changes or Adjustments

Our burden estimates have changed since the last package to reflect more accurate information about the expected number of groups we anticipate will complete the application and the amount of time required to complete the application. The reason for the significant decrease in burden is because the original estimate of the number of employees and employers applying for SHOP coverage was high. We have updated the numbers to reflect numbers that are more reasonably based on our first few years of implementation. We previously estimated we would receive 200,000 responses for a total burden estimate of 24,520 hours or \$1,015,000. We now expect approximately 6,000 employers to complete an application annually for a total of approximately 12,000 burden hours or \$561,240. This reflects a decrease of 12,250 hours or \$453,760.

16. Publication/Tabulation Dates

Not applicable.

17. Expiration Date

CMS has no objections to displaying the expiration date. The expiration date will be included on the instrument.