

**THE REGULATORY  
REQUIREMENTS  
OF THE  
HEALTH SECURITY ACT**

**VOLUME II: REGULATORY MANDATES  
UNDER THE HEALTH SECURITY ACT**

**MULTINATIONAL BUSINESS SERVICES, INC.**

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of the  
Health Security Act**

**Volume II: Regulatory Mandates  
Under the Health Security Act**

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**APPENDIX A:**

**A GUIDED TOUR OF THE HEALTH SECURITY ACT ADMINISTRATION**

## Appendix A -- A Guided Tour of the Health Security Act Administration

### How to Use This Appendix

This appendix provides an office-by-office breakdown of the 59 federal, state, and regional alliance offices comprising the Health Security Act ("HSA") administrative apparatus. For each office we have provided the following information:

Total FTE's: This entry states the total number of full-time employee equivalents ("FTE's") we estimate to be necessary to enable the new office to perform its mandated duties.

Functions of the New Office: This entry provides a brief description of the main regulatory mandates for which the new office would be responsible. This description is a summary of the duties set forth in Appendix B below. Reference to the specific duties in Appendix B may be found under "Subcategories for Which This Office Would Be Responsible."

Corresponding Existing Office: This section identifies (i) the corresponding existing office used for estimating the staffing of the new office, (ii) the location of the existing Office within HCFA or another agency, (iii) the number of FTE's now required to staff the existing office, and (iv) the primary duties performed by the existing office. All data on existing FTE's was obtained from either the HCFA manual or discussions with officials in the relevant agency or office.

Basis for HSA Figure: This section explains the basis on which the new office FTE's were estimated. If the estimated FTE's were increased to take into account the performance of duties for a larger population than is presently served by the existing office, the following information is provided: (i) population served by the existing office, (ii) population which would be served by the new office, (iii) ratio used to increase the new office FTE's.

For extrapolation purposes, we utilized the following population base statistics:

- a. U.S. HSA population: 218,882,000. This represents the July 1, 1992 U.S. population of 255,082,000<sup>1</sup> minus the February 1993 Medicare population of 36,200,000.<sup>2</sup>

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<sup>1</sup> U.S. Dep't Commerce, *Statistical Abstract of the U.S.: 1993*, Table No. 31 at 28.

<sup>2</sup> Source: Office of Budget & Administration, HCFA.

- b. Population served by HCFA: 69,000,000. This represents the combined Medicare (36,200,000) and Medicaid (32,800,000) populations.<sup>3</sup>

For estimates involving extrapolations to take into account increases in the population to be served under the HSA, we factored in a 30% deduction for presumed economies of scale.

Where additional factors indicate that we may have underestimated the number of FTE's required to staff an office, such factors are set forth in this section.

Subcategories for Which This Office Would Be Responsible: This section enables the reader to locate the specific duties in Appendix B (as well as citations to specific provisions of S. 1757) for which the new office would be responsible.<sup>4</sup>

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<sup>3</sup> Source: Office of Budget & Administration, HCFA.

<sup>4</sup> In a number of cases, S. 1757 would divide responsibility for the new office duties among two or more agencies. In such cases, we have assigned all of the duties (and the corresponding FTE's) to the new office in the agency responsible for the largest number of duties. If the HSA is enacted into law, it is likely that parallel offices would be established in two or more agencies to handle these duties.

For example, Office No. 7 is the federal office that would have to be created to undertake actuarial duties under the HSA. The language in S 1757 indicates that three new offices would have to be created in three separate agencies, as the HSA would require three federal agencies to perform different actuarial duties. (Alternatively, one new actuarial office would have to be created in the National Health Board, and existing offices at HHS and the Labor Department would have to be expanded.) As there is no basis for estimating how the relevant officials would exercise their discretion in apportioning the new FTE's among these three offices, we have placed all of the federal actuarial FTE's in the National Health Board.

### Overview of the New Federal and State Offices

	No. of Offices	No. of FTE's
A. Offices Wholly or Primarily Within the National Health Board	8	2,407
B. Offices Wholly or Primarily Within HHS	13	5,981
C. Offices Within the Labor Department	4	1,972
D. Offices Within Other Federal Agencies	2	420
E. New Federal Entities	15	343
<b>Federal Subtotal</b>	<b>42</b>	<b>11,123</b>
F. New State Offices	9	10,247
G. New State Entities	3	45,376
<b>State Subtotal</b>	<b>12</b>	<b>55,623</b>
H. Regional Alliance-Level State Offices	5	31,400
<b>Combined State/Regional Alliance Subtotal</b>	<b>17</b>	<b>87,023</b>
<b>COMBINED FEDERAL/STATE/REGIONAL ALLIANCE TOTAL</b>	<b>59</b>	<b>98,146</b>

## FTE's by Office

### New Federal Offices and Entities

Name of Office	No. of FTE's
<b>A. Offices Wholly or Primarily Within the National Health Board:</b>	
1. Office of Executive Operations/Legislation & Policy	110
2. Division of Coverage Policy	21
3. Division of Eligibility Policy	15
4. Division of Provider Standards	18
5. Office of State System Compliance	130
6. Office of Quality Management & Improvement	742
7. Office of the Actuary	189
8. Administrative Offices (Deputy & Associate Administrators, Budget Administration, Equal Opportunity, Public Affairs, and Public Liaison)	1,182
<b>B. Offices Wholly or Primarily Within HHS:</b>	
9. Long-Term Care Division -- Private Insurance Policy Branch	28
10. Long-Term Care Division -- Disability Programs Branch	28
11. Office of Mental Health & Substance Abuse Programs	195
12. Office of Underserved Population Programs	100
13. Coordination Office for Indian Health Plans	210
14. Office of Core Functions & Preventive Care	26
15. Health Professions Bureau	200
16. All-Payer Fraud & Abuse Control Bureau	1,855
17. Bureau of Privacy Policy & Compliance	1,855
18. Office of Research & Demonstrations	182
19. Office of Regional Alliance Compliance	45
20. National Health Information System	1,227
21. Central Loan Unit	30



Name of Office	No. of FTE's
<b>C. Offices Within the Labor Department:</b>	
22. Bureau of Employer Compliance	1,855
23. Office of Corporate Alliance Compliance	45
24. Office of Health Plan Compliance	45
25. Office of Collection & Transfer Policy	27
<b>D. Offices Within Other Federal Agencies:</b>	
26. Coordination Office for Uniformed Services Health Plan	210
27. Coordination Office for Veterans Administration Health Plans & Facilities	210
<b>E. New Federal Entities:</b>	
28. Advisory Commission on Regional Variations in Health Expenditures	21
29. National Privacy & Health Data Advisory Council	4
30. National Quality Consortium	4
31. National Quality Management Council	18
32. Regional Professional Foundations	50
33. Technical Advisory Committee	6
34. Advisory Commission on Breakthrough Drugs	2
35. Federal Advisory Group for State Disability Programs	2
36. National Council on Graduate Medical Education	4
37. National Council on Graduate Nurse Education	4
38. National Long-Term Care Insurance Advisory Council	10
39. Corporate Alliance Health Plan Insolvency Fund	194
40. Federal Health Plan Review Board	20
41. Commission on the Integration of Health Benefits	2
42. National Institute for Health Care Workforce Development	2
<b>TOTAL FEDERAL:</b>	<b>11,123</b>

