Supporting Statement for Paperwork Reduction Act Submission

Medicare Part C Reporting Requirements and Supporting Regulations in 42 CFR § 422.516

CMS-10261 (OMB 0938-1054)

1. **Background**

Section 1857(e)(1) of the Social Security Act (the Act) provides broad authority for the Secretary to add terms to the contracts with Medicare Advantage Organizations (MAOs), including terms that require the sponsor to provide the Secretary with information as the Secretary may find necessary and appropriate. Pursuant to our statutory authority, we codified these information collection requirements for MAOs in regulation at 42 CFR § 422.516.

The Centers for Medicare and Medicaid Services (CMS) has identified the appropriate data needed to effectively monitor the MAOs through these Part C reporting requirements.

CMS is requesting a non-substantive change request approval for the contract year (CY) 2026 Part C Reporting Requirements. The only changes being made are updates to wage data and calculations, correction of clerical errors, streamlined text, and updates to the CMS response mailbox.

1. **Justification**

# Need and Legal Basis

In accordance with 42 CFR § 422.516(a), each MA organization must have an effective procedure to develop, compile, evaluate, and report to CMS, to its enrollees, and to the general public, at the times and in the manner that CMS requires, and while safeguarding the confidentiality of the provider-patient relationship, information with respect to the following:

* The cost of its operations.
* The procedures related to and utilization of its services and items.
* The availability, accessibility, and acceptability of its services.
* To the extent practical, developments in the health status of its enrollees.
* Information demonstrating that the MA organization has a fiscally sound operation.
* Other matters that CMS may require.

# Information Users

There are a number of information users of the Part C reporting requirements. They include CMS staff that use this information to monitor health plans and to hold them accountable for their performance.

Academic researchers and other governmental entities such as GAO and the Office of Inspector General have inquired about this information.

Health plans can use this information to measure and benchmark their performance. CMS receives inquiries from the industry and other interested stakeholders about the beneficiary use of available benefits, including supplemental benefits, grievance and appeals rates, cost, and other factors pertaining to the use of government funds, as well as the performance of MA plans.

# Use of Information Technology

MA organizations and other health plan organizations (e.g., cost plans) utilize the Health Plan Management System (HPMS) to submit or enter data for 100% of the data elements listed within these reporting requirements. MA organizations also use HPMS to submit applications to CMS, and CMS uses the system for announcements. HPMS, therefore, is a familiar tool to MA organizations. Users granted access have their access protected by individual login and password; electronic signatures are unnecessary.

# Duplication of Efforts

This collection does not duplicate the collection of similar information.

# Small Businesses

The collection of information will have a minimal impact on small businesses since MA organizations must possess an insurance license to operate and as a condition of that license, generally be able to accept substantial financial risk. State statutory licensure requirements generally preclude small businesses from bearing the risk needed to participate in Medicare Advantage.

# Less Frequent Collection

With the exception of enrollment and disenrollment (which is semi-annual), there is annual reporting for all Part C reporting sections. Less frequent collection of these data from MA organizations would severely limit CMS’ ability to perform accurate and timely oversight, monitoring, compliance and auditing activities around the Part C MA benefits.

# Special Circumstances

As mandated by 42 CFR 422.504(d), MA organizations must agree to maintain for 10 years books, records, documents, and other evidence of accounting procedures and practices. CMS could potentially require clarification around submitted data, and therefore CMS may need to contact organizations within 60 days of data submission. Otherwise, there are no special circumstances since this information collection request does not do any of the following:

* Require respondents to report information to the agency more often than quarterly;
* Require respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
* Require respondents to submit more than an original and two copies of any document;
* Require respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
* Is connected with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study,
* Require the use of a statistical data classification that has not been reviewed and approved by OMB;
* Include a pledge of confidentiality that is not supported by authority established in statue 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
* Require 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.

# Federal Register/Outside Consultation

We are submitting non-substantive changes to the contract year (CY) 2026 Part C Reporting Requirements. The only changes being made are updates to wage data and calculations, correction of clerical errors, streamlined text, and updates to the CMS response mailbox.

# Payments/Gifts to Respondents

There are no payments/gifts to respondents associated with the data reporting request.

# . Confidentiality

CMS will adhere to all statutes, regulations, and agency policies regarding confidentiality.

