

**Supporting Statement Part A**  
**Medicare Part C Utilization Management Annual Data Submission**  
(CMS-10913; OMB 0938-1488)

**Background**

Under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 and implementing regulations at 42 CFR Parts 422, Medicare Advantage (MA) organizations (hereinafter referred to interchangeably as *MAOs*) are required to comply with all Medicare Part C program requirements. Additionally, CMS has authority under sections 1857(e)(1) and 1860D–12(b)(3)(D) of the Social Security Act (hereinafter referred to as the “Act”) to require that MA organizations provide CMS “with such information . . . as the Secretary may find necessary and appropriate.” CMS also has authority, in section 1856(b) of the Act, to establish standards to carry out the MA program.

On April 12, 2023, CMS issued the *Contract Year 2024 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly* final rule (88 FR 22120), hereinafter referred to as the April 2023 final rule, which, in part, finalized updates to the MA utilization management (UM) program requirements in §§ 422.101 and 422.137 that clarified coverage criteria for basic benefits and the annual review of UM tools. Pursuant to CMS’s authorities under Section 1857(d) of the Act to oversee MA organizations’ compliance with MA program requirements and our authority at § 422.516(a) to collect MA program information, CMS developed this data collection package in response to the April 2023 final rule and solicited comment on the collection in the Federal Register (89 FR 104547) on December 23, 2024 for the 30-day public comment period. Based on comments received during the 30-day public comment period, we modified the PRA package to significantly reduce burden by eliminating the audit protocol and corresponding audit collection instruments from the PRA package. Additionally, we reduced the scope of the Annual Data Submission to apply only to internal coverage criteria for Medicare Part C services subject to prior authorization by the MAO and reduced the number of data fields required. These edits collectively decreased the collection from eight to one document. Additionally, we have included an example document in the package to demonstrate how the information should be populated and submitted.

We are finalizing the following collection instrument:

**Annual Data Submission:** All MAOs offering the Medicare Part C benefit will be subject to the UM annual data submission for services requiring prior authorization in the applicable calendar year. Related data collection instruments:

- Medicare Part C Utilization Management Annual Data Submission

We also included an example document that shows how the data will be compiled and submitted in accordance with the Medicare Part C Utilization Management Annual Data Submission. This example document does not add or modify any data fields in the UM annual data submission and is only intended to provide examples to MAOs on how to populate the fields. That document is:

- Utilization Management Annual Submission (UMAS) Record Layout with Examples (optional)

Based on 30-day comments, we are eliminating the following audit collection instruments proposed in the 30-day PRA package:

- CMS List of Targeted Services
- Medicare Part C Utilization Management Audit Protocol Data Request
- Utilization Management Criteria (UMC) Record Layout with Examples (optional)
- Analysis of Internal Coverage Criteria
- Medicare Part C UM Supplemental Questions
- Medicare Part C UM Root Cause Analysis

## **A. Justification**

### **1. Need and Legal Basis**

Section 1857(d) of the Act, added by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 and implementing regulations at 42 CFR § 422.503 and § 422.504 state that CMS must oversee an MA organization's continued compliance with the requirements for a MA organization. Additionally, per § 422.516(a), MA organizations are required to compile and report to CMS information related to the utilization of services, and other matters as CMS may require.

Per the *Contract Year 2024 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All Inclusive Care for the Elderly* final rule (88 FR 22120), MAOs must comply with new requirements pertaining to the development, appropriateness, and public accessibility of internal coverage criteria.

The data collected by way of the Medicare Part C UM Annual Data Submission in this PRA package will allow CMS to conduct oversight related to the following federal requirement:

- Requirements relating to basic benefits- § 422.101

### **2. Information Users**

The information gathered from the UM annual data submission will be used by the Medicare Parts C and D Oversight and Enforcement Group (MOEG) within the Center for Medicare (CM)

to develop a national landscape of services subject to internal coverage criteria during the prior authorization process, and to assess internal coverage criteria trends, and perform oversight activities.

The UM annual data submissions for all MAOs will be due to CMS by February 28 of each calendar year. The first UM annual data submission will be due on February 28, 2026 for services subject to prior authorization and internal coverage criteria effective for 2026; however, CMS will extend the timeframe as needed to ensure MAOs have sufficient time to submit requested data.