## New State Offices and Entities

### **F. New State Offices:**

43.	State Offices of Health Care Regulatory Affairs	2,720
44.	State Health Care Pricing Offices	900
45.	State Long-Term Care Regulatory Offices	900
46.	State Special Programs Offices	900
47.	State Offices of Health Care Enforcement	900
48.	State Regional Alliance Coordination Offices	900
49.	State Divisions of Provider Compliance	900
50.	State Divisions of Health Plan Compliance	900
51.	State Offices of Health Care Data & Actuarial Services	1,227

### **G. New State Entities:**

52.	State Advisory Groups for State Disability Programs	100
53.	State Complaint Review Offices	43,904
54.	State Guaranty Funds	1,372

**STATE-LEVEL SUBTOTAL:** **55,623**

### **H. Regional Alliance-Level State Offices:**

55.	Regional Alliance Central Offices	5,000
56.	Regional Alliance Enrollment Offices	22,850
57.	Regional Alliance Consumer Affairs Offices	900
58.	Regional Alliance Consumer Ombudsman Offices	900
59.	Regional Alliance Offices of Data & Actuarial Management	1,750

**REGIONAL ALLIANCE-LEVEL SUBTOTAL:** **31,400**

**COMBINED STATE/REGIONAL ALLIANCE  
SUBTOTAL:** **87,023**

**COMBINED FEDERAL/STATE/REGIONAL  
ALLIANCE TOTAL:** **98,146**

## **A Guided Tour of the New Federal and State Offices**

### **Office No. 1:        Offices of Executive Operations/Legislation and Policy**

Total FTE's: 110, to be divided among the National Health Board, the Department of Health and Human Services, and the Department of Labor. Two new offices would have to be created in the National Health Board; existing offices in the Department of Health and Human Services and Labor would have to be expanded.

Functions of the New Office: This office would be responsible for (i) preparing the Board's annual report to Congress, and (ii) processing all regulations required to be issued by the National Health Board, including, but not limited to, regulations concerning consumer protection, marketing, antitrust, employer compliance, health plan finance, enrollment, uniformed services health programs, inter-alliance premium transfers, premium collection, alliance compliance, proceedings before the Complaint Review Offices and the Federal Health Plan Review Board, implementation and operation of the National Information System, workers' compensation insurance, and automobile insurance.

Corresponding Existing Office: Two existing HCFA offices, the Office of Executive Operations and the Office of Legislation and Policy, share in formulating policy and processing regulations for final promulgation. The former office is also responsible for drafting HCFA's annual report to Congress, although staff from numerous other HCFA offices must also spend substantial time in preparing the report. The Office of Executive Operations is staffed with 54.4 FTE's; the Office of Legislation and Policy, with 56.4.

Basis for HSA Figure: These functions are not population specific. Therefore, we have applied the FTE figures for the two existing offices. We note, however, that the existing staff is tasked only with processing new regulations as new issues arise. The HSA administration would have to prepare an entire scheme of regulations from scratch. Therefore, our figure is artificially low; a substantially larger staff would probably be required to implement these duties.

Office No. 1 (continued)

Subcategories For Which This Office Would Be Responsible:

National Health Board Duties:

1. Annual Report to Congress: See App. B, item 1.
3. Consumer Protection: See App. B, items 19-21.
4. Employers -- Compliance & Oversight: See App. B, item 22.
5. Financial Management -- of Health Plans: See App. B, items 23-25.
8. Plans -- Enrollment: See App. B, items 36-39.
10. Plans -- Insolvency -- Guaranty Funds for Insolvent Regional Alliance Plans: See App. B., items 41-42.
11. Plans -- Uniformed Services Health Plans: See App. B, item 43.
12. Premiums -- Collection & Transfer Among Plans & Alliances: See App. B, item 44.
26. Regional Alliances -- Compliance & Oversight: See App. B, item 100.

Department of Health and Human Services Duties:

34. Consumer Protection: See App. B, item 121.
44. Financial Management -- of Health Plans: See App. B, item 195.
80. Workers' Compensation & Automobile Insurance: See App. B, items 366-369.

Labor Department Duties:

84. Dispute Resolution -- Complaint Review Offices: See App. B, items 381-384.
85. Dispute Resolution -- Federal Health Plan Review Board: See App. B, items 385-386.
95. National Health Information System -- Data Collection & Transmission: See App. B, item 412.
105. Workers' Compensation & Automobile Insurance: See App. B, items 444-451.

Office No. 2:        Division of Coverage Policy

Total FTE's: 21, to be divided among the National Health Board and the Department of Health and Human Services.

Functions of the New Office: This new office would be responsible for the development of policies, guidelines, standards, and rules governing all questions relating to coverage under the Act.

Corresponding Existing Office: The Division of Coverage Policy (within the Office of Medicaid Policy, which is within HCFA's Medicaid Bureau) develops rules governing the scope of Medicaid coverage, and is staffed with 21 FTE's.

Basis for HSA Figure: These functions are not population specific. Therefore, we have applied the FTE figure for the existing office. The model office staff, however, is tasked only with developing new rules as new issues arise. The HSA administration would have to create an entire scheme of regulations from scratch. Moreover, the scope of HSA coverage is much broader than the scope of existing Medicaid coverage. Therefore, our figure is artificially low; a substantially larger staff would probably be required to implement these duties.

Subcategories For Which This Office Would Be Responsible:

National Health Board Duties:

2.    Benefit Package -- Scope of Coverage: See App. B, items 2-18.

Department of Health and Human Services Duties:

31.   Benefit Package -- Scope of Coverage: See App. B, item 117.
32.   Breakthrough Drugs: See App. B, items 118-119.

Office No. 3:        Division of Eligibility Policy

Total FTE's: 15, in the National Health Board.

Functions of the New Office: This office would be responsible for the development of policies, guidelines, standards, and rules governing all questions relating to eligibility.

Corresponding Existing Office: The Division of Medicaid Eligibility Policy (within the Office of Medicaid Policy, which is within HCFA's Medicaid Bureau) develops rules governing Medicaid eligibility, and is staffed with 15 FTE's.

