

Supporting Statement for Patient Protection and  
Affordable Care Act; Exchange Functions: Eligibility for Exemptions  
(CMS-10466/OMB control number: 0938-1190)

**A. Background**

The Patient Protection and Affordable Care Act, Public Law 111-148, enacted on March 23, 2010, and the Health Care and Education Reconciliation Act, Public Law 111-152, enacted on March 30, 2010 (collectively, “Affordable Care Act”), expanded access to health insurance for individuals and employees of small businesses through the establishment of new Affordable Insurance Exchanges (Exchanges), including the Small Business Health Options Program (SHOP). Since January 1, 2014 the Exchanges, enhanced competition in the health insurance market, expanded access to affordable health insurance for millions of Americans, and provided consumers with a place to easily compare and shop for health insurance coverage.

The data collection and reporting requirements in “Patient Protection and Affordable Care Act; Exchange Functions: Eligibility for Exemptions; Miscellaneous Minimum Essential Coverage Provisions” (78 FR 39494 (July 1, 2013)), address federal requirements that states must meet with regard to the Exchange minimum function of performing eligibility determinations and issuing certificates of exemption from the shared responsibility payment. In the final regulation, CMS addresses standards related to eligibility, including the verification and eligibility determination process, eligibility redeterminations, options for states to rely on HHS to make eligibility determinations for certificates of exemption, and reporting.

We have included four appendices of application materials to illustrate the process applicants use to apply for exemptions from the shared responsibility payment.

- Appendix A-Hardship: This paper application is for applicants who wish to be exempt from the shared responsibility payment based on one of the following circumstances:
  1. You were homeless.
  2. You were evicted in the past 6 months or were facing eviction or foreclosure.
  3. You received a shut-off notice from a utility company.
  4. You recently experienced domestic violence.
  5. You recently experienced the death of a close family member.
  6. You experienced a fire, flood, or other natural or human-caused disaster that caused substantial damage to your property.
  7. You filed for bankruptcy in the last 6 months.
  8. You had medical expenses you couldn't pay in the last 24 months.
  9. You experienced unexpected increases in necessary expenses due to caring for an ill, disabled, or aging family member.
  10. You expect to claim a child as a tax dependent who's been denied coverage in Medicaid and CHIP, and another person is required by court order to give medical support to the child. In this case, you do not have to pay the penalty for the child.
  11. As a result of an eligibility appeals decision, you're eligible for enrollment in a qualified health plan (QHP) through the Exchange, lower costs on your monthly premiums, or cost sharing reductions for a time period when you weren't enrolled in a QHP through the Exchange.
  12. You were determined ineligible for Medicaid because your state didn't expand eligibility for Medicaid under the Affordable Care Act.

13. You received a notice saying that your current individual health insurance plan is being cancelled, and you consider the other plans available unaffordable. This category is no longer available for 2017 and future years.<sup>1</sup>

14. You experienced another hardship in obtaining health insurance<sup>2</sup>.

- Appendix B- Lack of Affordable Coverage Based on Projected Income (Federally- facilitated Exchange): This paper application is for applicants who wish to be exempt from the shared responsibility payment based on a lack of affordable coverage calculated using projected annual household income.
- Appendix C- Lack of Affordable Coverage Based on Projected Income (Certain State-based Exchanges): This paper application is for applicants in certain states where there is a State-based Exchange who wish to be exempt from the shared responsibility payment based on a lack of affordable coverage calculated using projected annual household income.

## **B. Justification**

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

Section 1501(b) of the Affordable Care Act added section 5000A of the Internal Revenue Code (the Code) to a new chapter 48 of subtitle D (Miscellaneous Excise Taxes) of the Code effective for months beginning after December 31, 2013. Section 5000A of the Code, which was subsequently amended by the TRICARE Affirmation Act of 2010, Public Law 111-159 (124 Stat.

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<sup>1</sup>The hardship exemption application includes the following explanation, “Notice of cancellation from your insurance company must be dated after January 1, 2015 and before October 31, 2016. This exemption is **not** available if your coverage was cancelled after October 31, 2016.”

<sup>2</sup>In addition, CMS recently announced several new categories of hardship exemptions under 45 CFR 155.605(d)(1): <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/2018-Hardship-Exemption-Guidance.pdf>.

