

Supporting Statement for Paperwork Reduction Act Submissions:
Establishment of Exchanges and Qualified Health Plans; Exchange
Standards for Employers
(CMS-10592/OMB Control No. 0938-NEW)

A. Background

The Patient Protection and Affordable Care Act, Public Law 111-148, enacted on March 23, 2010, and the Health Care and Education Reconciliation Act, Public Law 111-152, enacted on March 30, 2010 (collectively, “Affordable Care Act”), expand access to health insurance for individuals and employees of small businesses through the establishment of new Affordable Insurance Marketplaces (Marketplaces), including the Small Business Health Options Program (SHOP). The Marketplaces, which became operational by January 1, 2014, enhance competition in the health insurance market, expand access to affordable health insurance for millions of Americans, and provide consumers with a place to easily compare and shop for health insurance coverage.

The reporting requirements and data collection in the Exchange rule address minimum requirements that health insurance issuers must meet with respect to participation and to offer qualified health plans (QHPs) in a State based or Federally-facilitated Marketplace; and compliance with other provisions of the Affordable Care Act.

The submission seeks OMB approval of the regulatory PRA requirements associated with the minimum requirements that health insurance issuers must meet with respect to participation in the Marketplaces, specifically the following sections of 45 CFR Part 156:

- QHP issuer notice of effective date (§156.260(b))
- QHP issuer reconciliation of enrollment files with Exchange (§156.265(f))
- QHP issuer termination notice to the enrollee and Exchange (§156.270(b))
- QHP issuer notice of enrollee nonpayment of premium (§156.270(d))
- QHP issuer notice to providers of the possibility for denied claims (§156.270(d)(3))
- QHP issuer notice of payment delinquency to an enrollee (§156.270(e))
- QHP issuers maintenance of records of terminations of coverage (§156.270(h))
- QHP issuer notification of plan non-renewal (§156.290)

B. Justification

1. Need and Legal Basis

Section 1321(a) requires HHS to issue regulations setting standards for meeting the requirements under Title I of the Affordable Care Act including the offering of qualified health plans through the Marketplaces. On March 27, 2012, HHS published the rule CMS-

9989-F: *Establishment of Exchanges and Qualified Health Plans; Exchange Standards for Employers*. The Exchange rule contains provisions that mandate reporting and data collections necessary to ensure that health insurance issuers are meeting the requirements of the Affordable Care Act. These information collection requirements are set forth in 45 CFR Part 156.

2. Information Users

The data collection and reporting requirements will assist HHS in creating a seamless and coordinated system of eligibility and enrollment. The data collected by health insurance issuers will help to inform HHS, Marketplaces, and health insurance issuers as to the participation of individuals, employers, and employees in the individual Exchange.

3. Use of Information Technology

HHS anticipates that a majority of the systems, notices, and information collection required by this rule will be automated. Marketplaces and health insurance issuers are expected to develop automated notice templates for many of the required notices. The entities issuing notices or collecting information will develop the initial template after which the templates will be automatically populated with the appropriate information for the receiving party. A majority of the information that is required by the collection of information for this rule will be submitted electronically. HHS staff will analyze or review the data in the same manner by which it was submitted and communicate with States and health insurance issuers using email, telephone, or other electronic means.

4. Duplication of Efforts

This information collection does not duplicate any other Federal effort.

5. Small Businesses

We estimate minimal burden on small business as they are not required to participate in the SHOP.

6. Less Frequent Collection

Due to the required flow of information between multiple parties and flow of funds for payments for health insurance coverage within the Marketplace, it is necessary to collect information according to the indicated frequencies. If the information is collected less frequently, the result would be less accurate, untimely or unavailable eligibility, enrollment or payment information for Marketplaces, insurers, employers and individuals. This would lead to delayed payments to insurers; late charges to or payments by employers and enrollees; inaccurate or inappropriate payments of advance premium tax credits and cost sharing reductions; the release of misleading information regarding health care coverage to potential enrollees; and an overall stress on the organizational structure of the Marketplaces.

