

**SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT OF 1995:  
NOTICE FOR HEALTH REIMBURSEMENT ARRANGEMENTS INTEGRATED  
WITH INDIVIDUAL HEALTH INSURANCE COVERAGE**

**This ICR seeks approval for an extension of an existing control number.**

**A. JUSTIFICATION**

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

The final rules remove the prohibition on integrating Health reimbursement Arrangements (HRAs) with individual health insurance coverage, if certain conditions are met. The final rules also set forth conditions under which certain HRAs are recognized as limited excepted benefits. In addition, the Treasury Department and the IRS finalized rules regarding premium tax credit (PTC) eligibility for individuals offered coverage under an HRA integrated with individual health insurance coverage, and DOL finalized a safe harbor to provide HRA plan sponsors with assurance that the individual health insurance coverage that is integrated with an HRA would not become part of an ERISA plan if the conditions of the safe harbor are met. Finally, HHS finalized rules that provide a special enrollment period in the individual market for individuals who gain access to an HRA that is integrated with individual health insurance coverage or who are provided a qualified small employer health reimbursement arrangement (QSEHRA).

As discussed in more detail in Item 2, below, the ICRs are needed to notify the HRA that participants are enrolled in individual health insurance coverage, to help individuals understand the impact of enrolling in an HRA on their eligibility for the PTC, and that coverage is not subject to the rules and consumer protections of the Employee Retirement Income Security Act (ERISA).

- 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

The following five information collections are contained in the final rules: (1) Verification of Enrollment in Individual Coverage; (2) HRA Notice to Participants; (3) Notice to Participants that Individual Policy is not Subject to Title I of ERISA; (4) Participant Notify Individual Coverage HRA of Cancelled or Discontinued Coverage; (5) Notice for Excepted Benefit HRAs. These information collections are described below.

## **1) Verification of Enrollment in Individual Coverage**

The HRA must implement and comply with reasonable procedures to verify that participants and beneficiaries are enrolled in individual health insurance coverage for that year. This requirement can be satisfied by providing a document from a third party, like an insurance issuer, verifying coverage. Alternatively, participants may provide an attestation of coverage, including the date coverage begins and the provider of the coverage.

## **2) HRA Notice to Participants**

Because HRAs are different from traditional employer-provided health insurance coverage, the Departments are concerned that individuals eligible for HRAs integrated with individual health insurance coverage may not recognize that the offer and/or acceptance of an HRA will have consequences on the participants eligibility for the premium tax credit (PTC). To ensure that participants who are eligible to participate in an HRA integrated with individual health insurance coverage understand the potential effect that the offer of, and enrollment in, the HRA might have on their ability to claim the PTC, the final regulations include a requirement that an HRA provide written notice to eligible participants.

The HRA sponsor must provide a written notice to each participant at least 90 days before the beginning of each plan year. For participants who are not yet eligible to participate at the beginning of the plan year (or who are not eligible when the notice is provided at least 90 days prior to the beginning of the plan year), the HRA must provide the notice no later than the date on which the participant is first eligible to participate in the HRA.

The written notice must include certain relevant information, including among other things, (1) a description of the terms of the HRA, including the contribution amount used in the affordability determination under the Code section 36B final regulations,<sup>1</sup> (2) a statement of the right of the participant to opt-out of and waive future reimbursement under the HRA, (3) a description of the PTC eligibility consequences for a participant who opts out of the HRA, (4) and a description of the PTC eligibility consequences for a participant who accepts the HRA.

The written notice may include other information provided the additional information does not conflict with the required information. The written notice does not need to include information specific to a participant. For example, it would be sufficient under

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<sup>1</sup> The Departments note that in order to comply with the notice requirement, the HRA must determine the amounts that will be newly made available for the plan year prior to the beginning of the plan year. A similar requirement applies under the premium tax credit regulations.

the final rule for the notice to include a description of the terms of the HRA that would allow a participant to determine the amounts newly made available under the HRA, which are needed for the participant to determine affordability under the final rules at 26 CFR 1.36B-2(c)(5). The final regulations do not require the HRA to include in the notice a determination of whether the HRA is considered affordable for the participant. The Department has provided a Model Notice which, when used, should reduce burden on the HRAs.

