Supporting Statement – Part A
Quality Bonus Payment Appeals
(CMS-10346, OMB 0938-1129)

Background

Sections 1853(n) and 1853(o) of the Social Security Act (the Act) require CMS to make Quality Bonus Payments (QBPs) to MA organizations that achieve at least 4 stars in a 5-star quality rating system. In addition, section 1854(b)(1)(C) of the Act ties the share of savings that MA organizations must provide to enrollees as the beneficiary rebate to the level of an MA organization's QBP rating. The administrative review process for an MA contract to appeal their QBP status is laid out at § 422.260(c). §§ 422.260(c)(1) and (2) describe a two-step administrative review process that includes a request for reconsideration and a request for an informal hearing on the record, and § 422.260(c)(3) describes limits to requesting an administrative review. Historically, every November CMS has released the preliminary QBP ratings for MA contracts to review their ratings and to submit an appeal request under § 422.260(c) if they believe there is a calculation error or incorrect data are used. Each MA organization continues to be afforded the right to request an administrative review of CMS's determination concerning the organization's qualification for a QBP.

In this 2027 iteration, we propose no changes to the collections requirements or hourly burden.

A. Justification

1. Need and Legal Basis

Section 1853(o) of the Act requires CMS to make QBPs to MA organizations that achieve performance rating scores of at least 4 stars under a five-star rating system. While CMS has applied a Star Rating system to MA organizations for a number of years, prior to the QBP program these Star Ratings were used only to provide additional information for beneficiaries to consider in making their Part C and D plan elections. Beginning in 2012, the Star Ratings CMS assigns for purposes of QBPs directly affected the monthly payment amount MA organizations receive from CMS under their contracts. Additionally, section 1854(b)(1)(C)(v) of the Act, as added by the Affordable Care Act, also requires CMS to change the share of savings that MA organizations must provide to enrollees as the beneficiary rebate specified at § 422.266(a) based on the level of a sponsor's Star Rating for quality performance.

The administrative review process is a two-step process that includes a request for reconsideration and a request for an informal hearing on the record after CMS has sent the MA organization the reconsideration decision. Both steps are conducted at the contract level. The first step allows the MA organization to request a reconsideration of how its Star Rating for the given measure in question was calculated and/or what data were included in the measure. If the MA organization is dissatisfied with CMS's reconsideration decision, the contract may request

an informal hearing to be conducted by a hearing officer designated by CMS. MA organizations have 10 business days from the time we issue the notice of QBP status to submit a request for reconsideration. MA organizations seeking an appeal of the reconsideration official's decision regarding its QBP status have 10 business days after the issuance of the reconsideration determination to request an informal hearing on the record. Beginning in 2024, the CMS Administrator is provided the opportunity to review and modify the hearing officer's decision within 10 business days of its issuance. If the Administrator does not review and issue a decision within 10 business days, the hearing officer's decision is final and binding. If the Administrator does review and modify the hearing officer's decision, a new decision would be issued as directed by the Administrator.

The Part C & D Star Ratings Technical Notes at http://www.cms.gov/Medicare/PrescriptionDrug-Coverage/PrescriptionDrugCovGenIn/PerformanceData.html describe in detail how the Star Ratings are calculated for each of the individual measures, domains, summary ratings, and the overall rating. There are two Star Ratings Plan Preview periods each fall when plans can preview their ratings before they are live on Medicare.gov. Also, contracts may request information about how their scores were calculated at any time by emailing CMS at PartCandDStarRatings@cms.hhs.gov.

The administrative review process is described in detail in the November 17, 2025, CMS memo, *2027 Quality Bonus Payment Determinations and Administrative Review Process for Quality Bonus Payments and Rebate Retention Allowances.* The memo to Medicare Advantage Organization Compliance Officers outlined the process for appealing QBP Star Ratings.

2. Information Users

The information collected on the Request for Reconsideration form from MA organizations is considered by the reconsideration official and potentially the hearing officer and CMS Administrator to review CMS's determination of the organization's eligibility for a QBP. The form asks MA organizations to select the Star Ratings measure(s) they believe was miscalculated or used incorrect data and describe what they believe is the issue. Under § 422.260(c)(3)(ii) these are the only bases for appeals. In conducting the reconsideration, the reconsideration official will review the QBP determination, the evidence and findings upon which it was based, and any other written evidence submitted by the organization with their Request for Reconsideration or by CMS before the reconsideration determination is made.

3. Use of Information Technology

The documentation (e.g., legal brief, memorandum) an organization submits in support of its argument in favor of a finding that it is qualified for a QBP must be submitted to CMS by electronic mail. This process is consistent with those associated with other administrative reviews of CMS determinations.

This collection does not involve the use of automated techniques. Also, the collection does not require a signature from the respondent.

4. Duplication of Efforts

This information collection does not duplicate any other effort and the information cannot be obtained from any other source.

