

## **Supporting Statement Part A**

### **Certification of Non-Contributory TRICARE Supplemental Insurance Plan – 0720-0044**

#### **A. JUSTIFICATION**

##### **1. Need for the Information Collection**

Section 707 of the John Warner National Defense Authorization Act for Fiscal Year 2007 added Section 1097c, TRICARE program: relationship with employer-sponsored group health plans to Title 10. Section 1097c prohibits employers from offering financial or other incentives to certain TRICARE-eligible employees to not enroll in their employer-offered group health plan. In other words, employers may no longer offer TRICARE supplemental insurance plans as part of an employee benefit package. Employers may, however, offer TRICARE supplemental insurance plans as part of an employee benefit package provided the plan is not paid for in whole or in part by the employer (i.e., is non-contributory) and is not endorsed by the employer.

##### **2. Use of the Information**

When a non-contributory TRICARE supplemental plan is offered by an employer, the employer must properly document that they did not provide any payment for the benefit nor receive any direct or indirect consideration or compensation for offering the benefit. The employer's only involvement is providing the administrative support. The certification document shall be in letter format and signed by the employer or employer's representative

The employer will provide the certification document (letter) to the Department of Defense (DoD) only upon request or audit. The data is collected only if DoD is alerted of an employer not complying with the Section 1097c. The certification document will be used to verify regulatory compliance. The letter must be signed by the Employer or authorized representative (human resources or the employer's insurance agent).

##### **3. Use of Information Technology**

The certification document (letter) may be in any format preferred by the Employer. It can be mailed or emailed to the DoD TRICARE Policy & Benefits Office. It is estimated that 95% of potential respondents would provide the certification document to the TRICARE Policy & Benefits Office via email.

##### **4. Non-duplication**

There is no other information currently collected that documents compliance.

##### **5. Burden on Small Business**

This information collection does not impose a significant economic impact on a substantial number of small businesses or entities. The letter certifying compliance can be quickly prepared and signed. The employer can either describe in a short paragraph the plans available or attach to the letter any open enrollment document given to the employees listing the plan(s) offered, enrollment rules and monthly premium(s).

6. Less Frequent Collection

The data is collected only if DoD is alerted of an employer not complying with the Section 1097c. Non-compliance would normally be identified during the annual open enrollment period or when a new employee is hired.

7. Paperwork Reduction Act Guidelines

This collection of information does not require collection to be conducted in a manner inconsistent with the guidelines delineated in 5CFR1320.5(d)(2).

8. Consultation and Public Comments

a. A 60-Day Federal Register Notice (FRN) for the collection published Friday, November 4, 2016. The 60-Day FRN citation is 81 FRN 76927. No comments were received.

A 30-Day Federal Register Notice (FRN) for the collection published Wednesday, June 28, 2017. The 30-Day FRN citation is 82 FRN 29279.

b. Other than soliciting public comments through the 60-Day Federal Register Noticed, we did not consult with any persons outside of the TRICARE Policy & Benefits Office.

9. Gifts or Payment

No payments or gifts are made to respondents.

10. Confidentiality

No assurance of confidentiality was provided to respondents other than information protected by the Freedom of Information Act.

A Privacy Act Statement is not required for this collection because we are not requesting individuals to furnish personal information for a system of records.

A System of Record Notice (SORN) is not required for this collection because records are not retrievable by PII.

A Privacy Impact Assessment (PIA) is not required for this collection because PII is not being collected electronically.

Records Retention and Disposition Schedule: Cut off when superseded or obsolete; destroy 3 years after cut off (102-07).

11. Sensitive Questions

There are no questions or needed information of a sensitive nature such as social security number required on the employer certification document.

12. Respondent Burden, and its Labor Costs

a. Estimation of Respondent Burden

Estimation of Respondent Burden Hours					
	Number of Respondents	Number of Responses per Respondent	Number of Total Annual Responses	Response Time (Amount of time needed to complete the collection instrument)	Respondent Burden Hours (Total Annual Responses multiplied by Response Time) Please compute these into hours)
Certification Letter	1,500	1	1,500	10 min.	250
Total	1,500	1	1,500	10 min.	250

The estimated number of respondents is 1,500 per year. They would be required to generate the certification document (letter described above) at the time they, as an employer, opt to offer a non-contributory TRICARE insurance supplement as part of their employee benefit plan. There is no required form or mandated letter format to document certification. Any employer preferred format is acceptable.

b. Labor Cost of Respondent Burden

Labor Cost of Respondent Burden					
	Number of Responses	Response Time per Response	Respondent Hourly Wage	Labor Burden per Response (Response Time multiplied by Respondent Hourly Wage)	Total Labor Burden (Number of Responses multiplied by Response Time multiplied by Respondent Hourly Wage)
Certification	1,500	10 min.	\$35	\$5.83	\$8,750

Letter					
Total	1,500	10 min.	\$35	\$5.83	\$8,750

It is estimated to take about 10 minutes to compose, type, print and coordinate the letter certifying compliance, for a total of 250 annual hours if 1,500 employers were involved. Based on a wage rate of \$35 per hour for an Assistant HR Manager, taken from [www.payscale.com](http://www.payscale.com) the total cost is \$8,750.

13. Respondent Costs Other Than Burden Hour Costs

There is no submission or filing fee associated with providing this certification to the Department of Defense. There are administrative costs associated with this collection (e.g., the cost of paper, faxing, emailing), but they are minimal (less than \$1 per respondent). We estimate that these administrative costs for respondents, in the aggregate, amount to less than \$50.

14. Cost to the Federal Government

	Collection Instrument	Total
Number of Responses	1,500	1,500
Processing Time Per Response (in hours)	1 hour	1 hour
Hourly Wage of Worker(s) Processing Responses	\$60	\$60
Cost to Process Each Response (Processing Time Per Response multiplied by Hourly Wage of Worker(s) Processing Responses)	\$60	\$60
Total Cost to Process Responses (Cost to Process Each Response multiplied by Number of	\$90,000	\$90,000

Responses		
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Operational and Maintenance Costs						
Equipment	Printing	Postage	Software Purchases	Licensing Costs	Other	Total
0	0	0	0	0	0	0

Total Cost to the Federal Government		
Operational and Maintenance Costs	Labor Cost to the Federal Government	Total Cost (O&M Costs + Labor Cost)
0	\$90,000	\$90,000

The estimated annual cost to the Government is approximately \$90,000. This estimate is based on the Government spending 1 hour requesting, receiving, reviewing and filing the estimated 1,500 certifications per year, at a wage rate of approximately \$60 per hour.

[https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2016/CS\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2016/CS_h.pdf)

15. Reasons for Change in Burden

This is a reinstatement, without change, of a previously approved collection for which approval has expired. Several employers and employees have called for clarification, but no certifications letters have been requested by DoD. With the Affordable Care Act still being implemented and debated, the DoD will continue to monitor compliance via feedback from employers and their TRICARE-eligible employees.

16. Publication of Results

The certifications collected will not be published or shared with any agency not involved with ensuring employer compliance.

17. Non-Display of OMB Expiration Date

Non-display of the OMB expiration date is not being requested.

18. Exceptions to "Certification for Paperwork Reduction Submissions"

We are not requesting any exemptions to the provisions stated in 5 CFR 1320.9.