

**Supporting Statement for the Grants to States for Rate Review  
and Effective Rate Review Program  
CMS-10380 / OMB control number: 0938-1121**

**A. Justification**

**1. Circumstances Making the Collection of Information Necessary**

Grants to States for Rate Review

On March 23, 2010, the President signed into law H.R. 3590, the Patient Protection and Affordable Care Act (ACA), Public Law 111-148. Section 1003 of the Affordable Care Act amends the Public Health Service Act by adding Section 2794 “Ensuring Consumers Receive Value for Their Dollars.” This section requires the Secretary(the Secretary) of the U.S. Department of Health and Human Services (CMS) in conjunction with states and territories, to establish a process for the annual review of health insurance premiums to protect consumers from unreasonable, unjustified and/or excessive plan increases. This requirement was effective beginning with the 2010 plan year.

Section 2794(c) directs the Secretary to carry out a program to award grants to states, which are to serve the following purposes:

- (1) Establish or enhance rate review programs, referred to as “Rate Review” activities;
- (2) Help states to provide data to the Secretary regarding trends in rate increases as well as recommendations regarding plan participation in the Exchange, referred to as “Required Rate Reporting” activities;
- (3) Establish or enhance Data Centers that collect, analyze, and disseminate health care pricing data to the public, referred to as “Data Center” activities.

Congress appropriated \$250 million to be awarded in federal fiscal years (FFYs) 2010 through 2014.

The Centers for Medicare & Medicaid Services (CMS) released the Premium Review Grants Cycle I funding opportunity twice; first to states (and the District of Columbia) in July 2010 and then to the territories and the five states that did not apply during the first release. The second release was due to the decision that the territories were subject to provisions of the ACA and hence eligible for the Rate Review Grants. Forty-five states, five territories, and the District of Columbia were awarded grants.

On February 24, 2011, CMS released the Funding Opportunity Announcement (FOA) for Cycle II Premium Rate Review Grants. In Phase I, CMS awarded \$109 million to 29 states. In Phase II, \$8 million was awarded to one state and three territories on September 21, 2012. On December 21, 2012, Cycle II of the Rate Review Grant Program was amended in order to include an additional application date as states prepared for the establishment of Exchanges in 2014. In Phase III, one state was awarded \$2 million.

On May 8, 2013, CMS released the Cycle III FOA of the Rate Review Grants. On July 9, 2013, CMS released an amendment to the Cycle III FOA that extended the Letter of Intent deadline. In Cycle III,

Twenty states and one territory were awarded a total of \$67,634,277.00.

On May 29, 2014, CMS released Cycle IV FOA of the Rate Review Grants. On September 19, 2014, twenty two states were awarded a Cycle IV grant for a total of \$24,757,657.20.

As in Cycles I, II and III, the Cycle IV grant provides resources to states to continue enhancing or establishing Effective Rate Review Programs, including required Rate Reporting activities, and providing greater support to data centers, thereby enhancing pricing transparency.

#### Effective Rate Review Program

Section 1003 of the Affordable Care Act adds a new section 2794 of the PHS Act which directs the Secretary, in conjunction with the states, to establish a process for the annual review of “unreasonable increases in premiums for health insurance coverage.” The statute provides that health insurance issuers must submit to the Secretary and the applicable state justifications for unreasonable premium increases prior to the implementation of the increases. Section 2794 also specifies that beginning with plan years beginning in 2014, the Secretary, in conjunction with the states, shall monitor premium increases of health insurance coverage offered through an Exchange and outside of an Exchange.

On May 23, 2011, CMS published a final rule with comment period (76 FR 29964) to implement the annual review of unreasonable increases in premiums for health insurance coverage called for by section 2794. The regulation established a rate review program to ensure that all rate increases that meet or exceed an established threshold are reviewed by a state or CMS to determine whether the rate increases are unreasonable. Under the regulation, if CMS determines that a state has an Effective Rate Review Program in a given market, using the criteria set forth in the rule, CMS will adopt that state’s determinations regarding whether rate increases in that market are unreasonable, provided that the state reports its final determinations to CMS and explains the bases of its determinations.

The final rule “Patient Protection and Affordable Care Act; Health Insurance Market Rules; Rate Review” (78 FR 13406, February 27, 2013) amends the standards under the rate review program. The amendments revise the timeline for states to propose state-specific thresholds for review and approval by CMS. The amendments also modified criteria and factors for states to have an Effective Rate Review Program. These changes were necessary to reflect the new market reform provisions discussed above and to fulfill the statutory requirement beginning in 2014 that the Secretary, in conjunction with the states, monitor premium increases of health insurance coverage offered through an Exchange and outside of an Exchange.

