

**SUPPORTING STATEMENT PART A**  
**BLUEPRINT FOR APPROVAL OF STATE-BASED**  
**EXCHANGES (CMS-10416/OMB CONTROL NUMBER: 0938-**  
**1172)**

**A. Background**

The Patient Protection and Affordable Care Act (P.L. 111-148) and the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152) (together referred to as the ACA) established American Health Benefit Exchanges, beginning January 1, 2014, to provide individuals and small business employees access to health insurance coverage. The ACA and its implementing regulations provide states with flexibility in the design and operation of Exchanges to ensure states are implementing Exchanges that best meet the needs of their consumers. States can choose to establish and operate a State-based Exchange (SBE) or a State-based Exchange on the Federal Platform (SBE-FP).

An SBE is an entity that both facilitates the purchase of Qualified Health Plans (QHPs) by qualified individuals and provides for the establishment of a Small Business Health Options Program (SHOP), consistent with ACA § 1311 (b) and 45 CFR § 155.100. The ACA and its implementing regulations provide states with flexibility in the design and operation of Exchanges so states implement Exchanges that best meet the needs of their consumers. As such, states can choose to establish and operate a SBE or a SBE-FP. States electing to operate as an SBE-FP rely on the Federal HealthCare.gov platform to carry out eligibility and enrollment functions, but operate other Exchange functions, including consumer assistance and outreach. For states that do not elect to operate either an SBE or SBE-FP, the Secretary of the U.S. Department of Health and Human Services (HHS) operates a Federally-facilitated Exchange (FFE) in those states.

States electing to operate an SBE or SBE-FP must submit a Declaration of Intent Letter and complete the Blueprint for Approval of State-Based Exchanges for Coverage Years beginning on or after January 1, 2022 (Exchange Blueprint Application), as well as participate in Operational Readiness Reviews with CMS. However, if a state does not elect to operate either a SBE or SBE-FP, then no action is required, and CMS would continue to operate a FFE on behalf of the state. FFE states can also work with CMS to undertake certain Plan Management functions for their individual and SHOP markets.

This Exchange Blueprint Application replaces previous versions, and will be available on <https://servis.cms.gov>. All FFE states electing to operate a SBE or SBE-FP must submit a Declaration of Intent Letter and the applicable sections of the Exchange Blueprint Application. States that already have a conditionally-approved Exchange Blueprint Application as an SBE or SBE-FP for a coverage year prior to January 1, 2022, and wish to transition to a new state Exchange model, must submit an updated Declaration of Intent Letter and Exchange Blueprint Application for the applicable model. A state operating as an SBE or SBE-FP that is electing to

transition to the FFE should follow the process described in 45 CFR § 155.106(b).

## **B. Justification**

### **1. Need and Legal Basis**

The ACA § 1311(b)(1) and its implementing regulations gives states the opportunity to establish SBEs or SBE-FPs, subject to approval or conditional approval that the state meets Federal standards. Section 1321(c) of the ACA directs the Secretary of HHS to facilitate the establishment of an FFE in a state that does not operate either a SBE or SBE-FP. Per regulations at 45 CFR §§ 155.105 and 155.106, states electing to establish and operate a SBE must submit their Exchange Blueprint Application (to CMS at least 15 months prior to the beginning of an SBE's first Open Enrollment). States seeking to establish and operate an SBE-FP must submit their Exchange Blueprint Application to CMS at least three months prior to the beginning of an SBE-FP's first Open Enrollment. SBEs or SBE-FPs that wish to transition to the FFE should notify CMS in accordance with timelines in 45 CFR 155.106(b). In completing the Exchange Blueprint Application, states are required to submit a compilation of attestations and descriptions of some processes. The Exchange Blueprint Application is organized by Exchange activities and includes requirements for an operational Exchange.

As part of CMS' Exchange approval or conditional approval process, in addition to a state submitting an Exchange Blueprint Application, a state is also expected to submit a Declaration of Intent Letter and demonstrate compliance with operational requirements through Operational Readiness Reviews. To further ensure operational readiness of an Exchange, CMS may conduct onsite system demonstrations and consultations as part of its approval process. Per regulations at 45 CFR §§ 155-157, CMS must ensure that a state meets the requirements for establishing an Exchange and meets all legal and operational requirements.

To ensure a state can operate a successful and compliant SBE or SBE-FP, it is critical that states provide CMS with a complete and thorough Exchange Blueprint Application, Declaration of Intent Letter, and demonstrate operational readiness. CMS continues to streamline all reporting and assessments required from states to ensure an efficient and effective Exchange approval process.

### **2. Information Users**

The information collected from states will be used by CMS and reviewed by other Federal agencies to determine if a state can implement a complete and fully operational Exchange. The Exchange Blueprint Application is the sole data collection instrument used by CMS to collect this information from states.

The Exchange Blueprint Application allows CMS to monitor a states' progress towards successful implementation of a SBE or SBE-FP and assess readiness for the Open Enrollment Period the state intends to first begin operations of their SBE or SBE-FP. The Exchange Blueprint Application will be used in conjunction with a streamlined readiness reviews process focusing on program integrity requirements, assessing the state's internal controls and compliance with ACA.

