

Supporting Statement Part A
Application for Enrollment in Medicare Part B (Medical Insurance)
CMS-40B, OMB 0938-1230

Background

Medicare Part B is a voluntary program, financed from premium payments by enrollees, together with contributions from funds appropriated by the Federal government. Section 1836 of the Social Security Act (the Act) permits individuals with Medicare premium free Part A to enroll in Part B. Form CMS-40B is used by individuals with premium-free Part A who want to enroll in Part B after their initial application for Medicare benefits. Such individuals enroll in Medicare Part B during the annual general enrollment period (which occurs from January through March each year) or during a special enrollment period.

Form CMS-40B provides a standardized means to determine the eligibility criteria for enrollment in Part B, as outlined in law. Information that is collected on Form CMS-40B (and the Spanish version CMS-40B-SP) is used by the Social Security Administration (SSA) – the Centers for Medicare & Medicaid Services’ agent for processing Medicare enrollments.

In this 2020 iteration, there are no substantive changes to the CMS-40B form. We have adjusted our burden based on improved methods of estimating the number of respondents.

A. Justification

1. Need and Legal Basis

Section 1836 of the Act, and regulations at 42 CFR 407.10, provide the eligibility requirements for enrollment in Part B. Section 407.11 lists the CMS-40B as the application to be used by individuals who wish to apply for Part B if they already have initial entitlement to premium-free Part A. Under the regulations, individuals may also enroll in Medicare Part B by signing a statement requesting Part B, if eligible for enrollment at that time. Individuals use the standardized Form CMS-40B to request enrollment.

The CMS-40B (and the CMS-40B-SP) collects the information that SSA needs to determine eligibility for and process enrollments into Part B.

2. Information Users

The CMS-40B provides the necessary information to determine eligibility and to process the beneficiary's request for enrollment for Medicare Part B coverage. This form is only used for enrollment by beneficiaries who already have Part A, but not Part B.

Form CMS-40B is completed by the person with Medicare or occasionally by an SSA representative using information provided by the Medicare enrollee during an in-person interview. The form is owned by CMS, but not completed by CMS staff. SSA processes Medicare enrollments on behalf of CMS.

3. Use of Information Technology

The form CMS-40B is available on the internet (<https://www.cms.gov/Medicare/CMSForms/CMS-Forms/Downloads/CMS40B-E.pdf>). Form CMS-40B-SP is also available on the internet (<https://www.cms.gov/Medicare/CMS-Forms/CMS-Forms/Downloads/CMS40B-S.pdf>). Individuals complete the form and submit it to SSA for processing. Individuals may also contact SSA to make their requests. An SSA representative will assist an individual unable to complete the form independently. The information completed on the form is reviewed manually by SSA.

4. Duplication of Efforts

This information does not duplicate any other effort, as the person with Medicare must initiate the request for enrollment into Part B coverage. Use of this form is the initial request by the individual. Even if the individual previously had and dropped Medicare Part B, the information must be updated to ensure proper disposition of the new request.

This information is not available from any other source.

5. Small Businesses

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

6. Less Frequent Collection

This information is collected only as needed, and only when an existing Medicare beneficiary requests to enroll in Part B. Each individual respondent uses the form one time when he or she submits the request to enroll in Part B. If this information is not collected, the individual cannot enroll in Part B. Since the statute permits enrollment and specific data is necessary to determine eligibility, the burden cannot be minimized.

7. Special Circumstances

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 Notice/Outside Consultation

The 60-day Federal Register Notice published in the Federal Register on 09/24/2020 (85 FR 60170).

No comments were received during the comment period.

The 30-day Federal Register Notice published in the Federal Register on 12/23/2020 (85 FR 83966).

9. Payment/Gift to Respondents

There are no payments or gifts provided to respondents.

10. Confidentiality

This collection will be used solely by SSA for the purpose of determining a beneficiary's eligibility Medicare Part B. Both CMS and SSA are responsible for ensuring that all personally identifiable information (PII) remains confidential.

The completed form is not provided to CMS, rather it is stored with SSA.

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 & Wages)

Wage Estimates

To derive average costs for individuals we used data from the U.S. Bureau of Labor Statistics' May 2019 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 \$25.72/hr.

Burden Estimates

We estimate that there are approximately 400,000 respondents annually requesting enrollment in Part B using the paper CMS-40B. This estimate is based on data from the CMS Medicare Beneficiary Database (MBD) and considerations of the enrollment policies and processes which result in Part B coverage starting after Part A. Many of these alternate processes provide Part B coverage without completion of a Form CMS40B, such as State effectuated Part B enrollments, Initial Enrollment Period enrollments whereby the law requires delays in Part B coverage, written requests not using the CMS40B, etc.