CMS released another final rule, “Final Notice of Benefit and Payment Parameters” (“2016 Payment Notice”) (81 FR 12203, March 8, 2016)<sup>1</sup>. Section 154.215(a)(1) was amended to require health insurance issuers to submit the Unified Rate Review Template (also known as Part I of the Rate Filing Justification) for all single risk pool coverage in the individual or small group (or merged) market,

---

1 <https://www.gpo.gov/fdsys/pkg/FR-2016-03-08/pdf/2016-04439.pdf>

Regardless of whether any plan within a product is subject to a rate increase.

CMS is authorized under 45 CFR § 154.301(d) to evaluate whether, and to what extent, a state's circumstances have changed such that it has begun to or has ceased to satisfy the Effective Rate Review Program criteria. In the 2016 Payment Notice CMS clarified that making rate information available to the public at a uniform time (rather than a rolling basis) is one of the criteria for determining whether a State has an Effective Rate Review program. We also released a Bulletin with the 2016 Payment Notice. The Bulletin establishes a Uniform Timeline for Submission and Posting<sup>2</sup>.

CMS relies on publicly-available information, annual calls with individual states, and a questionnaire to obtain the information needed to evaluate whether a state has begun to or continues to satisfy the Effective Rate Review Program criteria. CMS collects information in writing from all states by distributing a questionnaire. Using this information collection instrument makes the process efficient and effective for states, while providing CMS with detailed information.

## **2. Purpose and Use of Information Collection**

### Rate Review Grant Program

#### Cycle I Process

There are no current active Cycle I states, therefore, data is no longer being collected.

#### Cycle II—IV Process

The data collection is used by CMS to request that states submit the following:

- Four quarterly reports per year to the Secretary detailing the state's progression towards a more comprehensive rate review process, utilizing funds awarded in Cycle II—IV Rate Review Grants.
- Rate review transaction data collected by the state.
- One annual report.
- One final report at the end of the grant.

Information reported by grant awardees assists CMS oversight of Federal grants.

### Effective Rate Review Program

CMS will use the information provided by States to determine whether the State has an Effective Rate Review Program. See the Effective Rate Review Determination and Status Questions for details regarding information to be collected.

## **3. Use of Improved Information Technology and Burden Reduction**

### Rate Review Grants Program

All reports (quarterly, annual and final) will be submitted electronically by States via the Health Insurance Oversight System (HIOS)—a web-based reporting and data collection system that is

---

<sup>2</sup> <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Final-rate-filing-justification-bulletin-2-29-16.pdf>

already being used by grantee States in the Rate Review Grant Program. For submission of transaction data records, the awardees will be provided with a structured Excel worksheet or the data will be transmitted directly from NAIC's SERFF System to HIOS. The burden estimates provided in this statement include the time and effort that will be dedicated to uploading information in HIOS.

#### Effective Rate Review Program

States will respond to the questionnaire via the Health Insurance Oversight System (HIOS)—a web-based data collection system states already use to provide information for the healthcare.gov website (additional PRA-related information regarding HIOS is provided in the Web Portal PRA package (0938-1086)). All submissions will be made electronically and no paper submissions are required. The burden estimates provided in this statement include the time and effort that will be dedicated to uploading information in HIOS.

#### **4. Duplication of Similar Information**

There is no duplication of information requirements in any other collection.

#### **5. Impact on Small Businesses or Other Small Entities**

Small businesses are not affected by these ICRs.

#### **6. Less Frequent Collection**

##### Rate Review Grants

Information collected in the grant application was a one-time data collection for the purpose of determining eligibility to receive a grant award. After the grant has been awarded, collecting data less than quarterly, such as annual reports only, will put the Federal grant funding at risk due to the lack of oversight.

##### Effective Rate Review Program

CMS makes an annual determination of whether a state has an Effective Rate Review Program. Therefore, states must provide the information annually to CMS in order for CMS to make the determination prior to the date when proposed rate filings are due for that year.

#### **7. Special Circumstances**

No special circumstances exist for this information collection.

#### **8. Federal Register Notice/Outside Consultation**

A Notice published in the Federal Register on June 2, 2017 (82 FR 25607), providing the public with a 60-day period to submit written comments on the information collection requirements contained in

this notice.

No outside consultation was sought.

**9. Payment/Gift to Respondents**

There will be no payments or gifts to respondents.

**10. Confidentiality**

No personal health information will be collected. All information will be kept private to the extent allowed by applicable laws/regulations. CMS makes available to the public on its website a list of states that are determined to have an Effective Rate Review Program.

**11. Sensitive Questions**

No sensitive information will be collected.

