

**Supporting Statement for the Information Collection Requirements Contained in the Grants to States
for Health Insurance Enforcement and Consumer Protections Cycle I Program**

CMS ID # 10605

OMB Control No. 0938-NEW

A. Justification

1. Circumstances Making the Collection of Information Necessary

The Health Insurance Enforcement and Consumer Protections: Grants to States for Market Reform
Activities under Part A of Title XXVII of the Public Health Service Act

On March 23, 2010, the President signed into law the Patient Protection and Affordable Care Act. On March 30, 2010, the Health Care and Education Reconciliation Act of 2010 was also signed into law. The two laws are collectively referred to as the Affordable Care Act (ACA). The ACA includes a wide variety of provisions designed to promote accountability, affordability, quality, and accessibility in the health care system. The ACA also includes significant grant funding for States to work with the Federal government to implement health reform.

The ACA includes, among other things, a number of provisions that reform the health insurance market and strengthen the Federal consumer protections through amendments to title XXVII of the Public Health Service Act (PHS Act) and corresponding amendments to the Employee Retirement Income Security Act and the Internal Revenue Code. These reforms and protections work to put consumers back in charge of their health coverage and care, ensuring they receive value for their premium dollars and have access to affordable coverage options.

Section 1003 of the ACA adds a new section 2794 to the PHS Act entitled, "Ensuring That Consumers Get Value for Their Dollars." Specifically, section 2794(a) requires the Secretary of the Department of Health and Human Services (the Secretary) (HHS), in conjunction with the States, to establish a process for the annual review of health insurance premiums to protect consumers from unreasonable rate increases. Section 2794(c) directs the Secretary to carry out a program to award grants to States.

Congress appropriated \$250 million to be awarded in Federal fiscal years (FFYs) 2010 through 2014 for the Rate Review Grant Program. Through 2010-2014, there were four cycles of Rate Review Grants awarded. Section 2794(c)(2)(B) specifies that if there are any appropriated Rate Review Grant funds that are not fully obligated by the end of FY14, such amounts shall remain available to the Secretary for grants to States for planning and implementing the insurance market reforms and consumer protections under Part A of title XXVII of the PHS Act.

The provisions in Part A of title XXVII of the PHS Act include market-wide reforms in the group and individual private health insurance markets intended to protect consumers, increase transparency, and regulate health insurance industry practices.

Many of the market reforms and consumer protections in Part A of title XXVII of the PHS Act are

new provisions that became effective for plan years beginning in 2014. The Health Insurance Enforcement and Consumer Protections grants will provide a funding source to assist States in implementing and planning for several of the Federal market reforms and consumer protections, which are listed below. The Health Insurance Enforcement and Consumer Protections grants will provide States with the opportunity to ensure their laws, regulations, and procedures are in line with Federal requirements and that States are able to effectively oversee and enforce these provisions under the PHS Act's title XXVII Part A market reform and consumer protection with respect to health insurance issuers.

Funding under the Health Insurance Enforcement and Consumer Protections Grant Program is available to States for activities related to planning and implementing the following provisions of Part A of title XXVII of the PHS Act:

- I. Section 2707 - Non-discrimination under Comprehensive Health Insurance Coverage (Essential Health Benefits Package)
- II. Section 2713 - Coverage of Preventive Health Services
- III. Section 2718 - Bringing down the Cost of Health Care Coverage (MLR)
- IV. Section 2719 - Appeals Process
- V. Section 2726 - Parity in Mental Health and Substance Use Disorder Benefits

These pre-selected market reforms were chosen due to their relative complexity and the anticipated benefits that these reforms will have on consumers and the rates they pay.

To be eligible for an award under the Health Insurance Enforcement and Consumer Protections grant, a State must be able to demonstrate at the time of the application either that it is already enforcing the ACA market reforms and consumer protections, or that, with the funding resources under this grant, it can transition to an active enforcement role with respect to all of the ACA market reforms and consumer protections established under Part A of title XXVII of the PHS Act. States that are not currently enforcing the ACA market reforms and consumer protections under Part A of Title XXVII of the PHS Act at the time of application may select which of the pre-selected specific market reforms they wish to apply funding towards. However, these States must transition to an active enforcement role for all of the ACA market reforms and consumer protections under Part A of Title XXVII of the PHS Act within the first year and a half of their Cycle I grant award.

