

**Supporting Statement Part A**  
**Request for Enrollment in Supplementary Medical Insurance (SMI) and Supporting**  
**Regulations in 42 CFR 407.10, 407.11 and 408.40(a)(2)**  
**CMS-4040, OMB 0938-0245**

**Background**

On July 30, 1965, P.L. 89-97 created Title XVIII of the Social Security Act. Title XVIII established the hospital insurance program (also referred to as Part A) and the supplementary medical insurance (SMI) program (also referred to as Part B).

The Social Security Act at section 226(a) provides that individuals who are age 65 or older and eligible for, or entitled to, Social Security or Railroad Retirement Board (RRB) benefits shall be entitled to premium-free Part A upon filing an application for such benefits.

Part B is a voluntary program and is financed from premium payments by enrollees together with contributions from funds appropriated by the Federal government. All individuals age 65 or older who are entitled to Part A can enroll in Part B. There are some individuals, age 65 and over who are not entitled to or eligible for premium-free Part A. These individuals may, however, enroll in Part B only.

The form CMS-4040 (and the Spanish version CMS-4040 SP) is the form used by individuals who wish to enroll in Part B only.

This 2017 iteration is an Extension that does not propose any program changes. However, based on better data we are adjusting our respondent estimate from 10,000 to 47,200, a change of 37,200. Our 15 minute per response estimate is unchanged.

**A. Justification**

1. Need and Legal Basis

Section 1836 of the Social Security Act, and CMS regulations at 42 CFR 407.10, provide the eligibility requirements for enrollment in Part B for individuals age 65 and older who are not entitled to premium-free Part A. The individual must be a resident of the United States, and either a U.S. Citizen or an alien lawfully admitted for permanent residence that has lived in the US continually for 5 years.

CMS regulations 42 CFR 407.11 lists the CMS-4040 as the application to be used by individuals who are not eligible for monthly Social Security/Railroad Retirement Board benefits or free Part A.

Section 1840(d)(1) of the Social Security Act and 42 CFR 408.40(a)(2) requires that the Part B premium be deducted from a Federal Civil Service Retirement Act annuity if the individual is receiving such benefits. The statute also permits the Part B premium of a spouse to be deducted from the individual's annuity.

The CMS-4040 and the CMS-4040 SP elicit the information that the Social Security Administration (SSA) and Centers for Medicare & Medicaid Services (CMS) need to determine

entitlement to Part B and to allow for the deduction of a beneficiary's Part B premium from his/her spouse's annuity.

## 2. Information Users

The CMS-4040 (and the CMS-4040 SP) is used to establish entitlement to and enrollment in Medicare Part B for beneficiaries who file for Part B only.

The CMS-4040 solicits the information that is used to determine entitlement for individuals who meet the requirements in section 1836 as well as the entitlement of the applicant or their spouses to an annuity paid by OPM for premium deduction purposes. The application follows the application questions and requirements used by SSA. This is done not only for consistency purposes but to comply with other Title II and Title XVIII requirements because eligibility to Title II benefits and free Part A under Title XVIII must be ruled out in order to qualify for enrollment in Part B only.

The form provides an explanation of Part B premium payments to ensure the applicant understands a premium is due for Part B enrollment.

There are six questions that must be answered to determine eligibility and premium deductions.

Items 1 and 2: Request the information necessary to identify the applicant: name, sex, date and place of birth. The applicant's Social Security number is requested to allow SSA to access their earnings system to determine if the applicant is eligible for or entitled to premium-free Part A.

Item 3: Requests information on prior claims filed with SSA to determine potential or existing entitlement under Title II or Title XVIII under a different claim number.

Item 4: Requests Federal Civil Service Retirement Act annuity information on the applicant or their spouse for the purpose of deducting SMI premiums from the annuity paid by the Office of Personnel Management. One of the questions asks for the Civil Service Annuity number (CSA). If a CSA number is not available the SSN is requested as an alternate identifier.

Items 5 and 6: Request citizenship and residency information pertinent to the requirement that the applicant be either a citizen, or an alien, lawfully admitted for permanent residence who has resided in the U.S. continuously for 5 years before the first month of entitlement.

The form is completed by the applicant with assistance from an SSA representative. Applications are processed and directly input into the SSA Master Beneficiary Record (MBR). The data is then passed to the CMS master record, the Enrollment Database (EDB). A health insurance record showing entitlement/enrollment is established, and if applicable, a Medicare card is issued.

If this information were not collected, it would be impossible to establish entitlement/enrollment for individuals not covered under Title II of the Social Security Act and subsequently process Medicare claims for them.

## 3. Use of Information Technology

The collection of this information does not involve the use of information technology.