**3) Notice to Participants that Individual Health Insurance Policy is Not Subject to Title I of ERISA**

If certain conditions are met individual health insurance coverage is not considered an “employee welfare benefit plan” with the consumer protections provided under ERISA. The final rule requires HRA plan sponsors to notify participants of this fact. For an HRA sponsor, this notice requirement is met if the notice requirements in section 2590.702-2(c)(6) are met annually. These notice requirements are part of the HRA notice to Participants. For qualified small employer health reimbursement arrangements (QSEHRAs) this notice requirement is met if the plan sponsor annually includes language provided in the rule in the Summary Plan Description (SPD).

**4) Participant Notifies Individual Coverage HRA of Cancelled or Terminated Coverage**

The final rules require that if the covered individual fails to pay the applicable premium(s) by the end of the grace period and the coverage is cancelled or discontinued, including retroactively, or if individual health insurance coverage is cancelled or discontinued retroactively for some other reason (for example, a rescission), the individual coverage HRA must require that the individual notify the HRA that coverage has been cancelled or discontinued and provide the date on which the coverage cancellation or discontinuance is effective (29 CFR 2590.702–2 (c)(1)(iii)).

**5) Notice for Excepted Benefit HRAs**

The final rules impose a notice requirement with respect to excepted benefit HRAs sponsored by non-federal governmental plans. Such an excepted benefit HRA must provide a notice that states conditions pertaining to eligibility to receive benefits, annual or lifetime caps or other limits on benefits under the excepted benefit HRA, and a description or summary of the benefits consistent with the content and timing of DOL’s SPD requirements.

For private-sector, employment-based plans, other notice requirements under Part I of ERISA already apply. For example, excepted benefit HRAs that are ERISA-covered

plans must provide a SPD, a summary of material modifications (SMM), and a summary of material reductions in covered services or benefits.<sup>2</sup> The excepted benefit HRA's SPD must include, for example, the conditions pertaining to eligibility to receive benefits; a description or summary of the benefits; the circumstances that may result in disqualification, ineligibility, denial, loss, forfeiture, suspension, offset, reduction, or recovery (for example, by exercise of subrogation or reimbursement rights) of any benefits, and the procedures governing claims for benefits under the excepted benefit HRA. Accordingly, for excepted benefit HRAs that are subject to ERISA, the burden for providing information regarding excepted benefit HRAs is captured under the Department's SPD information collection (OMB Control Number 1210-0039), which includes a growth factor for new SPDs and SMMs provided to participants to notify them regarding coverage under new plans and plan amendments.

**3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration for using information technology to reduce burden.**

The regulation does not restrict HRAs from using electronic technology to provide the mandated disclosure(s). ERISA and regulations there under provide general standards for the delivery of all information employee benefit plan must furnish to participants, beneficiaries, and other individuals under Title I of ERISA (29 CFR § 2520.104b-1(b)). Plan administrators must use delivery methods reasonably calculated to ensure actual receipt of information by participants, beneficiaries, and other individuals (29 CFR § 2520.104b-1(b)(1)). For example, in-hand delivery to an employee at his or her workplace is acceptable, as is material sent by first class mail. The Department amended ERISA's delivery standards in 2002 by establishing a safe harbor for the use of electronic media to furnish disclosures (the 2002 safe harbor; 29 CFR § 2520.104b-1(c)). The 2002 safe harbor was not and is not the exclusive means by which a plan administrator may use electronic media to satisfy the general standard. However, plan administrators who satisfy the conditions of the safe harbor are assured that the general delivery requirements have been satisfied. The Department utilizes an electronic disclosure rate of 58.3 percent for this analysis.

Section 2520.107-1 establishes standards concerning the use of electronic media for maintenance and retention of records. Under these rules, all pension and welfare plans covered under Title I of ERISA may use electronic media to satisfy disclosure and recordkeeping obligations, subject to specific safeguards.

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<sup>2</sup> See 29 CFR 2520.104b-2, 2520.104b-3(a) and (d)(3).