Applicants may use grant funds for a variety of planning and implementation objectives, including but not limited to implementing or enhancing policy form review, market conduct examinations, market analysis, financial examinations, and consumer complaint investigations with respect to the pre-selected market reforms and consumer protections under Part A of title XXVII of the PHS Act.

In Cycle I, the project period and funding awarded to each recipient will be 24 months. All applicants must submit a mandatory Letter of Intent. The Centers for Medicare & Medicaid Services (CMS) uses this information to determine the amount of funding available to each recipient. CMS will provide applicants with information on their funding allocation prior to July 15, 2016.

Baseline funding for each Health Insurance Enforcement and Consumer Protections grant consists of

a minimum of approximately \$476,998 for the length of the award. Provided sufficient funds are available after providing each State with baseline funding for a two-year project period, States may also receive additional “Selected Market Reforms” funding, which will be a flat dollar amount for each selected market reform that will be the same for all States and determined based on the anticipated impact the selected market reform will have on consumers and their premiums. If there are sufficient funds available after providing baseline funding and “Selected Market Reforms” funding, States may also receive supplemental awards called “Workload” funds. Workload funds are determined based on the population and number of health insurance issuers in the State. Following submission of the mandatory Letters of Intent, CMS will inform States of funding allocations, including whether baseline award amounts have increased and if there are sufficient funds available for the “Selected Market Reforms” and “Workload” supplemental awards. The baseline funding formula will be consistent, regardless of the activities for which a State applies for funds.

States that apply for funds are required to complete the grant application. The application for the Cycle I FOA is due on August 15, 2016. Grants will be awarded approximately 60 days after applications are due.

States that are awarded funds under this funding opportunity are required to provide the CMS with four quarterly reports, and one annual report (except for the last year of the grant) until the end of the grant period detailing the State’s progression towards planning and/or implementing the market reforms under Part A of Title XXVII of the PHS Act. A final report is due at the end of the grant period.

2. **Purpose and Use of Information Collection**

Cycle I Process

This data collection is used by CMS to request that States submit the following:

- Four quarterly reports per year detailing the State’s progression towards planning and/or implementing the pre-selected ACA market reforms.
- One annual report. The final report will replace the annual report in the last year of the grant.
- One final Cycle I report.

Reporting of information by grant awardees will assist CMS in performing oversight of federal grants.

3. **Use of Improved Information Technology and Burden Reduction**

The Health Insurance Enforcement and Consumer Protections Grants Program

All information collected in the grant application will be submitted electronically via grants.gov. CMS staff will analyze the data electronically and communicate with States using email and phone.

All reports (quarterly, annual and final) will be submitted electronically by States via the Health Insurance Oversight System (HIOS)—a web-based reporting and data collection system that is already being used by grantee States in the Rate Review Grant Program. The burden estimates

provided in this statement include the time and effort that will be dedicated to uploading information in HIOS.

4. **Efforts to Identify Duplication and Use of Similar Information**

The information collected for Cycle I is not duplicative of any information already collected.

5. **Impact on Small Businesses or Other Small Entities**

Small businesses and other small entities are not affected by this information collection requirement (ICR).

6. **Consequences of Collecting the Information Less Frequent Collection**

As this grant is a multi-year award, collection at a frequency less than the quarterly, such as annual reporting only, will put the Federal grant program at risk due to a lack of sufficient oversight.

7. **Special Circumstances Relating to the Guidelines of 5 CFR 1320.5**

No special circumstance.

8. **Comments in Response to the Federal Register Notice/Outside Consultation**

A Federal Register notice was published on June 16, 2016 (81 FR 39642), providing the public with a 60-day period to submit written comments on ICRs. CMS received no public comments.

No additional outside consultation was solicited.

9. **Explanation of any Payment/Gift to Respondents**

There will be no payments or gifts to respondents.

10. **Assurance of Confidentiality Provided to Respondents**

No personal health information will be collected. All information will be kept private to the extent allowed by applicable laws/regulations.

11. **Justification for Sensitive Questions**

No sensitive information will be collected.

12. **Estimates of Annualized Burden Hours (Total Hours & Wages)**

Grants to States for Health Insurance Enforcement and Consumer Protections Activities

The Cycle I funding opportunity provides States with an opportunity to ensure their laws, regulations, and procedures are in line with Federal requirements and that States are able to effectively oversee and enforce these provisions under the PHS Act's title XXVII Part A market reform and consumer protection with respect to health insurance issuers. Prior to submitting an application, applicants are required to submit a Letter of Intent via email.

