

**Supporting Statement for
Medicare Part D Subsidies
20 CFR 418.3625(c), 418.3645, 418.3665(a), and 418.3670
OMB No. 0960-0702**

A. Justification

1. Introduction/Authoring Laws and Regulations

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) established the Medicare Part D program, which provides voluntary prescription drug coverage for Medicare recipients. The MMA also established a low-income subsidy (LIS) Extra Help program for those individuals who qualify for Medicare Part D and meet eligibility criteria for help with premium, deductible, and co-payment costs. The Social Security Administration (SSA) administers the LIS program. The MMA requires SSA to make initial LIS eligibility determinations, LIS eligibility redeterminations, and provide a process for appealing SSA LIS determinations.

Section 1860D-14 of the Social Security Act (Act) describes Medicare Part D LIS requirements. When applicants or their personal representatives file a LIS application with SSA they complete an *Application for Extra Help with Medicare Prescription Drug Plan Costs* paper Form SSA-1020 or internet form i1020. SSA uses paper form SSA-1020 and internet i1020 to collect information necessary for making Medicare Part D low-income subsidy eligibility determinations. Applicants or their personal representatives may also apply for LIS with SSA in-person or via telephone. SSA documents information applicants or their personal representatives provide on LIS forms in the Medicare Application Processing System, reviews the information, and sends a subsidy award, pre-decisional, or denial notice to the individual at his or her last known address. Additional information regarding SSA initial LIS application information collection is captured in OMB control number 0960-0696 titled, Supporting Statement for Form SSA-1020/i1020 Application for Extra Help with Medicare Prescription Drug Plan Costs.

When SSA approves an initial LIS application, recipients undergo eligibility redeterminations under two potential circumstances. SSA uses paper forms SSA-1026-SCE and SSA 1026-REDE to process changes in circumstances reported by the applicant or their personal representative and to conduct cyclical low-income subsidy redeterminations required by Section 1860D-14(a)(3)(A)(iv)(I) of the Medicare Modernization Act (MMA) of 2003, as codified in Section 418.3125 of the Code of Federal Regulations. For more information on SSA subsidy redetermination information collection see OMB control number 0960-0723 titled, *Supporting Statement for Redetermination of Eligibility/Reporting a Change that May Affect Your Eligibility for Extra Help With Medicare Prescription Drug Plan Costs*.

When an applicant appears to be ineligible for a Medicare Part D low-income subsidy (LIS), the Social Security Administration (SSA) sends a pre-decisional notice before sending a denial notice. The LIS pre-decisional notice includes the basis for the proposed denial, lists any additional information SSA needs, and allows 10 days from the date of the notice for the proposed action to be rebutted or to receive additional information. Since the LIS pre-decisional notice is only an advance notice of proposed action, it does not include formal appeal language. SSA automatically generates a LIS denial notice when an applicant or their personal representative does not contact SSA within 20 days of receiving a pre-decisional notice, or if a response to the pre-decisional notice does not change SSA's determination. LIS award and denial notices are formal determinations that include appeal rights and information about how to request an appeal. Applicants or their personal representatives may request an appeal within 60 days after the date they receive a formal determination notice.

The appeal process for subsidy determinations consists of one formal SSA administrative step. An applicant or their personal representative can choose a telephone hearing or an informal case review. Both, telephone hearings and informal case reviews are the same level of the administrative appeal. When an applicant or their personal representative requests a LIS appeal, SSA conducts an administrative review of the case based on information in the file and any additional information the individual or his or her personal representative provides. If an individual is dissatisfied with SSA's final decision, he or she may file an action in Federal district court. Additional information about SSA subsidy appeal information collection is captured in OMB control number 0960-0695 titled, Supporting Statement for Form SSA-1021 Appeal of Determination for Extra Help with Medicare Prescription Drug Costs.

2. Description of Collection

SSA collects information under this OMB control in accordance with regulation sections *20 CFR 418.3625(c)*, *418.3645*, *418.3665(a)*, and *418.3670*. These regulations pertain to the SSA subsidy appeal scheduling and review process.

SSA uses the information these four regulation sections request (in combination with other information) to determine eligibility for the Medicare Part D low-income subsidy; to process eligibility redeterminations; and to enable determination appeals. A description of the specific information collection requirements for each of the four sections follows:

418.3625(c) – One may request a change in date or time for an administrative review hearing, but must provide a reason for doing so, and must provide alternative dates or times.

418.3645 – One may object to the person who will be conducting the administrative review hearing by notifying SSA at the earliest opportunity.

418.3665(a) – One may withdraw a request for administrative review at any time before notice of the decision is mailed.

418.3670 – Within 60 days of receiving the dismissal notice, one may ask SSA to vacate the dismissal of a request for administrative review and show good cause why we should not dismiss the request.

SSA employees collect this information only when an applicant contacts SSA to make one of these four requests regarding their administrative review hearing. An applicant can make these requests in person or by phone, fax, or mail. The respondents are applicants for the low-income subsidy program who are awaiting an administrative review hearing and have one or more of the requests shown above.

3. Use of Information Technology to Collect the Information

As stated above, an applicant can make these requests regarding their administrative review hearing in person or by phone, fax, or mail. SSA employees electronically record the information in the Case Processing and Management System in all instances. SSA is unable to create an Internet version of this information collection, as this information collection request pertains to regulation sections and does not have a specific information collection instrument. We will reassess this ability if and when technological advances are created that would allow for us to make this collection available via the Internet.

4. Why We Cannot Use Duplicate Information

The nature of the information we collect and the manner in which we collect it preclude duplication. SSA does not use another collection instrument to obtain similar data.

5. Minimizing Burden on Small Respondents

This collection does not affect small businesses or other small entities.

