

Supporting Statement Part A
Application for Enrollment in Medicare Part B (Medical Insurance)
CMS-40B, OMB 0938-1230

Background

Medicare Part B is a voluntary program and is financed from premium payments by enrollees together with contributions from funds appropriated by the Federal government. Section 1836 of the Social Security Act (the Act) permits individuals with Medicare premium-free Part A to enroll in Part B. This statutory provision was codified at 42 CFR 407.10 and the established Form CMS-40B is codified in 42 CFR 407.11. This form is used by individuals with premium-free Part A who want to enroll in Part B after their initial application for Medicare benefits. Such individuals enroll in Medicare Part B during the annual general enrollment period (which occurs from January through March each year) or during a special enrollment period.

Form CMS-40B provides a standardized means to determine the eligibility criteria for enrollment in Part B, as outlined in law. Information that is collected on Form CMS-40B (and the Spanish version CMS-40B-SP) is used by the Social Security Administration (SSA) – the Centers for Medicare & Medicaid Services’ agent for processing Medicare enrollments.

In this 2017 iteration, there are minor, but no substantive changes to the CMS-40B form. The [Medicare Access and CHIP Reauthorization Act \(MACRA\) of 2015](#), requires us to remove Social Security Numbers (SSNs) from all Medicare cards by April 2019. A new and randomly-generated Medicare Number will replace the SSN-based Health Insurance Claim Number (HICN) on the Medicare card for use in all Medicare transactions and communications with people with Medicare. Beneficiaries who would like to apply for Part B using the form CMS 40B will need to provide their Medicare Number, instead of the current SSN-based Medicare claim number, as indicated on the form.

The changes to form CMS 40B include replacing the term “Social Security Claim Number” with “Medicare Number” and removing the term Beneficiary Identification Code (BIC) as referenced on pages 1, 2, and 4 of the form. The Privacy Act Notice on page 3 of the form was updated to include agency approved standard language. The updated notice provides beneficiaries with a detailed list of routine uses of the form.

A. Justification

1. Need and Legal Basis

Section 1836 of the Act, and regulations at 42 CFR 407.10, provide the eligibility requirements for enrollment in Part B. Section 407.11 lists the CMS-40B as the

application to be used by individuals who wish to apply for Part B if they already have initial entitlement to premium-free Part A. Under the regulations, individuals may also enroll in Medicare Part B by signing a statement requesting Part B, if eligible for enrollment at that time. Individuals use the standardized Form CMS-40B to request enrollment.

The CMS-40B (and the CMS-40B-SP) collects the information that SSA needs to determine eligibility for and process enrollments in Part B.

2. Information Users

The CMS-40B provides the necessary information to determine eligibility and to process the beneficiary's request for enrollment for Medicare Part B coverage. This form is only used for enrollment by beneficiaries who already have Part A, but not Part B.

Form CMS-40B is completed by the person with Medicare or occasionally by an SSA representative using information provided by the Medicare enrollee during an in-person interview. The form is owned by CMS, but not completed by CMS staff. SSA processes Medicare enrollments on behalf of CMS.

3. Use of Information Technology

The form CMS-40B is available on the internet (<https://www.cms.gov/Medicare/CMS-Forms/CMS-Forms/Downloads/CMS40B-E.pdf>). Form CMS-40B-SP is also available on the internet (<https://www.cms.gov/Medicare/CMS-Forms/CMS-Forms/Downloads/CMS40B-S.pdf>). Individuals complete the form and submit it to SSA for processing. Individuals may also contact SSA to make their requests. An SSA representative will assist an individual unable to complete the form independently. The information completed on the form is reviewed manually by SSA.

4. Duplication of Efforts

This information does not duplicate any other effort, as the person with Medicare must initiate the request for enrollment into Part B coverage. Use of this form is the initial request by the individual. Even if the individual previously had and dropped Medicare Part B, the information must be updated to ensure proper disposition of the new request.

This information is not available from any other source.

5. Small Businesses

Small businesses are not affected by the collection of this information.

