

Supporting Statement Part A
Medicare Advantage and Prescription Drug Program:
Final Marketing Provisions in 42 CFR 422.111(a)(3) and 423.128(a)(3)
CMS-10260, OMB 0938-1051

Background

Pursuant to disclosure requirements set out in sections 1851(d)(2)(A) and 1860D-1(c) of the Social Security Act (the Act), and cited in §§422.111(a)(3) and 423.128(a)(3), Medicare Advantage (MA) organizations and Part D sponsors must provide notice to plan members of impending changes to plan benefits, premiums and cost sharing in the coming year. To this effect, members will be in the best position to make an informed choice on continued enrollment or disenrollment from that plan at least 15 days before the Annual Election Period (AEP) using the Annual Notice of Change (ANOC) and before the first day of the AEP for the Evidence of Coverage (EOC). MA organizations and Part D sponsors must notify plan members of the coming year changes using the standardized ANOC. Plans must disseminate the EOC at the time of enrollment and at least annually thereafter.

CMS has implemented this requirement to ensure that people with Medicare receive timely information so that they may make confident, informed decisions about their healthcare options.

We maintain two (2) templates for each of the nine (9) plan types for a total of eighteen (18) templates.

This 2017 information collection request subsumes proposed revisions to the ANOC/EOC regulation that are set out under CMS-4182-P (RIN 0938-AT08). In this regulatory change, we propose to separate the ANOC and EOC documents from each other. We also propose to allow plans to deliver the EOC electronically using certain methods which we will delineate in sub-regulatory guidance. We also propose to move the required due date for the EOC from 15 days prior to the start of the AEP to prior to the first day of the AEP (or October 14th for the 2019 enrollment season). The due date for the ANOC will remain 15 days prior to the start of the AEP. This change would have no impact on our currently approved burden estimates.

CMS-4182-P also proposes to reduce the scope of the definition of “marketing materials.” Since plans would market their products regardless of CMS’s requirement to submit materials for review, the burden associated with this is the time plans spend uploading materials to CMS, as well as the time CMS spends reviewing the materials. While we have not addressed this burden before, we are decreasing this burden to both plans and CMS by narrowing the scope of what is considered a marketing material, hence reducing the number of marketing materials that plans must upload to CMS’s systems for review by CMS staff.

A. Justification

1. Need and Legal Basis

CMS requires MA organizations and Part D sponsors to use the standardized documents being submitted for OMB approval to satisfy disclosure requirements mandated by section

1851 (d)(3)(A) of the Act and §422.111 for MA organizations and section 1860D-1(c) of the Act and §423.128(a)(3) for Part D sponsors.

The regulatory provisions at §§ 422.111(b) and 423.128(b) require MA organizations and Part D sponsors to disclose plan information, including: service area, benefits, access, grievance and appeals procedures, and quality improvement/assurance requirements. We are changing the deadline for this requirement for the EOC from September 30 of each year to the last day prior to the start of the AEP (October 14th at the time of this iteration. The required due date for the ANOC will remain 15 days prior to the start of the AEP.

CMS requires MA organization and Part D sponsors to submit marketing materials to CMS for review prior to the MAO or sponsor distributing those materials to the public. In section 1851(h), paragraphs (1), (2), and (3) establish this requirement for MAOs. Section 1860D-1(b)(1)(B)(vi) directs Part D sponsors to follow the same requirements in section 1851(h) that MAOs must follow for this purpose.

The regulatory provisions at §§ 422.2262 and 423.2262 require MAOs and Part D sponsors respectively to submit all marketing materials (as defined in §§ 422.2260 and 423.2260) to CMS for review and approval.

2. Information Users

MA organizations (MAO) and Part D sponsors use the information discussed below to comply with the disclosure requirements under MA and Part D law and regulations, as described above. CMS requires MAOs and Part D sponsors to use the approved standardized documents to ensure that correct information is disclosed to current and potential enrollees. New and current enrollees can review the ANOC and EOC to find plan benefits, premiums and cost sharing for the coming year to be in a better position to make informed and educated plan selections.

