

Supporting Statement – Pre-Existing Condition Insurance Plan Program

A. Justification

1. Circumstances Making the Collection of Information Necessary

The Department of Health and Human Services is requesting emergency action for clearance by the Office of Management and Budget no later than 07/26/10. We are requesting emergency processing procedures for this package because this information is needed immediately to assure that Pre-Existing Condition Insurance Plan (PCIP) programs are established timely and effectively. This request is being made based on regulations to be issued and contracts to be executed by states or an entity on their behalf participating in the PCIP program. PCIP is also referred to as the temporary qualified high risk insurance pool program, as it is called in the Affordable Care Act, but we have adopted the term PCIP to better describe the program and avoid confusion with the existing state high risk pool programs.

On March 23, 2010, the President signed into law H.R. 3590, the Patient Protection and Affordable Care Act (Affordable Care Act), Public Law 111-148. Section 1101 of the law establishes a “temporary high risk health insurance pool program” (which has been named the Pre-Existing Condition Insurance Plan, or PCIP) to provide health insurance coverage to currently uninsured individuals with pre-existing conditions. The law authorizes HHS to carry out the program directly or through contracts with states or private, non-profit entities.

2. Purpose and Use of Information Collection

The data collection in this package will include requirements outlined in both the regulation and the contract to submit the following:

- Payment invoices;
- Reporting requirements;
- Reports of dumping;
- Audit requirements;
- Record retention requirements; and
- Proposal modifications.

The above information will assist HHS in planning for and executing contracts to provide the PCIP program to the public.

3. Use of Improved Information Technology and Burden Reduction

Information collected in the package will be submitted electronically. HHS staff will analyze the data in the same manner by which it was submitted and communicate with States and the District of Columbia using e-mail or telephone.

4. Efforts to Identify Duplication and Use of Similar Information

Since this is a new program that was created through the Affordable Care Act, the information that will be collected has never been collected before by the Federal government.

5. Impact on Small Businesses or Other Small Entities

No impact on small business.

6. Consequences of Collecting the Information Less Frequent Collection

Information collected in the package will consist of both one-time data collection and regular programmatic reporting to HHS. In order to ensure federal funds are being used correctly and efficiently, HHS must receive monthly invoices and reports of program information to monitor the spending of federal dollars and be best positioned to promptly address programmatic issues such as instances of fraud, waste and abuse. Other items addressed in this package such as record retention requirements will be a one-time data collection.

7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5

No special circumstance.

8. Comments in Response to the Federal Register Notice/Outside Consultation

Due to the emergency nature of the program announce OMB has waived the Federal Register notice requirements for this collection.

9. Explanation of any Payment/Gift to Respondents

Not applicable

10. Assurance of Confidentiality Provided to Respondents

All information will be kept private to the extent allowed by application laws/regulations.

11. Justification for Sensitive Questions

No sensitive information will be collected.

12. Estimates of Annualized Burden Hours (Total Hours & Wages)

Payment Invoices

Contractors will be required to submit invoices to HHS to receive actual cost reimbursement payments from HHS for administrative and claims costs incurred in the development and operation of the PCIP program. This burden estimate includes reviewing claims and

administrative expenses, submitting payment invoices to HHS, monitoring available funds and notifying HHS once 75% of enrollment approved in the contract has been reached. Invoices must be submitted on a monthly basis to HHS in a format and manner specified by HHS.

We estimate that it will take each state approximately 16 hours per month to collect information, review and submit required invoices to HHS. We believe 1 person per applicant will be involved in submitting payment invoices; total burden is 9,792 hours per year.

It is estimated that up to 51 respondents will submit payment invoices.

Fraud, Waste, and Abuse

Contractors will be responsible to promptly report to HHS incidences of waste, fraud, and abuse and shall cooperate with Federal law enforcement authorities in cases involving waste, fraud, and abuse. This estimate is based on a monthly burden of reporting such information. Once identified, the information must be immediately submitted to HHS and/or Federal law enforcement authorities by the contractor.

