

**Establishment of Exchanges and Qualified Health Plans;
Exchange Standards for Employers
(CMS-10592/OMB Control No. 0938-1341)**

A. Background

The Patient Protection and Affordable Care Act, Public Law 111-148, enacted on March 23, 2010, and the Health Care and Education Reconciliation Act, Public Law 111-152, enacted on March 30, 2010 (collectively, “Affordable Care Act”), expand access to health insurance for individuals and employees of small businesses through the establishment of new Affordable Insurance Exchanges, including the Small Business Health Options Program (SHOP). The Exchanges, which became operational by January 1, 2014, enhance competition in the health insurance market, expand access to affordable health insurance for millions of Americans, and provide consumers with a place to easily compare and shop for health insurance coverage.

The reporting requirements and data collection in the Exchange rule address minimum requirements that health insurance issuers must meet in order to comply with provisions in the Affordable Care Act with respect to participation in a State-based or the Federally-facilitated Exchange (FFE).

The submission seeks OMB approval of the regulatory data collection requirements associated with the minimum requirements that health insurance issuers must meet with respect to participation in the Exchanges, specifically the following sections of 45 CFR Part 156:

- QHP issuer notice of effective date (§156.260(b))
- QHP issuer reconciliation of enrollment files with Exchange (§156.265(f))
- QHP issuer termination notice to the enrollee and Exchange (§156.270(b))
- QHP issuer notice of enrollee nonpayment of premium (§156.270(d))
- QHP issuer notice to providers of the possibility for denied claims (§156.270(d)(3))
- QHP issuer notice of payment delinquency to an enrollee (§156.270(e))
- QHP issuers maintenance of records of terminations of coverage (§156.270(h))
- QHP issuer notification of plan non-renewal (§156.290)

B. Justification

1. Need and Legal Basis

Section 1321(a) requires HHS to issue regulations setting standards for meeting the requirements under Title I of the Affordable Care Act including the offering of Qualified Health Plans (QHPs) through the Exchanges. On March 27, 2012, HHS published the rule CMS-9989-F: *Establishment of Exchanges and Qualified Health Plans; Exchange Standards for Employers*. The Exchange rule contains provisions that mandate reporting and

data collections necessary to ensure that health insurance issuers are meeting the requirements of the Affordable Care Act. These information collection requirements are set forth in 45 CFR Part 156.

2. Information Users

Information collected by the Exchanges or Medicaid and CHIP agencies will be used to determine eligibility for coverage through the Exchange and insurance affordability programs (i.e., Medicaid, CHIP, and advance payment of the premium tax credits); evaluate how CMS can best communicate eligibility and enrollment updates to issuers; and assist consumers in enrolling in a QHP if eligible. Applicants include anyone who may be eligible for coverage through any of these programs.

The Exchanges verify the information provided on the application, communicate with the applicant or his/her authorized representative and subsequently provide the information to the health plan selected by the applicant so that it can enroll him/her in a QHP. The Exchanges also use the information provided in support of ongoing operations, including activities such as verifying continued eligibility for all programs, processing appeals, reporting on and managing the insurance affordability programs for eligible individuals, performing oversight and quality control activities, combatting fraud, and responding to any concerns about the security or confidentiality of the information. This data collection and reporting requirements will assist HHS in creating a seamless and coordinated system of eligibility and enrollment. The data collected by health insurance issuers will help to inform HHS, Exchanges, and health insurance issuers as to the participation of individuals, employers, and employees in the individual Exchange. Applicants can find more information about how the Exchanges use the information they provide on the application in the Privacy Act Statement for individuals and families at <https://www.healthcare.gov/individual-privacy-act-statement/>.

3. Use of Information Technology

HHS anticipates that a majority of the systems, notices, and information collection required by this rule will be automated. Exchanges and health insurance issuers are expected to develop automated notice templates for many of the required notices. The entities issuing notices or collecting information will develop the initial template after which the templates will be automatically populated with the appropriate information for the receiving party. A majority of the information that is required by the collection of information for this rule will be submitted electronically. HHS staff, or systems, will analyze or review the data in the same manner by which it was submitted and communicate with States and health insurance issuers using email, telephone, or other electronic means.

4. Duplication of Efforts

This information collection does not duplicate any current information collection.

5. Small Businesses

We estimate minimal burden on small business as they are not required to participate in the SHOP.