MA organizations and Part D sponsors use the information discussed in the Medicare Marketing Guidelines (MMG) to comply with the requirements to seek CMS approval on marketing materials under MA and Part D law and regulations, as described above. CMS requires MA organizations and Part D sponsors to obtain CMS approval of marketing materials to ensure that MA organizations and Part D sponsors disclose correct information to current and potential enrollees. Both current and potential enrollees can review other marketing materials to find plan benefits, premiums, and cost sharing for the coming year (after October 1) and the current year to be in a better position to make informed and educated plan selections.

3. Use of Information Technology

MA organizations and Part D sponsors upload ANOC and EOC documents into the Health Plan Management System (HPMS) to ensure accuracy and regulatory compliance. Section 422.111(h)(2)(ii) requires that, to the extent that an MA organization has a website, the ANOC/EOC be available on the website and sent to the enrollee in hard copy format. Section 423.128(d)(2) requires that Part D sponsors post the ANOC and EOC documents on their website and send it to enrollees electronically or in hard copy, based on enrollee's

request.

MA organizations and Part D sponsors upload marketing materials into HPMS for CMS review as well.

4. Duplication of Efforts

The information collection requirements discussed herein and contained in the regulations are not duplicated through any other effort.

5. Small Businesses

The collection of information will have a minimal impact on small business since MA organizations and Part D sponsors must possess an insurance license and be able to accept substantial financial risk. Generally, state statutory requirements effectively preclude small businesses from being licensed to bear risk needed to serve Medicare enrollees.

6. Less Frequent Collection

This information is collected as needed to ensure compliance with applicable laws and regulations. If it were to be collected less frequently, MA organizations and Part D sponsors would not be providing updated, accurate information to their enrollees and potential enrollees. Possible consequences include improper enrollment of beneficiaries in an MA organization or Part D sponsor, the release of misleading information regarding health care coverage through an MA organization or Part D sponsor to potential and/or current members, and inadequate provision of patients' rights regarding Medicare-covered services.

7. Special Circumstances

CMS requires MA organizations and Part D sponsors to maintain documentation related to their CMS contracts for 10 years pursuant to statutory and regulatory requirements. Otherwise, there are no special circumstances. More specifically, this ANOC/EOC and marketing materials information collection does not do any of the following:

- Require respondents to report information to the agency more often than quarterly;
- Require respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- Require respondents to submit more than an original and two copies of any document;
- Require respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- Make use of a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study,
- Require the use of a statistical data classification that has not been reviewed and approved by OMB;
- Includes 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

- Require respondents to 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 Consultation

The November 28, 2017 (82 FR 56336) proposed rule (CMS-4182-P, RIN 0938-AT08) serves as the 60-day Federal Register notice.

9. Payments/Gifts to Respondents

There are no payments/gifts to respondents.

10. Confidentiality

The information collected through these documents from MA organizations and Part D sponsors is intended for public disclosure to current and potential enrollees regarding health care and prescription drug coverage choices, program rules, premiums and cost sharing of the contracting MA organizations and Part D sponsors' plan offerings.

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 Estimates (Hours & Wages)

12.1 Wages

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2016 National Occupational Employment and Wage Estimates for all salary estimates (http://www.bls.gov/oes/current/oes_nat.htm). In this regard, the following table presents the mean hourly wage, the cost of fringe benefits and overhead (calculated at 100 percent of salary), and the adjusted hourly wage.