Basis for HSA Figure: These functions are not population specific. Therefore, we have applied the FTE figure for the existing office. We note, however, that the model office staff is tasked only with developing new rules as new issues arise. The new HSA office would have to create an entire scheme of regulations from scratch. Moreover, the scope of HSA coverage is much broader than the scope of existing Medicaid coverage. Therefore, our figure is artificially low; a substantially larger staff would probably be required to implement these duties.

Subcategories For Which This Office Would Be Responsible:

National Health Board Duties:

7. Plans -- Eligibility: See App. B, items 27-35.

Office No. 4:        Division of Provider Standards

Total FTE's: 18, at the National Health Board.

Functions of the New Office: This new office would be tasked with developing demonstration standards for the licensing of health care institutions. The new office would have to review the performance of health care institutions throughout the U.S. to develop nationwide standards.

Corresponding Existing Office: The Division of Operations Standards (within HCFA's Bureau of Program Operations) monitors contractor compliance for contractors serving the Medicaid/Medicare population. The Division is staffed with 18 FTE's.

Basis for HSA Figure: These functions are not population specific. Therefore, we have applied the FTE's for the existing office.

Subcategories For Which This Office Would Be Responsible:

National Health Board Duties:

- 6. Medical Malpractice Reform -- Alternative Dispute Resolution: See App. B, item 26.
- 24. Providers -- Compliance & Oversight: See App. B, item 92.

Department of Health & Human Services Duties:

- 70. Providers -- Centers of Excellence: See App. B, item 330.

Office No. 5:      Office of State System Compliance

Total FTE's: 130, to be divided among the National Health Board and the Department of Health and Human Services.

Functions of the New Office: The National Health Board would be required to (i) set standards for participating states, including standards for state system filings, (ii) monitor state compliance with such standards, and (iii) take enforcement action against noncomplying states. The Department of Health and Human Services would be required to (iv) establish and administer a system for monitoring and enforcing each state's compliance with the new federal long-term care insurance regulatory scheme.

Corresponding Existing Office: The Division of Program Performance (within the Office of Medicaid Management, which is within HCFA's Medicaid Bureau) is staffed with 130 FTE's, and monitors each state's compliance with its duties under Medicaid. The Division coordinates the monitoring activities of employees both within and outside the Division.

Basis for HSA Figure: The existing office administers state programs covering the Medicaid population. The new office would administer state programs covering the entire U.S. HSA population. Although the new office would clearly require a larger number of FTE's, we have applied the FTE figure for the existing office, because the increased burdens borne by the new office would not be directly proportional to the new population served.

Subcategories For Which This Office Would Be Responsible:

National Health Board Duties:

- 29. State Systems -- Compliance & Oversight: See App. B, items 107-112.
- 30. State Systems -- State System Documents: See App. B, items 113-116.

Department of Health and Human Services Duties:

- 49. Long-Term Care -- Private Insurance -- State Compliance: See App. B, items 226-233.
- 61. Plans -- Insolvency -- Guaranty Funds for Insolvent Regional Alliance Plans: See App. B, items 285-286.



Office No. 6:

Office of Quality Management and Improvement

Total FTE's: 742, to be divided among the National Health Board, the Department of Health and Human Services, and the Agency for Health Care Policy and Research (within the Public Health Service).

Functions of the New Office: This office would be tasked with (i) implementing a broad, multifaceted program for "quality management and improvement" covering the entire U.S. population, (ii) establishing and overseeing the Regional Professional Foundations, and (iii) conducting consumer surveys on an ongoing, national basis.

Corresponding Existing Office: HCFA's Health Care Standards and Quality Bureau is responsible for implementing a survey, standards and quality program for Medicare and Medicaid providers. The Bureau is staffed with 294.8 FTE's.

Basis for HSA Figure: HCFA's Health Standards and Quality Bureau administers a quality management program for the combined Medicaid/Medicare population of 69 million individuals. Under the HSA, the corresponding new office would have to administer a broader program for a much larger population.

In order to arrive at a number applicable to the U.S. HSA population as a whole, we multiplied the existing HCFA FTE's by a ratio of 3.1722, representing the HSA population divided by the HCFA population, and arrived at 932 FTE's. To take into account a presumed 30% economy of scale, we then deducted 30% from the difference between 294 and 935, and arrived at 742 FTE's for this office.

Subcategories For Which This Office Would Be Responsible:

National Health Board Duties:

25. Quality Management & Improvement: See App. B, items 93-99.

Department of Health and Human Services Duties:

75. Quality Management & Improvement: See App. B, item 357.

Agency for Health Care Policy and Research (within the Public Health

Service) Duties:

107. Quality Management & Improvement: See App. B, items 453-454.

Office No. 7:        Office of the Actuary

Total FTE's: 189, to be divided among the National Health Board and the Departments of Health and Human Services and Labor.

Functions of the New Office: This office would be responsible for (i) undertaking all actuarial determinations under the Act, including the determination of premium components and amounts and federal and state payments to alliances, as referenced below, (ii) developing risk adjustment and reinsurance systems for the whole country, and (iii) establishing rules, standards, and guidelines pertaining to actuarial matters.

Corresponding Existing Office: HCFA's Office of the Actuary performs actuarial functions for HCFA, and is staffed with 75 FTE's.

Basis for HSA Figure: HCFA's Office of the Actuary performs actuarial functions for the combined Medicaid/Medicare population of 69 million individuals. Under the HSA, the corresponding new office would have to perform a larger number of actuarial calculations and other related functions for a much larger population.

In order to arrive at a number applicable to the HSA population as a whole, we multiplied the existing HCFA FTE's by a ratio of 3.1722, representing the HSA population divided by the HCFA population, and obtained 238 FTE's. To take into account a presumed 30% economy of scale, we then deducted 30% of the difference between 75 and 238, and arrived at 189 FTE's for this office.

Subcategories For Which This Office Would Be Responsible:

National Health Board Duties:

- 13-21. Premiums -- Determination of Amount: See App. B, items 45-86.
- 22. Premiums -- Federal Payments to Alliances: See App. B, items 87-88.
- 23. Premiums -- State Payments to Alliances: See App. B, items 89-91.
- 27. Risk Adjustment & Reinsurance: See App. B, items 101-104.
- 28. Risk Adjustment & Reinsurance -- Technical Advice & Assistance: See App. B, items 105-106.

Department of Health and Human Services Duties:

- 62. Plans -- Veterans Administration Health Plans & Facilities: See App. B, item 287.
- 64-67. Premiums -- Determination of Amount: See App. B, items 292-308.
- 68. Premiums -- Federal Payments to Alliances: See App. B, items 309-319.
- 69. Premiums -- State Payments to Alliances: See App. B, items 320-329.

Labor Department Duties:

- 94. Financial Management -- of Health Plans: See App. B, item 411.
- 101-103. Premiums -- Determination of Amount: See App. B, items 432-442.
- 110. Premiums -- Federal Payments to Alliances: See App. B, item 458.