### 3. Use of Information Technology

The UM annual data submission is 100 percent electronic and does not require respondent signatures. MAOs can produce 100 percent of requested information from their internal systems.

Information collected from MAOs for the Annual Data Submission will be obtained electronically via the Health Plan Management System (HPMS), a system that was developed and is maintained by CMS, and to which all MAOs have access. This system is also secure, requiring users to request and gain access via CMS personnel and then they must create and maintain a secure user id and password.

### 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

This collection will have a minimal impact on small businesses since applicants must possess an insurance license and be able to accept substantial financial risk. Generally, state statutory licensure requirements effectively preclude small businesses from being licensed to bear the risk needed to serve Medicare beneficiaries.

### 6. Less Frequent Collection

42 CFR Part 422 Subpart K stipulates that CMS must oversee a MAO's continued compliance with CMS requirements. All MAOs that offer the Medicare Part C benefit are expected to complete the Medicare Part C Utilization Management Annual Data Submission on an annual basis.

Less frequent collection of the data from MAOs would severely limit CMS's ability to perform accurate and timely oversight and monitoring activities concerning Medicare Part C UM and could result in an increased potential for harm to Medicare beneficiaries. Additionally, MAOs are allowed to update internal coverage criteria as needed throughout the calendar year, and

requesting an annual submission of the criteria is necessary to maintain current and reliable information regarding the Medicare Part C benefit.

#### 7. Special Circumstances

42 CFR § 422.504(d) stipulates that records are to be maintained for 10 years. Otherwise, there are no 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;
- Prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- Submit more than an original and two copies of any document;
- Require respondents to 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

The 30-day notice for this data collection published in the Federal Register on December 23, 2024 (89 FR 104547). We received comments from 15 unique commenters following the 30-day public comment period. Changes made to the data collection based on these comments are listed in the attached Crosswalk of Changes, along with the final data collection instruments.

This data collection can be updated with specific dates when the publication dates are known.

#### 9. Payments/Gifts to Respondents

There are no payments or gifts to respondents associated with this information collection request. MAOs are required to comply with CMS oversight (produce records for examination, etc.) and CMS could terminate a contract for failure to comply.

## 10. Confidentiality

CMS will adhere to all statutes, regulations, and agency policies regarding privacy. Privacy will be maintained to the extent provided by the law. While MAOs are required to provide CMS access to records, data and other beneficiary information, CMS will ensure that the collected information and any sensitive or personal information will be transferred and/or stored through HPMS, which is a secure site.

## 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)

To derive cost estimates, we used the U.S. Bureau of Labor Statistics' most recent National Occupational Employment and Wage Estimates for all salary estimates ([https://www.bls.gov/oes/current/oes\\_nat.htm](https://www.bls.gov/oes/current/oes_nat.htm)) from May 2024. In this regard, the following table presents the median hourly wage, the cost of fringe benefits (calculated at 100 percent of median hourly wage), and the adjusted hourly wage. For the UM annual data submission burden estimate, we selected the following personnel based on CMS's previous experiences collecting industry-wide data.

### National Occupational Median Hourly Wage and Adjusted Hourly Wage

Occupation Title	Occupation Code	Median Hourly Wage (\$/hr.)	Fringe Benefit (\$/hr.)	Adjusted Hourly Wage (\$/hr.)
Compliance Officer	13-1041	37.70	37.70	75.40
Computer Systems Analyst	15-1211	49.90	49.90	99.80

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.

### *Wage Estimates for Medicare Part C UM Annual Data Submission*

We estimated wages for the UM annual data submission by determining the mean hourly wage for the positions we believe would be associated with the submission of annual data.

Occupation Title	Total Number of Positions	Adjusted Hourly Wage (\$/hr.)
Computer Systems Analyst	2	100
Compliance Officer	1	75

Based on the above adjusted hourly wage rates (rounded to the nearest whole dollar) and positions, we estimate a mean hourly wage of **\$92/hr.** for MAOs' activities related to the UM annual data submission.

