

Supporting Statement A
Blueprint for Approval of State-Based Exchanges
(CMS-10416/OMB control number: 0938-1172)

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A. Background

The Patient Protection and Affordable Care Act Public Law 111-148, enacted on March 23, 2010, and the Health Care and Education Reconciliation Act Public Law 111-152, enacted on March 30, 2010 collectively, the “Affordable Care Act” (ACA), expanded access to health insurance for individuals and employees of small businesses through establishing new Affordable Insurance Exchanges (Exchanges), including the Small Business Health Options Program (SHOP). The Exchanges, which became operational on January 1, 2014, enhance competition in the health insurance market, expand access to affordable health insurance for millions of Americans, and provide consumers with a place to easily compare and shop for health insurance coverage. States can choose to establish and operate a State-based Exchange (SBE) or a State-based Exchange on the Federal Platform (SBE-FP).

An SBE is an entity that both facilitates the purchase of Qualified Health Plans (QHPs) by qualified individuals and provides for the establishment of a SHOP, consistent with ACA § 1311 (b) and 45 CFR § 155.100. The ACA and its implementing regulations provide states with flexibility in designing and operating Exchanges, so states implement Exchanges that best meet their consumers’ needs. As such, states can choose to establish and operate an SBE or SBE-FP. States electing to operate as an SBE-FP rely on the federal HealthCare.gov platform to carry out eligibility and enrollment functions, but operate other Exchange functions, including consumer assistance and outreach. In states that do not elect to operate either an SBE or SBE-FP, the Secretary of the U.S. Department of Health and Human Services (HHS) operates a Federally-facilitated Exchange (FFE).

The Centers for Medicare & Medicaid Services (CMS) is requesting OMB approval for revision of the currently approved Blueprint Application information collection tool. This submission is a revision and includes material changes to the collection instrument, the Blueprint Application. States electing to operate an SBE or SBE-FP must submit a Declaration of Intent Letter and complete the Blueprint for Approval of State-Based Exchanges for Coverage Years beginning on or after January 1, 2025 (Exchange Blueprint Application), as well as participate in Operational Readiness Reviews (ORRs) with CMS. However, if a state does not elect to operate either an SBE or SBE-FP, then no action is required, and CMS would continue to operate an FFE on behalf of the state. FFE states can also work with CMS to undertake certain Plan Management functions for their individual and SHOP markets.

This Exchange Blueprint Application replaces previous versions, and will be available on State Exchange Resource Virtual Information System (SERVIS): <https://portal.cms.gov/servis/>. States that already have a conditionally approved Exchange Blueprint Application as an SBE or SBE-FP for a coverage year prior to January 1, 2025 and wish to transition to a new state Exchange model must submit an updated Declaration of Intent Letter and Exchange Blueprint Application for the applicable model. A state operating as an SBE or SBE-FP that is electing to transition to the FFE should follow the process described in 45 CFR § 155.106(b).

B. Justification

1 Need and Legal Basis

The ACA § 1311(b)(1) and its implementing regulations gives states the opportunity to establish SBEs or SBE-FPs, subject to approval or conditional approval that the state meets federal standards. Section 1321(c) of the ACA directs the HHS Secretary to facilitate the establishment of

an FFE in a state that does not operate either an SBE or SBE-FP. Per regulations at 45 CFR § 155.105 and 155.106:

- States electing to establish and operate an SBE must submit their Exchange Blueprint Application to CMS at least 15 months prior to the beginning of an SBE's first Open Enrollment.
- States seeking to establish and operate an SBE-FP must submit their Exchange Blueprint Application to CMS at least three months prior to the beginning of an SBE-FP's first Open Enrollment.
- SBEs or SBE-FPs that wish to transition to the FFE should notify CMS in accordance with timelines in 45 CFR 155.106(b).