Table 1: Occupation Titles and Wage Rates

Occupation Title	Occupation Code	Mean Hourly Wage(\$/hr)	Fringe Benefits and Overhead (\$/hr)	Adjusted Hourly Wage(\$/hr)
Business Operations Specialist	13-1000	34.54	34.54	69.08

As indicated, we are adjusting our employee hourly wage estimates by a factor of 100 percent. This is necessarily a rough adjustment, both because fringe benefits and overhead costs vary significantly from employer to employer, and because methods of estimating these costs vary widely from study to study. Nonetheless, there is no practical alternative and we believe that doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

The requirement to submit marketing materials to CMS for review imposes a burden only in the form of the time required of plan personnel to upload the materials in CMS’s Health Plan Management System (HPMS). We have chosen to use the same occupation title for this purpose as it would be the same category of plan staff that would be accomplishing this operation.

12.2 Annual Requirements and Burden Estimates

ANOC/EOC (REVISED)

Labor Burden (No Changes): The burden associated with completing the ANOC and EOC documents is the time and effort associated for a MA organization and Part D sponsor to submit the required information and disclose to the beneficiary. For each contract, we estimate that it will take an average of 12 hours to develop and submit the required information. This includes 1 hour to read CMS’ accompanying memo and instructions to plans in the standardized document, 6 hours to generate the standardized document, 1 hour to submit the materials, 4 hours to print and disclose to the beneficiaries. We estimate 725 MA organization and 80 Part D sponsor contracts would be affected by this requirement. CMS estimates the cost/wage associated with this requirement is \$69.08, multiplied by the

number of annual burden hours, for MA organizations and Part D sponsors to review. The total average annual burden associated with this requirement is 9,660 hours, as reflected in Table 2.

Table 2: ANOC/EOC Burden

Organization Type	Number of Contracts	Estimated Hours	Estimated Total Hours	Estimated wage/hour	Estimated Cost
MA-PD	725	12	8,700	\$69.08/hr	\$600,996
PD sponsors	80	12	960	\$69.08/hr	\$66,317
Total	805	12	9,660	\$69.08/hr	\$667,313

Non-Labor Burden (Added Burden): The non-labor burden associated with completing the ANOC and EOC documents is the material cost of the physical version (i.e. paper and toner) of the documents as well as the postage cost to mail them. Excluding postage, paper and toner are consumable supplies that are not eligible for capitalization.

For a plan to meet our requirements regarding what must be in an EOC, we expect the EOC to be an average of 150 pages in length. Per the updated regulatory requirements, we expect MA organizations and Part D sponsors to mail the documents when requested by their members. We expect that approximately one-third of each organization’s members will request paper documents. Finally, we expect MA organizations and Part D sponsors to use commercial postal rates as measured per pound. We have not previously measured the cost of the physical version of the EOC documents. Therefore, while the number of the material versions will be less than in previous years, this cost is still an added burden from previous iterations of this PRA package.

However, as we did not quantify this as part of the burden in previous iterations of this PRA package, we consider the total burden of materials (i.e., the non-labor burden) to be added burden for the purpose of this iteration of the PRA package. While we didn’t estimate the burden for this component previously, the previous regulatory provision required all plans to mail a hard copy of the ANOC/EOC document (20 pages ANOC + 150 pages EOC = 170 pages) to all members (i.e. 47.8 million beneficiaries). The total non-labor burden incurred by plans previously would have been based on the total number of pages involved (170 pages times 47.8 million beneficiaries = 8.126 billion pages). The total number of pages would have determined the total cost in paper and toner as well as the total bulk commercial rate postage cost.

The major expenses in printing an ANOC/EOC document were paper and toner. We are not estimating maintenance costs of printers and computers nor the time involved. The typical ANOC/EOC has 170 pages. Typical wholesale costs of paper are approximately \$2.50 for a ream of 500 sheets. Since each ANOC/EOC document had approximately 170 pages we are estimating a cost of $\$2.50 / (500 / 170) = \0.85 per ANOC/EOC document for a total cost of paper of $(8.126 \text{ billion pages} \times \$0.85) \$6.9071 \text{ billion}$.

