

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT OF 1995
SUBMISSIONS

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.*

On February 4, 2009, President Obama signed the Children’s Health Insurance Program Reauthorization Act of 2009 (CHIPRA, Pub. L. 111-3). Under ERISA section 701(f)(3)(B)(i)(I), Public Health Service Act (PHS) section 2701(f)(3)(B)(i)(I), and section 9801(f)(3)(B)(i)(I) of the Internal Revenue Code, as added by CHIPRA, an employer that maintains a group health plan in a State that provides medical assistance under a State Medicaid plan under title XIX of the Social Security Act (SSA), or child health assistance under a State child health plan under title XXI of the SSA, in the form of premium assistance for the purchase of coverage under a group health plan, is required to make certain disclosures. Specifically, the employer is required to notify each employee of potential opportunities currently available in the State in which the employee resides for premium assistance under Medicaid and CHIP for health coverage of the employee or the employee’s dependents. These notices are referred to in this document as “Employer CHIP Notices.”

ERISA section 701(f)(3)(B)(i)(II) requires the Department of Labor to provide employers with model language for the Employer CHIP Notices to enable them to timely comply with this requirement, which is referred to as the “Model Employer CHIP Notice” in this document. The model language is required to include information on how an employee may contact the State in which the employee resides for additional information regarding potential opportunities for premium assistance, including how to apply for such assistance.

Section 311(b)(1)(D) of CHIPRA provides that the Departments of Labor and Health and Human Services shall develop the initial Model Employer CHIP Notices under ERISA section 701(f)(3)(B)(i)(II), and the Department of Labor shall provide such notices to employers. Moreover, each employer is required to provide the initial annual notices to such employer’s employees. The ICR relates to the Model Employer Chip Notice.

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.*

As stated in response to Item 1 above, CHIPRA requires that the Department of Labor

and the Department of Health and Human Services develop a model notice for employers to use to inform employees of potential opportunities currently available in the State in which the employee resides for group health plan premium assistance under Medicaid and the Children's Health Insurance Program (CHIP). The Departments are required to consult with the Department of the Treasury, as well as State Medicaid and CHIP offices. The Department of Labor is required to provide the model notice to employers by February 4, 2010 (within one year of CHIPRA's enactment). The Department expects that employers will use the Model Employer CHIP Notice to fulfill their obligation under CHIPRA to provide the employee notification.

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.*

Under 29 C.F.R. § 2520.104b-1(b) of ERISA, "where certain material, including reports, statements, and documents, is required under Part I of the Act and this part to be furnished either by direct operation of law or an individual request, the plan administrator shall use measures reasonably calculated to ensure actual receipt of the material by plan participants and beneficiaries." Section 2520.104b-1(c) establishes the manner in which disclosures under Title I of ERISA made through electronic media will be deemed to satisfy the requirement of § 2520.104b-1(b). The Employer CHIP Notice may be provided electronically to the extent the criteria of the Department's electronic disclosure safe harbor at 29 CFR 2520.104b-1(c) are satisfied.

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.*

No duplication of effort is associated with the information collection. As required by CHIPRA, the Department consulted with the Department of Health and Human Services and Department of the Treasury in drafting the notices.

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

The information collection does not impact small businesses or entities.

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 the information collection is not conducted, the Department would not meet its obligation under CHIPRA to provide the Model Employer CHIP Notice.

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.*

None.

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 recordkeeping, 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.

The Department published a notice in the Federal Register on May 26, 2016 (81 FR 33550), as required by 5 CFR 1320.8(d), soliciting comments on the information collection and providing the public 60 days to comment on the submission. No comments were received from the public in response to the notice.

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

None.

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

None.

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.*

None

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 and aggregate the hour burdens in Item 13.*
- *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.*

CHIPRA requires that employers that maintain a group health plan in a State that provides medical assistance under a State Medicaid plan under title XIX of the Social Security Act (SSA), or child health assistance under a State child health plan under title XXI of the SSA, in the form of premium assistance for the purchase of coverage under a group health plan, is required to make certain disclosures. Specifically, the employer is required to notify each employee of potential opportunities currently available in the State in which the employee resides for premium assistance under Medicaid and CHIP for health coverage of the employee or the employee's dependents. These notices are referred to in this document as "Employer CHIP Notices."