1123) and Public Law 111-173 (124 Stat. 1215), requires that nonexempt individuals either maintain minimum essential coverage or make a shared responsibility payment, includes standards for the calculation of the shared responsibility payment, describes categories of individuals who may qualify for an exemption from the shared responsibility payment, and provides the definition of minimum essential coverage. Section 5000A of the code was further amended by the tax reform legislation enacted in December 2017<sup>3</sup> which reduced to \$0 the individual shared responsibility payment for months beginning after December 31, 2018, however individuals may continue to seek a hardship exemption, including an affordability exemption, after 2018 to obtain catastrophic coverage.

Section 1311(d)(4)(H) of the Affordable Care Act specifies that the Exchange will, subject to section 1411 of the Affordable Care Act, grant certifications of exemption from the shared responsibility payment specified in section 5000A of the Code. Section 1311(d)(4)(I)(i) of the Affordable Care Act specifies that the Exchange will transfer to the Secretary of the Treasury a list of the individuals to whom the Exchange provided such a certification. Section 1411(a)(4) of the Affordable Care Act provides that the Secretary of Health and Human Services (the Secretary) will establish a program for determining whether a certification of exemption from the shared responsibility requirement and penalty will be issued by an Exchange under section 1311(d)(4)(H). We interpret this provision as authorizing the Secretary to determine “whether,” with respect to the nine exemptions provided for under section 5000A, Exchanges would perform the role of issuing certifications of exemption under section 1311(d)(4)(H), whether eligibility for the exemption would be determined solely through tax filing, or whether both processes would be available. Under this interpretation, the responsibility under section 1311(d)(4)(H) to issue certifications of exemption would be “subject to” these determinations by the Secretary under section 1411(a)(4),

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<sup>3</sup> <https://www.congress.gov/115/plaws/publ97/PLAW-115publ97.pdf>

and Exchanges would thus only be required to issue certifications of exemption with respect to exemptions not exclusively assigned to IRS. CMS issued guidance in 2018<sup>4</sup> that updated the list of exemptions an individual can claim through the IRS and amended 45 C.F.R. §155.605(e)<sup>5</sup> in 2019 to allow individuals to claim hardship exemptions on their 2018 tax returns only.

Section 1321 of the Affordable Care Act discusses state flexibility in the operation and enforcement of Exchanges and related requirements. Section 1321(a) provides broad authority for the Secretary to establish standards and regulations to implement the statutory requirements related to Exchanges and other components of title I of the Affordable Care Act as amended by the Health Care and Education Reconciliation Act of 2010. Section 1311(k) of the Affordable Care Act specifies that Exchanges may not establish rules that conflict with or prevent the application of regulations promulgated by the Secretary under Subtitle D of Title I of the Affordable Care Act.

In accordance with our interpretation of these sections of the Affordable Care Act, and the authority provided by, *inter alia*, section 1321(a) of the Affordable Care Act, we specify that under the program established under section 1411(a)(4) of the Affordable Care Act, the Exchange would determine eligibility for and grant certificates of exemption as described below.

These information collection requirements are set forth in 45 CFR Parts 155.

## 2. Information Users

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<sup>4</sup> <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Authority-to-Grant-HS-Exemptions-2018-Final-91218.pdf>

<sup>5</sup> <https://www.federalregister.gov/documents/2019/04/25/2019-08017/patient-protection-and-affordable-care-act-hhs-notice-of-benefit-and-payment-parameters-for-2020>

The data collection and reporting requirements described below are critical to the basic ability of Exchanges to determine eligibility for and issue certificates of exemption, and will also assist Exchanges, HHS, and IRS in ensuring program integrity and quality improvement.

The information collected from each individual is reviewed on an application-by-application basis by the Exchange to determine each individual's eligibility for the exemption. Certificate of exemption, social security number, and name data is also shared with IRS for tax purposes.

### 3. Use of Information Technology

HHS anticipates that a minority of the activities described below in this rule will be automated. Exchanges are expected to develop automated notice templates for many of the specified notices, and distribute the majority of these notices via mail through the U.S. Postal Service. Exchanges may use automated information technology systems when able, both for the application and exemption adjudication process. Staff, or systems, will analyze, review, or process the data through manual or electronic means and communicate with individuals, states, and HHS using e-mail, telephone, or other electronic means whenever possible.

### 4. Duplication of Efforts

These information collections do not duplicate any current information collections. They contain information needed for a single program.

