

Supporting Statement Part A
Application for Hospital Insurance and Supporting Regulations
CMS-18F5, OMB 0938-0251

BACKGROUND

Individuals who are already entitled to retirement or disability benefits under Social Security or Railroad Retirement Board (RRB) benefits are automatically entitled to premium-free Medicare Hospital Insurance (Part A) when they attain age 65 or reach the 25th month of disability benefit entitlement. These individuals do not file a separate application for Medicare Part A because their application for Social Security or RRB benefits is also an application for Part A.

Individuals who are not already entitled to or eligible for RRB or Social Security benefits and who meet the requirements for premium-free or premium Medicare Part A must apply for it. This group includes some individuals who defer filing an application for monthly benefits, disabled Medicare beneficiaries who lose Medicare entitlement due to their work/earnings status but may enroll in premium Medicare Part A per statute, and individuals for which law provides eligibility for premium-free Medicare Part A without meeting the requirements for Social Security benefits such as government employees who pay only the Hospital Insurance portion of the Federal Insurance Contributions Act (FICA) tax and certain individuals who were not required to pay FICA due to employment prior to 1968.

The Application for Hospital Insurance, Form CMS-18F5 and CMS-18F5-SP (Spanish), provides a standardized means to capture all the information needed to make a determination of an individual's entitlement to premium-free Medicare Part A or, in certain circumstances, enrollment into premium Medicare Part A. The form is for individuals who are not eligible for Social Security for RRB benefits, but may qualify for premium-free Medicare Part A based on certain requirements outlined in 42 CFR 406.11 and 406.15 or for certain disabled individuals who may enroll in premium Medicare Part A based on certain requirements outlined in 42 CFR 406.20.

Individuals may also choose to enroll in Medicare Part B at the same time they apply for Medicare Part A. Further, should non-disabled individuals not meet the requirements for premium-free Medicare Part A but are otherwise eligible to enroll in premium Medicare Part A, they may choose to do so, provided that they also enroll in Medicare Supplementary Medical Insurance (Part B) and make the enrollment during a statutory enrollment period. Separate applications are not required based on the outcome of the review of the original application for premium-free Medicare Part A entitlement.

Information that is collected on Form CMS-18F5 is used by the Social Security Administration (SSA) – the Centers for Medicare & Medicaid Services' (CMS) agent for processing Medicare entitlements.

There are no changes to this form or its requirements; however, there is an increase in the burden due to a more accurate approximation of the number of responses, the estimation of the time by the respondent completing the collection and the federal government employee reviewing and processing the collected information, and an increase in the costs associated with printing and the mailing of the form at the request of the respondent. The costs for the optional mailing of the form to respondents were not previously factored into the burden. Overall, the burden has increased.

A. JUSTIFICATION

1. Need and Legal Basis

Sections 226 and 227 of the Act and CMS regulations at 42 CFR 406.10, 406.11 and 406.15 outline the requirements for entitlement to premium-free Medicare Part A. Sections 1818 and 1818A of the Act and CMS regulations at 42 CFR 406.20 and 407.10 outline the requirements for enrollment in premium Medicare Part A and Part B.

Federal regulations at 42 CFR 406.6 specifies the individuals who must file an application for premium-free Medicare Part A and those who need not file an application for entitlement to Part A. The CMS-18F5 is listed at 42 CFR 406.7 as the application to be used by individuals applying for Medicare Part A. The CMS-18F5 is also listed at 42 CFR 407.11 as a means to enroll in Medicare Part B, as individuals may also enroll in Part B simultaneously; a second application for Medicare Part B is not necessary. Individuals who apply for premium-free Medicare, but are found to not meet the requirements may enroll in premium Medicare Part A, provided that they meet the statutory requirements for eligibility outlined in section 1818 or 1818A of the Act and make the enrollment during a statutory enrollment period, as outlined in 42 CFR 406.20, 406.21, 406.24 and 406.25.

The form CMS-18F5 and the Spanish version the CMS-18F5 SP elicit the information that SSA -- CMS' agent for processing Medicare entitlements -- needs to properly determine whether the individual is eligible for Medicare, process the entitlement to premium-free Part A and enrollment in Medicare Part B (and premium Medicare Part A, if eligible), and determine when coverage can begin. This form provides a means for individuals not eligible for Social Security of RRB benefits to apply and receive Medicare coverage.