# 11. Sensitive Questions

Consistent with federal government and CMS policies, CMS protects the confidentiality of the requested proprietary information. Specifically, any information within a submission (or attachments thereto) constituting a trade secret, privileged or confidential information, (as such terms are interpreted under the Freedom of Information Act and applicable case law), is clearly labeled as such by the submitter, and includes an explanation of how it meets one of the expectations specified in 45 CFR Part 5, will be protected from release by CMS under 5 U.S.C. §552(b) (4). Information not labeled as trade secret, privileged, or confidential or not including an explanation of why it meets one or more of the FOIA exceptions in 45 CFR Part 5 will not be withheld from release under 5 U.S. C. 552(b)(4).

# 12. Burden Estimates (Hours & Wages)

To derive average costs, we used data from the U.S. Bureau of Labor Statistics’ May 2024 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)

Table 1 below presents the mean hourly wage, the cost of fringe benefits, and the adjusted hourly wage. Anticipated staff performing the activities required of this data collection and reporting vary, but we believe computer systems analysts would be the primary staff person responsible for this work. Other staff that are involved have a similar wage; therefore, we use an average hourly rate computer system analyst of $99.80/hour (including the fringe benefits adjustment) to calculate estimated costs.

We adjust the employee hourly wage estimate by a factor of 100 percent. This is a rough estimate because fringe benefits and overhead costs vary significantly from employer to employer, and methods of estimating these costs vary widely. Since there is no practical alternative, we believe that doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

**Table 1 – National Occupational Mean Hourly Wage and Adjusted Hourly Wage**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Occupation  Title | Occupation  Code | Median Hourly  Wage ($/hr.) | Fringe Benefit  ($/hr.) | Adjusted  Hourly Wage  ($/hr.) |
| Computer  Systems  Analyst | 15-1211 | $49.90 | $49.90 | $99.80 |

**Estimates:**

The burden associated with this ICR is the time and resources it takes to develop computer code, to “de-bug” computer code, gather the “raw” data, “clean” the data in order to eliminate errors, enter data, to compile the data, review technical specifications, and perform tests on the data. Also included is burden that is not strictly “technical.” “Non-technical” aspects of the burden include time to read instructions, answer questions, research solutions to any impediments, to develop estimates of any additional human resources needed, and to use other administrative resources involved in improving the reporting sections.

For the 2026 ICR, we used the average hour estimates per contract. We also updated the wage data to that reported in May 2024, which is the most up-to-date information provided by the Bureau of Labor Statistics (BLS). The new wage rate is $49.90 per hour replacing the former number of $53.27 per hour and we believe Computer Systems Analyst continues to be the most appropriate job code for this collection, consistent with the previous approved PRA package. Section 15 of this Supporting Statement provides a more detailed discussion of this package’s program changes and burden adjustments.

## Table 2 – Annual Record Keeping and Reporting Requirements

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Potential number of respondents**  **(based on the number of 2024** **approved**  **contracts)** | **Number of responses per contract (based on number of Part C reporting sections)** | **Number of**  **Responses**  **(Number of**  **Respondents\*** **Reporting Frequency based on number of**  **2024 approved contracts)** | **Burden per**  **Response**  **(total annual burden hours /number respondents)** | **Total annual burden hours for all Part C reporting sections** | **Hourly labor cost of Part C Reporting** | **Total Cost for all Part C Reporting** |
| 783 | 10 | 7,830 | 29 | 225,575 | $99.80 | $ 22,512,385 |

We are using the latest available information regarding approved contracts for CY 2026, which are 783 contracts as previously listed in the most recent approved PRA collection.

# 13. Capital Costs

There is no capital cost associated with this collection because, as indicated above, MAOs are familiar with the electronic system used to fill out this data, HPMS.

# 14. Cost to Federal Government

The estimated annual cost is $300,000 to support reporting through the CMS Health Plan

Management System (HPMS). This amount is the same as previously reported and is a “standard” estimate used in our ICRs when the HPMS resources support the CMS information processing and reporting role.

# 15. Program and Burden Changes

No changes are currently being made except for the updated wage data and calculations. These changes reflect the most current wage information for 2025.

# Table 3 – Estimated Cost of Information Collection Requirements (ICR)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| All Part C  Reporting  Sections | 2025 hours | 2025 Cost | 2026 hours | 2026 Cost | Total  Increase/Decrease in  Cost for Part C  Reporting |
| Total  Burden  Increase/Decrease | 225,575 | $24,032,760.5 | 225,575 | $22,512,385 | $ 1,520,375.5 |

1. **Expiration Date**

There will be an expiration date in the approved Part C Reporting Requirements document.

1. **Certification Statement**

There are no exceptions to the certification statement.

1. **Collections of Information Employing Statistical Methods**

Reporting organizations are not required to do statistical analyses for this information collection.