### 5. Small Businesses

We estimate minimal burden on small business as they are not required to issue certificates of exemption.

### 6. Less Frequent Collection

In general, the associated final regulations specify that exemptions are provided on a yearly basis. Some exemptions are provided for an indefinite future time period, unless the individual notifies the Exchange that his or her situation has changed such that he or she is no longer eligible for the exemption. Reducing the frequency of the collection for those individuals who are not eligible for exemptions of indefinite length would result in providing exemptions for periods of time during which an individual might not remain eligible. Accordingly, in order to promote program integrity, the regulations provide a limited approval period, with re-application for an individual who wishes to maintain his or her exemption after the approval period ends.

#### 7. Special Circumstances that may cause respondents to submit information in fewer than 30 days

In §155.620(b), we provide that with the exception of §155.620(b)(2), an individual who has a certificate of exemption from the Exchange must report any change with respect to the eligibility standards for the exemption as specified in §155.605, with the exception of §155.605(d)(2), within 30 days of such change. The Exchange will conduct a redetermination of eligibility for the exemption based on the reported change.

#### 8. Federal Register/Outside Consultation

A 60-day Federal Register notice is scheduled to publish on 10/17/2023 (87 FR 7157) to solicit public comments on the information collection requirements outlined in this document. As part of Exchange implementation to date, we have consulted with contractors, advocates, academia, and industry about this information collection and ways to improve the current process.

CMS has sought input from states and other federal agencies, such as IRS. We have based several of the requirements in this information collection from the consultations with these outside entities.

#### 9. Payments/Gifts to Respondents

No payments and/or gifts will be provided to respondents.

## 10. Confidentiality

All information collected will be kept private in accordance with regulations at 45 CFR 155.620, Privacy and Security of Personally Identifiable Information. Pursuant to this regulation, Marketplaces may only use or disclose personally identifiable information to the extent that such information is necessary to carry out their statutory and regulatory mandated functions.

## 11. Sensitive Questions

As it relates to the exemption application, a social security number will be collected for purposes of verifying citizenship, and household income and family size depending on the exemption category, as well as for purposes of tax administration.

## 12. Burden Estimates (Hours & Wages)

For purposes of presenting an estimate of paperwork burden, we recognize that not all states will elect to operate their own Exchanges and that territories may participate in operating an Exchange, and thus have provided greater specificity related to the number of conditionally approved State-based Exchange where relevant. As of 2023 four State-based Exchanges have elected to operate an exemptions program.

We utilize data from the U.S. Bureau of Labor Statistics (BLS) to derive average costs for all estimates of salary in establishing the information collection requirements. Salary estimates include the cost of fringe benefits, calculated at 100 percent of total labor costs, which is based on the BLS' May 2022 National Occupational Employment and Wage Estimates ([https://www.bls.gov/oes/current/oes\\_nat.htm#31-0000](https://www.bls.gov/oes/current/oes_nat.htm#31-0000)).

It is important to note that these regulations involve several information collections that will occur through the application for exemptions, as described in §155.610(a), and the notification of eligibility determination, as described in §155.610(i). We have accounted for the burden associated with these collections in this information collection requirement. We include data elements associated



with the application and relevant notice requirements in Appendices A, B, C, and D.

A. Eligibility process for exemptions (§155.610)

Throughout the subpart G, we specify that the Exchange collects attestations from applicants for a certificate of exemption. These attestations will be collected using the application described in §155.610(a). In §155.610(a), we provide that the Exchange use an application created by HHS to determine eligibility for and to collect information necessary for issuing certificates of exemption. §155.610(b) allows the Exchange to use an alternative application to collect the information necessary for issuing certificates of exemption. However, the alternative application must be HHS approved and it must collect the minimum information necessary for determining eligibility for and issuing certificates of exemption. The burden associated with this requirement is the time and effort associated with an applicant completing an application.

CMS estimates, per historical data, that the number of individuals applying for an exemption to receive catastrophic coverage will be 849 for PY 2023. The Federal Exchange is expected to process 782 of these applications while State Exchanges are expected to process 67. The exemption application is available electronically. The electronic application must be completed online then printed to mail the paper application to the Exchanges. We estimate that on average the application will take approximately. 0.27 hours (16 minutes) for an application filer to complete an application. Table 1 represent the average burden for all the exemptions applications.

