

Supporting Statement – Part A
Minimum Essential Coverage
(CMS-10465)

A. Background

The Patient Protection and Affordable Care Act, Pub. L. 111-148, was enacted on March 23, 2010 and the Health Care and Education Reconciliation Act of 2010, Pub. L. 111-152, was enacted on March 30, 2010 (collectively known as the “Affordable Care Act”). The Affordable Care Act reorganizes, amends, and adds to the provisions of title XXVII of the Public Health Service Act (PHS Act) relating to group health plans and health insurance issuers in the group and individual markets.

Section 1501 of the Affordable Care Act adds section 5000A to the Internal Revenue Code (IRC), which requires that individuals maintain minimum essential coverage, qualify for an exemption, or make a shared responsibility payment with their federal income tax return. IRC section 5000A(f) designates certain types of coverage as minimum essential coverage. In addition, IRC section 5000A(f)(1)(E) directs the Secretary of Health and Human Services (HHS), in coordination with the Secretary of the Treasury, to recognize other health benefits coverage as minimum essential coverage for purposes of their enrollees satisfying the minimum coverage requirement. The final rule titled “Patient Protection and Affordable Care Act; Exchange Functions: Eligibility for Exemptions; Miscellaneous Minimum Essential Coverage Provisions” published July 1, 2013 (78 FR 39494) designates certain types of existing coverages as minimum essential coverage. Other coverages, not statutorily designated and not designated as minimum essential coverage in regulation, may be recognized as minimum essential coverage if certain substantive and procedural requirements are met.

B. Justification

1. Need and Legal Basis

The final rule specifically designates certain types of coverage that have not been designated in the statute, as minimum essential coverage. In addition, the final rule outlines a process by which other types of coverage can seek to be recognized as minimum essential coverage. To be recognized as minimum essential coverage, the coverage must offer substantially the same consumer protections as those enumerated in the Title I of Affordable Care Act relating to non-grandfathered, individual health insurance coverage to ensure consumers are receiving adequate coverage.

The final rule requires sponsors of other coverage that seek to have such coverage recognized as minimum essential coverage to adhere to certain procedures. They will have to submit to HHS electronically the following information: (1) name of the organization sponsoring the plan; (2) name and title of the individual who is authorized to make, and makes, this certification on behalf of the organization; (3) address of the individual named above; (4) phone number of the individual named above; (5) number of enrollees; (6) eligibility criteria; (7) cost sharing requirements, including deductible and out-of-pocket maximum; (8) essential health benefits covered; and (9) a certification that the plan substantially complies with the provisions of Title I of the Affordable Care Act applicable to

non-grandfathered individual health insurance coverage and any plan documentation or other information that demonstrate that the coverage sponsored by the organization substantially complies with these provisions.

The final rule also requires that sponsors whose health coverage are recognized as minimum essential coverage will have to provide a notice to enrollees informing them that the plan has been designated minimum essential coverage for the purposes of the individual shared responsibility provision of the Internal Revenue Code. The notice requirement may be satisfied by inserting a statement into existing plan documents. Plan documents are usually reviewed and updated annually before a new plan year begins. Sponsors may insert the statement in their plan documents at that time at minimal cost. Once the notice is included in plan documents in the first year, no additional cost will be incurred in future years. Therefore this notice is not subject to the Paperwork Reduction Act of 1995.

2. Information Users

CMS will need the information in this collection to determine whether the plan sponsored by the requesting sponsor may be recognized as minimum essential coverage. CMS will maintain a public list of the types of coverage that have submitted this information and have been determined by the Secretary to meet the requirements to be recognized as minimum essential coverage. Consumers will also need to know that the types of coverage they are enrolled in are recognized as minimum essential coverage.

3. Use of Information Technology

Requesting sponsors are expected to submit the information to CMS electronically.

4. Duplication of Efforts

This is the first time such information collection requests (ICRs) and disclosures have been required, so there is no duplication of efforts.