6. Less Frequent Collection

Due to the required flow of information between multiple parties and flow of funds for payments for health insurance coverage within the Exchange, it is necessary to collect information according to the indicated frequencies. If the information is collected less frequently, the result would be less accurate, untimely or unavailable eligibility, enrollment or payment information for Exchanges, insurers, employers and individuals. This would lead to delayed payments to insurers; late charges to or payments by employers and enrollees; inaccurate or inappropriate payments of advance premium tax credits and cost-sharing reductions; the release of misleading information regarding health care coverage to potential enrollees; an overall stress on the organizational structure of the Exchanges; and decrease in benefit to individuals and employers

7. Special Circumstances

In order for the flow of payments to be made in a timely manner (often monthly), it is necessary to collect information such as enrollment data more often than quarterly, on a monthly basis. As such, the final Exchange rule states in §155.400(d) that the Exchange must reconcile enrollment information with QHP issuers and HHS no less than on a monthly basis.

8. Federal Register/Outside Consultation

A 60-day notice published in the Federal Register on April 7, 2020 (85 FR 19487). No comments were received. The 30-day FR Notice will published on July 31, 2020 (85 FR 46122).

9. Payments/Gifts to Respondents

No payments and/or gifts will be provided to respondents.

10. Confidentiality

All information will be kept private pursuant to applicable laws/regulations.

11. Sensitive Questions

There are no sensitive questions included in this information collection effort.

12. Burden Estimates (Hours & Wages)

For purposes of presenting an estimate of paperwork burden, we reflect the participation of fifty (50) States and the District of Columbia in operating an Exchange. We utilize data from the U.S.

Bureau of Labor Statistics (BLS) to derive average costs for all estimates of salary in establishing the information collection requirements. Salary estimates include the cost of fringe benefits and overhead calculated at 100 percent of total labor costs, which is based on the BLS May 2019 National Occupational Employment and Wage Estimates (http://www.bls.gov/oes/current/oes_nat.htm#31-0000).

Qualified Health Plan Minimum Certification Standards (§156.200 through §156.295)

In part 156, subpart C, we describe data collection and reporting requirements for health insurance issuers related to the certification of QHPs. Section 156.200 includes some of the basic requirements that a health insurance issuer must meet to be certified as a QHP issuer. Section 156.260(b) requires that a QHP issuer provide notice of an effective date of coverage to an individual. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and distribute it through an automated process when appropriate, either electronically or by mail depending upon the enrollee’s preference. We estimate that 250 QHP issuers will participate in the Exchanges and would be subject to this requirement. As such, we estimate that it will take approximately 40 hours annually for the time and effort to develop and transmit the notice for each QHP issuer; 4 hours for policy analysis (occupation no. 13-1198), 1 hour for managerial review (occupation no. 11-1021), 3 hours for operational analysis (occupation no. 15-2031), and 32 hours of computer programming (occupation no. 15-1251).

Labor Category	Number of Employees	Burden Hourly Labor Costs	Burden Hours	Total Burden Costs per QHP Issuer	Total Burden Costs (250 QHP Issuers)
Health Policy Analyst	1	\$77.14	4	\$309	\$77,140
Senior Manager	1	\$118.30	1	\$118	\$29,575
Operations Analyst	1	\$87.12	3	\$261	\$65,340
Computer Programmer	1	\$89.06	32	\$2,850	\$712,480
Total	4		40	\$3,538	\$884,535

Enrollment of qualified individuals into QHPs

Section 155.400(d), states that the QHP issuer must reconcile enrollment files with the Exchange.

At least monthly, issuers and the FFE will exchange enrollment and financial data files to verify the integrity of the enrollment transaction processing and resulting records. The FFE employs an automated monthly reconciliation process comparing certain data fields with issuer data.

Reconciliation ensures that QHP issuers and the Exchanges have equivalent enrollment information. Accurate enrollment information allows CMS to make correct payments for advance payment of the premium tax credits and cost-sharing reductions, and to assess FFE user fees. It also prevents multiple enrollments by one individual and ensures that the data used for analytics and metrics are accurate. We expect that QHP issuers will develop an electronic data system to house the enrollment information. We estimate that 250 QHP issuers will participate in the Exchanges and will be subject to this requirement. As such, we estimate that it will take 228 hours for a QHP issuer to reconcile information on a monthly basis for a total of 57,000 hours annually across all QHP issuers.