Toner costs can range from \$50 to \$200 and each toner can last 4,000 to 10,000 pages. CMS assumes a cost of \$50 for 10,000 pages. Each toner would print 58.82 ANOC/EOC documents (10,000 pages per toner /170 pages per ANOC/EOC) at a cost of \$0.005 per page (\$50/10,000 pages) or \$0.85 per ANOC/EOC document (\$0.005 per page x 170 pages). The total cost to print all the required ANOC/EOC documents for all beneficiaries would have been \$40.63 million.

Postage was another significant non-labor cost in the production of the ANOC/EOC document. Since a ream of paper with 2,000 8½ by 11 pages weighs 20 pounds or 320 ounces it then follows that 1 sheet of paper weighs 0.16 ounces (320 oz / 2,000 pages). Therefore, a typical ANOC/EOC of 170 pages weighs 27.2 ounces (0.16 oz/page x 170 pages) or 1.7 pounds. Since commercial mailing rates are 13.8 cents per pound, the cost to mail a single ANOC/EOC document should have been estimated at 23.46 cents (13.8 cents x 1.7 pounds). Therefore, the cost to mail all the ANOC/EOC documents that CMS required plans to mail to 47.8 million beneficiaries would have been \$1.121 billion (23.46 cents x 47.8 million beneficiaries).

TOTAL (non-labor burden)	
Paper	6,907,100,000
Toner	40,630,000
Postage	<u>1,121,000,000</u>
	\$8,068,730,000

While we are estimating \$667,313 in labor-related costs, for the purpose of the ROCIS system (or reginfo.gov) for non-labor costs we estimate \$8,068,730,000 at \$10,023,267.08/response (\$8,068,730,000/805 responses).

Marketing Materials (Added Burden)

Labor Burden (Added Burden): The burden associated with uploading marketing materials is the time and effort associated for a MA organization and Part D sponsor to submit the required information to CMS. We estimate that it takes a plan 30 minutes at \$69.08/hr for a business operations specialist to submit each of the marketing materials. As indicated in Table 3 (below) we estimate that CMS reviews a total of 40,286 marketing materials.

The 30 minute time estimate does not include the time to generate, print, and disclose the materials as MA organizations and Part D sponsors would be performing these activities regardless of any federal requirement. The total average annual burden associated with this requirement is 20,143 hours (40,286 materials x .5 hour per material) at a cost of \$1,391,478.44 (20,143 hr x \$69.08/hr).

Table 3: Estimated Time & Cost by Marketing Code

Marketing Code	Description	Estimated Number of Materials Submitted	Hours per response	Total Hours	Wage	Total Cost in Dollars

1000	Enrollment and related documents	981	30 min	490.5	\$69.08/hr	\$33,883.74
1100	ANOC/EOC/LIS Rider	5,162	30 min	2581	\$69.08/hr	\$178,295.48
4000	Advertisements	32,974	30 min	16,487	\$69.08/hr	\$1,138,921.96
6000	Presentations/Scripts/Surveys	1,169	30 min	584.5	\$69.08/hr	\$40,377.26
TOTAL		40,286	30 min	20,143	\$69.08/hr	\$1,391,478.44

12.3 Burden Summary

Regulatory Section(s) in Title 42 of the CFR	Respondents	Responses	Burden per Response	Total Annual Burden (hours)	Labor Cost	Total Cost (\$)
422.111 and 423.128 (ANOC/EOC completion and disclosure)	805	805	12 hr	9,660	\$69.08/hr	667,313
ANOC/EOC (non-labor)	805	n/a	n/a	n/a	n/a	8,068,730,000
422.2260 and 423.2260 marketing materials	805	40,286	30 min	20,143	\$69.08/hr	1,391,478
TOTAL	805	41,091	varies	29,803	\$69.08/hr	2,058,791