5. Small Businesses

As no MA organizations meet the definition of a "small business," this collection does not impact small businesses.

6. Less Frequent Collection

42 CFR § 422.260 affords MA organizations the right to an administrative review for payment determinations based on the quality bonuses. It is up to MA organizations whether to appeal their QBP. Star Ratings are produced annually, so the QBP appeals process is annual as well. If the collection is not conducted annually (i.e., MA organizations are not permitted to request and provide documentation in support of an appeal of their QBP status), then CMS is vulnerable to a challenge in Federal court brought by the organizations asserting that CMS's annual process for making QBP determinations is arbitrary and capricious.

7. Special Circumstances

There are timelines for QBP appeals required by 42 CFR § 422.260 that necessitate receiving responses in less than 30 days in order to have reviews of appeals completed prior to the preparation of plan bids for the following year.

There are no other special circumstances that would require an information collection to be conducted in a manner that requires respondents to:

- Report information to the agency more often than quarterly;
- Submit more than an original and two copies of any document;
- Retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- Collect data 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;
- Use 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 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

- 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.

8. Federal Register/Outside Consultation

The 60-day Federal Register notice published in the Federal Register (91 FR 52303) on 8/13/2026. CMS received two comments on the 60-day Federal Register notice for the Appeals of Quality Bonus Payment Determinations (CMS-10346). The comment period closed on October 13, 2026. Commenters requested clarification on the estimated burden hours and recommended an annual report presenting statistics on the QBP appeals process. CMS will consider the suggestions in the future.

The 30-day Federal Register notice published in the Federal Register (91 FR 69848) on 11/05/2026.

9. Payments/Gifts to Respondents

No payments or gifts are provided to individuals requesting an appeal of their QBP status. If the reconsideration official, hearing officer, or CMS Administrator's decision is in favor of the MA organization, relief would be recalculation of the MA organization's QBP. Recalculation could cause the requesting MA organization's QBP to go higher or lower. In some instances, the recalculation may not cause the Star Rating to rise above the cut-off for the higher QBP rating.

10. Confidentiality

Organizations making appeals of their QBP status are assured by CMS that we will not disclose to the public confidential or proprietary information, consistent with Exception 4 of the Freedom of Information Act (FOIA).

11. Sensitive Questions

There are no sensitive questions associated with this collection. Specifically, the collection does not solicit questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

12. Burden Estimates (Hours & Wages)

Wages

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2025

National Occupational Employment and Wage Estimates for all salary estimates (http://www.bls.gov/oes/current/oes_nat.htm). In this regard, the following table presents the mean hourly wage, the cost of fringe benefits (calculated at 100 percent of salary), and the adjusted hourly wage.

Occupation Title	Occupation Code	Mean Hourly Wage ($/hr)	Fringe Benefit ($/hr)	Adjusted Hourly Wage ($/hr)
Lawyer	23-1011	$89.35	$89.35	$178.70

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, there is no practical alternative and we believe that doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

Burden Estimates

We estimate that the total hourly burden in a fiscal year for developing and presenting a case to us for review is equal to the number of organizations likely to request an appeal multiplied by the number of hours for the attorneys of each appealing MA organization to research, draft, and submit their arguments to CMS. Out of the approximately 500 MA contracts that receive a QBP determination each year, we estimate that 4% of those contracts (**20**) will request an appeal of their rating. We further estimate that one attorney working for **8 hours** could complete the documentation to be submitted to CMS for each contract, resulting in a total burden estimate of **160 hours** (8 hr x 20 contracts) at a cost of **$28,592** (160 hr x $178.70/hr) or **$1,430** per contract.

Information Collection/Reporting Instruments and Instruction/Guidance Documents

Request for Reconsideration form: This form is for MA contracts to indicate which Star Ratings measures they are appealing due to miscalculation or incorrect data and their description of the issue.

13. Capital Costs

There are no capital costs associated with this information collection.

14. Cost to Federal Government

CMS will conduct the QBP appeals using three existing CMS personnel (GS-13-1, GS-14-1, GS15-1) for 40 hours each. These staff are located are in the Washington-Baltimore area, so we

estimate their hourly wages using the wage table here: https://www.opm.gov/policy-dataoversight/pay-leave/salaries-wages/salary-tables/pdf/2026/DCB_h.pdf. The estimated cost to the federal government for this collection is $58.35, $68.96, and $81.11 per hour for the GS-13-1,
GS-14-1, and GS-15-1 staff, respectively. 40 hours ($58.35) + 40 ($68.96) + 40 ($81.11) = $8,337

15. Changes to Burden

There are no changes to burden.

16. Publication/Tabulation Dates

The results of this collection will not be published.

17. Expiration Date

The document will display the expiration date next to the OMB control number and PRA disclosure statement.

18. Certification Statement

There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods

This collection does not employ statistical methods.