

Supporting Statement For Paperwork Reduction Act Submissions: **Cost-sharing Reduction Reconciliation Data Template**

(CMS-10526/OMB Control Number: 0938-1266)

A. Background

1. Operational Background

The initial approved information collection request proposed to collect the necessary data elements for the calculation of reconciled cost-sharing reduction (CSR) amounts using both the standard and simplified CSR reconciliation methodologies. This initial information collection allowed HHS to collect data necessary to reconcile payments advanced to qualified health plan (QHP) issuers with dollar amounts paid by the issuer on behalf of an enrollee, and recoup or remit the balance. For efficiency in transmitting the necessary volume of data for this collection, and to more closely resemble other data collections that issuers currently participate in with the Exchange, CMS changed the method of collection from a template to a standard electronic file format following the comment period for that request. A revision to the initial data collection (approved on December 30, 2014, under OMB control number 0938-1266) consolidated and eliminated some data elements and added one data element to allow issuers to cross-reference their HIOS IDs with those of the acquired issuer(s) or merger partner(s), and was approved by OMB on March 11, 2016. OMB approved a second revision, which added three data elements and made the reporting of several other data elements optional, on March 28, 2017.

2. Legal 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, the “Affordable Care Act”), provides for reduced cost sharing for eligible individuals who purchase health insurance from a QHP through an Exchange.¹

Under this law, CSRs are provided to eligible enrollees to lower the out-of-pocket costs at the time of service. The goal of the CSRs is to make health care more accessible by reducing its cost. Issuers are reimbursed dollar amounts for cost-sharing reductions provided to eligible enrollees. In 45 CFR 156.430(c), issuers must report to HHS the amount of CSRs provided during the benefit year. 45 CFR 156.430(d) provides that HHS will reconcile the amount of advance payments for CSRs to reflect the amount of CSRs issuers made to health care providers on behalf of eligible enrollees.

The 2014 HHS Notice of Payment and Benefit Parameters final rule (the “2014 Payment Notice”) published March 11, 2013, detailed a policy in which monthly payments would be advanced to issuers for estimated CSRs and then reconciled against CSRs provided by issuers to eligible enrollees during the benefit year. The 2014 Payment Notice detailed a methodology for issuers to use when calculating and submitting to HHS the CSR portion of advance payment amounts provided enrollees in a benefit year. In response to comment on the proposed rule that the “standard methodology” to identify these amounts was too complex for timely

¹ QHP issuers must reduce cost sharing for individuals with household incomes between 100 percent and 250 percent of the federal poverty level (FPL) who are enrolled in a silver level QHP in the individual market on an Exchange. In addition, issuers must eliminate cost sharing for Indians with household incomes under 300 percent of FPL who are enrolled in a QHP in the individual market on an Exchange. Finally, issuers must eliminate cost sharing for Indians enrolled in a QHP in the individual market on the Exchange, regardless of income, when services are provided by the Indian Health Service, an Indian Tribe, Tribal Organization, or Urban Indian Organization, or through referral under contract health services.

Supporting Statement For Paperwork Reduction Act Submissions: **Cost-sharing Reduction Reconciliation Data Template**

implementation, HHS in the final 2014 Payment Notice said it would provide a second, optional method for estimating CSRs provided by issuers. An interim final rule with comment, “Amendment to the HHS Notice of Benefit and Payment Parameters for 2014,” published concurrently with the final 2014 Payment Notice described in detail a second “simplified methodology.” As a result, QHP issuers were allowed to elect to use a simplified formula during the first three years of the program, the 2014 through 2016 benefit years, to estimate CSRs provided to enrollees.

In 45 CFR 156.430(c)(1), we established the standard methodology for QHP issuers to submit data to HHS showing the amount of cost sharing paid by enrollees in each plan variation, as well as the amount of cost sharing the enrollees would have paid under the standard plan. The value of the cost sharing provided is the difference between those two amounts.

To calculate what the enrollees would have paid under the standard plan, QHP issuers using the standard methodology detailed in 45 CFR 156.430(c)(2) are required to apply the actual cost sharing amount for the standard plan to the total allowed costs for essential health benefits (EHB) for each plan variation policy. Essentially, the issuer first processes a claim using standard cost sharing, and then re-processes the claim, applying the reduced cost sharing to establish the CSR amount.