**12. Estimates of Annualized Burden Hours (Total Hours& Wages)**

WAGE DATA INFORMATION

***Wage Estimate***

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2017 National Occupational Employment and Wage Estimates for all salary estimates ([http://www.bls.gov/oes/current/oes\\_nat.htm](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 (calculated at 100 percent of salary), and the adjusted hourly wage.

Occupation Title	Occupation Code	Mean Hourly Wage	Fringe Benefit	Adjusted Hourly Wage
Medical and Health Services Manager	11-9111	\$52.58	\$52.58	\$105.16
Executive Secretaries& Executive Administrative Assistants	43-6011	\$27.84	\$27.84	\$55.68
Actuary	15-2011	\$54.87	\$54.87	\$109.74
Administrative Assistant	43-6014	\$17.38	\$17.38	\$34.76

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.

Grants to States for Rate Review

Once grant funds were awarded, recipients are required to provide the Secretary with quarterly reports 30 days after the quarter has ended for the entire duration of the grant. The quarterly report allows awardees to update CMS with the progression towards establishing or enhancing Rate Review or Data Center activities. The report narrative asks for significant events towards the goal, in addition to any barriers experienced and plans for rectifying any setbacks. In addition, the report asks for data components to track the progression of rate review within a state and an updated budget, work plan and time line, as well as collection of rate review and pricing data.

In addition, each grantee must provide CMS with an annual report. This report does not contain data (annual data information is collected on a separate transaction report), but instead documents the progress toward establishing or enhancing an Effective Rate Review Program and/or a Data Center. Finally, CMS requires a final report at the end of the grant period. Similarly, this report does not contain data, but instead documents the progress toward establishing or enhancing an Effective Rate Review Program and/or a Data Center.

Cycle I Process

There are no current active Cycle I states, therefore, estimated annualized burden hours and cost estimate are not applicable.

Cycle II Process

**12A. Estimated Annualized Burden Hours—Reporting**

<b>Forms</b> <b>(If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Estimated Burden hours per Response</b>	<b>Total Estimated Burden Hours</b>
Quarterly Report	State Government	11	4	24	1,056
Transaction Data Collection	State Government	11	5	30	1,650
Annual Report	State Government	11	1	40	440

Final Report	State Government	11	1 (not annual; end of grant)	40	440
<b>Total</b>			<b>10 per year</b> (4 quarterly reports; 5 data submissions; 1 annual or 1 final report)		<b>3,586</b>
			<b>10 total responses</b>		

**12B. Cost Estimate for All Respondents completing all Reporting Requirements, including the quarterly reports and data and one final report (Annualized).**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Total Average Burden Hours	Adjusted Wage per Hour (includes Fringe)	Total Burden Costs
*Medical and Health Services Manager (Occupation Code: 11-9111)	11	10	896.5	\$105.00	\$94,132.50
*Executive Secretaries & Executive Administrative Assistants (Occupation Code: 43-6011)	11	10	2,689.50	\$56.00	\$150,612.00
<b>Total</b>			<b>3,586</b>		<b>\$244,744.50</b>

\*The wage per hour is taken from the [Bureau of Labor Statistics](http://www.bls.gov) for (1) Medical and Health Service Manager; (1) Executive Secretaries & Executive Administrative Assistants.

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2017 National Occupational Employment and Wage Estimates for all salary estimates ([http://www.bls.gov/oes/current/oes\\_nat.htm](http://www.bls.gov/oes/current/oes_nat.htm)). In this regard, the cost table presents the adjusted hourly wage, to include fringe benefits (calculated at 100 percent of salary).

For Cycle II, the total burden hours for reporting are estimated to be **3,586**. The total cost associated with that estimate is **\$244,744.50**.

Cycle III Process

**12C. Estimated Annualized Burden Hours—Reporting**

Forms  (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Estimated Burden hours per Response	Total Estimated Burden Hours
Quarterly Report	State Government	13	4	26	1,352
Transaction Data Collection	State Government	13	5	30	1,950
Annual Report	State Government	13	1	40	520
Final Report	State Government	13	1 (not annual; end of grant)	40	520
<b>Total</b>			<b>10 per year</b> (4 quarterly reports; 5 data submissions; 1 annual or 1 final report)		<b>4,342</b>
			<b>10 total responses</b>		

**12D. Cost Estimate for All Respondents—Reporting**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Total Average Burden Hours	Adjusted Wage per Hour (includes Fringe)	Total Burden Costs
Medical and Health Services Manager (Occupation Code: 11-9111)	13	10	1,085.50	\$105.00	\$113,977.50
Executive Secretaries & Executive Administrative Assistants (Occupation Code: 43-6011)	13	10	3,256.50	\$56.00	\$182,364
<b>Total</b>			<b>4,342</b>		<b>\$296,341.50</b>

For Cycle III, the total burden hours for reporting are estimated to be **4,342**. The total cost associated with that estimate is **\$296,341.50**.

