

**Supporting Statement Part A
Request for Termination of Premium Hospital and/or
Supplementary Medical Insurance and
Supporting Statute and Regulations
CMS-1763, OMB 0938-0025**

Background

Medicare Part B and premium-Part A are voluntary programs and are financed from premium payments by enrollees together with contributions from funds appropriated by the Federal government. Sections 1818(c)(5), 1818A(c)(2)(B), and 1838(b)(1) of the Social Security Act (the Act) allow a Medicare enrollee to voluntarily terminate Supplementary Medical Insurance (Part B) and/or the premium Hospital Insurance (premium-Part A) coverage by filing a written request. These statutory provisions were codified at 42 CFR 406.28 and 407.27.

Because Medicare is recognized as a valuable protection against the high cost of medical and hospital bills, when an individual wishes to voluntarily terminate Part B and/or premium Part A, the enrollee is requested to provide the reason they wish to terminate coverage. This request is not required by law, however, the request is made to permit an opportunity for the Centers for Medicare & Medicaid Services (CMS), through its delegated agent for processing Medicare enrollments and disenrollments -- the Social Security Administration (SSA) -- to ensure that the individual understands the ramifications of the decision

The Request for Termination of Premium Hospital and/or Supplementary Medical Insurance (Form CMS-1763) provides a standardized means to satisfy the requirements of law, as well as allow both agencies to protect the individual from an inappropriate decision.

In this reinstatement, we have adjusted our estimated number of responses (from 14,000 to 101,000) based on more accurate figures from the CMS Medicare Beneficiary Database (MBD). We have also adjusted our per response time estimate from 25 minutes to 10 minutes due to better estimates of how long it takes a SSA representative to process the form. The form's PRA Disclosure Statement was updated to match this per response time estimate.

Subsequent to the publication of the 60- and 30-day Federal Register notices, changes were made to the form, however, our burden estimates were not affected. 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 terminate Part B or Premium-Part A coverage, using Form CMS 1763, will provide their new Medicare number, instead of the current SSN-based Medicare claim number, as indicated on the form. In this regard, we have revised the CMS-1763 form by replacing the term "Medicare Claim Number" with "Medicare Number".

A. Justification

1. Need and Legal Basis

Sections 1818(c)(5), 1818A(c)(2)(B), and 1838(b)(1) of the Act and corresponding regulations at 42 CFR 406.28(a) and 407.27(c) require that a Medicare enrollee wishing to voluntarily terminate Part B and/or premium Part A coverage file a written request with CMS or SSA. The statute and regulations also specify when coverage ends based upon the date the request for termination is filed.

Form CMS-1763 collects the information necessary to process Medicare enrollment terminations.

2. Information Users

Form CMS-1763 provides the necessary information to process the enrollee's request for termination of Part B and/or premium Part A coverage.

The form is completed by either the person with Medicare (i.e., the enrollee) or an SSA representative using information provided by the Medicare enrollee during an in-person interview. Further, SSA assists those who speak other languages, or those unable to complete the form independently, via an in-person interview. The form is owned by CMS, but not completed by CMS staff. SSA processes Medicare enrollments and disenrollments on behalf of CMS.

3. Use of Information Technology

Although the preferred method of data collection is an in-person interview with an SSA representative, the Form CMS-1763 can be found on the Internet via SSA's official website: <https://secure.ssa.gov/apps10/poms/images/Other/G-CMS-1763.pdf>. Additionally, the form will be available for download at cms.gov. Individuals may complete the form and submit it to SSA for processing. Individuals may also contact SSA to make their requests. In such cases, SSA will conduct the in-person interview via telephone, and if the individual still wants to terminate the coverage, mail the form to the individual. We estimate that half the termination requests are received via telephone. The information completed on the form is reviewed manually by SSA. Thus, the collection of this information does not involve the use of information technology.

4. Duplication of Efforts

The collection of this information does not duplicate any other effort and this information is not available from any other source.

5. Small Business

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 a beneficiary requests to terminate Part B and/or premium Part A coverage for a period of current Medicare enrollment. If this information is not collected, the enrollee cannot have his or her enrollment terminated as permitted by law. Since the statute allows for Part B and/or premium Part A termination and specifies how such a request must be made, this collection involves the minimum amount of burden legally required.