### Burden Estimates

#### *Medicare Part C UM Annual Data Submission*

We estimate that a total of 175 MAOs will incur burden associated with the UM annual data submission. This number represents the number of currently active MAOs that offer the Medicare Part C benefit. We considered multiple factors, including the hours estimated in the recent "Service Level Data Collection for Initial Determinations and Appeals" PRA package (CMS-10905), our experience collecting universes for Medicare Parts C and D program audits, and our experience reviewing internal coverage criteria on MAOs' websites. The scope of this data varies greatly from MAO to MAO. Some MAOs have identified no internal coverage criteria, while others develop internal coverage criteria that differ from contract to contract, or locality to locality. Given these variances, our estimated hours per response represents the level of effort we expect for the most MAOs, but we expect some variation that cannot otherwise be predicted. For this effort, we estimate an average of **15 hours** per MAO response for administrative and systemic work to assemble and submit the requested information annually.

### Burden Summary

Information Collection	Respondents	Responses (per Respondent)	Total Responses	Burden per Response (hours)	Total Annual Burden (hours)	Labor Cost of Reporting (\$/hr.)	Information Collection Total Annual Cost
Medicare Part C UM Annual Data Submission	175	1	175	15	2,625	\$92	\$241,500
Total	175	1	175	15	2,625	\$92	\$241,500

### 13. Capital Costs

There is no capital cost associated with this collection.

### 14. Cost to Federal Government

#### *Medicare Part C UM Annual Data Submission Cost*

The estimated annual cost of the UM annual data submission includes the development and maintenance of a module within HPMS that we would need to accommodate and the systems technology we will use. We derived this estimate based on the Medicare Part C Reporting Requirements and the information published in the recent *Service Level Data Collection for Initial Determinations and Appeals* PRA package (CMS-10905), which would also use HPMS to collect data. As with the *Service Level Data Collection for Initial Determinations and Appeals* PRA package, we consider the annual cost for the Medicare Part C Reporting Requirements that supports data reporting through HPMS as our baseline. This amount is the same as previously reported and is a “standard” estimate used in our ICRs when HPMS resources support information processing and reporting. In total, we estimate an annual cost of \$500,000 to the federal government for this collection, which is an increase over the baseline estimate due to the systems technology we will use for reporting purposes.

<b>Total Collection Cost to the Federal Government</b>
\$500,000

## 15. Changes to Burden

This is a new collection of information request. Therefore, all burden noted in Sections 12 through 15 represent the initial burden estimates of this collection. As previously explained, the annual total hourly burden for MAOs to complete the Medicare Part C UM Annual Data Submission is 2,625 hours, which represents a reduction of 16,555 hours from the previous burden estimate of 19,180 hours for the proposed 30-day public comment period data collection.

We made significant changes to data collection to reduce burden based on the 30-day public comments received. Several commenters considered the collection burdensome and expressed concern that CMS may have underestimated the collection burden, or suggested changes to the collection to reduce burden. In response to these comments, we eliminated the audit protocol and its associated data collection instruments from the collection. Additionally, although we are finalizing the UM annual data submission, the collection will only apply to internal coverage criteria for services subject to prior authorization. Lastly, we have reduced the number of data fields for the UM annual data submission.

The attached Crosswalk of Changes further details the data collection changes for which we anticipate burden changes. Considering the significant changes we made to reduce the burden of this data collection in response to 30-day public comments, we believe our revised burden estimate is an accurate representation of burden for the finalized data collection.

## 16. Publication/Tabulation Dates

The information collected during the UM annual data submission may be compiled in a given year and CMS may include information about the collection in an annual report. If CMS aggregates information during a given year, we anticipate the information will be reported by the close of the subsequent year and the information will be posted to the CMS Parts C and D Audit website at <https://www.cms.gov/medicare/audits-compliance/part-c-d>.

## 17. Expiration Date

The expiration date will be displayed on all of the documents associated with this information, including the following documents:

- Medicare Part C Utilization Management Annual Data Submission
- Utilization Management Annual Submission (UMAS) Record Layout with Examples (example document only)

## 18. Certification Statement

There are no exceptions.

**B. Collections of Information Employing Statistical Methods**

No statistical methods are applied to any of the audit information collected.