Labor Category	Number of Employees	Burden Hourly Labor Costs	Burden Hours	Total Burden Costs per QHP Issuer	Total Burden Costs (250 QHP Issuers)
Health Policy Analyst	1	\$77.14	60	\$4,628	\$13,885,200
Senior Manager	1	\$118.30	24	\$2,839	\$8,517,600
Operations Analyst	1	\$87.12	60	\$5,227	\$15,681,600
Computer Programmer	1	\$89.06	84	\$7,481	\$22,443,12
Total	4		228	\$20,176	\$60,527,520

Termination of coverage or enrollment for qualified individuals (156.270)

Section 156.270(b) states that the QHP issuer must provide notice to the enrollee and the Exchange if an enrollee’s coverage in a QHP is terminated. The notice must inform the enrollee of the reason for the termination and the termination effective date. We expect that issuers will be able to leverage existing termination notices, which may help to limit the burden. The burden estimate associated with this requirement includes the time and effort needed to develop the notice. We anticipate that half of enrollees will request electronic notification while the other half will receive the notice by mail. We estimate that 250 QHP issuers will participate in the Exchanges. As such, we estimate that it will take approximately 40 hours annually for the time and effort to develop and transmit the notice for a total of 10,000 hours across all QHP issuers.

Labor Category	Number of Employees	Burden Hourly Labor Costs	Burden Hours	Total Burden Costs per QHP Issuer	Total Burden Costs (250 QHP Issuers)
Health Policy Analyst	1	\$77.14	4	\$309	\$77,140
Senior Manager	1	\$118.30	1	\$118	\$29,575
Operations Analyst	1	\$87.12	3	\$261	\$65,340
Computer Programmer	1	\$89.06	32	\$2,850	\$712,480
Total	4		40	\$3,538	\$884,535

Section 156.270(d) requires that the QHP issuer provide two types of notice in the event of a nonpayment of premium by an enrollee. Section 156.270(d)(2) requires that the QHP issuer must notify HHS of the non-payment of a premium by an enrollee. The notice serves the purpose of informing HHS of the need for a grace period for an enrollee who received advance payments of premium tax credits. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and to electronically transmit the notice to HHS as appropriate. We estimate that 250 QHP issuers will participate in the Exchanges. As such, we estimate that it will take approximately 40 hours annually for the time and effort to develop and transmit the notice for a total of 10,000 hours across all QHP issuers.

Labor Category	Number of Employees	Burden Hourly Labor Costs	Burden Hours	Total Burden Costs per QHP Issuer	Total Burden Costs (250 QHP Issuers)
Health Policy Analyst	1	\$77.14	4	\$309	\$77,140
Senior Manager	1	\$118.30	1	\$118	\$29,575
Operations Analyst	1	\$87.12	3	\$261	\$65,340
Computer Programmer	1	\$89.06	32	\$2,850	\$712,480
Total	4		40	\$3,538	\$884,535

Section 156.270(d)(3) requires that the QHP issuer provide a notice to providers of the possibility for denied claims when an enrollee is in the second and third months of the grace period. We assume that both notices will be provided electronically. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and to electronically transmit the notice to the provider as appropriate. We estimate that 250 QHP issuers will participate in the Exchanges. As such, we estimate that it will take approximately 40 hours annually for the time and effort to develop and transmit the notice for a total of 10,000 hours across all QHP issuers.

Labor Category	Number of Employees	Burden Hourly Labor Costs	Burden Hours	Total Burden Costs per QHP Issuer	Total Burden Costs (250 QHP Issuers)
Health Policy Analyst	1	\$77.14	4	\$309	\$77,140
Senior Manager	1	\$118.30	1	\$118	\$29,575
Operations Analyst	1	\$87.12	3	\$261	\$65,340
Computer Programmer	1	\$89.06	32	\$2,850	\$712,480
Total	4		40	\$3,538	\$884,535

Section 156.270(e) requires that the QHP issuer provide notice of payment delinquency to an enrollee who is delinquent on premium payment. The burden estimate associated with this requirement includes the time and effort needed to develop the notice and develop an automated process to distribute to individuals as appropriate. We anticipate that half of enrollees will request electronic notification while the other half will receive the notice by mail. We estimate that 250 QHP issuers will participate in the Exchanges. As such, we estimate that it will take approximately 40 hours annually for the time and effort to develop and transmit the notice for a total of 10,000 hours across all QHP issuers.