Once States and the District of Columbia are awarded grant funds, they are required to provide the Secretary with quarterly reports 30 days after the quarter has ended for the entire duration of the grant. The quarterly report allows awardees to update CMS with the progression towards planning and/or implementing the pre-selected ACA market reforms. Grantees will identify significant events towards the goal in the report narrative, in addition to any barriers experienced and plans for rectifying any setbacks. Grantees will also provide an updated budget, work plan and time line with updated progress towards each objective outlined in the States application in the quarterly report.

In addition, each grantee must provide CMS with an annual report. This report provides a yearly summary of the progress made towards planning and/or implementing one or more of the five pre-selected ACA market reforms. Finally, CMS requires a final report at the end of the grant period. This report provides a cumulative summary of the progress made towards toward planning and/or implementing the ACA market reforms.

CYCLE I PROCESS

12A. Estimated Annualized Burden Hours

Forms (If necessary)	Type of Respondent	Number of Responde	Number of Response s per	Estimat ed Burden hours	Total Estimat ed Burden
Quarterly Report	State Government	23	4	24	2,208
Annual Report	State Government	23	1	30	690
Final Report	State Government	23	1 (end of grant)	30	690
Total			5 per year (4 quarterly reports, 1 annual report, or 1 final report at the end of grant)		2,898

period). The final report will be submitted in lieu of the annual report in the last year of the grant.

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12B. Cost Estimate for All Respondents completing all Reporting Requirements, including the quarterly reports, annual report, and one final report (Annualized).

TO DERIVE AVERAGE COSTS, WE USED DATA FROM THE U.S. BUREAU OF LABOR STATISTICS' MAY 2014 NATIONAL OCCUPATIONAL EMPLOYMENT AND WAGE ESTIMATES FOR ALL SALARY ESTIMATES ([HTTP://WWW.BLS.GOV/OES/CURRENT/OES_NAT.HTM](http://www.bls.gov/oes/current/oes_nat.htm)). IN THIS REGARD, THE COST TABLE PRESENTS THE ADJUSTED HOURLY WAGE, TO INCLUDE FRINGE BENEFITS (CALCULATED AT 100 PERCENT OF SALARY).

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Adjusted Wage per Hour (includes Fringe)	Total Burden Costs
Medical and Health Services Manager (Occupation Code: 11-9111)	23	10	1,196	\$102.00	\$121,992
Executive Secretaries & Executive Administrative Assistants (Occupation Code: 43-6011)	23	10	2,392	\$53.00	\$126,776
Total			3,588		\$248,768

The wage per hour is taken from the [Bureau of Labor Statistics](#) for (1) Medical and Health Service Manager; (1) Executive Secretaries & Executive Administrative Assistants.

For Cycle I, the total burden hours for reporting are estimate to be **3,588**. The total cost associated with that estimate is **\$248,768**.

13. Estimates of other Total Annual Cost Burden to Respondents or Record Keepers /Capital Costs

There are no additional record keeping/capital costs.

14. Annualized Cost to Federal Government

Total government program staffing costs include two GS-13 and one GS-12 with a break down as follows to review and process applications, intake and review quarterly, annual and final reports and for an estimated 23 awardees.

GS-13: Full-time (Salary with local cost adjustment: \$92,145)	Annual cost:	\$92,145
GS-13: Full-time (Salary with local cost adjustment: \$92,145)	Annual cost:	\$92,145
GS-12: Full-time (Salary with local cost adjustment: \$77,490)	Annual cost:	\$77,490
	Total:	\$261,780

The wage is taken from the [2016 OPM Washington, DC GS scale](#) for (2) GS 13 and (1) GS 12.

15. Explanation for Program Changes or Adjustments

This is a new collection of information request.

16. Plans for Tabulation and Publication and Project Time Schedule

The grant quarterly reports will be due 30 days after the Federal fiscal quarter ends. The annual report will be due 90 days after the Federal fiscal year. The final report will be due 90 days after the project period ends.

17. Reason(s) Display of OMB Expiration Date is Inappropriate

The OMB control number and expiration date will be displayed.