7. Special Circumstances

In order for the flow of payments to be made in a timely manner (often monthly), it is necessary to collect information such as enrollment data on a monthly basis. As such, the final Exchange rule states in §155.400(d) that the Marketplace must reconcile enrollment information with QHP issuers and HHS no less than on a monthly basis.

8. Federal Register/Outside Consultation

As required by the Paperwork Reduction Act of 1995 (44 U.S.C.2506 (c)(2)(A)), CMS published a notice in the Federal Register (80 FR 75463,; December 2, 2015) requesting a 60-day public comment process on the proposed modification of the information collection requirements in this information collection. No comments were received. Content remained unchanged in the 30-day FR Notice (81 FR 14851; March 8, 2016) submission and no comments were received.

No outside consultation was sought.

9. Payments/Gifts to Respondents

No payments and/or gifts will be provided to respondents.

10. Confidentiality

To the extent of the applicable law and HHS policies, we will maintain respondent privacy with respect to the information collected.

11. Sensitive Questions

There are no sensitive questions included in this information collection effort.

12. Burden Estimates (Hours & Wages)

For purposes of presenting an estimate of paperwork burden, we reflect the participation of fifty States and the District of Columbia in operating a Marketplace. However, we recognize that not all States have elected to operate their own Marketplace and that territories may participate in operating a Marketplace. We also note that these estimates generally reflect burden for the first year, and that the associated burden in subsequent years will be significantly lower because many of the standards in the regulation can be fulfilled through automated processes. Therefore, these estimates should be considered an upper bound of burden estimates for non-Federal entities.

Salaries for the positions cited in the labor category of the burden charts, except for the health policy analyst, the senior manager, and the private actuary, were mainly taken from the Bureau of Labor Statistics (BLS) Web site (<http://www.bls.gov>). The salaries for the health policy analyst and the senior manager were taken from the Office of Personnel Web site. The salary for the private actuary is derived from the PRA package for the Rate Review Program, CMS-10379. Fringe benefit estimates were taken from the BLS March June 2015 Employer Costs for Employee Compensation report.

Qualified Health Plan Minimum Certification Standards (§156.200 through §156.295)

In part 156, subpart C, we describe data collection and reporting requirements for health insurance issuers related to the certification of qualified health plans. Section 156.200 includes some of the basic requirements that a health insurance issuer must meet to be certified as a QHP issuer. Section 156.260(b) requires that a QHP issuer provide notice of an effective date of coverage to an individual. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and distribute it through an automated process when appropriate, either electronically or by mail depending upon the enrollee’s preference. We estimate that 1,200 QHP issuers will participate in the Exchanges and would be subject to this requirement. As such, we estimate that it will take approximately 40 hours annually for the time and effort to develop and transmit the notice for a total of 48,000 hours across all QHP issuers.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 100% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Costs (per year)
Health Policy Analyst	1	\$82.67	4	\$330.68	

Senior Manager	1	\$143.71	1	\$143.71	
Operations Analyst	1	\$94.08	3	\$282.24	
Computer Programmer	1	\$73.13	32	\$2,340.16	
Total			40	\$3096.79	\$3,716,148