2. Information Users

The CMS-18F5 is used to apply for and establish entitlement to premium-free Medicare Part A and, in some circumstances, enrollment in Medicare Part B or premium Medicare Part A.

The CMS-18F5 is completed by the person applying for Medicare or with assistance from an SSA representative using information provided by the applicant during an in-person interview. The application follows the questions and requirements used by SSA on their

applications for Social Security benefits. This is done because certain requirements related to insured status, relationship and residency requirements in Title II of the Act (Social Security or RRB benefits) must be met in order to qualify for premium-free Medicare Part A entitlement. The form is owned by CMS but is not completed by CMS staff. SSA processes the form 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-18F will be made available on the internet via CMS.gov. Individuals may complete the form and submit it to SSA for processing. Data is collected through receipt of the completed form at one of SSA's local offices or collection via telephonic/in-person interview with an SSA representative. The information collected is manually input by SSA into their files. Thus, Form CMS-18F5 and collection of this information does not involve the use of information technology.

4. Duplication of Efforts

Generally, there is no duplication of effort in the collection of this information. Item 4 on the form requests information pertaining to previous applications for benefits. This data is elicited to ensure that a previous claim has not already been filed and, if it has, to ensure that the proper action will be taken by SSA. Use of this form is generally the first request for Medicare benefits by the individual. Even if the individual had filed previously and entitlement was denied or terminated, the prior information must be updated to ensure proper disposition of the new application. Further, we note that one cohort of individuals eligible to use Form CMS- 18F5 can apply for Medicare benefits through an application for Social Security benefits. As part of that application, the individual can defer receipt of Social Security cash benefits until a later date. The SSA, under OMB Clearance Number 0960-0618 collects information necessary to determine entitlement to Social Security benefits via Form SSA-1 (Application for Retirement Insurance Benefits).

If the individual has not previously filed an application, this information does not duplicate any other effort and the information cannot be obtained from any other source.

We further note that this collection specifically asks for information so that should the individual not be eligible for premium-free Medicare Part A, he or she may enroll in premium Medicare Part A without a second request being required by the individual using Form CMS-4040 (OMB Clearance Number 0938-0245). Further, this collection also provides an opportunity for the individual to enroll in Medicare Part B without a second request being required by the individual using Form CMS-40B (OMB Clearance Number 0938-1230).

5. Small Business

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

6. Less Frequent Collection

This information is collected once, at the time the individual files for premium-free Medicare Part A. It is also collected once for disabled Medicare beneficiaries who lose Medicare entitlement due to their work/earnings status but want to enroll in premium Medicare Part A. Each respondent uses the form one time when he or she submits the application for Medicare benefits. Individuals who become entitled to premium-free Medicare Part A through this collection retain the entitlement for the remainder of their lives. If this information is not collected, certain individuals not eligible for Social Security benefits cannot obtain entitlement to premium-free Medicare Part A and disabled Medicare beneficiaries cannot obtain enrollment in premium Medicare Part A following their termination of premium-free Medicare Part A, as permitted in statute. Because there is a legal requirement for these individuals to apply for benefits, the burden cannot be minimized.

7. Special Circumstance

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/Outside Consultation

The 60 day notice published in the Federal Register on July 6, 2017 (82 FR 31331). No comments were received.

The 30 day notice published in the Federal Register on October 19, 2017 (82 FR 48719). No comments were received.

9. Payments/Gifts to Respondents

There are no payments or gifts provided to respondents.

10. Confidentiality

The collection will be used by SSA for the purpose of determining an individual's eligibility for entitlement to premium-free Medicare Part A on the basis of age and meeting certain statutory provisions. SSA and CMS are subject to the Privacy Act of 1974 that requires federal agencies to inform the public when collecting, maintaining, using, and disseminating information about individuals that is maintained in a systems of records. This applies to individuals who provide their PII to enroll in Medicare Part A.

The System of Records Notice (SORN) for SSA's Master Beneficiary Record (MBR), SSA 60-0090, published January 11, 2006 (71 FR 1826). CMS posts the extracted data from SSA to the Enrollment Database (EDB) system. The SORN for the EDB, CMS 09-70-0502, published February 26, 2008 (73 FR 10249).