The simplified methodology provided in 45 CFR 156.430(c)(4) did not require complex re-adjudication of claims. Instead, issuers were required to calculate the amount enrollees would have paid under the standard plan by applying four cost-sharing parameters for the standard plan to the total allowed costs paid for EHB under the policy with CSRs. The four cost-sharing parameters are: (1) the effective deductible, (2) the effective pre-deductible coinsurance rate, (3) the effective post-deductible coinsurance rate, and (4) the effective claims ceiling. All issuers were required to use the standard methodology starting in benefit year 2017. The Attorney General of the United States sent a memo on October 12, 2017, effectively stopping CSR payments from HHS to issuers.² Issuers responded to the cessation of CSR payments in a variety of ways, with some issuers pursuing litigation against HHS in order to receive reimbursement for CSRs provided. To be responsive to this litigation, although HHS does not make CSR payments to issuers, HHS has provided issuers with the option of re-submitting 2017 CSR data and submitting 2018 and 2019 CSR data, and may continue to provide optional data submission periods for future benefit years. The optional data elements are almost identical to the data elements that issuers were required to submit to CMS as part of the 2017 benefit year CSR reconciliation process.

B. Justification

1. Circumstances Making the Collection of Information Necessary

The PPACA provides CSRs for certain eligible individuals to help them afford out-of-pocket expenses associated with health care purchased through QHPs offered on Exchanges. Specifically, the PPACA provides for reductions in cost sharing on EHB for low and moderate income enrollees in silver level health plans sold on individual market Exchanges. The law directs QHP issuers to notify the Secretary of HHS of CSRs made under the statute for qualified individuals, and provides for periodic and timely payments to the QHP issuer equal to the value

² Payments to Issuers for Cost-Sharing Reductions (CSRs): <https://www.hhs.gov/sites/default/files/csr-payment-memo.pdf>.

Supporting Statement For Paperwork Reduction Act Submissions: **Cost-sharing Reduction Reconciliation Data Template**

of those reductions. Further, the law permits advance payment of the CSRs amounts to QHP issuers. Previously, to ensure the appropriate use of federal funds, HHS needed to compare and reconcile the estimated monthly payments advanced to a QHP issuer with CSRs made by the issuer for medical services for each eligible enrollee in a benefit year.

Currently, payments are not being advanced to QHP issuers, as the Attorney General of the United States has determined that there is no specific appropriation for CSRs.³ However, HHS still permits issuers to submit data that compares the CSR-eligible enrollment for each issuer with their actual cost sharing reductions made by the issuer for medical services for each eligible enrollee in a benefit year.

2. Purpose and Use of Information

The data collection and reporting requirements described below will enable HHS to review actual medical costs incurred by enrollees for EHB and CSRs provided by issuers on behalf of these enrollees for these services, and to compare this information to the dollar amount of the amount of payments that would have been advanced to issuers based on their CSR eligible enrollment, if the HHS were to make CSR payments to issuers. Using this data, HHS will calculate the difference between the estimated CSR payments and the amount actually provided during the benefit year, and whether the issuer will be invoiced for amounts not spent on behalf of the enrollee (in overpayments are determined or in the event HHS were to resume CSR payments). This data is submitted annually, subject to the determination of HHS.

3. Use of Information Technology

Information gathered through this collection will be submitted electronically. HHS staff will communicate with Issuers using standardized reporting, e-mail or telephone.

4. Duplication of Efforts

This information collection does not duplicate any other Federal effort.

5. Small Businesses

This information collection will not have a significant impact on small businesses.

6. Less Frequent Collection

Reconciliation of the CSRs is an annual process that began in April 2016. A less frequent collection could result in a loss of funds to the U.S. Treasury from uncollected receivables and interest, because HHS would likely overpay issuers CSRs based on litigation if HHS does not conduct an annual collection.

7. Special Circumstances

In the absence of advanced CSR payments, CSR data collections conducted by CMS for are

³ Ibid.

Supporting Statement For Paperwork Reduction Act Submissions: **Cost-sharing Reduction Reconciliation Data Template**

conducted in response to any pending litigation, at the determination of HHS, and participation for issuers has been optional.

8. Federal Register/Outside Consultation

A 60-day notice published in the Federal Register on April 15, 2020 (85 FR 21010). No comments were received. A 30-day Notice will published on December 14, 2020 (85 FR 80790).

No outside consultation was sought.

9. Payments/Gifts to Respondents

No payments or gifts will be provided to respondents.

10. Confidentiality

We will maintain respondent privacy with respect to the information collected to the extent required by applicable law and HHS policies.

11. Sensitive Questions

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

12. Burden Estimates (Hours & Wages)

Our estimate of paperwork burden for issuers is based on responses from 150 issuers for calculating amounts of CSRs provided for the reconciliation of the CSR portion of payments.

A number of assumptions are made regarding the wages of personnel needed to accomplish the proposed collection of information. Wage rates are based on the Employer Costs for Employee Compensation 2019 report by U.S. Bureau of Labor Statistics and represent a national average.