Office No. 8:            Offices of Budget and Administration, Equal Opportunity, Public Affairs, and Public Liaison

Total FTE's: 1,182, to be divided among the National Health Board and the Department of Health and Human Services.

Functions of the New Office: These new offices would be responsible for the administration of the new administrative apparatus, including (i) personnel, administrative matters, financial management, and procurement, (ii) implementation of the equal opportunity laws, (iii) public affairs, and (iv) public liaison.

Corresponding Existing Offices: 469.1 FTE's are now required to operate the following administrative offices within HCFA: (i) Office of Budget and Administration (365.4 FTE's); (ii) Equal Opportunity Office (14.2 FTE's); (iii) Office of Public Affairs (28.5 FTE's); (iv) Office of Public Liaison (19.3 FTE's); (v) Administrator/Deputy Administrator (14.3 FTE's); and (vi) Associate Administrators (27.4).

Basis for HSA Figure: HCFA's existing administrative offices are required to operate an administrative apparatus serving the combined Medicaid/Medicare population of 69 million individuals.

Under the HSA, a proportionally greater number of FTE's would be required to operate an administrative apparatus regulating the entire HSA population. In order to arrive at a number applicable to the HSA population as a whole, we multiplied the existing HCFA FTE's (serving the combined Medicare/Medicaid population) by a ratio of 3.1722, representing the HSA population divided by the HCFA population, and arrived at 1,488 FTE's. To take into account a presumed 30% economy of scale, we then deducted 30% of the difference between 469 and 1,488, and arrived at 1,182 FTE's for this office.

Subcategories For Which This Office Would Be Responsible: Not applicable.

Office No. 9:        Long-Term Care Division -- Private Insurance Policy Branch

Total FTE's: 28, at the Department of Health and Human Services.

Functions of the New Office: This office would be responsible for (i) developing policies and drafting at least 15 specific sets of regulations to govern all aspects of the long-term care insurance industry, (ii) appointing the National Long-Term Care Advisory Board, and (iii) reviewing and approving/disapproving each state's program for the regulation of long-term care insurance.

Corresponding Existing Office: The Long-Term Care Branch of HCFA's Bureau of Policy Development develops standards for private long-term care facilities serving the Medicare population, and is staffed with 28 FTE's.

Basis for HSA Figure: The existing office develops standards, policies, and rules to govern long-term care facilities subject to Medicare and Medicaid. The new office would develop a regulatory scheme entirely distinct from the existing Medicare scheme. This new rulemaking function would not be population specific.

The new office would arguably require a larger number of FTE's in order to develop an entirely new scheme. Nevertheless, we have applied the FTE figure for the existing office, because any increased burdens borne by the new office would not be directly proportional to the new population served.

Subcategories For Which This Office Would Be Responsible:

Department of Health and Human Services Duties:

47. Long-Term Care -- Consumer Education Grants: See App. B, items 205-208.
48. Long-Term Care -- Private Insurance: See App. B, items 209-225.

Office No. 10:      Long-Term Care Division -- Disability Programs Branch

Total FTE's: 28, at the Department of Health and Human Services.

Functions of the New Office: This office would be responsible for (i) developing policies and drafting at least eight specific sets of regulations to govern state disability programs, (ii) establishing the Federal Advisory Group for State Disability Programs, (iii) reviewing and approving/disapproving each state's plan for home and community-based services to individuals with disabilities, (iv) monitoring each state's compliance with its state plan, (v) determining amounts to be paid to individual states for the implementation of state plans, (vi) determining the number of individuals in each state with disabilities by age, sex, and income category, and (vii) preparing interim and final reports to Congress evaluating state disability programs.

Corresponding Existing Office: See discussion at Office No. 9.

Basis for HSA Figure: See Office No. 9.

Subcategories For Which This Office Would Be Responsible:

- Department of Health and Human Services Duties:
50. Long-Term Care -- State Disability Programs: See App. B, items 234-250.

Office No. 11:      Office of Mental Health and Substance Abuse Programs

Total FTE's: 195, at the Department of Health and Human Services.

Functions of the New Office: This office would be tasked with (i) administering grant programs for the treatment of both mental illness and substance abuse on a national basis, and (ii) reviewing state reports on the integration of state mental health and substance abuse programs into the comprehensive benefit package.

Corresponding Existing Office: The Center for Substance Abuse (within the Public Health Service) administers grants to community partnerships and high-risk youths for substance abuse treatment. The Center is staffed with 195 FTE's.

Basis for HSA Figure: The existing Center requires 195 FTE's to administer a limited number of programs involving substance abuse treatment. However, the Center utilizes a large number of subcontractors in addition to the 195 FTE's taken into account for the present estimate. Moreover, the new office would administer a much broader, comprehensive scheme targeting both mental illness and substance abuse treatment for the entire HSA population. Although the new office would clearly require a larger number of FTE's (possibly double the existing number), we have applied the FTE figure for the existing Center, because the increased burdens borne by the new office would not be directly proportional to the new population served.

Subcategories For Which This Office Would Be Responsible:

Department of Health and Human Services Duties:

53. Mental Health & Substance Abuse Care: See App. B, items 258-263.



Office No. 12:      Office of Underserved Population Programs

Total FTE's: 100, at the Department of Health and Human Services.

Functions of the New Office: This new office would (i) administer programs to certify essential community providers, (ii) establish "qualified community health plans and practice networks," (iii) provide payments to hospitals serving vulnerable populations, and (iv) provide services to underserved areas and migrant health centers.

Corresponding Existing Office: The Bureau of Health Professions (within the Health Resources and Services Administration ("HRSA")) administers health resources and services categorical programs targeting special populations and health concerns, including underserved communities, migrant workers, the homeless, public housing residents, native Hawaiians, rural communities, minority males, black lung clinics, AIDS, and family planning. The Bureau is staffed with 300 FTE's.<sup>5</sup>

Basis for HSA Figure: The existing Bureau administers programs not limited to one segment of the U.S. population. Therefore, we have applied the FTE figure for the existing Bureau without taking into account any increase in the number of new programs to be administered by new Office Nos. 12 and 15. We have apportioned 100 FTE's to the programs for underserved populations to be administered by Office No. 12 and 200 FTE's to the education-related programs of Office No. 15.

Subcategories For Which This Office Would Be Responsible:

Department of Health and Human Services Duties:

71. Providers -- Essential Community Providers: See App. B, items 331-340.
72. Providers -- Hospitals Serving Vulnerable Populations: See App. B, items 341-344.
73. Providers -- Qualified Community Health Plans & Practice Networks: See App. B, items 345-355.
74. Providers -- Underserved Areas/Community & Migrant Health Centers:

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<sup>5</sup> HRSA estimates its total FTE's for 1993 to be 2,293. Executive Office of the President, *Budget of the U.S. Government: Fiscal Year 1994*, at 603.