**Cycle IV Process**

**12E. Estimated Annualized Burden Hours—Reporting**

Forms (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Estimated Burden hours per Response	Total Estimated Burden Hours
Quarterly Report	State Government	18	4	26	1,872
Transaction Data Collection	State Government	18	5	30	2,700
Annual Report	State Government	18	1	40	720
Final Report	State Government	18	1 (not annual; end of grant)	40	720

<b>Total</b>			<b>10 per year</b> (4 quarterly reports; 5 data submissions; 1 annual or 1 final report)		<b>6,012</b>
--------------	--	--	---	--	--------------

			<b>10 total responses</b>		
--	--	--	---------------------------	--	--

**12F. Cost Estimate for All Respondents—Reporting**

Type of respondent	Number of Respondents	Number of Responses per Respondent	Total Average Burden Hours	Adjusted Wage per Hour (includes Fringe)	Total Burden Costs
Medical and Health Services Manager (Occupation Code: 11-9111)	18	10	1,503	\$105.00	\$157,815
Executive Secretaries & Executive Administrative Assistants (Occupation Code: 43-6011)	18	10	4,509	\$56.00	\$252,504
<b>Total</b>			<b>6,012</b>		<b>\$410,319.00</b>

For Cycle IV, the total burden hours for reporting are estimated to be **6,012**. The total cost associated with that estimate is **\$410,319**.

Effective Rate Review Program

Currently, 47 states and the District of Columbia have Effective Rate Review Programs. We assume that these states will want to maintain their effective status and submit the requested information. We will also request responses from the other three states in which CMS enforces federal requirements. Therefore, we estimate that there will be 51 respondents annually for this ICR.

We estimate that it will take 2 hours by an actuary (with a labor cost of \$102 per hour) and 3 hours by administrative support staff (with a labor cost of \$33.18 per hour) to collect all information, prepare responses, upload the information in HIOS and respond to any subsequent inquiries. The burden per respondent is estimated to be 5 hours and the cost per respondent is estimated to be \$303.54. The total burden for all 51 respondents is estimated to be 255 hours and the total cost for all responses is estimated to be \$15,480.54. We expect the burden to be lower for respondents that completed the last questionnaire because those respondents will only need to revise their responses to reflect any changes in policy and experience.

**Estimated Annualized Burden Hours and Costs**

Number of Respondents	Number of Submissions per Respondent	Total Number of Submissions	Burden Hours per Respondent	Total Burden Hours	Cost per Respondent	Total Cost
51	1	51	5	255	\$303.54	\$15,480.54

**13. Total Annual Cost Burden to Record Keepers/Capital Costs**

There are no additional record keeping/capital costs.

**14. Annualized Cost to Federal Government**

Grants to States for Rate Review

Total government program staffing costs include two GS-13 and one GS-12 with a break down as follows to intake and review quarterly, annual and final reports and for an estimated 52 awardees.

GS-13: Full-time (Salary with local cost adjustment: \$94,796)	Annual cost:	\$94,796
GS-13: Full-time (Salary with local cost adjustment: \$94,796)	Annual cost:	\$94,796
GS-12: Full-time (Salary with local cost adjustment: \$79,720)	Annual cost:	\$79,720
<b>Total:</b>		<b>\$269,312</b>

Effective Rate Review Program

Total cost to the Federal Government is estimated to be 6,811.56. This includes 3 hours spent by a GS-13 staff to review information submitted by states to make Effective Rate Review Program determinations and conduct rate monitoring.

Number of Hours per Response	Labor Cost per Hour	Total Number of Submissions	Cost per Response	Total Cost
3	\$44.52	51	\$133.56	6,811.56

**15. Explanation for Program Changes or Adjustments**

The reduction in burden hours is primarily due to the removal of Cycle IV application requirements. The burden hours decreased from 20,951 to 14,405 hours. The application period has ceased; however, the necessary reporting requirements remain active. The number of burden hours and annual cost were updated to reflect current Cycle II, Cycle III, and Cycle IV states, as well as eliminate the burden hours and annual cost for Cycle I, as no states are still in the Cycle I program. The decreased burden hours and cost for Rate Review Cycle II, Cycle III, and Cycle IV Grants is due to a number of state grantees that are no longer participating in various grant cycles. Respondents have engaged in grant close-outs due to completing activities set forth in their grant applications, changing grant milestones and objectives that are outside of the scope of the grant program, and exhausting grant funds.

**16. Publication and Schedule**

CMS makes available to the public on its website a list of states that are determined to have an Effective Rate Review Program.

**17. Expiration Date**

The expiration date will display on the first page of each instrument (top right corner).