In completing the Exchange Blueprint Application, states must submit a compilation of attestations and descriptions of some processes. Following a state's submission of its State Exchange Blueprint application to HHS, a state must conduct at least one public engagement (such as a townhall meeting or public hearing), in a timeline and manner considered effective by the state, with concurrence from HHS, at which interested parties can learn about the state's intent to transition to a State Exchange and the state's progress toward effectuating that transition. Additionally, the state must conduct periodic public engagements at which interested parties can continue to learn about the state's progress toward finalizing its transition to a State Exchange either in-person or virtually in accordance with timelines in 45 CFR 155.106(a). The Exchange Blueprint Application is organized by Exchange activities and includes requirements for an operational Exchange.

As part of CMS's Exchange approval or conditional approval process, in addition to a state submitting an Exchange Blueprint Application, a state is also expected to submit a Declaration of Intent Letter and demonstrate compliance with operational requirements through ORRs. To further ensure operational readiness of an Exchange, CMS may conduct onsite system demonstrations and consultations as part of its approval process. Per regulations at 45 CFR § 155-156, CMS must ensure that a state meets the requirements for establishing an Exchange and meets all legal and operational requirements.¹

To ensure a state can operate a successful and compliant SBE or SBE-FP, it is critical that states provide CMS with a complete and thorough Exchange Blueprint Application and Declaration of Intent Letter, and demonstrate operational readiness. CMS continues to streamline all reporting and assessments required from states to ensure an efficient and effective Exchange approval process.

2 Information Users

CMS will use the information collected pursuant to the reporting requirements for states. Other federal agencies will review the information to determine if a state can implement a complete and fully operational Exchange. The Exchange Blueprint Application is the sole data collection instrument CMS uses to collect this information from states.

The Exchange Blueprint Application allows CMS to monitor a state's progress towards successful implementation of an SBE or SBE-FP and assess readiness for the Open Enrollment Period the state intends to first begin operations of their SBE or SBE-FP. CMS will use the Exchange Blueprint Application used in conjunction with a streamlined readiness reviews process focusing on

¹ Patient Protection and Affordable Care Act, HHS Notice of Benefit and Payment Parameters for 2025; Updating Section 1332 Waiver Public Notice Procedures; Medicaid; Consumer Operated and Oriented Plan (CO-OP) Program; and Basic Health Program (89 FR 26218) and any subsequent updates to the final rule.

program integrity requirements, assessing the state's internal controls and compliance with ACA.

3 Use of Information Technology

The Exchange Blueprint Application is available on the CMS SERVIS portal², which permits electronic submission of all responses and uploads of documentation.

4 Duplication of Efforts

This information collection does not duplicate any other federal information collection.

5 Small Businesses

This collection does not impact small businesses or other small entities.

6 Less Frequent Collection

CMS cannot conduct data collection less frequently. The Exchange approval process requires a one-time submission of the completed application tool in order for CMS to assess an Exchange's compliance with ACA requirements and associated regulations.

7 Special Circumstances

There are no special circumstances for this information collection.

8 Federal Register/Outside Consultation

A 60-day notice published in the Federal Register on Month Day, Year (90 FR XXXXX). No additional outside consultation was sought.

9 Payments/Gifts to Respondents

No payments and/or gifts will be provided to respondents.

10 Confidentiality

There will be no collection of confidential data or information from the respondents.

11 Sensitive Questions

There are no sensitive questions included in this information collection effort.

12 Burden Estimates (Hours & Wages)

CMS requires states electing to operate an SBE or SBE-FP to submit an Exchange Blueprint Application. To derive average costs, CMS used data from the U.S. Bureau of Labor Statistics May 2023 National Occupational Employment and Wage Estimates for all salary estimates (https://www.bls.gov/oes/current/oes_nat.htm). Table 1 presents the mean hourly wage, the cost of

² Exchanges will complete the Exchange Blueprint Application on SERVIS at <https://portal.cms.gov/servis/>

fringe benefits (calculated at 100 percent of salary), and the adjusted hourly wage. Revisions to the Blueprint Application information collection tool resulted in additional attestation requirements for SBEs and SBE-FPs. Due to updated federal regulations and the new standards noted in the 2025 Payment Notice final rule, CMS revised existing requirements and added new and enhanced requirements to the Blueprint Application information collection tool increasing the overall burden hours per response.