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 and Wages)

Wage Estimates

To derive average costs for individuals, we used data from the U.S. Bureau of Labor Statistics' May 2017 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 \$24.34/hr since the group of individual respondents varies widely from working and nonworking individuals and by respondent age, location, years of employment, and educational attainment, etc.

We are not adjusting this figure for fringe benefits and overhead since the individuals' activities would occur outside the scope of their employment.

Burden Estimates

There are approximately **51,000 respondents** annually who apply for Medicare Part A and are not eligible for Social Security benefits using Form CMS-18F5. The data represents the most current information available, based on Medicare Part A entitlements who are not eligible for Social Security benefits but meet certain statutory criteria since January 1, 2016, via the CMS Medicare Beneficiary Database (MBD) and information provided by SSA regarding those who use Form SSA-1 (Application for Retirement Insurance Benefits), which is the more commonly used collection for a respondent to apply for and obtain premium-free Medicare Part A.

We note that an individual can apply for Medicare benefits through an application for Social Security benefits. As part of that application, the individual can defer receipt of Social Security cash benefits until a later date. The SSA, under OMB Control Number 0960-0618, collects information necessary to determine entitlement to Social Security benefits via Form SSA-1 (Application for Retirement Insurance Benefits).

Based on the information requested for completion by the respondent on the form, we estimate that it takes a respondent on average **15 minutes** to complete, apart from the in-person interview. However, the in-person interview with SSA can take on average **35 minutes (0.58 hours)** to complete, based on actual experience. As the in-person interview has the longest duration, we derived the burden based on this method.

We estimate an annual burden of **29,580 hours** (51,000 respondents x 0.58 hours) at a cost of **\$719,977.20** (29,580 hr x \$24.34/hr) or \$14.12 per respondent (\$719,977.20/51,000 respondents).

Information Collection/Reporting Instruments and Instruction/Guidance Documents

The information in this collection uses Form CMS-18F5. The form is only available by contacting SSA; it is not available on the Internet. The form does not require additional guidance documents for its completion.

The form consists of eighteen questions that must be answered to determine an individual's eligibility for Medicare.

Items 1 – 3: Request information necessary to identify the applicant (name, sex, Social Security number (SSN), and date/place of birth). Under section 205 of the Act, the Commissioner of SSA shall assign SSNs to all individuals, including applicants for and recipients of benefits under any federally funded program (e.g. Social Security, Supplemental Security Income benefits, and Medicare), aliens who are lawfully present in the U.S., and children. The applicant's SSN is requested to allow SSA to access their records to determine if the applicant is eligible for premium-free Medicare Part A.

Item 4: Requests information on prior claims files with SSA to determine potential or existing entitlement to Social Security benefits or Medicare coverage under a different claim number. If the individual has filed prior claims, item 4 also requests the name and SSN under which the application was filed. The SSN is requested for SSA to determine if entitlement previously existed, currently exists or is pending.

Items 5 – 8: Request information needed to determine if the statutory requirements are met to be eligible for premium-free Medicare Part A (i.e., entitlement to Medicare). This collection includes a series of questions for SSA to determine an individual's eligibility to Medicare based on wage and other types of earnings of the individual. This collection requests information regarding dates of military service (item 5), information regarding railroad work (item 6) and information regarding work done in foreign countries (item 7), which may be credited as earnings, as appropriate. It also requests information on the individual's recent wage earnings (item 8).

Items 9 and 10: Request citizenship and residency information which is necessary to determine eligibility for individuals who were not required to pay FICA due to employment prior to 1968. It is also used in conjunction with item 15 when it is determined that the individual does not meet the requirements for premium-free Medicare Part A and has indicated desired enrollment in premium Medicare Part A.

Items 11 – 13: Request marital and spousal information (items 11 and 12). This information is necessary for SSA to determine whether the earnings records or railroad employment (item 13) of a spouse can result in eligibility for premium-free Medicare Part A. The SSN of a spouse(s) is needed for SSA to identify the correct individual.

Item 14: Requests information on the individual or a spouse's employment with the Federal government. This information is needed to determine individuals who may be precluded from entitlement to premium-free Medicare Part A because they are covered under the Federal Employees Health Benefits Act of 1959.