See App. B, item 356.

Office No. 13:      Coordination Office for Indian Health Plans

Total FTE's: 210, at the Department of Health and Human Resources.

Functions of the New Office: This office would be responsible for (i) overseeing all Indian Health Service ("IHS") programs to ensure that they provide all items and services included in the comprehensive benefit package and that they otherwise conform to requirements for health plans under the HSA, (ii) monitoring compliance with plan certification standards, (iii) contracting with health plans to provide services to Indian communities, (iv) establishing premiums for non-Indians who are family members of Indians, (v) collecting premiums owed by non-Indian family members, and (vi) consulting with tribal and other Indian organizations.

Corresponding Existing Office: The Office of Health Care Administration/Contract Health Services Division (within the Office of Health Programs of the IHS) prepares Medicaid and Medicare billing for participants in Indian Health Service programs, and is staffed with 210 FTE's (10 in the main office, 200 in field offices).

Basis for HSA Figure: The existing office is staffed with 210 FTE's and serves an IHS "user population" of 1,149,881. However, the existing office only addresses the needs of that segment of the IHS user population participating in Medicare or Medicaid. The new office would be responsible for performing the expansive duties described above for the entire non-Medicare user population. Nevertheless, we have applied the FTE figure for the existing office, because any increased burdens borne by the new office would not be directly proportional to the new population served.

Subcategories For Which This Office Would Be Responsible:

Department of Health and Human Services Duties:

- 60. Plans -- Indian Health Service Programs: See App. B, items 272-284.
- 108. Plans -- Indian Health Service Programs: See App. B, item 455.

Office No. 14:      Office of Core Functions and Preventive Care

Total FTE's: 26, at the Department of Health and Human Services.

Functions of the New Office: This office would be responsible for (i) administering grant programs to states to enable them to carry out "core functions," such as data collection, monitoring, assessing, etc., and (ii) developing uniform sets of data for monitoring core health functions on a national basis.

Corresponding Existing Office: The Office of Disease Prevention and Health Promotion (under the joint aegis of HHS and the Public Health Service) coordinates disease prevention and health promotion policies between agencies within HHS and between HHS and other agencies, and is staffed with 26 FTE's.

Basis for HSA Figure: The new office would administer grant programs covering the entire HSA population. Although the new office would appear to require a larger number of FTE's, we have applied the FTE figure for the existing office.

Subcategories For Which This Office Would Be Responsible:

Department of Health and Human Services Duties:

35. Core Functions & Preventive Care: See App. B, items 122-132.

Office No. 15:      Bureau of Health Professions

Total FTE's: 200, at the Departments of Health and Human Services and Labor.

Functions of the New Office: This new bureau would be required to (i) administer federal formula grant programs to academic health centers, graduate medical education programs, and graduate nurse education programs, (ii) establish and oversee the National Council on Graduate Medical Education and the National Council on Graduate Nurse Education, (iii) establish health care professional training programs, (iv) administer primary and secondary school health education program grants to state and local governments, and (v) administer grant programs to establish school-related health services and sites.

Corresponding Existing Office: See discussion at Office No. 12 above.

Basis for HSA Figure: See discussion at Office No. 12 above.

Subcategories For Which This Office Would Be Responsible:

Department of Health and Human Services Duties:

- 36. Education & Training -- Academic Health Centers: See App. B, items 133-141.
- 37. Education & Training -- Graduate Medical Education & Specialty Training: See App. B, items 142-160.
- 38. Education & Training -- School Health Education: See App. B, items 161-176.
- 39. Education & Training -- School Health Services & Sites: See App. B, items 177-178.
- 40. Education & Training -- Workforce Training & Development: See App. B, items 179-181.

Labor Department Duties:

- 87. Education & Training -- Workforce Training & Development: See App. B, items 389-395.

Office No. 16:      All-Payer Fraud and Abuse Control Bureau

Total FTE's: 1,855, at the Department of Health and Human Services.

Functions of the New Office: This new regulatory entity would be tasked with establishing a new, nationwide anti-fraud program, which would include the following elements: (i) coordination with the Offices of the Inspector and Attorney General, HHS, and other entities to prevent, detect, and control health care fraud and abuse, (ii) investigations, audits, evaluations, and inspections relating to the delivery of and payment for health care, (iii) the holding of hearings for individuals and entities before excluding them from participation in health plans on grounds of fraud or abuse, (iv) notification of entities of exclusions (and terminations of exclusions) from participation, and (v) policy development and rulemaking on anti-fraud matters.

Corresponding Existing Office: The Office of Investigations (within the Office of the Inspector General at HCFA) conducts audits of intermediaries and carriers. In order to carry out this function, the Office utilizes 37 FTE's belonging to the Office of the Inspector General, 18 FTE's at HCFA's Bureau of Program Operations (who audit intermediaries), and 1,800 auditors (who are directly employed by the intermediaries to audit providers).

Basis for HSA Figure: HCFA's Office of Investigations audits intermediaries and carriers serving the combined Medicaid/Medicare population of 69 million individuals. Under the HSA, the corresponding new office would have to conduct audits and investigations targeting the entire HSA population of individuals, providers, plans, and other entities. Nevertheless, we did not take into account the larger population served in arriving at an estimate for this new office.

We believe that our estimate for this office is significantly understated, because (i) we have not taken into account the increase in population subject to the HSA, and (ii) the existing office we used as our model investigates only entities (e.g., intermediaries and providers), whereas the HSA office would be required to monitor individual consumers and providers, as well as entities. Under the above-stated estimate, each FTE would be responsible for auditing and investigating activities targeting 117,995 plan enrollees (in addition to an indeterminate number of providers, plans, alliances, etc., and assuming no administrative support staff).

Subcategories For Which This Office Would Be Responsible:

Department of Health and Human Services Duties:

- 42. Enforcement: See App. B, items 183-185.
- 43. Enforcement -- All-Payer Health Care Fraud & Abuse Program: See App. B, items 186-194.

Office No. 17:      Bureau of Privacy Policy and Compliance

Total FTE's: 1,855, primarily in the Department of Health and Human Services, but also in the National Health Board and the Labor Department.

Functions of the New Office: This office would be responsible for (i) establishing a system to provide a "unique identifier number" for each HSA enrollee, (ii) determining whether specific, individual enrollees in the U.S. health care system have failed to comply with privacy standards, misused the health security card, or misused a unique identifier number, (iii) assessing penalties against persons who violate regulations governing confidentiality in dispute resolution, and (iv) developing standards and rules to govern the gathering of information by employers and other privacy-related matters.

Corresponding Existing Office: See discussion at Office No. 16.

Privacy regulation would be a major component of the HSA. S. 1757 makes clear that, independent of its anti-fraud duties, the federal government would be called upon to audit and investigate specific instances of information-withholding, unauthorized disclosure, card misuse, pin number misuse, and other privacy violations at the consumer, provider, plan, alliance, and government levels.