Table 1 displays nine roles: Senior Operations Manager (11-1021) at an adjusted hourly wage of \$124.36; Computer and Information Systems Manager (11-3021) at an adjusted hourly wage of \$173.76; Management Analysts (13-1111) at an adjusted hourly wage of \$111.08; Computer System Analyst (15-1211) at an adjusted hourly wage of \$106.54; Budget Analyst (13-2031) at an adjusted hourly wage of \$87.38; Administrative Assistant (43-6010) at an adjusted hourly wage of \$48.68; Lawyer (23-1011) at an adjusted hourly wage of \$47.90; and Chief Executive (11-1011) at an adjusted hourly wage of \$248.94.

Table 1 – Wage Rates

Occupation Title	Occupation Code	Mean Hourly Wage (\$/hr)	Fringe Benefits and Overhead (\$/hr)	Adjusted Hourly Wage (\$/hr)
General and Operations Manager	11-1021	\$62.18	\$62.18	\$124.36
Computer and Information Systems Manager	11-3021	\$86.88	\$86.88	\$173.76
Management Analyst	13-1111	\$55.54	\$55.54	\$111.08
Computer System Analyst	15-1211	\$53.27	\$53.27	\$106.54
Budget Analyst	13-2031	\$43.69	\$43.69	\$87.38
Administrative Assistant	43-6010	\$23.95	\$23.95	\$47.90
Lawyer	23-1011	\$84.84	\$84.84	\$169.68
Chief Executive	11-1011	\$124.47	\$124.47	\$248.94

As indicated, CMS is adjusting 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, doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

Annualized Hours and Costs

Table 2 outlines the requirements associated with the Blueprint, as well as the hours and costs required to complete each section. CMS estimates that nine personnel will be involved in developing and submitting an Exchange Blueprint Application, and that two states will submit an Exchange Blueprint Application in the three-year period. CMS estimates that:

- It will take a general and operations manager 8.5 hours (\$1,057.06) to oversee application development, and a computer and information systems manager 5 hours (\$868.80) to provide inputs into the application.
- It will take a management analyst 14.5 hours (\$1,610.66), a Computer System Analyst 5 hours (\$532.70), a Budget Analyst 5 hours (\$436.90), and an administrative assistant 3.5 hours (\$167.65) to support development and review the Blueprint Application.

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- The review and approval of the application will take a lawyer 5 hours (\$848.40), a chief executive manager 5 hours (\$1,244.70) and a general and operations manager 1.75 hours (\$217.63).

Thus, it will take 53.25 hours to submit an Exchange Blueprint Application, with a cost per SBE or SBE-FP of \$6,984.50. The total burden for two respondents is 106.5 hours and \$13,969.00.

Table 2 – Total Burden and Cost Estimates Associated with Blueprint Application

Labor Category	Adjusted Hourly Wage (\$/hr)	Burden Hours	Burden Cost Per Respondent	Burden Costs (2 respondents)
General and Operations Manager (11-1021)	\$124.36	8.5	\$1,057.06	\$2,114.12
Computer and Information Systems Manager (11-3021)	\$173.76	5	\$868.80	\$1,737.60
Management Analysts (13-1111)	\$111.08	14.5	\$1,610.66	\$3,221.32
Computer System Analyst (15-1211)	\$106.54	5	\$532.70	\$1,065.40
Budget Analyst (13-2031)	\$87.38	5	\$436.90	\$873.80
Administrative Assistant (43-6010)	\$47.90	3.5	\$167.65	\$335.30
Lawyer (23-1011)	\$169.68	5	\$848.40	\$1,696.80
Chief Executive (11-1011)	\$248.94	5	\$1,244.70	\$2,489.40
General and Operations Manager (11-1021)	\$124.36	1.75	\$217.63	\$435.26
TOTAL		53.25	\$6,984.50	\$13,969.00

Estimated Annualized Burden Table

The calculation of the overall costs includes the best estimates for the number of Exchange Blueprint Applications that states may submit. CMS estimates that this Information Collection Request (ICR) will apply to two potential respondents in the next three years.