Item 15: Indicates if the individual requests enrollment into premium Medicare Part A if they are determined not eligible for premium-free Part A.

Items 16 and 17: Indicates if the individual requests enrollment into Medicare Part B and provides information regarding a Federal Civil Service Retirement Act annuity the individual or spouse may receive. This is used to determine proper deduction of Part B premiums from an annuity paid by the Office of Personnel Management.

Item 18: Requests the signature, telephone number, and address of the individual applying for Medicare Part A. This item also includes areas for signatures and addresses of witnesses, in the event the individual applying is unable to sign his or her name.

13. Capital Costs

There are no capital costs.

14. Cost to the Federal Government

Printing Costs

The form is pre-printed, and provided to Social Security representatives to provide to the individual upon request. Upon request by SSA, CMS prints and sends SSA a quantity of forms for their use. In 2016, CMS printed and provided 5,000 forms for SSA distribution to their local offices. The printing cost associated with the CMS-18F5 in 2016 was \$2,750.

As CMS provides 5,000 printed forms to SSA every other year, we estimate that no more than 5,000 individuals requesting to apply for Medicare Part A contact SSA by telephone and SSA mails the form to the individual. We estimate that the cost for an envelope to mail the form is \$0.05 each. The printing cost for the envelopes associated with the Form CMS-18F5 is \$250 annually based on a quantity of 5,000 (the maximum number of forms printed and provided to SSA). ($5,000 \times \$0.05 = \250.00)

Thus, the total annual printing cost associated with this collection is \$3,000. ($\$2,750$ (form printing) + $\$250$ (envelope printing) = $\$3,000$)

Mailing Costs

We estimate that no more than 5,000 requests to apply for Medicare Part A result in Form CMS-18F5 being mailed to the respondent. 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 5,000 pieces that cost \$0.49 per piece to mail.
Therefore the cost to the government for mailing is \$2,450 ($5,000 \times \$0.49 = \$2,450$ total cost).

Processing Costs

Based on the information requested for completion by the respondent on the form, we estimate that it takes the Federal government employee 35 minutes to review and record the collected data, including the in-person interview, if collected via that method.

It is calculated that the burden hours for 51,000 responses to be reviewed and recorded in 35 minutes per response to be 29,580 total hours ($51,000 \times 0.58$ (35 minutes) = 29,580 total burden hours).

Based upon information from SSA, we estimate that the average government employee at SSA to

receive and record the collected data to be a Grade 11, Step 5 (GS-11-5), which we believe is the most appropriate level for a SSA representative. 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/2017/general-schedule/>). 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. The federal employee representative cost of \$28.42 for each response is multiplied by 0.58 (35 minutes) and then by the 51,000 cases. Therefore, the total cost to the government to complete the collection for the annual volume of responses is \$840,664.00 (51,000 x 0.58 hours = 29,580 hours x \$28.42 per hour = \$840,663.60 (total), rounded to \$840,664.00)

The total processing costs for this collection is \$840,664.00.

Total

The total federal cost including printing, mailing and processing costs is **\$846,114**. (\$3,000 (printing) + \$2,450 (mailing) + \$840,664.00 (processing))

15. Program/ Burden Changes

Our burden estimates have increased. This is a result of an increase in the estimated time (based on actual experience) it takes for SSA to collect and process the information on Form CMS-18F5. The burden also increased due to improved methods to approximate number of respondents using the Medicare Beneficiary Database (MBD).

It was previously estimated that it takes respondents 15 minutes (0.25 hr) to complete the form. Based on actual experience by SSA representatives, we now estimate 35 minutes (0.58 hr) per response, an increase of 20 minutes each. This accounts for the time it takes to complete the form during an in-person interview with an SSA representative. The form's PRA Disclosure Statement has been revised to reflect our revised per response time estimate.

The burden also increased due to improved methods to approximate number of respondents using the Medicare Beneficiary Database (MBD). The data provided an increase of 1,000 respondents, not a significant increase from the 2013 approved submission.

The overall burden increased from 12,500 hours (50,000 respondents x 0.25 hr/response) in 2013 to 29,580 hours (51,000 respondents x 0.58 hr/response).

16. Publication and Tabulation Data

This information is not published or tabulated.

17. Expiration Dates

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

There have been no statistical methods employed in this collection.