### ***3. Use of Information Technology***

The Exchange Blueprint Application is available on the CMS State Exchange Resource Virtual Information System (SERVIS) portal, which will permit electronic submission of all responses and uploads of documentation.<sup>1</sup>

### ***4. Duplication of Efforts***

This information collection does not duplicate any other collection of information. As indicated above, the Exchange Blueprint Application is the sole data collection instrument used by CMS to collect this information from states. In this updated version of the Exchange Blueprint Application, CMS has also clarified the amount of data being collected by removing questions in Section D for SBE or SBE-FPs that do not apply. Other changes are minor corrections and clarifications that do not impact the amount of data being collected.

### ***5. Small Businesses***

This collection does not impact small businesses or other small entities.

### ***6. Less Frequent Collection***

This collection cannot be conducted less frequently. The Exchange Approval process requires a one-time submission of the completed application tool in order for CMS to assess an Exchange's compliance with ACA requirements and associated regulations.

### ***7. Special Circumstances***

No special circumstances apply.

### ***8. Federal Register/Outside Consultation***

A 60-day Notice will publish in the Federal Register on April 5, 2022 (87 FR 19689). The 30-day FR Notice published on June 22, 2022 (87 FR 37338). No additional outside consultation was sought.

### ***9. Payments/Gifts to Respondents***

There will be no payments or gifts to respondents.

### ***10. Confidentiality***

There will be no collection of confidential data or information from the respondents.

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<sup>1</sup> Exchanges will complete the Exchange Blueprint Application on SERVIS at [portal.cms.gov/servis](https://portal.cms.gov/servis).

## 11. Sensitive Questions

There will be no sensitive questions asked to respondents or sensitive data collected from respondents.

## 12. Burden Estimates (Hours & Wages)

States electing to operate a SBE or SBE-FP are required to submit an Exchange Blueprint Application. To derive average costs, we used data from the U.S. Bureau of Labor Statistics May 2021 National Occupational Employment and Wage Estimates for all salary estimates ([https://www.bls.gov/oes/current/oes\\_nat.htm](https://www.bls.gov/oes/current/oes_nat.htm)). The following table presents the mean hourly wage, the cost of fringe benefits (calculated at 100 percent of salary), and the adjusted hourly wage.

The table below displays nine roles: Senior Operations Manager (11-1021) at an adjusted hourly wage of \$120.90; Senior Systems Manager (11-3021) at an adjusted hourly wage of \$155.52; Management Analysts (13-1111) at an adjusted hourly wage of \$66.82; Computer System Analyst (15-1211) at an adjusted hourly wage of \$116.24; Budget Analyst (13-2031) at an adjusted hourly wage of \$69.94; Administrative Assistant (43-6010) at an adjusted hourly wage of \$48.68; Lawyer (23-1011) at an adjusted hourly wage of \$69.94; Budget Analyst (13-2031) at an adjusted hourly wage of \$69.94; and Chief Executive (11-1011) at an adjusted hourly wage of \$116.68.

<b>Occupation Title</b>	<b>Occupation Code</b>	<b>Mean Hourly Wage (\$/hr)</b>	<b>Fringe Benefits and Overhead (\$/hr)</b>	<b>Adjusted Hourly Wage (\$/hr)</b>
Senior Operations Manager	11-1021	\$60.45	\$60.45	\$120.90
Senior Systems Manager	11-3021	\$77.76	\$77.76	\$155.52
Management Analysts	13-1111	\$33.41	\$33.41	\$66.82
Computer System Analyst	15-1211	\$58.12	\$58.12	\$116.24
Budget Analyst	13-2031	\$34.97	\$34.97	\$69.94
Administrative Assistant	43-6010	\$24.34	\$24.34	\$48.68
Lawyer	23-1011	\$46.85	\$46.85	\$93.70
Budget Analyst	13-2031	\$34.97	\$34.97	\$69.94
Chief Executive	11-1011	\$58.34	\$58.34	\$116.68

As indicated, we are adjusting our employee hourly wage estimates by a factor of 100 percent. This is necessarily a rough adjustment, both because fringe benefits and overhead costs vary significantly from employer to employer, and because methods of estimating these costs vary widely from study to study. Nonetheless, we believe that doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

**Annualized Hours and Costs Table**

The following table outlines the requirements associated with the Blueprint, as well as the hours and costs required to complete each section. We estimate that nine personnel will be involved in the developing and submitting an Exchange Blueprint Application, and that four SBEs will submit an Exchange Blueprint Application in the three-year period. We estimate it will take a senior level manager five hours (\$604.50) to oversee the development of the application, and a senior systems manager three hours (\$155.52) to provide inputs into the application. We estimate it will take a management analyst eight and a half hours (\$567.97), a Computer System Analyst three hours (\$348.72) and a Budget Analyst three hours (\$209.82) and an administrative assistant two hours (\$97.36) to support the development and review of the Blueprint Application. We estimate the review and approval of the application will take a lawyer three hours (\$281.10), an executive level manager three hours (\$281.10) and senior level manager one hours (\$120.90). Thus, it will take 31.5 hours to submit an Exchange Blueprint Application, with a cost per SBE of \$3,046.97. The total burden for four SBEs is 126 hours and \$12,187.88.