Some States or employers may face higher or lower wage burdens. Wage rates estimates include a 100% increase to account for employee fringe benefits.

I. Issuer Summary Report

Within 45 CFR Part 156, subpart E we described Health Insurance Issuer responsibilities with respect to advance payments of CSRs.

Under 45 CFR 156.430(c)(1), each QHP each year must submit to HHS for every plan variation it sells on the Exchange the total allowed costs for EHB provided for the policy for the benefit year, broken down by the amount the issuer paid, the amount the enrollee(s) paid, and the amount the enrollee would have paid under the standard plan without CSRs.

In this collection, HHS proposes each issuer have the option to submit the data elements contained in the Issuer Summary Report, which includes the total number of policies paying CSRs and the total amount of CSRs provided under those policies.

This report also requires issuers to attest that the CSR amounts paid were paid only for

Supporting Statement For Paperwork Reduction Act Submissions: **Cost-sharing Reduction Reconciliation Data Template**

EHB, not including certain benefits for which Federal funds may not be used, as described in Section 1301 of the PPACA.

Approximately 150 QHP issuers on Exchanges are likely to participate in this data collection. We previously estimated the cost of establishing information technology to use this methodology in the Information Collection associated with the 2014 Payment Notice and the Program Integrity: Exchange, Premium Stabilization Programs, and Market Standards final rule (78 FR 65045, October 30, 2013). We assume these reports will be automatically generated on a regular basis as a normal part of business, and below we estimate capital costs for all data extraction for this file transfer. Therefore, our estimate here is limited to performing the extraction and reviewing data in this file.

To derive wage estimates, we generally used data from the Bureau of Labor Statistics to derive average labor costs (including a 100 percent increase for fringe benefits and overhead) for estimating the burden. We estimate that on average, for each issuer, it will take an operations analyst 30 minutes (at a wage rate of \$77.14 an hour/13-1199 Business Operations Specialist) and a senior manager (at \$157.30 an hour/11-3031 Financial Manager/Insurance Carrier) 15 minutes to oversee and review the Issuer Summary Report section of this file, for a total estimated burden of 113 hours per year. The average cost estimate for each issuer is \$74.82 and the estimated aggregated cost burden is \$11,684.25.

II. Standard Methodology Plan and Policy Report

As required under 45 CFR 156.430(c)(2), QHP issuers in this section must calculate the value of the amount the enrollee would have paid under the standard plan without CSRs by applying actual cost-sharing requirements for the standard plan to the allowed costs for EHB under the enrollee's policy for the benefit year. The Plan and Policy Report includes identifying numbers for each subscriber, total allowed costs for EHB, amounts the issuer and enrollee paid, and the amounts the enrollee(s) would have paid under the standard plan. It also includes total monthly premium for the policy, the Policy Identification number, and the Policy Start and End dates (optional).

As noted above, we separately estimate capital costs related to data extraction required to complete all sections of the file submission, and we assume an automated information system. Therefore, our estimate here is limited to performing the extraction and reviewing the data in the file.

In the aggregate, we estimate that 150 issuers will report data for approximately 2.03 million policies in various sections of this template. All participating issuers are now required to select the standard methodology.

Since there are about 2,030,000 policies, each issuer completing this section of the report would submit data for approximately 13,533 policies. We estimate that submission and review of this data collection will take each issuer on average 10 hours for an operations analyst (at an average wage rate of \$77.14 an hour) and five hours for a senior manager (at \$157.30 an hour) to meet these requirements. Therefore, we previously estimated that each issuer, on average, would need 15 hours to complete this section, for an estimated aggregate burden of 2,250 hours for all issuers. We estimated the average cost to each issuer would be \$1,557.90, for an aggregated estimated cost burden of \$233,685 for all issuers subject to this submission requirement. During the CSR reconciliation data submission, issuers will likely need to submit their data files on average of 2-3 times before reaching a data file status that was acceptable for processing and that

Supporting Statement For Paperwork Reduction Act Submissions: Cost-sharing Reduction Reconciliation Data Template

included each policy. Accordingly, the existing burden estimate reflects an average of 2.5 submissions.

CMS identifies which policies are eligible for reimbursement by verifying that the Exchange-assigned subscriber ID submitted with the policy can be matched to a valid subscriber record on the Federally-facilitated Exchanges (FFE).

All issuers participating in CSR Reconciliation or data submission, as of benefit year 2017 and beyond, are required to use the Standard Methodology. We intend to revise this ICR, as necessary, to reflect any changes to the overall burden of the submission requirements.