5. Small Businesses

Small businesses are not affected by this collection.

6. Less Frequent Collection

This information will be provided to CMS at the time of the initial request and if there are any changes to the coverages at a later date. If sponsors do not submit this information, CMS will not be able to determine whether these types of coverage may be recognized as minimum essential coverage. In addition, if consumers are not provided with a notice of minimum essential coverage status, they would not be aware that the types of coverage in which they are enrolled are recognized as minimum essential coverage.

7. Special Circumstances

There are no special circumstances.

8. Federal Register/Outside Consultation

A Federal Register notice was published on March 11, 2016 (81 FR 12904), providing the

public with a 60-day period to submit written comments on the ICRs. No comments were received.

9. Payments/Gifts to Respondents

No payments or gifts are associated with these ICRs.

10. Confidentiality

CMS will protect privacy of the information provided to the extent provided by law.

11. Sensitive Questions

These ICRs involve no sensitive questions.

12. Burden Estimates (Hours & Wages)

Organizations that currently provide other types of health coverage that are not designated by statute or regulation as minimum essential coverage may submit a request to CMS that their coverage be recognized as minimum essential coverage. Organizations that make substantial changes to health coverage previously recognized as minimum essential coverage must also reapply for continued recognition of their coverage. Sponsors will have to electronically submit to CMS information regarding their plans and certify that their plans meet substantially all of the requirements in the Title I of Affordable Care Act applicable to non-grandfathered, individual health insurance coverage. We anticipate that, on average, 10 sponsors will submit such a request each year. To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2015 National Occupational Employment and Wage Estimates for all salary estimates (http://www.bls.gov/oes/current/oes_nat.htm). In this regard, the following table presents the mean hourly wage, the cost of fringe benefits (calculated at 100 percent of salary), and the adjusted hourly wage.

The burden associated with this certification includes the time needed to collect and input the necessary plan information and to retain a copy for recordkeeping by clerical staff and for a manager and legal counsel to review it and for a senior executive to review and sign it. The certification and attachments will be submitted to CMS electronically at minimal cost. We estimate that it will take a combined total of 5.25 hours (4 hours for clerical staff at an hourly cost of \$33.18, 0.5 hours for a manager at an hourly cost of \$109.76, 0.5 hours for legal counsel at an hourly cost of \$128.34 and 0.25 hours for a senior executive at an hourly cost of \$173.76) to prepare and submit the information and certification to CMS and to retain a copy for recordkeeping purposes. The total cost for one sponsor is estimated to be approximately \$295.21. The sponsor will need to submit this certification to CMS only once and will need to resubmit it only if there is any change in coverage. Therefore, the total burden for 10 sponsors will be 53 hours, with an equivalent cost of approximately \$2,952.

Table 12.1 Estimated Burden Hours for Minimum Essential Coverage Certification

Type of Form	Number of Respondents	Number of Reports	Total Estimated Burden Hours	Burden Cost Per Respondent
Certification	10	1	53	\$2,952

13. Capital Costs

Sponsors are not expected to incur capital costs to fulfill these requirements.

14. Cost to Federal Government

CMS staff is expected to review the information submitted by requesting sponsors. We anticipate that a reviewer will need 3 hours to review each submission.

Table 14.1 Estimated Cost to Federal Government

Type of Federal Employee Support	Total Burden Hours per Reviewer	Total Reviewers	Hourly Wage Rate (GS 14 equivalent) – (includes fringe)	Total Federal Government Costs
Review of MEC Application Materials	30 hours	1	\$72	\$ 2,160

Salaries are based on a 14 Grade/Step 1 in the Washington DC area with a benefit allowance for a total annual salary of \$150,000.

15. Changes to Burden

There are no changes in burden hours. However, use of updated labor costs have resulted in an increase in equivalent costs from \$2,198 to \$2,952.

16. Publication/Tabulation Dates

There are no publication or tabulation dates associated with these ICRs.

17. Expiration Date

There is no expiration date for this collection requirement.