<b>Labor Category</b>	<b>Adjusted Hourly Wage (\$/hr)</b>	<b>Burden Hours</b>	<b>Burden Cost Per Respondent</b>	<b>Burden Costs (4 respondents)</b>
Senior Operations Manager (11-1021)	\$120.90	5	\$604.50	\$2,418.00
Senior Systems Manager (11-3021)	\$155.52	3	\$466.56	\$1,866.24
Management Analysts (13-1111)	\$66.82	8.5	\$567.97	\$2,271.88
Computer System Analyst (15-1211)	\$116.24	3	\$348.72	\$1,394.88
Budget Analyst (13-2031)	\$69.94	3	\$209.82	\$839.28
Administrative Assistant (43-6010)	\$48.68	2	\$97.36	\$389.44
Lawyer (23-1011)	\$93.70	3	\$281.10	\$1,124.40
Chief Executive (11-1011)	\$116.68	3	\$350.04	\$1,400.16
Senior Operations Manager (11-1021)	\$120.90	1	\$120.90	\$483.60
<b>TOTAL</b>			<b>\$3,046.97</b>	<b>\$12,187.88</b>

**Estimated Annualized Burden Table**

The calculation of the overall costs includes the best estimates for the number of Exchange Blueprint Applications that may be submitted. CMS estimates that there are four potential respondents in the upcoming three years covered by this ICR.

CMS estimates it will take a state agency 31.5 hours to complete and submit this Exchange Blueprint Application. The majority of the time will be spent by management analysts (13-1111) and operations managers (11-1021) completing and reviewing the Exchange Blueprint Application, consulting with systems and budget experts within the agency, and coordinating the review and approval of the Exchange Blueprint Application among the legal department and relevant department heads, and finally, the Governor’s office.

<b>Forms</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Estimated Burden hours per Response</b>	<b>Total Estimated Burden Hours</b>
Exchange Blueprint Application	State Agency	4	1	31.5	126
<b>Total</b>				<b>31.5</b>	<b>126</b>

**13. Capital Costs**

There are no capital costs associated with this collection.

**14. Cost to Federal Government**

Total cost to the Federal government across the three years of the ICR is \$59,051. It requires the combined labor of Federal employees at GS-12, GS-13, GS-14 and GS-15 in the Washington DC area to complete a review and assessment of the Exchange Blueprint Applications.

Based on the most current General Schedule pay schedule,<sup>2</sup> a GS-12, Step 1 earns a basic rate of \$41.78 hourly, a GS-13, Step 1 earns a basic rate of \$49.68 hourly, a GS-14, Step 1 earns a basic rate of \$58.74 hourly and a GS-15, Step 1 earns a basic rate of \$69.06 hourly. CMS then multiplied hourly rates by a standard government benefits multiplication factor of two.

<b>Task</b>	<b>Estimate</b>
<b>Tracking of Exchange Blueprint Applications</b>	

<sup>2</sup> Source: OPM Salary and Wages Table effective January 2020. [Pay & Leave : Salaries & Wages - OPM.gov](https://www.opm.gov/policy-data-oversight/salaries-and-wages/)

<b>Task</b>	<b>Estimate</b>
GS-12: 1 x \$83.56 x 90 hours	\$ 7,520
<b>Review of Exchange Blueprint Applications</b>	
GS-13: 1 x \$99.36 x 300 hours	\$ 29,808
GS-14: 1 x \$117.48 x 132 hours	\$ 15,507
<b>Managerial Review and Oversight</b>	
GS-15: 1 x \$138.12 x 45 hours	\$ 6,215
<b>Total Costs to Government</b>	<b>\$ 59,051</b>

### **15. Changes to Burden**

The overall burden hours for this approval decreased because of the reduction in the number of respondents estimated over the next three years – reduced from seven to four based on the agency’s best estimate. This is a reasonable assumption as the majority of states have not communicated any plans to switch from FFE or to make substantial changes to their SBE or SBE-FP. There was no change to the per respondent burden costs, and the total burden hours decreased from 220.5 to 126 for all respondents.

<b>Type of respondent</b>	<b>Total Requested</b>	<b>Change Due to New Statute</b>	<b>Change Due to Agency Discretion</b>	<b>Change Due to Agency Estimate</b>	<b>Change Due to Violation</b>	<b>Currently Approved</b>
Annual responses	4		-3			7
Annual hour	126		-94.5			220.5
Annual cost burden	\$12,187.88		-\$10,405.12			\$22,593

### **16. Publication/Tabulation Dates**

The results of this collection will not be published.

### **17. Expiration Date**

The expiration date and OMB control number will appear on the instrument (first page, top right corner).