

SUPPORTING STATEMENT
Internal Revenue Service
TD 9494, Patient Protection and Affordable Care Act Internal Claims and
Appeals and External review Disclosures.
OMB Control Number 1545-2182

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 2719 of the Public Health Service Act, incorporated into Code section 9815 by section 1563(f) of the Patient Protection and Affordable Care Act, Public Law 111-148, requires group health plans and issuers of group health insurance coverage, in connection with internal appeals of claims denials, to provide claimants free of charge with any evidence relied upon in deciding the appeal that was not relied on in making the initial denial of the claim.

TD 9494, address the requirements regarding internal claims and appeals and external review processes for group health plans and health insurance coverage in the group and individual markets under the Patient Protection and Affordable Care Act.

2. USE OF DATA

This is a third-party disclosure requirement. Individuals appealing a denial of a claim should be able to respond to any new evidence the plan or issuer relies on in the appeal, and this disclosure requirement is essential so that the claimant knows of the new evidence.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The IRS has no plans to offer electronic enabling because this collection is a notification of the rules for appeals and external review disclosures.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

The regulations provide that disclosure by either the plan or the issuer will satisfy the obligation for both parties responsible for the disclosure. Most small businesses maintaining a group health plan provide benefits through health insurance coverage. In such a case, it is expected that the issuer of the health insurance coverage will satisfy the disclosure obligation on behalf of both the plan and the issuer.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

The information collection requirements arise in connection with the occurrence of individual claims for benefits and consist of third-party notices and disclosures. No information is reported to the Federal government. Every claim event is normally of importance to the specific participant who relies on an employee benefit plan to provide the promised benefit. The information collection provisions of the regulation ensure that sufficient information is provided to: a) participants and beneficiaries so that they may fully exercise their rights under their employee benefit plans, and b) to fiduciaries responsible for operating plans in accordance with their terms.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstances requiring data collection to be inconsistent with guidelines in 5 CFR 1320.5(d)(2).

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

In response to the **Federal Register** Notice dated March 2, 2021, (86 FR 12254), we received no comments during the comment period regarding Reg-125592-10/TD 9494.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

There has been no payments or gifts provided to respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the “Business Master File (BMF)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. The Internal Revenue Service PIAs can be found at <https://www.irs.gov/uac/Privacy-Impact-Assessments-PIA>.

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Numbers provided in the narrative are rounded.

The Departments estimate that there are approximately 1,769,264 Group health covered plans that are required to respond 278,413 times. The Departments estimate that there are an estimated 1.3 external appeals for every 10,000 participants, and that there will be approximately 8,360 external appeals annually. Experience from North Carolina indicates that about 75 percent of requests for external appeals are actually eligible to proceed to an external review, therefore it is expected that there will be about 11,070 (8,630/0.75) requests for appeals.

Once an eligibility determination is made, plans must provide the IRO with all documentation and other information considered in making an adverse benefit determination. For the 8,360 verified requests for external the hour burden is estimated as **700 hours** (8,360* 5 minutes).

The hour burden related to the preliminary review by plans of the request for external review is estimated to be **2,770 hours** (11,070*0.25 hours) . It is estimated that it will require an average of 15 minutes for each of the requests, for a plan to make an eligibility determination. Plans will already have conducted internal reviews for eligible claimants; therefore, the required information for plans to make this determination should be readily available. Added to the burden hours for claims and appeals estimated at **1,000 hours** annually This leads to an hour burden of 3,470 hours related to external reviews.

External appeals	8, 360 x.08 (5 minutes)	=	700 hours
Claims and Appeals		=	1,000 hours
Grandfathered,	11,070 x .25 (15 minutes)	=	<u>2,770 hours</u>
Total differences)			4,770 hours (rounding

In Summary, the burden associated with claims, appeals, and external review is 4,542 hours annually for 556,826 respondents. Because the burden is shared equally between the Department of Labor and the Department of the Treasury, the Department of Treasury’s share is 2,271 hours.

Authority	Description	Respondents	# of responses per Respondent	Annual Responses	Hours per Response	Total Burden
Public Law 111-148	Affordable Care Act Internal Claims and Appeals and External review Disclosures.	1,769,264	0.1573603	278,413	.5 minute	2,271
Totals				278,413		2,271

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-21820 to this regulation: **54.9815-2719T**

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs. IRS has estimated the printing costs to be \$26,000.

15. REASONS FOR CHANGE IN BURDEN

There are no changes to the regulation or burden at this time.

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	278,412	0	0	0	0	278,412
Annual Time Burden (Hr)	2,271	0	0	0	0	2,271

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. **EXCEPTIONS TO THE CERTIFICATION STATEMENT**

There are no exceptions to the certification statement for this collection.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.