12.4 Information Collection Instruments and Associated Instructions

ANOC/EOC

CMS provides nine (9) standardized ANOC and nine (9) standardized EOC templates to MA organizations and Part D sponsors that reflect recent policy changes (if any). MA organizations and Part D sponsors populate the templates with updated MA, PD or both plan product offerings/options. CMS issues a yearly HPMS memo to MA organizations and Part D sponsors to announce the release of the ANOC and EOC materials. CMS highlights the changes, if applicable, and posts the templates on the CMS' Marketing Models, Standard Documents, and Educational Material website, located at (<https://www.cms.gov/Medicare/Health-Plans/ManagedCareMarketing/MarketngModelsStandardDocumentsandEducationalMaterial.html>) including specific ANOC/EOC Standardized Model Instructions. CMS requires that all documents are compliant with CMS requirements.

The nine (9) categories of templates consists of the following with two (2) documents (one ANOC and one EOC) in each category. Outside of separating the templates into ANOC- and EOC-specific versions, this 2017 iteration does not make any other changes to the templates.

Health Maintenance Organization (HMO) - a type of Medicare managed care plan where a group of doctors, hospitals, and other health care providers agree to give health care to Medicare beneficiaries for a set amount of money from Medicare every month. Members usually get care from the providers of the plan.

Cost Plan - is a plan which is similar to a Medicare HMO in that enrollees have access to a network of doctors and hospitals approved by Medicare. Enrollees can join a Medicare cost plan when it's accepting new members, but may decide to return to original Medicare at any time.

Dual Eligible Special Needs (DSNP) – is a plan that is offered to enrollees who are entitled to Medicare and Medical Assistance from a State plan. These plans are designed for people with specific conditions or financial needs.

Medical Savings Account (MSA) – is a plan that deposits money into a special savings account at the beginning of each calendar year. Only the plan can make deposits into the MSA account; plan enrollees cannot deposit their own money.

Private Fee For Service (PFFS) Plan – is a plan that offers coverage by a private insurance company. PFFS plans are not the same as Original Medicare or Medigap. The plan determines how much it will pay doctors, other health care providers, and hospitals, and how much you must pay when you get care.

Preferred Provider Organization (PPO) - is a type of Medicare Advantage Plan (Part C) offered by a private insurance company. In a PPO Plan, you pay less if you use doctors, hospitals, and other health care providers that belong to the plan's network.

Preferred Provider Organizations with Prescription Drugs (PPO) – is a PPO that provides prescription drug coverage.

Health Maintenance Organization with Prescription Drugs (HMO MA-PD) – is an HMO that provides prescription drug coverage.

Prescription Drug Plan (PDP) – is a plan that provides prescription drug coverage, which subsidizes the costs of prescription drugs for enrollees. Enrollees pay a co-pay for each prescription, a monthly premium and an annual deductible.

Marketing Materials

None.

13. Capital Costs

Not applicable.

14. Cost to Federal Government

The calculations for CMS employees' hourly salary were obtained from the Office of Personnel Management 2017 General Schedule Pay Table for the Washington DC Metro area (<https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2017/general-schedule/>).

The annual burden to the Federal Government including the cost of CMS employees' time is calculated to be: **\$324,151.23** (\$308,871.64 + \$15,279.59) as reflected in Tables 4 and 5.

ANOC/EOC

The burden for dividing the models into separate ANOC and EOC documents falls on the CMS contractor responsible for maintaining those documents. The contractor has indicated a cost of \$2,200.00 to complete that operation. This is reflected in Table 4.

Table 4: Cost to Federal Government – ANOC/EOC

18 Versions of the standardized ANOC and EOC documents	\$261,800.00
Medicare MA and Part D Program Subject Matter Experts and staff Help/Review:	
12 GS-13 step 5: 12 x \$51.48/hr x 20 hours	\$12,355.20
2 GS -13 step 5: 2 x \$51.48/hr x 304 hours	\$31,299.84
2 GS -14 step 5: 2 x \$60.83/hr x 10 hours	\$1,216.60
Contractor cost to split models	\$2,200.00
SUBTOTAL	\$308,871.64

Marketing Materials

The burden to the Federal government for the collection of marketing materials and the cost of CMS employees' time are calculated to be: **\$15,279.59**, as reflected below in Table 5. CMS prospectively reviews about 10 percent of the marketing materials submitted.