The average completion time for the paper CMS-40B is 15 minutes. In aggregate we estimate an annual burden of 100,000 hours (400,000 respondents x 0.25 hours/response) at a cost of \$2,572,000 (100,000 x \$25.72/hr) or \$6.43 per beneficiary (\$2,572,000 / 400,000 respondents).

Collection of Information Instruments and Instruction/Guidance Documents

- Application for Enrollment in Medicare Part B (Medical Insurance)

The application form consists of eight items that are necessary to identify the enrollee and process the request.

Item 1: Requests the Medicare Number of the applicant including the Beneficiary Identification Code.

Item 2: Asks the applicant if they wish to sign up for Medicare Part B (Medical Insurance) to confirm the individual's intent to enroll in Part B coverage

Item 3: Requests the name of the applicant.

Items 4, 5 and 6: Request the applicant's full mailing address, including state and zip. code and the applicant's phone number including area code

Items 7 and 8: Request the signature of the applicant and the date the application was signed.

If the application is signed by mark (X), a witness who knows the applicant must supply the following information in items 9 through 11:

Items 9 and 10: Request the signature of the witness, as well as the date the witness signed the application.

Item 11: Requests the address of the witness.

Item 12: Is an area for the applicant to provide any remarks or comments on the form to clarify information provided on the enrollment application.

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

As demonstrated below, the burden from the 2017 approved submission increased in cost from \$972,554 to \$1,026,934 for federal government costs – an increase of \$54,380. This is a result of the Federal employee wage earnings increasing from \$28.42 to \$29.98 per hour for an employee at the GS-11, step 5 level since 2017. Further, the cost associated with printing and mailing the form slightly increased.

These estimates don't reflect an actual increase in burden in processing a Part B enrollment request, but rather increases in wages and expenses.

Printing Costs

The form is not pre-printed, but made available to SSA representatives to print and provide to the individual upon request. SSA representatives also have the ability to provide the CMS-40B via text or email to save both time and cost. We estimate that ten percent of the individuals requesting enrollment are mailed a CMS-40B via mail. We estimate that the cost for both the printing of the form and the cost of the envelope to mail the form is \$0.15 each. The printing cost associated with the Form CMS-40B is \$6,000 annually based on a quantity of 40,000 (10% of the total responses). (400,000 x 10% = 40,000. 40,000 x \$.15 = \$6,000)

Mailing Costs

We estimate that approximately ten percent of the requests for Medicare Part B enrollment require mailing of a paper form (approximately 40,000 of the total respondents). The cost to send the form first class mail is \$0.55 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 40,000 pieces totaling \$0.55 per piece. (400,000 x 10% = 40,000). Therefore, the cost to the government for mailing is \$22,000(40,000 x \$0.55 = \$22,000 total cost).

Processing Costs

Based on the information collected on the form, we estimate it takes the federal government employee 5 minutes to review and record the collected data (process the enrollment).

The burden is computed as follows:

It is calculated that the burden hours for 400,000 responses to be reviewed and recorded in 5 minutes per response to be 33,320 total hours. (400,000 x .0833 hours (5 minutes) = 33,320 total burden hours)

To derive average costs, we used data from the Office of Personnel Management 2020 General Schedule (GS) Locality Pay Table for all salary estimates

(https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salarytables/pdf/2020/GS_h.pdf). We estimate that the average government employee at SSA to receive and record the collected data be a Grade 11, Step 5 (GS-11-5) – which we believe is the most appropriate level for a SSA representative to derive the costs to process this form.

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 \$29.98 or \$62,564 annually. Therefore, the total cost to the government to complete review and processing of the annual volume of responses is \$998,933.60, rounded to \$998,934 (33,320 hours x \$29.98/hr).

TOTAL COST

The total federal cost including printing, mailing and processing costs is \$1,026,934 [\$6,000 (printing) + \$22,000 (mailing) + \$998,934 (employee salary)].

15. Changes to Burden

In this 2020 iteration, the estimated number of respondents has remained unchanged. The data provided a total of 398,000 respondents, a marginal difference. For the purposes of this collection, we did not decrease the number of respondents due to the improved data from the CMS Medicare Beneficiary Database (MBD) and factored considerations of the enrollment policies and processes which permit enrollment in Part B without the use of Form CMS-40B.

The burden increased slightly, due to increases in mailing costs and wages.

16. Publication/Tabulation Dates

This information is not published or tabulated.

17. Expiration Date

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

Not applicable. There are no statistical methods.