Section 155.400(d), states that the QHP issuer must reconcile enrollment files with the Exchange. At least monthly, issuers and the FFMs will exchange enrollment and financial data files to verify the integrity of the enrollment transaction processing and resulting records. The FFMs employ an automated monthly reconciliation process comparing certain data fields with issuer data. Reconciliation ensures that QHP issuers and the Marketplaces have equivalent enrollment information. Accurate enrollment information allows CMS to make correct payments for APTCs and CSRs, and to assess FFM user fees. It also prevents multiple enrollments by one individual and ensures that the data used for analytics and metrics are accurate. We expect that QHP issuers will maintain the enrollment information in an electronic data system. We estimate that 1,200 QHP issuers will participate in the Marketplaces that will be subject to this requirement. As such, we estimate that it will take 19 hours for a QHP issuer to reconcile information on a monthly basis for a total of 273,600 hours across all QHP issuers annually. This estimate is similar to estimates provided by Medicare Part D in their rule on data submissions. For example, Medicare Part D estimated that it would take plan sponsors approximately 10 hours annually for plan sponsors to submit data on aggregated negotiated drug pricing from pharmaceutical companies described in §423.104. We provided a higher estimate for the submission of data due to the potential increased complexity of reconciling enrollment data.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 100% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Costs (per year)
Health Policy Analyst	1	\$82.67	60	\$4,960.20	
Senior Manager	1	\$143.71	24	\$3,449.04	
Operations Analyst	1	\$94.08	60	\$5,644.80	
Computer Programmer	1	\$73.13	84	\$6,142.92	
Total			228	\$20,196.96	\$24,236,352

Section 156.270(b) states that the QHP issuer must provide notice to the enrollee and the Exchange if an enrollee’s coverage in a QHP is terminated. The notice must inform the enrollee of the reason for the termination and the termination effective date. We expect that issuers will be able to leverage existing termination notices, which may help to limit the burden. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and to distribute it through an automated process to the enrollee as appropriate. We estimate that 1,200 QHP issuers will participate in the Marketplaces. As such, we estimate that it will take approximately 40 hours annually for the time and effort to develop and transmit the notice for a total of 48,000 hours across all QHP issuers.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 100% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Cost (per year)
Health Policy Analyst	1	\$82.67	4	\$330.68	
Senior Manager	1	\$143.71	1	\$143.71	
Operations Analyst	1	\$94.08	3	\$282.24	
Computer Programmer	1	\$73.13	32	\$2,340.16	
Total			40	\$3096.79	\$3,716,148

Section 156.270(d) requires that the QHP issuer provide two types of notice in the event of a nonpayment of premium by an enrollee. Section 156.270(d)(2) requires that the QHP issuer must notify HHS of the non-payment of a premium by an enrollee. The notice serves the purpose of informing HHS of the need for a grace period for an enrollee who received advanced payments of premium tax credits. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and to electronically transmit the notice to HHS as appropriate. We estimate that 1,200 QHP issuers will participate in the Marketplaces. As such, we estimate that it will take approximately 40 hours annually for the time and effort to develop and transmit the notice for a total of 48,000 hours across all QHP issuers.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 100% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Costs (per year)
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Health Policy Analyst	1	\$82.67	4	\$330.68	
Senior Manager	1	\$143.71	1	\$143.71	
Operations Analyst	1	\$94.08	3	\$282.24	
Computer Programmer	1	\$73.13	32	\$2,340.16	
Total			40	\$3096.79	\$3,716,148

Section 156.270(d)(3) requires that the QHP issuer provide a notice to providers of the possibility for denied claims when an enrollee is in the second and third months of the grace period. We assume that both notices will be provided electronically. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and to electronically transmit the notice to the provider as appropriate. We estimate that 1,200 QHP issuers will participate in the Marketplaces. As such, we estimate that it will take approximately 40 hours annually for the time and effort to develop and transmit the notice for a total of 48,000 hours across all QHP issuers.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 100% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Costs (per year)
Health Policy Analyst	1	\$82.67	4	\$330.68	
Senior Manager	1	\$143.71	1	\$143.71	
Operations Analyst	1	\$94.08	3	\$282.24	
Computer Programmer	1	\$73.13	32	\$2,340.16	
Total			40	\$3,096.79	\$3,716,148