4. Duplication of Efforts

Item 3 requests information pertaining to previous applications for benefits. It is elicited to ensure that a previous claim has not already been filed and, if it has, to ensure that the proper action will be taken by SSA.

If no duplication in filing has occurred, this information is not available from any other source.

5. Small Businesses

Use of this form does not involve small businesses.

6. Less Frequent Collection

This information is collected once, for each individual respondent, at the time the individual files for Part B of Medicare. If this information is not collected, the applicant cannot establish entitlement to Part B. Because there is a legal requirement to apply for benefits either on paper or electronically, the burden cannot be minimized.

7. Special Circumstances

There are no special circumstances that would require an information collection to be conducted in a manner that requires respondents to:

- Report information to the agency more often than quarterly;
- Prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- Submit more than an original and two copies of any document;
- Retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- Collect data in connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study,
- Use a statistical data classification that has not been reviewed and approved by OMB;
- Include a pledge of confidentiality that is not supported by authority established in statute or regulation that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- Submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

8. Federal Register/Outside Consultations

The 60-day notice published in the Federal Register on December 16, 2016 (81 FR 91175). No comments were received.

Since approved by OMB on September 21, 2013, CMS has not received any external comments related to this form.

9. Payments/Gift to Respondents

There are no payments/gifts to respondents.

10. Confidentiality

The information collected is protected under the provisions of the Privacy Act and this is stated on the application.

11. Sensitive Questions

There are no sensitive questions associated with this collection. Specifically, the collection does not solicit questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

12. Burden Estimate (Hours and Wages)

*12.1. Burden Estimates*

There are approximately 47,200 applicants who use Form CMS-4040. The data represents the most current information based on new Medicare enrollments for Part B only since January 1, 2016, via CMS Medicare Beneficiary Database (MBD). Based on the information requested for completion by the applicant on the form, we estimate that it take an applicant on average 15 minutes to complete.

The burden is computed as follows:

In aggregate, the burden for 47,200 applicants to complete the form at 15 minutes per response is 11,800 hours (47,200 x 0.25 [15 minutes/response]).

While there may be some cost to applicants, individuals completing this form are age 65 or older. Thus, there are individuals completing this form who are working currently, may not be working currently or never worked. There are no appropriate wage categories to use to approximate any cost to the respondents for 15 minutes. Therefore the estimated cost is \$0.

*12.2. Information Collection Instruments and Supporting Documents*

- Request for Enrollment in Supplementary Medical Insurance (CMS-4040)

The form can be obtained in hard copy in English or Spanish, by contacting the Social Security Administration (SSA).

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

*Printing Costs*

The form is not pre-printed, but made available to Social Security representatives to print and provide to the individual upon request. The printing cost associated with the CMS-4040 is \$885.00 for the English version and \$885.00 for the CMS-4040 SP. The total printing cost is **\$1,770.00**.

#### *Processing Costs*

We estimate it will take the federal government employee 15 minutes to review and record the information into the form.

The burden is computed as follows:

It is calculated that the burden hours for 47,200 responses to be reviewed and recorded in 15 minutes per response to be 11,800 total hours (47,200 x .25 [15 minutes/response]).

We estimate that the average government employee at SSA to receive and record the collected data to be a Grade 11, Step 5 (GS-11-5)- which we believe is the most appropriate level for a SSA representative. To derive average costs, we used data from the Office of Personnel Management 2016 General Schedule (GS) Locality Pay Table for all salary estimates ([https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/16Tables/html/GS\\_h.aspx](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/16Tables/html/GS_h.aspx)).

As the processing of this form occurs at the national level and not just one geographic location, we estimated the salary using the national base general schedule. The federal labor cost is **\$332,052.00** (\$28.14/hr x 11,800 hours).

#### *Total Cost to Federal Government*

Total Federal Cost including printing and processing costs = **\$333,822.00**.

#### 15. Changes to Burden

This 2017 iteration adjusts our currently approved respondent estimate by utilizing improved methods to approximate the number of annual responses using the CMS Medicare Beneficiary Database (MBD). The MBD provides more accurate data than was previously used in 2013. The enrollment data for the 12-month period of January through December 2016 was used to determine the annual number of responses. An average of the first 11 months of the year was used to project the amount of responses for December 2016, due to that information being unavailable at the time of the generation of this Supporting Statement. Based on this more reliable data source, the total number of respondents increased from 10,000 to 47,200, a change of 37,200.

#### 16. Publication/Tabulation Dates

This information is not published or tabulated.

#### 17. Expiration Date

CMS would like to display the expiration date.

#### 18. Certification Statement

There are no exceptions to the certification statement.

**B. Collection of Information Employing Statistical Methods**

There have been no statistical methods employed in this collection.