We also note that some individuals will apply for an exemption but be determined ineligible for an exemption, and that multiple individuals in a single household may submit a single application.

**Table 1 – Estimated Annualized Burden for Exemptions Applications**

<b>Labor Category</b>	<b>Number of Respondents</b>	<b>Number of Responses Per Respondent</b>	<b>Average Burden Hours per Response</b>	<b>Total Burden Hours</b>
Individuals	849	1	0.27	229
Total	849	1	0.27	229

We estimate that the cost to edit the exemption applications will be significantly less than the estimated cost of developing the exemption application because the changes are minimal. In total, we estimate that it will take a developer (occupation no. 15-1251) approximately 40 hours to edit the exemption application at an average labor cost of \$98.84 per hour, for a total cost of \$3,953.60 per Exchange and a total cost of \$19,768 for the Federal Exchange and 4 State-based Exchanges that have elected to operate their own exemptions program. While we have estimated this on a per-Exchange basis, we note that HHS released a model application, which should significantly decrease the burden for any state that uses it. The figures given in Table 2 represent the average burden for all the exemptions applications and Appendix D shows edits for each application.

**Table 2 – Estimated Burden for Edits of Exemptions Application**

Labor Category	Number of Exchanges	Hourly Labor Costs	Burden Hours	Total Burden Hours	Burden Costs (per Exchange)	Total Burden Costs
Application Development	5	\$98.84	40	200	\$3,953.60	\$19,768

Section 155.610(f) specifies that the Exchange determines an applicant’s eligibility for an exemption and issues a certificate of exemption to any applicant deemed eligible. §155.610(i) provides that the Exchange notify exemption applicants of any eligibility determination made as a result of the application. If an individual is eligible for an exemption, the notification provided to the applicant will

satisfy the requirement that the Exchange provide a certificate of exemption, provided that all relevant noticing standards for exemptions are met. Accordingly, we do not provide a separate burden estimate for the standard described under §155.610(f) because the burden estimate for §155.610(i) encompasses the burden for both requirements.

The notification of eligibility determination provides information to an applicant about his or her eligibility for an exemption, including information about the time frame for which the exemption is effective, and appeal rights. When possible, we anticipate that the Exchange will consolidate this notice when multiple members of a household are applying for an exemption together and receive an eligibility determination at approximately the same time. Consistent with 45 CFR 155.230(d), the notice may be in paper or electronic format, based on the election of an individual, will be in writing, and will be sent after an eligibility determination has been made by the Exchange; these are the same standards that are used for eligibility notices for enrollment in a QHP through the Exchange and for insurance affordability programs, as described in 45 CFR 155.310(g). We estimated the associated mailing costs for the time and effort needed to mail notices in bulk to applicants who request paper notices.

HHS provided model notices, which will decrease the burden on Exchanges associated with providing such notices. If a state does not opt to use the model notices provided by HHS, we estimate that the Exchange effort related to the development and implementation of the exemption eligibility determination notice will necessitate 44 hours from a health policy analyst (occupation no. 13-2031) at an hourly cost of \$84.32 to learn exemptions rules and draft notice text; 20 hours from an attorney (occupation no. 23-1011) at an hourly cost of \$157.48, and four hours from a senior manager (occupation no. 11-1021) at an hourly cost of \$118.14 to review the notice; and 32 hours from a computer programmer (occupation no. 15-1251) at an hourly cost of \$98.84 to conduct the necessary development. In total, we estimate that this will take a total of 100

hours for each Exchange, at a cost of approximately \$10,495.12 per Exchange if any Exchange decides to operate their own exemptions program in the future.

However, each Exchange that currently processes exemptions has been processing them for a few years, and we expect that the burden on the Exchange to maintain this notice will be significantly lower than to develop it. We estimate that it will take each professional approximately a quarter of the time to maintain the notice as compared to developing the notice. Accordingly, we estimate the maintenance of the eligibility determination notice in subsequent years will necessitate 11 hours from a health policy analyst at an hourly cost of \$84.32; five hours from an attorney at an hourly cost of \$157.48; one hour from a senior manager at an hourly cost of \$118.14 and eight hours from a computer programmer at an hourly cost of \$98.84. In total, we estimate that this will take a total of 25 hours for each Exchange, at a cost of approximately \$2,623.78 per Exchange and a total cost of \$13,118.90 for the Federal Exchange and 4 State-based Exchanges that operate their own exemptions programs.