Table 5: Cost to Federal Government – Marketing Materials

428.6 (4,286 materials x 10%)	
Medicare MA and Part D Program Subject Matter Experts Review:	
12 GS-11 step 5: \$71.30/hr x 428.6 materials x .5 hr	\$15,279.59
SUBTOTAL	\$15,279.59

15. Changes to Burden

15.1 ANOC/EOC

Proposed Revisions to ANOC/EOC Requirements (No Burden Implications)

This 2017 information collection request subsumes proposed revisions to the ANOC/EOC regulation that are set out under CMS-4182-P (RIN 0938-AT08). In this regulatory change, we propose to separate the ANOC and EOC documents from each other. We also propose to move the required due date for the EOC from 15 days prior to the start of the AEP to prior to the first day of the AEP (or October 14th for the 2019 enrollment season). The due date for the ANOC will remain 15 days prior to the start of the AEP. This change would have no impact on our currently approved burden estimates. We also propose to allow plans to deliver the EOC electronically using certain methods which we will delineate in sub-regulatory guidance. We anticipate that this will result in a savings to plans as discussed below.

Proposed ANOC/EOC non-Labor Burden (Added Burden)

We don't anticipate any increase to the non-labor burden for creation and delivery of the ANOC and EOC documents. MA organizations and Part D sponsors were already creating these documents and were incurring postage costs based on weight. The size and nature of the documents are not changing. Subsequently, the weight is also not changing. Therefore we don't anticipate any additional burden in this regard.

However, as we did not quantify this as part of the burden in previous iterations of this PRA package, we consider the total burden of materials (i.e., the non-labor burden) to be added burden for the purpose of this iteration of the PRA package. While we didn't estimate the burden for this component previously, the previous regulatory provision required all plans to mail a hard copy of the ANOC/EOC document (20 pages ANOC + 150 pages EOC = 170 pages) to all members (i.e. 47.8 million beneficiaries). The total non-labor burden incurred by plans previously would have been based on the total number of pages involved (170 pages times 47.8 million beneficiaries = 8.126 billion pages). The total number of pages would have determined the total cost in paper and toner as well as the total bulk commercial rate postage cost.

The major expenses in printing an ANOC/EOC document were paper and toner. We are not estimating maintenance costs of printers and computers nor the time involved. The typical ANOC/EOC has 170 pages. Typical wholesale costs of paper are approximately \$2.50 for a ream of 500 sheets. Since each ANOC/EOC document had approximately 170 pages we are estimating a cost of $\$2.50 / (500 / 170) = \0.85 per ANOC/EOC document for a total cost of paper of (8.126 billion pages x \$0.85) \$6.9071 billion.

Toner costs can range from \$50 to \$200 and each toner can last 4,000 to 10,000 pages. CMS assumes a cost of \$50 for 10,000 pages. Each toner would print 58.82 ANOC/EOC documents (10,000 pages per toner / 170 pages per ANOC/EOC) at a cost of \$0.005 per page (\$50/10,000 pages) or \$0.85 per ANOC/EOC document (\$0.005 per page x 170 pages). The total cost to print all the required ANOC/EOC documents for all beneficiaries would have been \$40.63 million.