**4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

This information collection requires that an excepted benefit HRA must provide a notice that states conditions pertaining to eligibility to receive benefits, annual or lifetime caps or other limits on benefits under the excepted benefit HRA, and a description of or summary of the benefits consistent with the content and timing of DOL's SPD requirement. For private-sector, employment-based plans, other notice requirements under Part I of ERISA already apply. An individual coverage HRA must provide notice that includes a description of the terms of the HRA, including the contribution amount used in the affordability determination under the Code section 36B final regulations, a statement of the right of the participant to opt-out of and waive future reimbursement under the HRA, a description of the PTC eligibility consequences for a participant who opts out of the HRA, and a description of the PTC eligibility consequences for a participant who accepts the HRA. If an individual coverage HRA meets the safe harbor set forth in 29 CFR 2510.3-1(l), the notice must include a statement that the individual health insurance coverage is not subject to Title I of ERISA. For excepted benefit HRAs that are subject to ERISA, the burden for providing information regarding excepted benefit HRAs is captured under the Department's SPD information collection (OMB Control Number 1210-0039), which includes a growth factor for new SPDs and SMMs provided to participants to notify them regarding coverage under new plans and plan amendments. Thus, the information collection does not require duplicative information.

**5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

The purpose of this information collection is to expand the flexibility and use of HRAs for employees who work at small businesses and include more options for financing their healthcare. Section 29 CFR 2520.104b-1(c) allows for electronic delivery of notices if the requirements for doing so are met, and while specific content is required in the notices, the notices do not require participant specific information. Both of these factors are intended to limit the burden.

**6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

If this information collection was conducted less frequently affected individuals would not have the information they need to make an annual selection of a health plan.

7. **Explain any special circumstances that would cause an information collection to be conducted in a manner:**
- **requiring respondents to report information to the agency more often than quarterly;**
  - **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
  - **requiring respondents to submit more than an original and two copies of any document;**
  - **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
  - **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
  - **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
  - **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
  - **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

There are no special circumstances in this information collection.

8. **If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

**Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and record keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

**Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years -- even if the collection of information activity is the same as in prior periods. There may be**

**circumstances that may preclude consultation in a specific situation. These circumstances should be explained.**

As required by 5 CFR 1320.8(d), the Department published a Federal Register notice on July 09, 2024 (89 FR 56416) providing the public with 60 days to comment on the information collection. No comments were received.

**9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

There are no payments or gifts in this information collection.

**10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

There are no questions of sensitive nature in this information collection, and thus there is no assurance of confidentiality provided to respondents.

**11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

There are no questions of sensitive nature in this information collection.

**12. Provide estimates of the hour burden of the collection of information. The statement should:**

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- **If this request for approval covers more than one form, provide separate hour burden estimates for each form.**
- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate**

**categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.**

- **The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.**

The hour burden associated with the five information collections is discussed below. For the purpose of this analysis, the ICRs will use the hourly rate of \$189.35 for a compensation and benefits manager, \$186.51 for a legal professional, and \$88.47 for all occupations.<sup>3</sup>

### **1) Verification of Enrollment in Individual Coverage**

The HRA must implement and comply with reasonable procedures to verify that participants and beneficiaries are enrolled in individual health insurance coverage for that year. This requirement can be satisfied by providing a document from a third party, like an insurance issuer, verifying coverage. Alternatively, participants may provide an attestation of coverage including the date coverage begins and the name of the provider of the coverage.

Documentation, or proof of expenditure of funds, is currently universal when seeking reimbursement from an HRA. The HRA may require proof of coverage or attestations of coverage when participants seek reimbursement for premiums or other medical expenditures. The additional burden for this component of the final rules is de minimis because the attestation can be part of the information already required when seeking reimbursement.

### **2) HRA Notice to Participants**

The final regulation requires an HRA plan sponsor to provide written notice to eligible participants including, among other things, the following information: (1) a description of the terms of the HRA, including the contribution amount used in the affordability determination under the Code section 36B final regulations; (2) a statement of the right of the participant to opt-out of and waive future reimbursement under the HRA; (3) a description of the Premium Tax Credit (PTC) eligibility consequences for a participant who opts out of the HRA; and (4) a description of the PTC eligibility consequences for a participant who accepts the HRA. The written notice may include other information, provided the additional information does not conflict with the required information. The

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<sup>3</sup> Internal DOL calculation based on 2025 labor cost data. For a description of the DOL's methodology for calculating wage rates, see <https://www.dol.gov/sites/dolgov/files/EBSA/laws-and-regulations/rules-and-regulations/technical-appendices/labor-cost-inputs-used-in-ebsa-opr-ria-and-pra-burden-calculations-june-2019.pdf>



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written notice does not need to include information specific to a participant.