III. Aggregate burden

The aggregate burden for issuers completing this file is as follows:

12A. Estimated Annualized Burden Hours and Cost for All Respondents

Information Collection Requirement	Type of Respondent	Frequency and Duration	Number of Respondents	Number of Responses per Respondent	Average Burden Hours per Response	Total Burden Hours	Total Cost
Issuer Summary Report	Issuer	Annually, Permanent	150	2.5	.75	112.5	\$11,684.25
Standard Methodology Plan and Policy Report	Issuer	Annually, Permanent	150	13,533	0.0009	2,250	\$233,685
Total			150			2,362.5	\$245,369.25

12B. Cost Estimate for Issuers that Submit Policy-level Data

Type of Respondent	Hourly Labor Cost of Reporting (\$)	Total Burden Hours	Average Labor Cost per Response	Number of Respondents	Total Labor Costs (All Respondents)
<i>Issuer Summary Report</i>					
Operations Analyst	\$77.14	.50	\$38.57	150	\$5,785.50
Senior Manager	\$157.30	.25	\$39.33	150	\$5,898.75
Total		.75	\$77.90		\$11,684.25

Type of Respondent	Hourly Labor Cost of Reporting (\$)	Total Burden Hours	Average Labor Cost per Response	Number of Respondents	Total Labor Costs (All Respondents)
<i>Standard Methodology Plan and Policy Report</i>					
Operations Analyst	\$77.14	10	\$771.40	150	\$115,710
Senior Manager	\$157.30	5	\$786.50	150	\$117,975
Total		15	\$1,557.90		\$233,685

Supporting Statement For Paperwork Reduction Act Submissions: Cost-sharing Reduction Reconciliation Data Template

13. Capital Costs

In the 2014 Payment Notice, we estimated that the information technology associated with implementing the standard methodology would be developed by three vendors at a cost of approximately \$6 million per vendor, for total costs of approximately \$18 million. We also estimated each issuer would need to spend approximately \$100,000 to customize the vendor solution technology and modify their claims system to extract data. Our estimate for total administrative costs was \$138 million.

Here we estimate the burden of extracting and reporting data from the information technology accounted for above, as well as maintenance. For an issuer using the standard methodology, we estimate on average it would take each QHP using automated systems 10 hours a year to provide the information required in these reports. Therefore for all issuers using this methodology, we estimate it would take 1,040 hours to produce summary data for 2.030 million policies. The cost of this capital requirement is approximately \$1,500 per issuer, including maintenance and depreciation, for a total estimated burden of \$156,000. We estimate that this is a one-time burden, that issuers would incur in their first year of operation of a CSR plan. We also note, that in the absence of CSR payments for benefit years following 2017, it is optional for issuers to generate reports and submit CSR data to CMS, thereby reducing the capital requirements associated with operating a CSR plan in the aggregate.

14. Cost to Federal Government

The initial burden to the Federal Government for the establishment of the CSR Reconciliation program is \$16,779.74. The calculations for CCIO employees' hourly salary was obtained from the OPM website for the Washington-Baltimore area at: https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2020/DCB_h.pdf.

Task	Estimated Cost
Development of HHS CSR reconciliation template	
3 GS-13: 3 x \$49.19 x 30 hours	\$4,427.10
Collection of HHS CSR reconciliation data	
5 GS-13: 5 x \$49.19 x 40 hours	\$9,838
Technical Assistance to Issuers	
5 GS-13: 5 x \$49.19 x 8 hours	\$1,967.60
Managerial Review and Oversight	
2 GS-15: 2 x \$68.38 x 4 hours	\$547.04
Total Costs to Government	\$16,779.74

15. Explanation for Program Changes or Adjustments

We are revising this collection to estimate a reduction in burden. The cessation of CSR payments to issuers coupled with the fact that the CSR reconciliation data submission is now

Supporting Statement For Paperwork Reduction Act Submissions: Cost-sharing Reduction Reconciliation Data Template

optional for issuers has led to a significant reduction in the number of issuers that submit data reports during the CSR data submission window. Since it is now optional, following 2017, for issuers to generate reports and submit CSR data to CMS, it is reducing the capital requirements associated with operating a CSR plan in the aggregate. Although all issuers must now use the standard methodology and may no longer use either the simplified or simplified AV methodologies, this is still outweighed by the fact that many less issuers are submitting reports. Further, even for those issuers that do submit files, we are no longer requiring issuers to submit plan level data. As a result, this will lead to an overall reduction in burden going forward as compared to prior years.

16. Publication/Tabulation Dates

The result of this data collection will not be published.

17. Expiration Date

The expiration date of this data collection will be displayed on each instrument.