Postage was another significant non-labor cost in the production of the ANOC/EOC document. Since a ream of paper with 2,000 8½ by 11 pages weighs 20 pounds or 320

ounces it then follows that 1 sheet of paper weighs 0.16 ounces (320 oz / 2,000 pages). Therefore, a typical ANOC/EOC of 170 pages weighs 27.2 ounces (0.16 oz/page x 170 pages) or 1.7 pounds. Since commercial mailing rates are 13.8 cents per pound, the cost to mail a single ANOC/EOC document should have been estimated at 23.46 cents (13.8 cents x 1.7 pounds). Therefore, the cost to mail all the ANOC/EOC documents that CMS required plans to mail to 47.8 million beneficiaries would have been \$1.121 billion (23.46 cents x 47.8 million beneficiaries).

The changes in this package assume that the 170 page ANOC/EOC is split into two documents: the 20 page ANOC and the 150 page EOC. This would not change the base costs estimated above. However, the changes also assume a reduction of 67% in the number of EOC documents that CMS will require plans to mail to beneficiaries. We discuss that change in the next section.

Proposed ANOC/EOC non-Labor Burden (Savings)

While not discussed in previous packages, we don't anticipate any savings regarding the non-labor burden as we don't anticipate any changes to the non-labor burden for creation and delivery of the ANOC and EOC documents. MA organizations and Part D sponsors were already creating these documents and were incurring postage costs based on weight. The size and nature of the documents are not changing. Subsequently, the weight is also not changing. Therefore we don't anticipate any reduction in burden in this regard.

Electronic delivery would reduce plan burden by reducing printing and mailing costs. CMS produces the models for these documents. Similarly, the IT systems of the plans are already set up to format and print these documents. Also, plans must provide hard copies upon request. To estimate the cost of printing these documents, we note that the CMS Trustee's report, accessible at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/> lists 47.8 million beneficiaries in Medicare Advantage, Section 1876 Cost and Prescription Drug contracts for contract year 2019. Based on reports from the InternetSociety.org and Pew Research Center, we estimate that 33 percent of these beneficiaries will prefer hard copies to electronic copies. Thus the savings comes from the 67 percent of beneficiaries that will not want printed copies mailed to them, namely $67\% \times 47.8 = 32,026,000$ individuals.

The major expenses in printing an EOC are paper and toner. We are not estimating maintenance costs of printers and computers nor the time involved. The typical EOC has 150 pages. Typical wholesale costs of paper are between \$2.50 and \$5.00 for a ream of 500 sheets. We conservatively assume \$2.50 per ream of 500 sheets. Since each EOC has 150 pages we are estimating a cost of $\$2.50 / (500 / 150) = 0.75$ per EOC. We estimate that 67 percent of the 47.8 million beneficiaries or 30.083 million beneficiaries will no longer require an EOC. Thus the total savings from paper is \$24,019,500 (32,026,000 EOCs x \$0.75 per EOC).

Toner costs can range from \$50 to \$200 and each toner can last 4,000 to 10,000 pages. We conservatively assume a cost of \$50 for 10,000 pages. Each toner would print 66.67 EOCs (10,000/150). Since each toner costs \$50 the end cost of toner for EOCs would be $\$50 / 66.67 = 0.75$. Thus the total savings on toner is \$24,019,500 ($\0.005 per page x 150 pages x 32,026,000 EOCs). It follows that the total savings in not printing EOCs for 67% of

Medicare Advantage enrollees is \$48,039,000 ($\$24,019,500 \times 2$).

Approximately 67 percent of the 47.8 million beneficiaries will no longer want a hardcopy EOC. Regarding mailing costs, a ream of paper, with 2000 8½ by 11 pages weighs 20 pounds or 320 ounces it follows that 1 piece of paper weighs = $320/2000 = 0.16$ ounces. Therefore, a typical EOC of 150 pages weighs 24 ounces or 1.5 pounds. Since commercial mailing rates are 13.8 cents per pound, the total savings in mailings is \$6,629,400 ($\$0.138/\text{lb} \times 1.5 \text{ lb} \times 32,026,000 \text{ EOCs}$).

In aggregate, we estimate a savings (to plans for not producing and mailing hardcopy EOCs) of \$54,668,400 ($\$48,039,000 + \$6,629,400$).