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 Notices/Outside Consultants

The 60 day notice published in the Federal Register on April 30, 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 a minor change to implement the new statutory requirement in MACRA. The change includes removing outdated terminology, and replacing it with a term that will be used going forward. Additionally, the burden was changed from 25 minutes to 10 minutes as a result of consulting with SSA for a better estimation. Specifically, the change consists of:

Section on Submitted Form (CMS 1763)	Type of Change	Rationale for Change
Page 1 Medicare Claim Number	Change “Medicare Claim Number” to “Medicare number”	Terminology change for consistent terminology for the new Medicare number as part of the statutory requirement under MACRA
Page 1 time burden 25 minutes	Change time burden 10 minutes	The burden changed from 25 minutes (2013) to 10 minutes (2017)

9. Payments/Gifts to Respondents

Once an individual’s coverage is terminated, premiums for future coverage are no longer required. The individual will be refunded for any premiums paid in advance for months of coverage that occur after the termination is effective, as permitted by law. There are no payments or gifts to respondents.

10. Confidentiality

The information collected is used only by SSA for the purpose of processing a request for Medicare enrollment termination. Both CMS and SSA are responsible for ensuring that all personally identifiable information (PII) remains confidential.

The completed form is never 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

There are approximately 101,000 respondents annually who request termination on Form CMS-1763. The data represent the most current information based on voluntary terminations of

Medicare coverage for Part B and premium Part A since January 1, 2016, via the CMS Medicare Beneficiary Database (MBD).

Based on the information requested for completion by the respondent on the form, we estimate that it takes a respondent on average 5 minutes to complete. Based on actual experience, the in-person interview with SSA may take on average 10 minutes to complete. As the in-person or telephonic interview is the preferred method to collect this information, and it has the longest duration, we derived our burden estimates based on this method.

In aggregate we estimate an annual burden of 16,833 hours (101,000 responses x 10 min/60 per response) at a cost of \$401,643 (16,833 hr x \$23.86/hr) or \$3.98 per response (\$401,643 / 101,000).

Information Collection Instruments and Supporting Documents

- Request for Termination of Premium Hospital and/or Supplementary Medical Insurance

The form consists of seven items that are necessary to identify the enrollee, the type coverage being terminated, and other information necessary to process the request.

Item 1: Requests the name of the enrollee to identify the individual.

Item 2: Requests the Medicare Claim Number. This identifies the record upon which the enrollee's Medicare coverage was established and confirms identification of the individual for which the enrollment termination will be processed. Currently, the Medicare Claim Number is assigned by SSA based upon the filing of an application for Social Security benefits and/or Medicare, and is SSN-based. Changes to the form include changing the term "Medicare Claim Number" to "Medicare number." In 2018, the claim number will become a random and unique number, known as the Medicare number, assigned to each person with Medicare.

Item 3: Requests the name of the person making the request if it is other than the Medicare enrollee. SSA can, under certain circumstances, establish a representative payee for a beneficiary. Such individuals have the ability to make adjustments to the Social Security and/or Medicare benefits on behalf of the person with Medicare. If the enrollee has a representative payee, the name of that person would appear here. When this field is completed by a representative payee, SSA will accept the change made on behalf of the Medicare enrollee.

Item 4: Identifies the coverage (Hospital Insurance/Supplementary Medical Insurance) that the enrollee wants to terminate.

Item 5a and b: Provides the date (month, day and year) that Supplementary Medical Insurance and/or Hospital Insurance will end.

Item 6: Requests the enrollee's reason for termination of coverage. Voluntary termination requests are processed by SSA and input into SSA's system of record for all Social Security and Medicare beneficiaries, the Master Beneficiary Record (MBR). The disenrollment data is then

passed to CMS' master record for Medicare beneficiaries, the Enrollment Database (EDB). When applicable, a revised Medicare card is issued.

Item 7a and b: Requests the signature and address of the enrollee.

The collection of this information makes it possible to terminate Medicare enrollment for individuals.