6. Less Frequent Collection

This information is collected only as needed, and only when an existing Medicare beneficiary requests to enroll in Part B. Each individual respondent uses the form one time when he or she submits the request to enroll in Part B. If this information is not collected, the individual cannot enroll in Part B. Since the statute permits enrollment and specific data is necessary to determine eligibility, 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 Notice/Outside Consultation

Federal Register Notice

The 60-day notice published in the Federal Register on March 21, 2017 (82 FR 14517). No comments were received.

The 30-day notice published in the Federal Register on July 7, 2017 (82 FR 31609). No comments were received.

Subsequent to the publication of the 60- and 30-day Federal Register notices, we have made changes to implement the new statutory requirement in MACRA. The changes include removing outdated terminology, and replacing it with terms that will be used going forward. Specifically, the changes consist of:

<i>Section on Submitted Form (CMS-40B)</i>	<i>Type of Change</i>	<i>Rationale for Change</i>
Page 1- “What Information Do You Need To Complete This Application?”	Change “Social Security Claim Number” to “Medicare Number”	Terminology change for consistent terminology for the New Medicare number as part of the statutory requirement under MACRA
Page 2, Section 1	Change “Social Security Claim Number” to “Medicare Number”	Terminology change for consistent terminology for the New Medicare number as part of the statutory requirement under MACRA
Page 2, Section 1	Remove Beneficiary Identification Code (BIC)	BIC is no longer being used in the new Medicare number
Page 4, Section 1	Change instructions to: Write your Medicare Number in each of the boxes.	BIC is no longer being used in the new Medicare number.

Outside Consultation

In 2013, the form was revised in consultation with SSA to ensure smooth operational implementation and that all necessary data elements are collected in the form to permit the determination of Part B eligibility.

9. Payment/Gift to Respondents

There are no payments or gifts provided to respondents.

10. Confidentiality

This collection will be used solely by SSA for the purpose of determining a beneficiary’s eligibility Medicare Part B. Both CMS and SSA are responsible for ensuring that all personally identifiable information (PII) remains confidential.

The completed form is not provided to CMS, rather it is stored with SSA.

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 & Wages)

Wage Estimates

To derive average costs for individuals we used data from the U.S. Bureau of Labor Statistics' May 2016 National Occupational Employment and Wage Estimates for our salary estimate (www.bls.gov/oes/current/oes_nat.htm). We believe that the burden will be addressed under All Occupations (occupation code 00-0000) at \$23.86/hr.

Burden Estimates

We estimate that there are approximately 400,000 respondents annually requesting enrollment in Part B using the paper CMS-40B. This estimate is based on data from the CMS Medicare Beneficiary Database (MBD) and considerations of the enrollment policies and processes which result in Part B coverage starting after Part A. Many of these alternate processes provide Part B coverage without completion of a Form CMS-40B, such as State effectuated Part B enrollments, Initial Enrollment Period enrollments whereby the law requires delays in Part B coverage, written requests not using the CMS-40B, etc.

The average completion time for the paper CMS-40B is 15 minutes. In aggregate we estimate an annual burden of 100,000 hours (400,000 respondents x 0.25 hours/response) at a cost of \$2,386,000 (100,000 x \$23.86/hr) or \$5.97 per beneficiary (\$2,386,000 / 400,000 respondents)..

Collection of Information Instruments and Instruction/Guidance Documents

- Application for Enrollment in Medicare Part B (Medical Insurance)

The application form consists of eight items that are necessary to identify the enrollee and process the request.

Item 1: Requests the Medicare Number of the applicant including the Beneficiary Identification Code. Currently the Social Security Claim Number includes of the Social Security Number (SSN). In 2018, the claim number will become a random and unique number, known as the Medicare Number, assigned to each person with Medicare.

Item 2: Asks the applicant if they wish to sign up for Medicare Part B (Medical

Insurance) to confirm the individual's intent to enroll in Part B coverage

Item 3: Request the name of the applicant

Items 4, 5 and 6: Request the applicant's full mailing address, including state and zip code and the applicant's phone number including area code

Items 7 and 8: Request the signature of the applicant and the date the application was signed

If the application is signed by mark (X), a witness who knows the applicant must supply the following information in items 9 through 11:

Items 9 and 10: Request the signature of the witness, as well as the date the witness signed the application

Item 11: Requests the address of the witness

Item 12: Is an area for the applicant to provide any remarks or comments on the form to clarify information provided on the enrollment application

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

As demonstrated below, the burden from the 2013 approved submission increased in cost from \$454,984.60 to \$972,554 for federal government costs – an increase of \$517,569.40. This is a result of improved data to estimate the number of respondents from 200,000 to 400,000 and the Federal employee wage earnings increasing from \$27.31 to \$28.42 per hour for an employee at the GS-11, step 5 level since 2013. Further, the cost associated with printing and mailing the form were also factored into the burden for 2017, whereas in 2013 this cost was mistakenly omitted from our estimate.

