

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.

2. Description of Collection

While Medicare Part D provides for discount prescription drugs, beneficiaries usually pay certain premiums, deductibles, and copayments. This information collection is to allow for individuals to apply for Extra Help, which if granted enables beneficiaries to receive full or partial subsidies to cover their Part D premiums, to pay a reduced or no deductible, and to be responsible for smaller copayments.

Among other eligibility criterion, household income must be below 150% of the Federal Poverty Level (FPL) and household resources must be below a slide-scale threshold that is annually updated. In general, eligible beneficiaries with incomes at or below 135% of FPL who are underneath the minimum resource thresholds receive a full premium subsidy as well as support with co-pays and deductibles. Those with resources above the minimum thresholds but below the maximum thresholds and who have incomes between 135% and 150% receive a reduced premium subsidy and will receive less or no support with co-pays or deductibles.

Section 1144 of the Social Security Act requires SSA conduct outreach to Medicare beneficiaries who may qualify for Medicare cost-sharing assistance under the Medicare Savings Programs (MSP) and for the Medicare Part D Prescription Drug Low-Income Subsidy (LIS) program. In order to meet this requirement, SSA targets outreach efforts to include income-tested new Medicare beneficiaries, beneficiaries that have experienced a drop in income, and 20 percent of those whom SSA previously notified of their potential eligibility but did not enroll in MSP or LIS.

Each year, SSA sends three Section 1144 outreach letters with joint SSA and

CMS approval. The major objective of these letters is to increase enrollment of eligible low-income individuals into programs that assist Medicare beneficiaries with their out-of-pocket medical expenses, including prescription drugs. Two of the three letters are sent in May/June. The SSA-L447 letter targets Medicare prescription drug subsidy eligible beneficiaries who filed before 2010 and who are not enrolled in the Medicare Savings Programs that help with cost sharing. The SSA-L448 letter targets income-tested Medicare beneficiaries who do not have LIS nor participate in the MSP.

The third letter, the SSA-L441, is sent at the end of November each year to former disability insurance beneficiaries without Medicaid who lost their free Medicare Part A due to work. These beneficiaries may be eligible to get help from the MSP to pay their monthly Part A premiums. We are also required to share lists of individuals potentially eligible for cost sharing with State Medicaid agencies.

Individuals already on Medicare and who also receive SSI or full Medicaid are deemed eligible for Extra Help and do not need to submit an application.— To identify these individuals CMS uses internal Medicare data and data submitted by SSA to identify Medicare enrollees and SSI-only individuals who may be eligible for LIS. Additionally, CMS uses data from State Medicaid Agencies to identify those who apply for LIS and are determined eligible by the State or are eligible for Medicare Savings Programs.

There are four Medicare Savings Programs:

- Qualified Medicare Beneficiary (QMB)
- Specified Low-Income Medicare Beneficiary (SLMB)
- Qualifying Individual (QI or QI-1)
- Qualified Disabled & Working Individuals (QDWI)

If a beneficiary qualifies for QMB, SLMB, or QI, he or she automatically qualifies for Extra Help, which pays for all costs, except for a minimal co-payment of Medicare prescription drug coverage. CMS mails deemed eligibles a notice to let them know they will be automatically enrolled in Extra Help. Some potentially eligible individuals proactively learn about their potential eligibility and then apply for the program. Individuals can submit their information via the paper form SSA-1020 (which should be mailed to the Wilkes-Barre Direct Operations Center), the Internet version (i1020), or in-person interview at a field office.

The questions asked on the SSA-1020 are intended to provide SSA with the the income and resource information of the Medicare beneficiary necessary to make a

subsidy decision:

The questions on the form help to provide SSA with income and resource information to make a subsidy decision. We ask questions regarding basic biographic information about the beneficiary; questions which help us determine whether the beneficiary exceeds the maximum resource threshold for receiving extra help; questions which help us determine the beneficiary's subsidy level; questions regarding resources (e.g., for funeral expenses, for non-home real property); questions regarding any dependents the beneficiary may have; questions about unearned income and expected earned wages, including any changes in the income level or changes in employment status; questions regarding disability costs, and an option to opt out of Medicare Savings programs. Asking these questions allows SSA to verify statements, and compare our records with records from Federal, State, local government agencies, including the Internal Revenue Service (IRS) to ensure the determinations for Extra Help with Medicare Prescription Drug Plan Costs are accurate.

SSA only requests additional documentation from beneficiaries beyond the allegations provided on the SSA-1020 when the information the beneficiary provides is not within allowable income and resource tolerances and does not resolve a discrepancy between the application data and existing SSA data. However, SSA does validate income allegations against IRS records after it receives updated data files from the IRS (typically 1-2 years after the beneficiary has completed the form). Additionally, SSA annually conducts its Medicare Quality Review (OMB Control 0960-0707), in which it randomly selects Extra Help beneficiaries and reviews their cases for quality assurance:

The respondents are Medicare beneficiaries or applicants applying for Part D low-income subsidy.

3. **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.
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 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.

8. 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.

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

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

12. 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	\$31.48*	0	\$7,064,679***
i1020 (online applications)	365,871	1	25	152,446	\$31.48*	0	\$4,799,000***
Field Office Interviews	85,873	1	30	42,937	\$31.48*	24**	\$2,432,963***

Totals	900,580		419,801		\$14,296,642**	*
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* 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 2024 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	\$1,351,657****

****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 **\$15,648,299**. 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 **\$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.

* Note: The total burden reflected in ROCIS is **497,086**, while the burden cited in #12 of the Supporting Statement is **419,801**. This discrepancy is because the ROCIS burden reflects the following components: field office waiting time + a rough estimate of a 30-minute, one-way, drive burden for the respondents who respond via field office interviews. In contrast, the chart in #12 of the Supporting Statement reflects actual burden.

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 the Internet version of the SSA-1020.

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.