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

The hourly cost burden for the federal government decreased from \$27.31 per hour to \$25.07 per hour due to refined estimation of the appropriate Grade and Step of federal employees collecting this information. We estimate that it takes a government employee approximately 15 minutes to conduct an in person interview, and to record and document information. This estimate is based on information received from SSA.

As discussed in section 15 below, the total number of respondents increased from 14,000 to 101,000 (an increase of 87,000). The increase is a result of 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 hourly burden from the 2013 approved submission increased from 5,833 hours to 25,250 hours (a change of 19,417 hr). This increase is due to the significant increase in the number of respondents. Previously we calculated that there were approximately 14,000 respondents and that it took an SSA representative 25 minutes per respondent to complete the request ($14,000 \times 0.416[25 \text{ minutes}] = 5,833 \text{ hours}$). Currently, we estimate that there are 101,000 respondents and that it takes SSA approximately 15 minutes (.25 hours) to complete the request ($101,000 \times .25 = 25,250$).

Printing Costs

The form is not pre-printed, but made available to Social Security representatives to print and provide to the individual upon request. We estimate that half the individuals requesting termination contact SSA by telephone and SSA mails the form to the individual. We estimate that the cost for both the printing of the form and the cost of an envelope to mail the form is \$0.15 each. The printing cost associated with the Form CMS-1763 is \$7,575 annually based on a quantity of 50,500 (half the total respondents).

The printing expenses increased from \$2,500 to \$7,575 due to an increase in the number of anticipated responses causing an increase in the number of forms produced.

Mailing Costs

We estimate that approximately half the requests for Medicare enrollment termination are done via telephone. In such cases, SSA will conduct the in-person interview via telephone, and if the individual still wants to terminate the coverage, mail the form to the individual. 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 50,500 pieces that cost \$0.49 per piece to mail. ($50,500 = 101,000 \div 2$). Therefore the cost to the government for mailing is \$24,745 ($\$24,745 \text{ total cost} = 50,500 \times \0.49).

Processing Costs

Based on the information requested for completion by the respondent on the form, we estimate that it takes the Federal government employee 5 minutes to review and record the collected data, apart from the in-person interview. However, the in-person interview with SSA may take on average 10 minutes to complete. As the in-person or telephonic interview is the preferred method to collect this information, we derived the burden based on this method and added the 5 minutes to process the received request, for a total of 15 minutes.

We estimate it will take the federal government employee 15 minutes to complete the interview, review and record the collected data.

It is calculated that the burden hours for 101,000 responses to be reviewed and recorded in 15 minutes per response to be 25,250 total hours ($101,000 \text{ responses} \times 0.25 \text{ hr}$).

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 conduct the interview in-person or over the telephone will range between a Grade 9, Step 5 (GS-9-5) and a Grade 11, Step 5 (GS-11-5). As the employee grades vary, we estimate that a Grade 11, Step 1 (GS-11-1) is the most appropriate level for a SSA representative to derive the average 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 \$25.07/hr or \$52,329 annually. Therefore the total cost to the government to complete the annual volume of responses is \$633,018 ($\$633,017.50 = 25,250 \text{ hr} \times \$25.07/\text{hr}$).

Total

The total federal cost including printing, mailing and processing costs is \$665,338. ($\$7,575$ [printing] + $\$24,745$ [mailing] + $\$633,018$ [employee salary]). The burden from the 2013 approved submission increased in cost from \$161,533.44 to \$665,338 for federal government

costs (a change of \$503,804.56).

15. Changes to Burden

The burden increase is a result of 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. Based on this more reliable data source, the total number of respondents increased from 14,000 to 101,000 (an increase of 87,000).

Additionally, the per response time estimate was reduced from 25 minutes to 10 minutes, based on updated processes and efficiencies at SSA to assist individuals. The form's PRA Disclosure Statement was updated to match this per response time estimate.

Beginning in April 2018, the term "Medicare Claim Number" will be replaced with the term "Medicare number" in response to the MACRA act. The form CMS 1763 has been updated to reflect this change. The change does not have an effect on the burden, as the requirements of the form remain the same.

16. Publication and Tabulation

The information is not published or tabulated.

17. Display of Information

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

18. Certification Statement

There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods

There have been no statistical methods employed in this collection.