Table 3- Estimated Burden for Development and Maintenance of Exemption Eligibility Notice

Labor Category	Number of Employees	Hourly Labor Costs	Burden Hours	Total Burden Costs (per Exchange)	Total Burden Costs
Health Policy	1	\$84.32	11	\$927.52	\$4,637.60
Attorney	1	\$157.48	5	\$787.40	\$3,937
Senior Manager	1	\$118.14	1	\$118.14	\$590.70
Computer Programmer	1	\$98.84	8	\$790.72	\$3,953.60
Total	4	\$458.78	25	\$2,623.78	\$13,118.90

Pursuant to section 5000A of the Code, the IRS must collect the necessary data from QHP issuers to determine the national average bronze monthly premiums in order to assist in the computation of the shared responsibility payment. To assist the IRS, HHS must request the monthly premium for all bronze level QHP’s through all 51 Exchanges from QHP issuers. The burden associated on states and QHP issuers is already included in the information collection request entitled, “Initial Plan Data Collection to Support

QHP Certification and other Financial Management and Exchange Operations,” and as such, we do not include a separate burden estimate here. As this information is already being collected for another purpose, there will be no additional burden on QHP issuers or states.

B. Verification process related to eligibility for exemptions (§155.615)

§155.615 outlines the standards for Exchanges to verify applicant information as it pertains to exemption requests. In §155.615(d), we outline the process for resolving inconsistencies identified through the exemption verification process. We anticipate that the Exchange exemption verification process will be able to evaluate most applications in a semi-automated fashion and that only the more complex cases will necessitate the resolution of inconsistencies or adjudication of documentation through an offline process. For example, the Affordable Care Act designates authority to the Secretary of HHS to establish the criteria by which an individual will qualify for a hardship exemption, and we believe that for in several cases, individuals may have to submit documentation to the Exchange to substantiate the hardship he or she experienced. In general, about one-third of applicants require additional outreach to complete an application.

In §155.615(d)(2)(i), we specify that the Exchange will provide notice to an applicant regarding any inconsistencies identified through the exemption verification process. This notice of inconsistency is a part of the notice in §155.610(i), and so we do not include a separate burden estimate here.

Section §155.615(d)(2)(ii) provides that in the case of an inconsistency that cannot be resolved through the action taken by the Exchange under §155.615(d)(1), the Exchange must request that the individual provide satisfactory documentation or otherwise resolve the inconsistency. Our estimates below reflect the time and effort required for an individual to collect information and provide it to the Exchange, as well as time needed for eligibility support staff (occupation no. 43-4061) to review the documentation. We expect that it will take an individual three hours to gather the relevant documentation, 20 minutes to mail the relevant documentation, and 19 minutes for eligibility support

staff to review the documentation, which reflects our expectation that each individual who is required to submit documentation will submit 2.2 documents for review.

We estimate that 283 individuals across all Exchanges will need to submit documentation and that it will take each individual 3.33 hours to collect and submit the relevant documentation, for a total of 942.39 hours of burden on individuals to resolve their inconsistencies. Additionally, we estimate 19 minutes for an eligibility support staff at an hourly cost of \$48.10 to review the documentation, for a total cost of \$15.23 per document submission. We estimate that individuals will submit a total of 623 documents for a cost of \$2,794.85 for the Federal Exchange and \$239.46 for 4 State-based Exchanges.

Section 155.615(d)(5) provides that if after that the period described in paragraph (d)(4)(ii) of this section, the Exchange remains unable to verify the applicant's attestation, the Exchange must determine the applicant's eligibility for an exemption based on any information available from the data sources used in accordance with this subpart, if applicable, unless such applicant qualified for the exception for special circumstances under paragraph (d)(3) of this section, and notify the applicant of such determination in accordance with the notice requirements specified in §155.610(f) and §155.610(i), including notice that the Exchange is unable to verify the attestation. We do not include a separate burden estimate for this notice because the burden for this notice is described under §155.610(i).