15.2 Marketing Materials

Proposed Marketing Materials Labor Burden (Added Burden)

We have not previously discussed the burden CMS places on MA organizations and Part D sponsors of uploading marketing materials to CMS for approval. We are capturing this burden in this PRA package for the first time. This burden is considered added labor burden for the purpose of this PRA package. We do not, however, anticipate that there will be any increase in the labor burden due to the changes we are making.

The burden associated with uploading marketing materials is the time and effort associated for a MA organization and Part D sponsor to submit the required information to CMS. We estimate that it takes a plan 30 minutes at \$69.08/hr for a business operations specialist to submit the each of the marketing materials. The total average annual burden associated with this requirement is 20,143 hours ($40,286 \text{ materials} \times .5 \text{ hour per material}$) at a cost of \$1,391,478.44 ($20,143 \text{ hr} \times \69.08 per hr).

Proposed Marketing Materials Labor Burden (Savings)

CMS-4182-P also proposes to reduce the scope of the definition of “marketing materials.” Since plans would market their products regardless of CMS’s requirement to submit materials for review, the burden associated with this is the time plans spend uploading materials to CMS, as well as the time CMS spends reviewing the materials. While we have not addressed this burden before, we are decreasing this burden to both plans and CMS by narrowing the scope of what is considered a marketing material, hence reducing the number of marketing materials that plans must upload to CMS’s systems for review by CMS staff.

While we have not discussed the burden associated with this requirement previously, it would have been associated with the number of documents that CMS required plans to submit for review under the previous definition of “marketing materials.” We calculate that number of documents at 80,110. As with the current burden listed above, the burden associated with uploading marketing materials is the time and effort associated for a plan to submit the required information to CMS. We estimate that it takes a plan 30 minutes at \$69.08/hr for a business operations specialist to submit the each of the marketing materials. The total average annual burden associated with this requirement is 40,055 hours ($80,110 \text{ materials} \times .5 \text{ hour per material}$) at a cost of \$2,766,999.40 ($40,055 \text{ hr} \times \$69.08/\text{hr}$).

15.3 Summary of Changes

Table 6: Changes to Current Burden Estimates (Time and Cost)

TIME (Labor)	Currently Approved Burden	New Burden	Net Change
ANOC/EOC Requirement – Labor	9,660	9,660	0
ANOC/EOC Requirement – Non-Labor	n/a	n/a	n/a
Marketing Materials Submission Requirement – Labor	0*	20,143	20,143

*We have not previously quantified this value. The estimate should have been 40,055 hr (80,110 materials x 0.5 hr/response). In this regard, the net change should be a savings of 19,912 hr (40,055 hr – 20,143 hr).

COST	Currently Approved Burden	New Burden	Net Change
ANOC/EOC Requirement – Labor	\$667,312.80	\$667,312.80	0
ANOC/EOC Requirement – Non-Labor	0*	\$8,068,730,000	\$8,068,730,000
Marketing Materials Submission Requirement – Labor	0**	\$1,391,478	\$1,391,478

*We have not previously quantified this value. In this regard, the net savings should be \$54,668,400 instead of an added figure of \$8,068,730,000.

**We have not previously quantified this value. The estimate should have been \$2,767,000 (40,055 hr x \$69.08/hr). In this regard, the net savings should be \$1,375,522 instead of an added figure of \$1,391,478.

16. Publication/Tabulation Dates

MA organizations and Part D sponsors must ensure that enrollees receive the ANOC by fifteen days prior to the start of the AEP each year and the EOC by the first day of the AEP of each year, and must therefore submit the populated documents to CMS for review.

MA organizations and Part D sponsors must ensure that they submit each marketing material to CMS for review prior to use.

17. Expiration Date

CMS does not object to displaying the expiration date on information collection materials.

18. Certification Statement

There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods

This collection does not employ statistical methods.