Basis for HSA Figure: See discussion at Office No. 16.

We believe that this estimate is significantly understated. This estimate assumes that 1,855 FTE's would be able to process and resolve complaints from a population of 218,882,000 consumers of health care services.<sup>6</sup> This would require each individual federal employee to serve a population of 117,995 consumers. If only 1% of the HSA population were to file privacy-, form-, or data-related complaints annually, the resulting work load would be 2,188,820 complaints per year. This, in turn, would require each federal employee to process and resolve 1,180 complaints per year (or, 3.23 per day based on a 365-day work year).

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<sup>6</sup> Resolution of complaints involving confidentiality violations committed in the context of dispute resolution proceedings would entail the assessment of civil monetary penalties and the prosecution of lawsuits to collect such penalties. See App. B, item 388.



Subcategories For Which This Office Would Be Responsible:

National Health Board Duties:

129. National Health Information System -- Privacy: See App. B, items 552-557.

Department of Health and Human Services Duties:

56. National Health Information System -- Privacy: See App. B, items 267-268.

Labor Department Duties:

86. Dispute Resolution -- Privacy: See App. B, items 387-388.  
96. National Health Information System -- Privacy: See App. B, item 413.

Office No. 18:      Office of Research and Demonstrations

Total FTE's: 182, at the Departments of Health and Human Services and Labor.

Functions of the New Office: This office would be tasked with conducting research and demonstration projects provided for under the HSA, including, but not limited to, the specific projects referenced below.

Corresponding Existing Office: HCFA's Office of Research and Demonstrations conducts research and demonstration projects targeting the combined Medicare/Medicaid population, and is staffed with 182.4 FTE's.

Basis for HSA Figure: HCFA's Office of Research and Demonstrations serves the combined Medicaid/Medicare population of 69 million individuals. Under the HSA, the corresponding new office would have to perform research and demonstration programs described in S. 1757 for a much larger population. We estimate that at least 182 new FTE's would be required to implement the demonstration projects referenced below, as well as other research and demonstration projects called for in other provisions of the HSA.

Subcategories For Which This Office Would Be Responsible:

Department of Health and Human Services Duties:

- 46. Long-Term Care -- Acute & Long-Term Care Integration Demonstration Program: See App. B, items 200-204.
- 51. Malpractice Reform -- Enterprise Liability Demonstration Project: See App. B, items 251-254.
- 52. Malpractice Reform -- Liability Guidelines Project: See App. B, items 255-257.
- 54. Mental Health & Substance Abuse Care -- Demonstration Project: See App. B, item 264.
- 77. Risk Adjustment & Reinsurance -- Research & Demonstration Projects: See App. B, item 359.
- 78. State Systems -- Compliance & Oversight: See App. B, items 360-361.
- 79. State Systems -- Planning & Start-Up Support Grants: See App. B, items 362-365.
- 81. Workers' Compensation & Automobile Insurance -- Demonstration Projects: See App. B, item 370.

Labor Department Duties:

- 88. Education & Training -- Workforce Training & Development -- Demonstration Project: See App. B, item 396.
- 106. Workers' Compensation & Automobile Insurance -- Demonstration Projects: See App. B, item 452.

Office No. 19:      Office of Regional Alliance Compliance

Total FTE's: 45, at the Department of Health and Human Services.

Functions of the New Office: This office would be responsible for (i) establishing standards governing the financial management, record maintenance, accounting practices, auditing procedures, and financial reporting requirements of regional alliances, and (ii) periodically performing financial and other audits of regional alliances to ensure their compliance with the Act.

Corresponding Existing Office: See discussion at Office No. 4.

Basis for HSA Figure: HCFA's Office of Operations Standards monitors the performance and compliance of contractors and insurers serving the combined Medicaid/Medicare population of 69 million individuals. Under the HSA, the corresponding new office would have to monitor the performance and compliance of every regional alliance in the U.S.

In order to arrive at an FTE figure applicable to the HSA population, we multiplied the existing HCFA FTE's (serving the combined Medicare/Medicaid population) by a ratio of 3.1722, representing the HSA population divided by the HCFA population, and arrived at 57 FTE's. To take into account a presumed 30% economy of scale, we then deducted 30% of the difference between 18 and 57, and arrived at 45 FTE's.

Subcategories For Which This Office Would Be Responsible:

Department of Health and Human Services Duties:

45. Financial Management -- of Regional Alliances: See App. B, items 196-199.

Office No. 20:      National Health Information System

Total FTE's: 1,227, at the Department of Health and Human Services.

Functions of the New Office: This office would bear primary responsibility for (i) collecting and transmitting all data under the HSA, which would involve the processing of health and financial data concerning every individual, health plan, and alliance in the entire U.S. These activities would include (ii) overseeing the establishment of the nationwide Electronic Data Network and its component Regional Centers, (iii) providing technical assistance to the states with respect to information gathering, (iv) establishing education and awareness programs to foster information security practices, train personnel, and inform individuals of their information security rights, (v) promulgating standards to govern data collection, and (vi) determining whether specific individual providers or plans have failed to comply with the standard benefit forms.

Corresponding Existing Office: HCFA's Bureau of Data Management and Strategy is staffed with 487.2 FTE's. This figure, however, does not include the FTE's responsible for data management at HCFA's ten regional offices.

Basis for HSA Figure: HCFA's Bureau of Data Management and Strategy performs information gathering and processing functions for the combined Medicaid/Medicare population of 69 million individuals. Under the HSA, the National Health Information System would have to perform more expansive information gathering functions covering a much larger population.

In order to arrive at an FTE figure applicable to the HSA population as a whole, we multiplied the existing HCFA FTE's (serving the combined Medicare/Medicaid population) by a ratio of 3.1722, representing the HSA population divided by the HCFA population, and arrived at 1,545 FTE's. To take into account a presumed 30% economy of scale, we then deducted 30% of the difference between 487 and 1,545, and arrived at 1,227 FTE's for this office.

Subcategories For Which This Office Would Be Responsible:

Department of Health and Human Services Duties:

- 55. National Health Information System -- Data Collection & Transmission: See App. B, items 265-266.
- 57. National Health Information System -- Standardized Forms: See App. B, item 267.
- 59. Plans -- Eligibility: See App. B, item 271.
- 63. Premiums -- Collection & Transfer Among Plans & Alliances: See App. B, items 288-291.
- 125. National Health Information System -- Data Collection & Transmission: See App. B, items 539-544.
- 126. National Health Information System -- Demonstration Projects: See App. B, item 545.
- 127. National Health Information System -- Education & Awareness Programs: See App. B, item 546.
- 128. National Health Information System -- Health Security Cards: See App. B, items 547-551.
- 130. National Health Information System -- Standardized Forms: See App. B, items 558-559.