### **C. Eligibility redeterminations for exemptions during a calendar year (§155.620)**

Section 155.620(b)(1) specifies that the Exchange require an individual who has a certificate of exemption from the Exchange to report any change with respect to the eligibility standards for the exemption within 30 days of such change. Upon receipt of changes reported by an individual, §155.620(c)(1) provides the Exchange will verify the information in accordance with the rules described in §155.615. Our estimates reflect the time that it would take for an individual to collect information related to a change that impacts their eligibility, as well as the time it would take to report

these changes to the Exchange. We expect that it will take an enrollee approximately one hour to report a change to the Exchange, and about 5% of individuals with a certificate of exemption will report a change during the calendar year. Therefore, we estimate a total of 24 hours of burden for 24 individuals reporting a change.

The Exchange will use the same verification processes for new exemption applications and for changes that are reported during the year. In §155.620(c)(1), we provide that the Exchange will verify any information reported by an enrollee in accordance with the processes specified in §155.615 prior to using such information in an exemption eligibility redetermination. In general, about one-third of applicants require additional information to complete an eligibility determination. We note that the burden is 3.33 hours for an individual to collect and submit documentation for a total of 26.64 hours of burden on individuals across all Exchanges. Additionally, we estimate 19 minutes for an eligibility support staff (occupation no. 43-4061) at an hourly cost of \$48.10 to review the documentation. Therefore, we estimate that a total cost of \$249.65 to the Federal Exchange and \$21.25 to the 4 State-based Exchanges that operate their own exemptions program.

In §155.620(c)(2), we specify that the Exchange will provide periodic electronic notifications regarding the requirements for reporting changes and an individual's opportunity to report any changes as described in paragraph (b)(3) of that section, to an individual who has elected to receive electronic notifications, unless he or she has declined to receive notifications under this paragraph. For each Exchange, we expect that this will take 21 hours total, 20 hours for an operations analyst (occupation no.15-2031) to integrate this electronic notification into the Exchange eligibility system, and one hour for a computer programmer (occupation no. 15-1251) to program the electronic notifications into the eligibility system. We estimate a cost burden of \$1,941.64 per Exchange and a total cost of \$9,708.20 for the Federal Exchange and 4 State-based Exchanges.

**Table 4- Estimated Burden for Periodic Electronic Notifications**

Labor Category	Number of Employees	Hourly Labor Costs	Burden Hours	Total Burden Costs (per Exchange)	Total Burden Costs (5 Exchanges)
Operations Analyst	1	\$92.14	20	\$1,842.80	\$9,214
Computer Programmer	1	\$98.84	1	\$98.84	\$494.20
Total	2		21	\$1,941.64	\$9,708.20

In §155.620, we describe the redetermination and notification procedures when an individual reports a change to the Exchange. As described above, 155.620(a) provides that if the Exchange verifies updated information reported by an enrollee, the Exchange must redetermine the enrollee's eligibility in accordance with the standards specified in §155.605. Section 155.620(c)(2) specifies that the Exchange notify the individual regarding the redetermination in accordance with the requirements specified in §155.610(f) and §155.610(i). The burden for this notice is identical to the burden associated with the eligibility notice described in §155.610(i).

**D. Options for conducting exemption eligibility determinations (§155.625)**

Section §155.625 of the regulation provides options for conducting exemption eligibility determinations. These provisions specify that an Exchange that decides to utilize the HHS service for making eligibility determinations for exemptions for application submitted on or after October 15, 2014, will enter into a written agreement with HHS. These agreements are necessary to ensure that the use of the service will minimize burden on individuals, ensure prompt determinations of eligibility without undue delay, and provide for secure, timely transfers of application information.

The burden associated with these provisions is the time and effort necessary for the Exchange to establish an agreement with HHS. We estimate that the creation of the necessary agreement will necessitate 35 hours from a health policy analyst at an hourly cost of \$84.32, and



35 hours from an operations analyst at an hourly cost of \$92.14 to develop the agreement; and 30 hours from an attorney at an hourly cost of \$157.48 and five hours from a senior manager at an hourly cost of \$118.14 to review the agreement. For the purpose of this estimate, we assume that 15 State-based Exchanges will utilize the HHS service for exemptions Accordingly, the total burden on the Exchanges associated with the creation of the necessary agreement will be approximately 105 hours and \$11,491.20 per Exchange, for a total cost of \$172,368 for 15 State Based Exchanges.