The HRA plan sponsor must provide the written notice to each participant at least 90 days before the beginning of each plan year. For participants who are not yet eligible to participate at the beginning of the plan year (or who are not eligible when the notice is provided at least 90 days prior to the beginning of the plan year), the HRA plan sponsor must provide the notice no later than the date on which the participant is first eligible to participate in the HRA.

In this analysis, the Departments used forecasted number of individuals those will be enrolled in an individual coverage HRA (ICHRA) for 2025 and 2026, and 2027.<sup>4</sup> The calculations for the estimated enrollment in ICHRAs are in Table 1. In order to calculate the number of employers offering HRAs, the Departments have divided the number of enrollees by the estimated average number of employees per employer, which is 13.5.<sup>5</sup> The calculation of the affected entities are in Table 1.

The Departments estimate that about 86.9 percent of participants are in private plans, and approximately 53 percent of the participants in private plans are policyholders of the plans. The calculations of the number of participants and policyholders in each year in private employer-sponsored plans are presented in Table 1.

The Departments further estimate that about 98.6 percent of these employers to be in the private market.<sup>6</sup> The calculation of the estimates for private employers switching from traditional health plans to HRAs, or that newly offer HRAs, in each year are in Table 1. The Department also assumes that 7.8 percent of participants would cancel their ICHRAs.<sup>7</sup> The calculation of the number of cancellations of ICHRAs are presented in Table 1.

**Table 1. Estimation of the Affected Entities**

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<sup>4</sup> These forecasts are provided by the U.S. Department of Treasury, Office of Tax Analysis. According to their forecasts, the number of individuals with an ICHRA enrollment for 2025 would be 140,000, would be 270,000 for 2026, and would be 860,000 for 2027.

<sup>5</sup> 84 FR 119 (June 20, 2019).

<sup>6</sup> The number of private sector employees and firms are from the U.S. Census Bureau's 2021 *SUSB Annual Data Tables*. <https://www.census.gov/data/tables/2021/econ/susb/2021-susb-annual.html>.

<sup>7</sup> HHS estimates that approximately 7.8 percent of enrollees in the Exchanges using the Federal platform had their coverage terminated in 2020 for non-payment of premiums (Source: 87 FR 584, *Patient Protection and Affordable Care Act*; HHS Notice of Benefit and Payment Parameters for 2023, (January 5, 2022)). This estimate is a proxy for the percent of participants that will cancel their individual coverage HRAs.

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	<b>2025</b>	<b>2026</b>	<b>2027</b>
Individual enrollment in ICHRAs	140,000	270,000	860,000
Number of employers offering HRAs (assumes 13.5 enrollees per plan)	10,370	20,000	63,704
Number of private employers in HRAs (assumes 98.6 percent of employers are private employers)	10,222	19,715	62,797
Number of private employers in newly HRAs or will switch from traditional health plans	10,222	9,493	43,082
Number of participants that will cancel HRAs (assumes 7.8 percent participants cancel HRAs)	5,046	9,732	30,999
Number of private sector participants that will enroll in ICHRAs (assumes the take-up rate for employees is 72 percent)	89,857	173,294	551,976
Number of private ESI policyholders that will enroll in ICHRAs (assumes 86.9 percent of participants in private plans, and about 53 percent were policyholders)	64,697	124,772	397,423

Finally, the Departments estimate that the preparation of the notice for each HRA plan sponsor would involve two hours for a compensation and benefits manager, and one hour of an attorney's time. DOL and Treasury share the burden equally. See Table 2 for calculations and burden totals.

