

SUPPORTING STATEMENT
Health Insurance Providers Fee and
Form 8963, Report of Health Insurance Provider Information
OMB No. 1545-2249

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 9010 of the Patient Protection and Affordable Care Act (PPACA), Public Law No. 111-148 (124 Stat. 119 (2010)), as amended by section 10905 of PPACA, and as further amended by section 1406 of the Health Care and Education Reconciliation Act of 2010, Public Law 111-152 (124 Stat. 1029 (2010)) (collectively "the ACA") imposes an annual fee on health insurance providers that provide health insurance for United States health risks (a covered entity).

The final regulations describe how the IRS will administer the health insurance providers' fee. Members of a controlled group are treated as a single covered entity. The regulations generally allow members of a controlled group to designate a single entity to report on their behalf and section 57.2(e)(2) requires each member to maintain a record of its consent to the designated entity.

Notice 2014-16 and Notice 2014-24, provides a temporary safe harbor for covered entities that report direct premiums written for expatriate plans on a Supplemental Health Care Exhibit (SHCE). A covered entity may apply this temporary safe harbor for purposes of reporting direct premiums written on Form 8963, Report of Health Insurance Provider Information, which is used to calculate the fee imposed by § 9010 of the Affordable Care Act.

Notice 2015-29, provides guidance on how the special rule for expatriate health plans for the 2014 and 2015 fee years under the Expatriate Health Coverage Clarification Act of 2014 applies for purposes of the fee imposed by § 9010 of the Affordable Care Act. This notice obsoletes Notice 2014-24, 2014-16 IRB 942.

This information collection covered under the regulation are the recordkeeping requirements prescribed in §57.2(e)(2) that each member of a controlled group are to maintain records of consent to the controlled group's selection of the designated entity.
This information collection covered under the regulation are the recordkeeping requirements prescribed in Title 26 Code of Federal Regulations §57.2(e)(2) that each member of a controlled group are to maintain records of consent to the controlled group's selection of the designated entity.

2. USE OF DATA

The IRS will use Form 8963 to require each covered entity to annually report its net premiums written for health insurance of United States health risks during the data year. The IRS will use the data for compliance purposes. In the situation where a designated entity is reporting information for another controlled group member covered entity, the IRS may need to verify that the member covered entity gave the designated entity consent to report on its behalf.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The agency has made Form 8963 available and is accepting Form 8963 electronically.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

The collection of information requirement will not have a significant economic impact on a substantial number of small entities.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Consequences of less frequent collections could result in non compliance of covered entities to annually report net premiums written for health insurance of United States health risks .

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTION AND FORMS, AND DATA ELEMENTS

A 60-day **Federal Register** notice was published on March 9, 2017, at 82 FR 13203, soliciting comments on the Form 8963. We received no comments.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 25 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

No personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The collection of information in this proposed regulation is in § 57.2(e)(2) and requires certain entities to maintain records of consent for a designated entity. This information is necessary to evaluate whether an entity has consented to the designation of another entity to report its net premiums written.

We estimate that 800 entities will need to maintain this record. The estimated annual burden per recordkeeper varies from 15 minutes to an hour for each entity, for an estimated average of 30 minutes; for a total annual burden of 400 hours.

Form 8963 is used to report net premiums written for health insurance of United States health risks. The information reported will be used by the IRS to calculate the annual fee on health insurance providers. The estimated number of responses are 2,400; total burden associated with the form is 17,808 burden hours.

Authority	Description	# Respondents	# Responses Per Respondent	Annual Responses	Hours Per Response	Total Burden
§57.2(e)(2)	Record keeping	800	1	800	0.50	400
PPACA § 9010	Form 8963	2,400	1	2,400	7.42	17,808
Total				3,200		18,208

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of printing the form. The estimated cost of printing the form & instructions is \$300.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form and regulation sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.