The Department estimates that there are 5,831,252 private sector employers and 66,447 public sector employers that offer a group health plan and are required to send the Employer CHIP Notices to an estimated 162,656,474 private sector employees and 13,317,167 public sector employees annually. Estimates for the number of private employees and employers were derived from the 2014 MEPS-IC. The number of public employees was derived from the 2014 MEPS-IC and the number of public employers was estimated from the U.S. Census Bureau's 2012 Census of Governments.

All employers that are located inside states that have a premium assistance program are counted as having to provide the notice. Employers in states that do not have a premium assistance program are still required to send notice to an employee that does reside in a state that offers premium assistance. The Department is unable to estimate the number of employers in states not having a premium assistance program that must send notice to out-of state workers. The Department assumes 20 percent of these employers would send out notices. The Department has estimated that on average 4.2 percent of employees work in states not having a premium assistance program, but reside in another state that does have a premium assistance program and their employer would be required to provide them a notice. These estimates are included in the totals listed above.

The Department has provided a model notice that requires no modification by employers, and employers are able to distribute the notice with other required notices, such as during open enrollment season. In addition employers may send the notice electronically in accordance with the Department's electronic disclosure regulation. The Department estimates that 51.8 percent of employees will receive the notice electronically with a de minimis cost.¹ The remaining 84,819,295 employees (48.2 percent) are estimated to

¹ According to data from the National Telecommunications and Information Agency (NTIA), 33.4 percent of individuals age 25 and over have access to the internet at work. According to a Greenwald & Associates survey, 84 percent 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 that are automatically enrolled (for a total of 28.1 percent

receive a paper copy. Employers may have clerical staff prepare the paper disclosures will an average time of 30 seconds per disclosure to copy and distribute the notice. This results in an hour burden of 706,828 hours (84,819,295 employees * 30 seconds per notice). Clerical staff is estimated to have an hourly labor rate of \$54.74,² resulting in an equivalent cost of the hour burden of \$38,691,736.

Activity	Number of Respondents	Frequency	Total Annual Responses	Time Per Response	Total Annual Burden (Hours)	Hourly Rate	Monetized Value of Respondent Time
Prepare Notice (Private Sector)	5,831,252	27.89	162,656,474	0.004	653,337	\$54.74	\$35,763,659
Prepare Notice (Public Sector)	66,447	200.42	13,317,167	0.004	53,491	\$54.74	\$2,928,077
<i>Unduplicated Totals</i>	<i>5,897,700</i>		<i>175,973,641</i>		<i>706,828</i>		<i>\$38,691,736</i>

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 burden associated with the notice requirement is due to the materials and printing costs for the notice. The model notice is four pages in length. The Department assumes a five cent per page printing and material cost and as the notice may be distributed with other plan information no postage costs are included. This leads to a total cost burden of \$16,963,859 (84,819,295 paper notices * 4 pages * \$0.05) for the notices not sent electronically.

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.*

receiving electronic disclosure at work). Additionally, the NTIA reports that 38.9 percent of individuals age 25 and over have access to the internet outside of work. According to a Pew Research Center survey, 61 percent of internet users use online banking, which is used as the proxy for the number of internet users who will opt in for electronic disclosure (for a total of 23.7 percent receiving electronic disclosure outside of work). Combining the 28.1 percent who receive electronic disclosure at work with the 23.7 percent who receive electronic disclosure outside of work produces a total of 51.8 percent who will receive electronic disclosures overall.

² For a description of the Department's methodology for calculating wage rates, see <http://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/technical-appendices/labor-cost-inputs-used-in-ebsa-opr-ria-and-pra-burden-calculations-august-2016.pdf>.

While the Department of Labor and the Department of Health and Human Services are responsible for updating the model notice to ensure that all states with a premium assistance programs and contact information for each program is included, HHS already maintains this list for other purposes and will provide the updated information. Therefore, no cost is attributed to the Department to maintain the model notice.

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

There are no program changes for this submission. The burden estimates declined due to changes in employment rates, changes in the composition of the states that choose whether or not to participate in the program, and changes in the Department's assumptions regarding the usage of electronic distribution.

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.*

Not applicable.

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 identified in Item 19, "Certification for Paperwork Reduction Act Submission."*

None.

B. Collections of Information Employing Statistical Methods

Not applicable.