Labor Category	Number of Employees	Burden Hourly Labor Costs	Burden Hours	Total Burden Costs per QHP Issuer	Total Burden Costs (250 QHP Issuers)
Health Policy Analyst	1	\$77.14	4	\$309	\$77,140
Senior Manager	1	\$118.30	1	\$118	\$29,575
Operations Analyst	1	\$87.12	3	\$261	\$65,340
Computer Programmer	1	\$89.06	32	\$2,850	\$712,480
Total			40	\$3,538	\$884,535

Section 156.270(h) requires QHP issuers to maintain records of terminations of coverage in accordance with 155.430(c). We expect that QHP issuers will maintain this information in an electronic data system. The burden estimate associated with this requirement includes the time and effort needed to program the issuer's electronic data system to retain this information. We estimate that 250 QHP issuers will participate in the Exchanges and be subject to this requirement. As such, we estimate that it will take approximately 60 hours annually for the time and effort to maintain the records for a total of 15,000 hours across all QHP issuers.

Labor Category	Number of Employees	Burden Hourly Labor Costs	Burden Hours	Total Burden Costs per QHP Issuer	Total Burden Costs (250 QHP Issuers)
Health Policy Analyst	1	\$77.14	10	\$771	\$192,850
Computer Programmer	1	\$89.06	40	\$3,562	\$890,600
Operations Analyst	1	\$87.12	10	\$871	\$217,800
Total	4		60	\$5,205	\$1,301,250

Non-certification and decertification of QHPs

Section 156.290 requires QHP issuers to notify the Exchange and each enrollee if the QHP issuer voluntarily decides not to renew participation of a QHP on the Exchange. The burden estimate associated with each of these requirements includes the time and effort needed to draft separate notices of non-renewal to HHS and to enrollees, and to develop an automated process to distribute to the notice to enrollees as appropriate. We anticipate that half of enrollees will

request electronic notification while the other half will receive the notice by mail. We estimate that 250 QHP issuers will participate in the Exchanges, and of that amount, less than 5% might elect to not renew participation annually. This represents an upper bound for the estimate. We estimate that it will take approximately 37 hours annually for the time and effort to develop and transmit both notices, for a total of 481 hours across all affected QHP issuers.

Labor Category	Number of Employees	Burden Hourly Labor Costs	Burden Hours	Total Burden Costs per QHP Issuer	Total Burden Costs
Health Policy Analyst	1	\$77.14	6	\$463	\$5,786
Operations Analyst	1	\$87.12	6	\$523	\$6,534
Senior Manager	1	\$118.30	1	\$118	\$1,479
Computer Programmer	1	\$89.06	24	\$2,137	\$26,718
Total	4		37	\$3,241	\$40,516

Issuer Surveys

Exchanges continually provide direction and guidance to QHP issuers and it is helpful for Exchanges to receive feedback from the issuers as to the efficacy of Exchange actions. QHP issuers will have the option to respond to periodic surveys from the Exchanges (CMS on behalf of the Federally-facilitated Exchange) in order to provide input as to what resources, calls and documents they find the most useful from the Exchanges. We estimate that it will take approximately 2 hours annually for the 250 QHP issuers that opt to participate in these surveys to respond.

Labor Category	Number of Employees	Burden Hourly Labor Costs	Burden Hours	Total Burden Costs per QHP Issuer	Total Burden Costs (250 QHP Issuers)
Senior Manager	1	\$118.30	2	\$237	\$59,150

13. Capital Costs

14. We estimate that the associated printing and mailing costs for paper notices will be approximately \$0.73 per notice. Cost to Federal Government

The annual burden to the Federal Government to ensure compliance of QHPs with reporting requirements is \$150,878. The calculations for Federal employees' hourly salary were obtained from the OPM Web site: <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2020/general-schedule/>

Task	Estimated Cost
Review of Issuer data	
5 GS-13: 5 x \$49.19 x 480 hours	\$118,056
Managerial Review and Oversight	
1 GS-15: 1 x \$68.38 x 480 hours	\$32,822
Total Costs to Government	\$150,878

15. Changes to Burden

There is a total burden hour increase of 18,181 hours (from 104,800 to 122,981) because there are more QHP issuers participating in the Exchanges. There was an increase is due to the additional requirement for QHP Issuers to complete periodic surveys from the Exchanges.

16. Publication/Tabulation Dates

Results from this collection will not be published.

17. Expiration Date

There are no instruments attached to this data collection.