Section 156.270(e) requires that the QHP issuer provide notice of payment delinquency to an enrollee who is delinquent on premium payment. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and develop an automated process to distribute to individuals as appropriate. We anticipate that half of enrollees will request electronic notification while the other half will receive the notice by mail. As a result, we estimated the associated mailing costs for the time and effort needed to mail notices in bulk to enrollees as appropriate. We estimate that 1,200 QHP issuers will participate in the Marketplaces. As such, we estimate that it will take approximately 42 hours annually for the time and effort to develop and transmit the notice for a total of 50,400 hours across all QHP issuers.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 100%	Burden Hours	Total Burden Costs	Total Burden Cost (per year)
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		Fringe benefits			
Health Policy Analyst	1	\$82.67	4	\$330.68	
Senior Manager	1	143.71	1	\$143.71	
Operations Analyst	1	94.08	3	\$282.24	
Computer Programmer	1	\$73.13	32	\$2,340.16	
Fulfillment Manager	1	\$51.18	2	\$102.36	
Total			42	\$3,199.15	\$3,838,980

Section 156.270(h) requires QHP issuers to maintain records of terminations of coverage in accordance with 155.430(c). We expect that QHP issuers will maintain this information in an electronic data system. The burden estimate associated with this requirement includes the time and effort needed to program the issuer's electronic data system to retain this information. We estimate that 1,200 QHP issuers will participate in the Marketplaces and be subject to this requirement. As such, we estimate that it will take approximately 60 hours annually for the time and effort to maintain the records for a total of 72,000 hours across all QHP issuers.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 100% Fringe Benefits)	Burden Hours	Total Burden Costs	Total Burden Costs (per year)
Health Policy Analyst	1	\$82.67	10	\$826.70	
Computer Programmer	1	\$73.13	40	\$2,925.20	
Operations Analyst	1	\$94.08	10	\$940.80	
Total			60	\$4,692.70	\$5,631,240

Section 156.290 requires QHP issuers to notify the Exchange and each enrollee if the QHP issuer voluntarily decides not to renew participation of a QHP on the Exchange. The burden estimate associated with each of these requirements includes the time and effort needed to draft separate notices of non-renewal to HHS and to enrollees, and to develop an automated process to distribute to the notice to enrollees as appropriate. We anticipate that half of enrollees will request electronic notification while the other half will receive the notice by mail. As a result, we estimated the associated mailing costs for the time and effort needed to mail notices in bulk to enrollees as appropriate. We estimate that 1,200 issuers will participate in the Exchanges, and of that amount, less than 5% might elect to not renew participation annually. This represents an upper bound for the estimate. We estimate that it will take approximately 41 hours annually for the time and effort to develop and transmit both notices, for a total of 2,460 hours across all affected QHP issuers.

Labor Category	Number of Employees	Hourly Labor Costs (Hourly rate + 100% Fringe benefits)	Burden Hours	Total Burden Costs	Total Burden Costs (per year)
Operations Analyst	1	\$94.08	6	\$564.48	
Senior Manager	1	\$143.71	1	\$143.71	
Health Policy Analyst	1	\$51.48	6	\$308.88	
Computer Programmer	1	\$73.13	24	\$1,755.12	
Fulfillment Manager	1	\$51.18	4	\$204.72	
Total			41	\$2,976.91	\$178,614.60

13. Capital Costs

There are no additional record keeping/capital costs.

14. Cost to Federal Government

The burden to the Federal Government to ensure compliance of qualified health plans with reporting requirements is \$133,483.20. The calculations for CCIIO employees' hourly salary were obtained from the OPM Web site:

https://www.opm.gov/policy-data-oversight/pay-leave/salarieswages/salary-tables/pdf/2015/DCB_h.pdf.

Task	Estimated Cost
Review of Issuer data	
5 GS-13: 5 x \$43.52 x 480 hours	\$104,448.00
Managerial Review and Oversight	
1 GS-15: 1 x \$60.49 x 480 hours	\$29,035.20
Total Costs to Government	\$133,483.20

15. Explanation for Program Changes or Adjustments

This is a new information collection request.

16. Publication/Tabulation Dates

Data collection results will not be published.

17. Expiration Date

Not applicable as the collection does not include data collection instruments.