These estimates don't reflect an actual increase in burden in processing a Part B enrollment request, but rather they more accurately capture the true burden associated with this effort.

Printing Costs

The form is not pre-printed, but made available to SSA representatives to print and provide to the individual upon request. SSA representatives also have the ability to provide the CMS-40B via text or email to save both time and cost. We estimate that ten

percent of the individuals requesting enrollment are mailed a CMS-40B via mail. We estimate that the cost for both the printing of the form and the cost of the envelope to mail the form is \$0.15 each. The printing cost associated with the Form CMS-40B is \$6,000 annually based on a quantity of 40,000 (10% of the total responses). ($400,000 \times 10\% = 40,000$. $40,000 \times \$0.15 = \$6,000$)

Mailing Costs

We estimate that approximately ten percent of the requests for Medicare Part B enrollment require mailing of a paper form (approximately 40,000 of the total respondents). The cost to send the form first class mail is \$0.49 each, based on the current rate of postage set by the United States Postal Service (<https://www.usps.com/business/prices.htm>).

The cost burden for the mailing is computed as follows:

There are 40,000 pieces totaling \$0.49 per piece. ($400,000 \times 10\% = 40,000$). Therefore the cost to the government for mailing is \$19,600 ($40,000 \times \$0.49 = \$19,600$ total cost).

Processing Costs

Based on the information collected on the form, we estimate it takes the federal government employee 5 minutes to review and record the collected data (process the enrollment).

The burden is computed as follows:

It is calculated that the burden hours for 400,000 responses to be reviewed and recorded in 5 minutes per response to be 33,320 total hours. ($400,000 \times .0833$ hours (5 minutes) = 33,320 total burden hours)

To derive average costs, we used data from the Office of Personnel Management 2017 General Schedule (GS) Locality Pay Table for all salary estimates (https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/17Tables/html/GS_h.aspx). We estimate that the average government employee at SSA to receive and record the collected data be a Grade 11, Step 5 (GS-11-5) – which we believe is the most appropriate level for a SSA representative to derive the costs to process this form.

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. Such an hourly wage is \$28.42 or \$59,305 annually. Therefore the total cost to the government to complete review and processing of the annual volume of responses is \$946,954.40,

rounded to \$946,954 (33,320 hours x \$28.42/hr).

TOTAL COST

The total federal cost including printing, mailing and processing costs is \$972,554 [\$6,000 (printing) + \$19,600 (mailing) + \$946,954 (employee salary)].

15. Changes to Burden

In this 2017 iteration, we have increased the estimated number of respondents based on improved data from the CMS Medicare Beneficiary Database (MBD) and factored considerations of the enrollment policies and processes which permit enrollment in Part B without the use of Form CMS-40B. We also corrected the response time that was set out in the Form's PRA Disclosure Statement. We have also added a placeholder for the expiration date.

Beginning in April 2018, the term Social Security Claim Number will be replaced with the term Medicare Number and the BIC will be removed, in response to the requirements in MACRA. The form CMS 40B is being updated to reflect those changes. The changes do not have an effect on the burden, as the requirements of the form remain the same.

Our currently approved information collection request estimates zero costs to respondents. In this 2017 iteration, however, we are using wage data from the U.S. Bureau of Labor Statistics' May 2016 National Occupational Employment and Wage Estimates (www.bls.gov/oes/current/oes_nat.htm) to derive average costs for individuals. We believe that the burden will be addressed under All Occupations (occupation code 00-0000) at \$23.86/hr.

16. Publication/Tabulation Dates

None

17. Expiration Date

The form displays the expiration date next to the OMB control number.

18. Certification Statement

There are no exceptions to the certification statement.

B. Collection of Information Employing Statistical Methods

Not applicable. There are no statistical methods.