We estimate that it will take each contractor approximately 4 hours per month to collect, review and forward the required information to HHS and/or Federal law enforcement authorities. We believe 1 person per contractor will be involved in identifying and submitting this information; total burden is 2,448 hours per year.

It is estimated that up to 51 respondents will report instances of fraud, waste, and abuse.

Quarterly and Monthly Reports

Contractors will be responsible to retain records of expenditures and enrollment, and submit required information for oversight purposes. Contractors will be required to report, on a monthly and quarterly basis, information described in the executed contract with HHS. Contractors will be responsible to submit quarterly reports to HHS on the status of implementing and carrying out the PCIP program and monthly reports providing information on the previous calendar month of operations. Included in such reporting, contractors are also responsible to immediately notify HHS of any claim or suit made or filed against contractor or its subcontractors regarding any matter resulting from or relating to contractor's obligations under the contract. The information must be submitted electronically in a format to be provided by HHS. This estimate is based on the monthly burden of reporting such information.

We estimate that it will take each contractor approximately 24 hours per month to collect, review and forward the required information to HHS. We believe 2 people per contractor will be involved in identifying and submitting this information; total burden is 14,688 hours per year.

Audited Financial Report

Contractors will be responsible to obtain and submit annually an independently audited financial report detailing the finances of the PCIP program operated by the contractor. This estimate is based on the annual burden of reporting this information.

We estimate that it will take each contractor approximately 24 hours per year to collect, review

and forward the required information to HHS. We believe 1 person per contractor will be involved in identifying and submitting this information; total burden is 1,224 hours per year.

Reports of Dumping

Contractors must report to HHS any health plan issuer or group health plan they have identified as discouraging an individual from remaining enrolled in coverage offered by such issuer or health plan based on the individual's health status. This estimate is based on a monthly burden of reporting this information. Once identified, the information must be immediately submitted to HHS by the contractor.

We estimate that it will take each contractor approximately 8 hours per month to collect, review and forward the required information to HHS. We believe 2 people per contractor will be involved in identifying and submitting this information; total burden is 4,896 hours per year.

It is estimated that up to 51 respondents will report instances of dumping.

Audit

Contractors may be required to submit information to HHS to demonstrate they have fully complied with all regulatory and contractual requirements. This estimate includes burden for both a paper document review process and on-site review process. Contractors will be required to submit all data requested to HHS in a manner specified by HHS.

We estimate that it will take each contractor approximately 40 hours to submit information to HHS in addition to accommodating HHS during any on-site review. We believe 3 people per contractor will be involved in satisfying this requirement; total burden is 2,040 hours per year if such audit is executed.

It is estimated that up to 51 respondents may be audited.

Record Retention Requirement

Any state or entity selected to administer the PCIP program is required to retain all records that they or their subcontractors create, collect or maintain while participating in the program for at least six years following termination.

We estimate that it will take approximately 12 hours per contractor to properly store any electronic and paper records away for safekeeping. Storing such information presents a total one-time burden of 612 hours.

It is estimated that 51 respondents will comply with the record retention requirements.

Proposal Modifications

Any state or entity selected to administer the PCIP program may later decide it is in the best interest of their state to propose amendments to the agreed upon contract. We estimate that while uncommon, this may occur, and such proposed changes could be allowed in instances

where they are permissible. This estimate includes changes to all previously agreed upon proposal sections.

We estimate that it will take approximately 24 hours per contractor to submit a revised proposal and implement any approved amendments. We believe 1 person per contractor would be involved in submitting and executing such proposal modification; total burden is 1,224 hours per year.

It is estimated that up to 51 respondents could request a proposal modification.