6. Consequence of Not Collecting Information or Collecting it Less Frequently

If SSA did not conduct the information collection these regulation sections require, SSA would have no means of carrying out the Medicare Part D subsidy provisions of the MMA. Because we only collect this information when a specific situation arises (ex: applying for the subsidy; appealing a decision; requesting an administrative hearing), we cannot collect it less frequently. There are no technical or legal obstacles to burden reduction.

7. Special Circumstances

There are no special circumstances that would cause SSA to conduct this information collection in a manner inconsistent with *5 CFR 1320.5*.

8. Solicitation of Public Comment and Other Consultations with the Public

The 60-day advance Federal Register Notice published on October 8, 2020, at

85 FR 63630, and we received no public comments. The 30-day FRN published on December 8, 2020 at 85 FR 79064. If we receive any comments in response to this Notice, we will forward them to OMB. We did not consult with the public in the revision of this collection.

9. Payment or Gifts to Respondents

SSA does not provide payments or gifts to the respondents.

10. Assurances of Confidentiality

SSA protects and holds confidential the information it collects in accordance with 42 U.S.C. 1306, 20 CFR 401 and 402, 5 U.S.C. 552 (Freedom of Information Act), 5 U.S.C. 552a (Privacy Act of 1974), and OMB Circular No. A-130.

11. Justification for Sensitive Questions

Some of the information we collect may be of a sensitive nature. However, this information is necessary to fulfill applicants’ requests and to proceed with the administrative review hearing process. We only collect this information after an applicant initiates contact with SSA to make one of the requests.

12. Estimates of Public Reporting Burden

The below chart list the four regulation sections this ICR addresses and the projected annual public reporting burden for each section. The total burden for this ICR is **29** burden hours (reflecting current SSA management information data), which results in an associated theoretical (not actual) opportunity cost financial burden of **\$311**.

Modality of Collection	Number of Respondents	Frequency of Response	Average Burden Per Response (Minutes)	Estimated Total Annual Burden (hours)	Average Theoretical Hourly Cost Amount (Dollars)*	Total Annual Opportunity Cost (Dollars)**
418.3625(c)	110	1	5	9	\$10.73**	\$97
418.3645	10	1	5	2	\$10.73**	\$21
418.3665(a)	215	1	5	18	\$10.73**	\$193
418.3670*	0	1	10	0		
Total	335			29		\$311

* Regulation section 418.3670 could be used at any time; however, we currently have no data showing usage over the past three years.

** We based this figure on average DI payments (<https://www.ssa.gov/legislation/2020Fact%20Sheet.pdf>).

*** This figure does not represent actual costs that SSA is imposing on recipients of Social Security payments to complete this application; rather, these are theoretical opportunity costs for the additional time respondents will spend to complete the application. **There is no actual charge to respondents to complete the application.**

We base our burden estimates on current management information data, which includes data from actual interviews, as well as from years of conducting this information collection. Per our management information data, we believe that 6 minutes accurately shows the average burden per response for reading the instructions, gathering the facts, and answering the questions. Based on our current management information data, the current burden information we provided is accurate. The total burden for this collection instrument is **29** burden hours (reflecting SSA management information data), which results in an associated theoretical (not actual) opportunity cost financial burden of **\$311**. SSA does not charge respondents to complete our applications.

13. Annual Cost to the Respondents (Other)

This collection does not impose a known cost burden on the respondents.

14. Annual Cost To Federal Government

The annual cost to the Federal Government is approximately **\$66,559**. This estimate accounts for costs from the following areas:

Description of Cost Factor	Methodology for Estimating Cost	Cost in Dollars*
Designing and Printing the Form	Design Cost + Printing Cost	\$0
Distributing, Shipping, and Material Costs for the Form	Distribution + Shipping + Material Cost	\$0
SSA Employee (e.g., field office, 800 number, DDS staff) Information Collection and Processing Time	GS-9 employee x # of responses x processing time	\$51,758
Full-Time Equivalent Costs	Out of pocket costs + Other expenses for providing this service	\$3,300
Systems Development, Updating, and Maintenance	GS-9 employee x man hours for development, updating, maintenance	\$11,501
Quantifiable IT Costs	Any additional IT costs	\$0
Other	[Component may add as needed]	\$0
Total		\$66,559

* We have inserted a \$0 amount for cost factors that do not apply to this collection.

SSA is unable to break down the costs to the Federal government further than we already have. First, since we work with almost every US citizen, we often do bulk mailings, and cannot track the cost for a single mailing. In addition, it is difficult for us to break down the cost for processing a single form, as field office and State Disability Determination Services staff often help respondents fill out several forms at once, and the time it takes to do so can vary greatly per respondent. As well, because so many employees have a hand in each aspect of our forms, we use an estimated average hourly wage, based on the wage of our average field office employee (GS-9) for these calculations. However, we have calculated these costs as accurately as possible based on the information we collect for creating, updating, and maintaining these information collections.

15. Program Changes or Adjustments to the Information Collection Request

When we last cleared this IC in 2017, the burden was 37 hours. However, we are currently reporting a burden of 28 hours. This change stems from a decrease in the number of responses from 425 to 335. There is no change to the burden time per response. Although the number of responses changed, SSA did not take any actions to cause this change. These figures represent current Management Information data.

16. Plans for Publication Information Collection Results

SSA will not publish the results of the information collection.

17. Displaying the OMB Approval Expiration Date

SSA is not requesting an exception to the requirement to display an expiration date.

18. Exceptions to Certification Statement

SSA is not requesting an exception to the certification requirements at *5 CFR 1320.9* and related provisions at *5 CFR 1320.8(b)(3)*.

B. Collections of Information Employing Statistical Methods

SSA does not use statistical methods for this information collection.