Office No. 21:      Central Loan Unit

Total FTE's: 30, in the Department of Health and Human Services.

Functions of the New Office: This office would be responsible for processing all loans under the Act.

Corresponding Existing Office: The Division of Facilities Loans (within HRSA) is staffed with 30 FTE's.

Basis for HSA Figure: The existing office administers loans for HRSA programs covering the entire U.S. population. The new office would administer loans for a more expansive facilities and infrastructure program covering the entire HSA population. Although the new office would clearly require a larger number of FTE's, we have applied the FTE figure for the existing office, because the increased burdens borne by the new office would not be directly proportional to the new population served.

Subcategories For Which This Office Would Be Responsible:

Department of Health and Human Services Duties:

- 33. Centralized Loan Unit: See App. B, item 120.
- 118. Centralized Loan Unit: See App. B, items 498-507.  
(See also App. B, items 160 (nurse education loans) and 458 (regional alliance shortfall loans)).

Office No. 22:      Employer Compliance Bureau

Total FTE's: 1,855, primarily at the Labor Department.

Functions of the New Office: This office would be responsible for (i) conducting audits and investigations to ensure the compliance of all employers in the U.S. with all employer requirements under the Act, (ii) imposing and enforcing final orders and civil monetary penalties against noncomplying employers, and (iii) reviewing the results of regional alliance audits of specific employers when the employers are aggrieved with the audit results.

Corresponding Existing Office: See discussion at Office No. 16.

Basis for HSA Figure: See discussion at Office No. 16. In 1990 there were 6,176,000 business establishments in the U.S.<sup>7</sup> Our FTE estimate would require each federal employee to monitor annually a target group of 3,329 business establishments for compliance with all employer mandates under the HSA, assuming that none of these 1,855 new federal employees were to be engaged in administrative support functions.

Subcategories For Which This Office Would Be Responsible:

Department of Health and Human Services Duties:

41. Employers -- Compliance & Oversight: See App. B, item 182.

Labor Department Duties:

89. Employers -- Compliance & Oversight: See App. B, items 397-398.  
90. Employers -- ERISA-Related Requirements: See App. B, items 399-402.  
91. Enforcement: See App. B, items 403-404.  
93. Financial Management -- of Employers: See App. B, items 407-410.

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<sup>7</sup> *Statistical Abstract of the U.S.: 1993*, Table No. 859 at 538.



Office No. 23:      Office of Corporate Alliance Compliance

Total FTE's: 45, at the Department of Labor.

Functions of the New Office: This office would be responsible for (i) overseeing the process of corporate alliance creation, and termination and (ii) conducting audits and investigations of all corporate alliances

Corresponding Existing Office: See discussion at Office No. 4.

Basis for HSA Figure: See discussion at Office No. 19.

Subcategories For Which This Office Would Be Responsible:

Labor Department Duties:

- 82. Corporate Alliances -- Compliance & Oversight: See App. B, items 371-376.
- 83. Corporate Alliances -- Eligible Sponsor Elections: See App. B, items 377-380.
- 92. Financial Management -- of Corporate Alliances: See App. B, items 405-406.

Office No. 24:      Office of Health Plan Compliance

Total FTE's: 45, primarily at the Department of Labor.

Functions of the New Office: This office would be responsible for (i) assessing monetary penalties against health plans that unreasonably deny or delay in making payments or providing benefits, and (ii) commencing civil actions to enforce civil penalties against such health plans.

Corresponding Existing Office: See discussion at Office No. 4.

Basis for HSA Figure: See discussion at Office No. 19.

Subcategories For Which This Office Would Be Responsible:

Department of Health & Human Services Duties:

58. Plans -- Compliance & Oversight: See App. B, item 270.

Labor Department Duties:

97. Plans -- Compliance & Oversight: See App. B, items 414-415.

Office No. 25:      Office of Collection and Transfer Policy

Total FTE's: 27, at the Labor Department.

Functions of the New Office: This office would be responsible for (i) providing, through the use of subcontractors or otherwise, for the collection of amounts owed to regional alliances, (ii) providing technical assistance for the collection of employer payments, and (iii) developing processes and rules to govern the employer payment process.

Corresponding Existing Office: The Payment Policy Division (within the Office of Medicaid Policy, which is within HCFA's Medicaid Bureau) develops payment standards for institutional and non-institutional providers, and is staffed with 27 FTE's.

Basis for HSA Figure: The existing Payment Policy Division regulates institutional and non-institutional providers serving the Medicaid population of 32.8 million individuals. Under the HSA, the corresponding new Office would regulate the payment process for the entire HSA population. Nevertheless, we did not extrapolate a larger figure to take into account the larger population that would be served under the HSA.

Given the magnitude of the collection process and the number of subcontractors likely to be involved, our estimate for this office may be substantially understated.

Subcategories For Which This Office Would Be Responsible:

Labor Department Duties:

100. Premiums -- Collection & Transfer Among Plans & Alliances: See App. B, items 425-431.

Office No. 26:      Coordination Office for Uniformed Services Health Plans

Total FTE's: 210, at the Defense Department.

Functions of the New Office: This office would be responsible for (i) establishing HSA health plans to serve members of the uniformed services on active duty, (ii) promulgating rules to govern the operation of such plans, (iii) entering into agreements with civilian health care plans and providers to provide items and services to such plans, and (iv) administering an account for the crediting of all premium payments and other receipts made in connection with such plans.

Corresponding Existing Office: No appropriate model could be found in the present defense administration. Because the regulatory scheme set out in the HSA parallels that established for Indian Health Service health plans, we have employed as our model the Office of Health Care Administration/Contract Health Services Division (within the Office of Health Programs of the IHS). (See discussion at Office No. 13.)

Basis for HSA Figure: We have applied the figure for the Indian Health Service. (See discussion at Office No. 13.) We note, however, that while the IHS serves a "user population" of only 1,149,881, a total of 1,986,000 individuals are at present enlisted on active duty in the U.S. armed services.<sup>8</sup> Additional staffing might therefore be necessary to perform similar duties with respect to the enlisted population.

Subcategories For Which This Office Would Be Responsible:

Defense Department Duties:

112. Plans -- Uniformed Services Health Plans: See App. B, items 461-469.

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<sup>8</sup> *Statistical Abstract of the U.S.: 1993*, Table No. 559 at 357.

Office No. 27:      Coordination Office for Veterans Administration Health Plans and Facilities

Total FTE's: 210, at the Department of Veterans Affairs.

Functions of the New Office: This office would be responsible for (i) administering Veterans Administration ("VA") health plans, (ii) ensuring that VA health plans provide to each enrollee all comprehensive benefit package items and services, (iii) recovering monies from supplemental insurers on the behalf of VA health plans, (iv) monitoring facilities operating as or within VA health plans, (v) carrying out promotional, advertising, and marketing activities, (vi) reporting to Congress on the operation of VA health plans and the VA health system under the Act, and (vii) applying for grants and other sources of funding to serve the needs of special populations.