12A. Estimated Annualized Burden Hours

Forms (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden hours per Response	Total Burden Hours
Payment Invoices	State Government	51	12	16	9,792
Total				16	9,792

Forms (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden hours per Response	Total Burden Hours
Fraud, waste, and abuse	State Government	51	12	4	2,448
Total				4	2,448

Forms (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden hours per Response	Total Burden Hours
Quarterly and Monthly Reports	State Government	51	12	24	14,688
Total				24	14,688

Forms	Type of	Number of	Number of	Average	Total
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(If necessary)	Respondent	Respondents	Responses per Respondent	Burden hours per Response	Burden Hours
Audited Financial Report	State Government	51	1	24	1,224
Total				24	1,224

Forms (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden hours per Response	Total Burden Hours
Reports of Dumping	State Government	51	12	8	4,896
Total				8	4,896

Forms (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden hours per Response	Total Burden Hours
Audit	State Government	51	1	40	2,040
Total				40	2,040

Forms (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden hours per Response	Total Burden Hours
Record Retention	State Government	51	1	12	612
Total				12	612

Forms (If necessary)	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Average Burden hours per Response	Total Burden Hours
Proposal Modification	State Government	51	1	24	1,224
Total				24	1,224

12B. Cost Estimate for All Respondents

Payment Invoices

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Budget Analyst	51	12	16	33	\$323,136
Total			16		\$323,136

Fraud, Waste, and Abuse

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Office Manager	51	12	4	23	\$56,304
Total			4		\$56,304

Quarterly and Monthly Reports

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Budget Analyst	51	12	16	33	\$323,136
Office Manager	51	12	8	23	\$112,608
Total			24		\$435,744

Audited Financial Report

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Auditor	51	1	24	32	\$39,168
Total			24		\$39,168

Reports of Dumping

Type of	Number of	Number of	Average	Wage	Burden Costs
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respondent	Respondents	Responses per Respondent	Burden Hours	per Hour	All Respondents
Office Manager	51	12	4	23	\$56,304
Fraud Investigator	51	12	4	22	\$53,856
Total			8		\$110,160

Audit

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Office Manager	51	1	24	23	\$28,152
Lawyer	51	1	8	60	\$24,480
Budget Analyst	51	1	8	33	\$13,464
Total			40		\$66,096

Record Retention

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Office Manager	51	1	8	23	\$9,384
Laborers and Freight, Stock and Material Movers	51	1	4	12	\$2,448
Total			12		\$11,832

(Note: The cost of a rental facility was not included under the assumption that contractors will likely have space available on-site to store information.)

Proposal Modification

Type of respondent	Number of Respondents	Number of Responses per Respondent	Average Burden Hours	Wage per Hour	Burden Costs All Respondents
Office Manager	51	1	24	23	\$28,152
Total			24		\$28,152

Salaries were taken from the Bureau of Labor Statistics website

(<http://www.bls.gov/oco/ocos007.htm>)

13. Estimates of other Total Annual Cost Burden to Respondents or Record Keepers /Capital Costs

There are no additional record keeping/capital costs.

14. Annualized Cost to Federal Government

The cost to the government based on the package is listed below.

Type Federal employee support	Total Burden Hours	Hourly Wage Rate (GS 14 equivalent)	Total Federal Government Costs
First level reviewers monthly reoccurring	40	50	2000
Total	40		\$2,000

Salaries are based on a 14 Grade/Step 1 in Washington DC area.

15. Explanation for Program Changes or Adjustments

This is a new data collection.

16. Plans for Tabulation and Publication and Project Time Schedule

Information in the package will be collected monthly, beginning within the next 30 days, until January 1, 2014 when the program terminates upon transition to the American Health Benefit Exchanges, established under sections 1311 or 1321 of the Patient Protection and Affordable Care Act.

17. Reason(s) Display of OMB Expiration Date is Inappropriate

Not applicable.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

There are no exceptions to the certification.

B. Collection of Information Employing Statistical Methods

Not applicable. The information collection does not employ statistical methods.