# Supporting Statement for Form SSA-1020/i1020

# Application for Extra Help with

# Medicare Prescription Drug Plan Costs

# OMB No. 0960-0696

**A. Justification**

1. **Introduction/Authoring Laws and Regulations**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) established a Medicare Part D program for voluntary prescription drug coverage of premium, deductible, and co-payment costs for certain low-income individuals. The MMA mandates that subsidies would be available for individuals who qualify for the program and who meet eligibility criteria for help with premium, deductible, and co-payment costs. Section *1860D-14* of the *Social Security Act*, as codified in *20 CFR 418.3101* of the *Code of Federal Regulations*, discusses the subsidy eligibility criteria. SSA uses Form SSA-1020, the Application for Extra Help with Medicare Prescription Drug Plan Costs, to collect information necessary for making Part D subsidy eligibility determinations.

1. **Description of Collection**

SSA uses Form SSA-1020, and the Internet version, i1020, to obtain income and resource information from Medicare beneficiaries to make a subsidy decision. The respondents are Medicare beneficiaries or applicants applying for Part D low‑income subsidy.

1. **Use of Information Technology to Collect the Information**

In accordance with the agency’s Government Paperwork Elimination Act plan, SSA created an Internet version of Form SSA-1020, the i1020. Based on our data, we estimate approximately 41 percent of respondents use the electronic version.

1. **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.

1. **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 we did not use Form SSA-1020, the public would not have an opportunity to apply for the low-income subsidy, and SSA would have no means of making an eligibility decision. We would also be in violation of our administrative duties under the MMA. Because we only collect this information once, 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.

1. **Solicitation of Public Comment and Other Consultations with the Public**

The 60-day advance Federal Register Notice published on March 1, 2021, at

86 FR 12068, and we received no public comments. The 30-day FRN published on June 1, 2021 at 86 FR 29348. 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 form.

1. **Payment or Gifts to Respondents**

SSA does not provide payments or gifts to the respondents.

1. **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.

1. **Justification for Sensitive Questions**

The information collection does not contain any questions of a sensitive nature.

1. **Estimates of Public Reporting Burden**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **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)\*\*** | **Average Wait Time in Field Office**  **(minutes) \*\*** | **Total Annual Opportunity Cost (dollars)\*\*\*** |
| SSA-1020 (paper applications) | 448,836 | 1 | 30 | 224,418 | $27.07\* | 0 | $6,074,995\*\*\* |
| i1020 (online applications) | 365,871 | 1 | 25 | 152,446 | $27.07\* | 0 | $4,126,713\*\*\* |
| Field Office Interviews | 85,873 | 1 | 30 | 42,937 | $27.07\* | 24\*\* | $2,092,132\*\*\* |
| **Totals** | **900,580** |  |  | **419,801** |  |  | **$12,293,840\*\*\*** |

\* We based this figures on average U.S. citizen’s hourly salary, as reported by Bureau of Labor Statistics data (<https://www.bls.gov/oes/current/oes_nat.htm>).

\*\* We based this figure on the average FY 2020 wait times for field offices, based on SSA’s current management information data.

\*\*\* 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**.

In addition, OMB’s Office of Information and Regulatory Affairs is requiring SSA to use a rough estimate of a 30-minute, one-way, drive time in our calculations of the time burden for this collection. OIRA based their estimation on a spatial analysis of SSA’s current field office locations and the location of the average population centers based on census tract information, which likely represents a 13.97-mile driving distance for one-way travel. We depict this on the chart below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Total Number of Respondents Who Visit a Field Office | Frequency of Response | Average One-Way Travel Time to a Field Office (minutes) | Estimated Total Travel Time to a Field Office (hours) | Total Annual Opportunity Cost for Travel Time (dollars)\*\*\*\* |
| 85,873 | 1 | 30 | 42,937 | $1,104.340 |

\*\*\*\*We based this dollar amount on the Average Theoretical Hourly Cost Amount in dollars shown on the burden chart above.

Per OIRA, we include this travel time burden estimate under the 5 CFR 1320.8(a)(4), which requires us to provide “time, effort, or financial resources expended by persons [for]…transmitting, or otherwise disclosing the information,” as well as 5 CFR 1320.8(b)(3)(iii) which requires us to estimate “the average burden collection…to the extent practicable.” SSA notes that we do not obtain or maintain any data on travel times to a field office, nor do we have any data which shows that the average respondent drives to a field office, rather than using any other mode of transport. SSA also acknowledges that respondents’ mode of travel and, therefore, travel times vary widely dependent on region, mode of travel, and actual proximity to a field office.

NOTE: We included the total opportunity cost estimate from this chart in our calculations when showing the total time and opportunity cost estimates in the paragraph below.

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 the average burden per response times captured in the above chart accurately show 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 ICR is **419,801** hours (reflecting SSA management information data), which results in an associated theoretical (not actual) opportunity cost financial burden of **$13,398,180**. 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.

1. **Annual Cost To Federal Government**

The annual cost to the Federal Government is approximately **$11,165,559**.

  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 | $541,270 |
| Distributing, Shipping, and Material Costs for the Form | Distribution + Shipping + Material Cost | $1,034,014 |
| SSA Employee (e.g., field office, 800 number, DDS staff) Information Collection and Processing Time | GS-9 employee x # of responses x processing time | $7,702,483 |
| Full-Time Equivalent Costs | Out of pocket costs + Other expenses for providing this service | $0 |
| Systems Development, Updating, and Maintenance | GS-9 employee x man hours for development, updating, maintenance | $1,887,792 |
| Quantifiable IT Costs | Any additional IT costs | $0 |
| **Total** |  | **$11,165,559** |

\* 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. It is difficult for us to break down the cost for processing a single form, as field office 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 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 2018, the burden was 464,389 hours. However, we are currently reporting a burden of 419,801 hours. This change stems from a decrease in the number of responses from Medicare beneficiaries applying for Extra Help from 986,551 to 900,580. 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 of Results of Information Collection**

SSA will not publish the results of the information collection.

17. **Displaying the OMB Approval Expiration Date**

OMB granted SSA an exemption from the requirement to print the OMB expiration date on the paper SSA-1020 form. SSA produces millions of public‑use forms with life cycles exceeding those of an OMB approval. Since SSA does not periodically revise and reprint its public-use forms (e.g., on an annual basis), OMB granted this exemption so SSA would not have to destroy stocks of otherwise useable forms with expired OMB approval dates, avoiding Government waste.

SSA is not requesting an exception to the requirement to display the OMB approval expiration date on the Internet version of the SSA-1020.

1. **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.