**Table 2. Burden to Prepare HRA Notice**

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<b>Entity</b>	<b>Number of Responses</b>	<b>Number of Hours Per Response</b>	<b>Total Hour Burden</b>	<b>Wage Rate</b>	<b>Equivalent Cost of Hour Burden</b>
	<b>(A)</b>	<b>(B)</b>	<b>(A x B)</b>	<b>(C)</b>	<b>(A x B x C)</b>
Benefit Managers prepare ICHRA notice (year 1)	10,222	2	20,444	\$189.35	\$3,871,071
Lawyers prepare ICHRA notice (year 1)	10,222	1	10,222	\$186.51	\$1,906,505
Benefit Managers prepare ICHRA notice (year 2)	9,493	2	18,986	\$189.35	\$3,594,999
Lawyers prepare ICHRA notice (year 2)	9,493	1	9,493	\$186.51	\$1,770,539
Benefit Managers prepare ICHRA notice (year 3)	43,082	2	86,164	\$189.35	\$16,315,153
Lawyers prepare ICHRA notice (year 3)	43,082	1	43,082	\$186.51	\$8,035,224
<b>Total Three-Year Average</b>	<b>41,865</b>	<b>-</b>	<b>\$62,797</b>	<b>-</b>	<b>\$11,831,164</b>
<b>DOL Share</b>	<b>20,933</b>	<b>-</b>	<b>\$31,399</b>	<b>-</b>	<b>\$5,915,582</b>

**3) Notice to Participants That Individual Policy is Not Subject to Title I of ERISA**

Individual health insurance coverage is not considered an “employee welfare benefit plan” with consumer protections provided under ERISA when certain conditions are met. HRA plan sponsors are required to notify participant of this fact. For an HRA, this notice requirement is met if annually the notice requirements in section 2590.702-2(c)(6) are met, which are part of the HRA Notice to Participants. Therefore, this notice requirement imposes no additional burden. For QSEHRAs, this notice requirement is met if the plan sponsor includes language provided in the rule in the annual SPD. The Department estimates that this burden is de minimis, because the required text is provided by the Department, and the required information can be included with other notices. This burden is captured under OMB Control Number 1210-0039.

**4) Participant Notifies Individual Coverage HRA of Cancelled or Discontinued Coverage**

The final rules require that if the covered individual fails to pay the applicable premium(s) by the end of the grace period and the coverage is cancelled or discontinued,

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including retroactively, or if individual health insurance coverage is cancelled or discontinued retroactively for some other reason (for example, a rescission), the individual coverage HRA must require that the individual notify the HRA that coverage has been cancelled or discontinued and provide the date on which the coverage cancellation or discontinuance is effective (54.9801-4(c)(1)(iii)).

The number of policyholders in private employer-sponsored insurance are presented in Table 1. The calculation of the number of cancellations of ICHRAs are in Table 1. The Department assumes that it will take five minutes for participants or beneficiaries to make a phone call or send an email requesting to cancel their individual coverage HRAs. See Table 3 for calculations and burden totals.

**Table 3. Burden of Participants Requesting to Cancel or Discontinue ICHRA Coverage**

<b>Entity</b>	<b>Number of Responses</b>	<b>Number of Hours Per Response</b>	<b>Total Hour Burden</b>	<b>Hourly Wage Rate</b>	<b>Equivalent Cost of Hour Burden</b>
	<b>(A)</b>	<b>(B)</b>	<b>(A x B)</b>	<b>(C)</b>	<b>(A x B x C)</b>
Participants request to cancel ICHRAs (year 1)	5,046	5/60	421	\$88.47	\$37,202
Participants request to cancel ICHRAs (year 2)	9,732	5/60	811	\$88.47	\$71,749
Participants request to cancel ICHRAs (year 3)	30,999	5/60	2,583	\$88.47	\$228,540
<b>Total Three-Year Average</b>	<b>15,259</b>	<b>-</b>	<b>1,272</b>	<b>-</b>	<b>\$112,497</b>
<b>DOL Share</b>	<b>7,630</b>	<b>-</b>	<b>636</b>	<b>-</b>	<b>\$56,249</b>

**5) Notice for Excepted Benefit HRAs**

The final rules impose a notice requirement upon excepted benefit HRAs sponsored by non-federal governmental plans. These HRAs must provide a notice that states conditions pertaining to eligibility to receive benefits, annual or lifetime caps or other limits on benefits under the excepted benefit HRA, and a description of or summary of the benefits consistent with the content and timing of the Department's SPD requirements.

For private-sector, employment-based plans, other notice requirements under Part 1 of ERISA already apply. For example, excepted benefit HRAs that are ERISA-covered plans must provide a SPD, a SMM, and a summary of material reductions in covered

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services or benefits.<sup>8</sup> The excepted benefit HRA's SPD must include, for example, the conditions pertaining to eligibility to receive benefits, a description or summary of the benefits, the circumstances that may result in disqualification, ineligibility, or denial, loss, forfeiture, suspension, offset, reduction, or recovery (for example, by exercise of subrogation or reimbursement rights) of any benefits, and the procedures governing claims for benefits under the excepted benefit HRA.