CMS estimates it will take a state agency 53.25 hours to complete and submit this Exchange Blueprint Application (Refer to Table 3). The majority of the time will be spent by management analysts (13- 1111) and operations managers (11-1021) completing and reviewing the Exchange Blueprint Application, consulting with systems and budget experts within the agency, and coordinating the review and approval of the Exchange Blueprint Application among the legal department and relevant department heads, and finally, the Governor’s office.

Table 3 – Estimated Burden Hours

Forms	Type of Respondent	Number of Respondents	Number of Responses per Respondent	Estimated Burden hours per Response	Total Estimated Burden Hours
Exchange Blueprint Application	State Agency	2	1	53.25	106.5
Total				53.25	106.5

13 Capital Costs

There are no capital costs associated with this collection.

14 Cost to Federal Government

Total cost to the federal government across the three years of the ICR is \$109,948.68. It requires the combined labor of federal employees at the GS-12, GS-13, GS-14, and GS-15 levels in the Washington DC area to review and assess the Exchange Blueprint Applications.

Based on the most current General Schedule (GS) pay schedule effective January 2024:

- A GS-12, Step 1 earns a basic rate of \$47.53 hourly.
- A GS-13, Step 1 earns a basic rate of \$56.52 hourly.
- A GS-14, Step 1 earns a basic rate of \$66.79 hourly.
- A GS-15, Step 1 earns a basic rate of \$78.56 hourly.

CMS multiplied hourly rates by a standard government benefits multiplication factor of two. Refer to Table 4.

Table 4 – Cost to Federal Government

Federal Employee Task	Estimate Cost
Tracking of Exchange Blueprint Applications	–
GS-12: 1 x \$95.06 x 90 hours	\$8,555.40
Review of Exchange Blueprint Applications	–
GS-13: 1 x \$113.04 x 300 hours	\$33,391.20
GS-14: 1 x \$133.58 x 132 hours	\$17,632.56
Managerial Review and Oversight	–
GS-15: 1 x \$157.12 x 45 hours	\$7,070.40

15 Changes to Burden

The Office of Management and Budget (OMB) previously approved this information collection on August 31, 2022, with a total of 126 burden hours. The overall burden hours for this approval decreased because of the reduction in the number of respondents estimated over the next three years, which reduced from four to two based on the agency’s best estimate. This decreased the total annual burden hours from 126 to 106.5. Although the burden hours per respondent increased from 31.5 to 53.25 due to additional attestation requirements in the Blueprint Application information collection tool, the estimated number of respondents over the next three years has decreased, which results in an overall decrease in total burden hours.

Type of respondent	Total Requested	Change Due to New Statute	Change Due to Agency Discretion	Change Due to Agency Estimate	Change Due to Violation	Currently Approved
Annual responses	2	N/A	-2	N/A	N/A	4
Annual hour	106.5	N/A	-19.5	N/A	N/A	126
Annual cost burden	\$13,969.00	N/A	+\$1,781.12	N/A	N/A	\$12,187.88

16 Publication/Tabulation Dates

CMS will not publish the results of this collection.

17 Expiration Date

CMS will display the OMB control number and expiration date on the first page (top-right corner) of each instrument. The anticipated expiration date is May 30, 2028.

18 Exceptions to Certification for Paperwork Reduction Act Submissions

There are no exceptions to the Certifications.