**Table 5. Estimate for Burden to Use HHS Exemption Eligibility Services**

Labor Category	Number of Employees	Hourly Labor Costs	Burden Hours	Total Burden (Costs per Exchange)	Total Burden Costs (15 Exchanges)
Health Policy Analyst	1	\$84.32	35	\$2,951.20	\$44,268
Operations Analyst	11	\$92.14	3535	\$3,224.90	\$48,373.50
Attorney	1	\$157.48	30	\$4,724.40	\$70,866
Senior Manager	1	\$118.14	5	\$590.70	\$8,860.50
Total	4		105	\$11,491.20	\$172,368

**E. Reporting (§155.630)**

In §155.630, we specify that when the Exchange issues certificates of exemption to individuals in accordance with the requirement contained in §155.610(i), the Exchange promptly transmit to IRS the individual’s names, Social Security numbers, and any other information required in guidance published by the Secretary of the Treasury in accordance with 26 CFR 601.601(d)(2). As these reporting functions will all be electronic, we do not expect for there to be

any additional burden than that which is required to design the overall eligibility and enrollment system.

**Table 3 – Summary of Burden Hours and Costs for Three Years**

Regulation Section(s)	OMB Control Number	Number of Respondents	Number of Responses	Burden per Response (hours)	Total Annual Burden (hours)	Total Annual Cost Burden (\$)
A. Options for conducting exemption eligibility determinations (§155.625)	0938-1190	849	1	0.27	229	
B. Edits to Exemption Applications	0938-1190	5	1	40	200	\$19,768
C. Development and Maintenance of Exemptions Eligibility Notice	0938-1190	5	1	25	125	\$13,119.00
D. Verification process related to eligibility for exemptions (§155.615)	0938-1190	283	1	3.33	942.39	
		283	2.2	0.32	199.23	\$3,034.30
E. Eligibility redeterminations for exemptions during a calendar year (§155.620)	0938-1190	24	1	1	24	
		8	1	3.33	26.64	
		8	2.2	0.32	5.632	\$270.90
F. Periodic Electronic Notifications §155.620(c)(2)	0938-1190	5	1	21	105	\$9,708.20
G. Estimate for Burden to Use HHS Exemption Eligibility Services	0938-1190	15	1	7	105	\$172,368

### 13. Capital Costs

We estimate for the total printing and mailing costs related to sending exemption eligibility determination notices for 47 states. This includes the cost of two mail clerks (occupation no. 43-9051) spending two hours to coordinate the mailing of paper notices as necessary. As noted previously, we estimated 849 total applicants for PY 2023. We estimate that approximately 562 notices will need to be printed and mailed to applicants who apply via a paper application. In addition, as some applications will contain more than one person per application. We use these assumptions to determine the number of eligibility notices that we expect to be printed and distributed as described in §155.610(i).

**Table 6 - Estimated Mailing Costs for Exemption Eligibility Determination Notices**

	Number of Notices	Printing/Mailing Costs per notice	Total Burden Cost
Printing/Mailing	562	\$.75	\$421.50

14. Cost to Federal Government

We anticipate that the costs to the Federal government include costs related to 1) implementation of the Federally-facilitated Exchange (FFE) and the associated requirement to issue exemptions, and 2) providing the federally-managed service for exemptions. As the FFE, costs related to implementation would be the same as the costs described in the burden estimates for each Exchange above and would vary depending on the number of states that opt to participate as an FFE. Costs related to providing the federally-managed service for exemptions relate primarily to the number of State-based Exchanges that decide to utilize the federally

managed service for exemptions. Additionally, costs related to the federally-managed service would be similar to the costs described in the burden estimates for each Exchange above.

15. Changes to Burden

We have updated the information request based on the number of applications received during the last five years of the program. The greatest burden hour reduction is a result of the number of applicants to the Exchange a being reduced from 45,000 to 849 individual requests for exemptions from the Exchange each year beginning in the 2024 tax year.

Additionally, we estimate that the cost to edit the exemption applications will be significantly less than the estimated cost of developing the exemption application because the changes are a minimal burden and have been reduced from 440 hours to 200 hours.

Additional reduction of burden is due to operation changes. Religious exemptions to the individual shared responsibility payment for years prior to 2019 will no longer be processed starting in 2024. This is due to the 5-year window for applying expiring in 2024. The reduction will be minimal since a negligible number of religious exemptions were received in 2022.

16. Publication/Tabulation Dates

No publication of response data is associated with this collection.

17. Expiration Date

The expiration date and OMB control number will be displayed on instruments associated with this collection as shown in Appendix A - C.