Accordingly, for excepted benefit HRAs that are subject to ERISA, the burden for providing information regarding excepted benefit HRAs is captured under the Department's SPD information collection (OMB Control Number 1210-0039), which includes a growth factor for new SPDs and SMMs provided to participants to notify them regarding coverage under new plans and plan amendments.

**Summary**

The total annual hour burden and equivalent cost estimate for this information collection is summarized in Table 4 below.

**Table 4. Summary of Hour Burden**

<b>Entity</b>	<b>Hour Burden to Prepare HRA Notice</b>	<b>Equivalent Cost of Hour Burden to Prepare HRA Notice</b>	<b>Hour Burden of Participants Requesting to Cancel or Discontinue ICHRA Coverage</b>	<b>Equivalent Cost of Hour Burden of Participants Requesting to Cancel or Discontinue ICHRA Coverage</b>	<b>Total Hour Burden</b>	<b>Total Equivalent Cost of Hour Burden</b>
Year 1	30,666	\$5,777,577	421	\$37,202	31,087	\$5,814,778
Year 2	28,479	\$5,365,539	811	\$71,749	29,290	\$5,437,288
Year 3	129,246	\$24,350,377	2,583	\$228,540	131,829	\$24,578,917
<b>Total Three-Year Average</b>	<b>62,797</b>	<b>\$11,831,164</b>	<b>1,272</b>	<b>\$112,497</b>	<b>64,069</b>	<b>\$11,943,661</b>
<b>DOL Share</b>	<b>31,399</b>	<b>\$5,915,582</b>	<b>636</b>	<b>\$56,248</b>	<b>32,034</b>	<b>\$5,971,831</b>

**Table 5. Estimated Annualized Respondent Cost and Hour Burden**

<sup>8</sup> See 29 CFR 2520.104b-2, 2520.104b-3(a) and (d)(3).

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<b>Activity</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Total Responses</b>	<b>Average Burden (Hours)</b>	<b>Total Burden (Hours)</b>	<b>Wage Rate (Hourly)</b>	<b>Dollar Equivalent of Hour Burden</b>
Benefit Managers prepare ICHRA notice (year 1)	10,222	1	10,222	2	20,444	\$189.35	\$3,871,071
Lawyers prepare ICHRA notice (year 1)	10,222	1	10,222	1	10,222	\$186.51	\$1,906,505
Benefit Managers prepare ICHRA notice (year 2)	9,493	1	9,493	2	18,986	\$189.35	\$3,594,999
Lawyers prepare ICHRA notice (year 2)	9,493	1	9,493	1	9,493	\$186.51	\$1,770,539
Benefit Managers prepare ICHRA notice (year 3)	43,082	1	43,082	2	86,164	\$189.35	\$16,315,153
Lawyers prepare ICHRA notice (year 3)	43,082	1	43,082	1	43,082	\$186.51	\$8,035,224
Participants request to cancel ICHRA (year 1)	5,046	1	5,046	5/60	421	\$88.47	\$37,202
Participants request to cancel ICHRA (year 2)	9,732	1	9,732	5/60	811	\$88.47	\$71,749
Participants request to cancel ICHRA (year 3)	30,999	1	30,999	5/60	2,583	\$88.47	\$228,540
<b>Total Three-Year Average</b>	<b>262,734</b>	<b>-</b>	<b>2,830,166</b>	<b>-</b>	<b>64,069</b>	<b>-</b>	<b>\$11,943,661</b>

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<b>DOL Share (Average)</b>	<b>131,367</b>	<b>-</b>	<b>1,415,083</b>	<b>-</b>	<b>32,035</b>	<b>-</b>	<b>\$5,971,831</b>
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Note:

\* The total average number of respondents is calculated in the following manner: 20,932 (Average number of HRA Notice to Participants + 195,631 (Average number of Verification of Enrollment in Individual Coverage) + 30,912 (Average number of Notice to Participants that Individual Policy is not subject to title I of ERISA) + 15,259 (Average number of participant Notification of Individual Coverage HRA of Cancelled or Discontinued Coverage) = 262,734. As the DOL and Treasury share the burden equally, DOL's Share is 131,367 respondents.

\*\* The total average number of responses is calculated in the following manner: 271,709 (Average number of HRA Notice to Participants) + 2,347,567 (Average number of Verification of Enrollment in Individual Coverage) + 195,631 (Notice to Participants that Individual Policy is not subject to title I of ERISA) + 15,259 (Average number of Participant Notification of Individual Coverage HRA of Cancelled or Discontinued Coverage) = 2,830,166. As the DOL and Treasury share the burden, DOL's Share is 1,415,083 responses.

**13. Provide an estimate of the total annual cost burden to respondents or record-keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12.)**

- The cost estimate should be split into two components: (a) a total capital and startup cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of service component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.
- If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.
- Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

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The Departments estimates that about 72 percent of eligible workers will participate in their health plan.<sup>9</sup> The calculation of the number of private sector participants are in Table 1. The Departments assume that approximately 58.3 percent of notices would be provided electronically and approximately 41.7 percent will be provided in print and included with other benefit communications.<sup>10</sup> The Departments estimate that the notices will be approximately 6 pages long and the cost of materials and printing will be \$0.05 per page, with a total cost of \$0.30 per notice. The Departments also assumes that these notices will be provided along with other benefit communications, therefore no additional mailing cost would be incurred. See Table 6 for calculations and burden totals.

**Table 6. Cost Burden to Provide Notice to All Eligible Private Sector Participants**

<b>Activity (Year)</b>	<b>Total Number of Notices</b>	<b>Percent of Notices Sent by Mail</b>	<b>Number of Notices Sent by Mail</b>	<b>Cost Per Notice</b>	<b>Total Cost Burden</b>
	<b>(A)</b>	<b>(B)</b>	<b>(A x B)</b>	<b>(C)</b>	<b>(A x B x C)</b>
Notice to Private-Sector Participants (year 1)	89,857	41.7%	37,470	\$0.30	\$11,241
Notice to Private-Sector Participants (year 2)	173,295	41.7%	72,264	\$0.30	\$21,679
Notice to Private-Sector Participants (year 3)	551,976	41.7%	230,174	\$0.30	\$69,052
<b>Three-Year Total Average</b>	<b>271,709</b>	-	<b>113,303</b>	-	<b>\$33,991</b>
<b>DOL Share</b>	<b>135,855</b>	-	<b>56,652</b>	-	<b>\$16,996</b>

<sup>9</sup> According to KFF, 72 percent of eligible workers, who work in firms with 3-199 workers, participate in their firm's health plan. The Department uses this percentage as a proxy as the percentage of employees who would participate in their employer's HRA plan. (Source: KFF, 2024 Annual Survey: *Employer Health Benefits*, (2024), <https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2024-Annual-Survey.pdf>.)

<sup>10</sup> According to data from the National Telecommunications and Information Agency (NTIA), 37.4% of individuals age 25 and over have access to the Internet at work. According to a Greenwald & Associates survey, 84% of plan participants find it acceptable to make electronic delivery the default option, which is used as the proxy for the number of participants who will not opt-out of electronic disclosure that are automatically enrolled (for a total of 31.4% receiving electronic disclosure at work). Additionally, the NTIA reports that 44.1% of individuals age 25 and over have access to the internet outside of work. According to a Pew Research Center survey, 61.0% of internet users use online banking, which is used as the proxy for the number of internet users who will affirmatively consent to receiving electronic disclosures (for a total of 26.9% receiving electronic disclosure outside of work). Combining the 31.4% who receive electronic disclosure at work with the 26.9% who receive electronic disclosure outside of work produces a total of 58.3% who will receive electronic disclosure overall.



- 14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.**

There are no costs to the Federal government associated with this information collection.

- 15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14.**

The Department has updated the wage rates and the data inputs regarding the number of individuals enrolled in ICHRAs, as well as the number of employers offering HRAs. The forecasted number of enrollees are lower in this submission than in the prior information collection. As a result, the number of responses decreased by 725,114, the hour burden decreased by 21,096 hours, and the cost burden decreased by \$7,835.

- 16. For collections of information whose results will be published, outline plans for tabulation, and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.**

There are no plans to publish the results of this collection of information.

- 17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

Not applicable.

- 18. Explain each exception to the certification statement.**

There are no exceptions to the certification statement.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

There are no statistical methods used in this information collection.