Corresponding Existing Office: No appropriate model could be found in the present Veterans Administration. Because the regulatory scheme set out in the HSA parallels that established for Indian Health Service health plans, we have employed as our model the Office of Health Care Administration/Contract Health Services Division (within the Office of Health Programs of the IHS). (See discussion at Office No. 13.)

Basis for HSA Figure: We have used the figure for the IHS. (See discussion at Office No. 13.) We note, however, that while the IHS serves a "user population" of only 1,149,881, the U.S. veterans population in 1991 totalled 26,992,000 individuals.<sup>9</sup> A significantly larger number of FTE's would probably be required to serve the veterans population.

Subcategories For Which This Office Would Be Responsible:

Veterans Affairs Department Duties:

113. Plans -- Veterans Administration Health Plans & Facilities: See App. B, items 470-484.

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<sup>9</sup> *Statistical Abstract of the U.S.: 1993*, Table No. 572 at 362.

Office No. 28:      Advisory Commission on Regional Variations in Health Expenditures

Total FTE's: 21.

Functions of the New Office: The Advisory Commission would (i) study methods of eliminating variations in regional alliance premium targets and aggregate state payment levels, and (ii) submit reports of its findings and recommendations to the National Health Board and Congress.

Corresponding Existing Office: Not applicable.

Basis for HSA Figure: Section 6006 of the HSA would provide for an Advisory Commission composed of representatives from the following special interest groups: consumers, employers, providers, representatives of health plans, health care financing experts, and health care economists. Based on the assumption that one representative of each of these groups would serve on the Advisory Commission, this would amount to six members. Section 6006 further provides that representatives of diverse geographic areas would serve on the Commission: we have assumed six members representing six regions of the U.S. We have also assumed that the Commission would be headed by a chairperson, a deputy, and seven support staff.

Subcategories For Which This Office Would Be Responsible:

116. Premiums -- Determination of Amount: See App. B, items 490-496.

Office No. 29:      National Privacy and Health Data Advisory Council

Total FTE's: 4.

Functions of the New Office: The Council would advise the National Health Board on privacy, data collection, and data transmission issues.

Corresponding Existing Office: Not applicable.

Basis for HSA Figure: The members of the Council would not appear to be full time employees. We estimate that at least four FTE's would be required to publish Council determinations and reports, as well as to perform public affairs, coordination, and liaison duties.

Subcategories For Which This Office Would Be Responsible:

133. National Health Information System -- Privacy: See App. B, item 568.

Office No. 30:      National Quality Consortium

Total FTE's: 4.

Functions of the New Office: The Consortium would (i) oversee the establishment and operation of the Regional Professional Foundations, (ii) establish programs for the continuing education of health professionals, (iii) advise the National Quality Management Council and the Administrator for Health Care Policy and Research on research priorities, and (iv) advise the National Quality Management Council regarding the selection of national measures of quality performance.

Corresponding Existing Office: Not applicable.

Basis for HSA Figure: The members of the Council would not appear to be full time employees. We estimate that at least four FTE's would be required to publish Council determinations and reports, as well as to perform public affairs, coordination, and liaison duties.

Subcategories For Which This Office Would Be Responsible:

134. Quality Management & Improvement: See App. B, items 569-575.



Office No. 31:      National Quality Management Council

Total FTE's: 18.

Functions of the New Office: The Council would be engaged in a number of quality management activities including: (i) assisting the National Health Board in developing privacy standards, (ii) undertaking demonstration projects to assess provider licensing standards proposed by the Board, (iii) researching the practicability of establishing a system of consolidated provider audits, (iv) developing a set of national measures of quality performance, (v) conducting periodic consumer surveys to gather information on access to, use of, and satisfaction with health care services, (vi) preparing and submitting to Congress an annual "national quality report," and (vii) working with the Administrator for Health Care Policy and Research in developing and disseminating information on provider practice guidelines.

Corresponding Existing Office: See discussion at Office No. 4.

Basis for HSA Figure: See discussion at Office No. 4.

Subcategories For Which This Office Would Be Responsible:

- 135. National Health Information System -- Privacy: See App. B, items 576-577.
- 136. Providers -- Certification: See App. B, items 578-581.
- 137. Quality Management & Improvement: See App. B, items 582-599.

Office No. 32:      Regional Professional Foundations

Total FTE's: 50.

Functions of the New Office: The Foundations would be responsible for (i) developing "lifetime learning" programs for health care professionals, (ii) developing "patient education systems" to enhance patient involvement in decisions relating to their health care, (iii) disseminating information about successful quality improvement programs, practice guidelines, and research findings, and (iv) disseminating information on innovative uses of health professionals.

Corresponding Existing Office: Not applicable.

Basis for HSA Figure: We have assumed that there will be at least ten Regional Professional Foundations, based on the fact that HCFA maintains ten regional offices representing ten regions of the U.S. We have estimated that at least five FTE's will be required at each Foundation to administer programs and conduct research, as directed by the National Quality Management Council.

Subcategories For Which This Office Would Be Responsible:

138. Quality Management & Improvement: See App. B, items 600-605.

Office No. 33:      Technical Advisory Committee

Total FTE's: 6.

Functions of the New Office: The Committee would provide technical advice and recommendations concerning the development and modification of risk adjustment and reinsurance methodologies.

Corresponding Existing Office: Not applicable.

Basis for HSA Figure: Section 1543 of the HSA would provide for an Advisory Committee composed of 15 members. We estimate that at least six FTE's would be necessary to provide administrative support for the Committee's technical risk adjustment and reinsurance methodological activities.

Subcategories For Which This Office Would Be Responsible:

139. Risk Adjustment & Reinsurance: See App. B, item 606.

Office No. 34:      Advisory Council on Breakthrough Drugs

Total FTE's: 2.

Functions of the New Office: The Council would determine the reasonableness of breakthrough drug launch prices.

Corresponding Existing Office: Not applicable.

Basis for HSA Figure: The 13 members of the Council would not appear to be full time employees, although provision is made for per diem reimbursement. We estimate that at least two FTE's would be required to publish Council decisions, as well as to perform public affairs, coordination, and liaison duties.

Subcategories For Which This Office Would Be Responsible:

117. Breakthrough Drugs: See App. B, item 497.

Office No. 35:      Federal Advisory Group for State Disability Programs

Total FTE's: 2.

Functions of the New Office: The Group would advise HHS on all aspects of programs for home and community-based services for individuals with disabilities.

Corresponding Existing Office: Not applicable.

Basis for HSA Figure: The members of the Advisory Group would not appear to be full time employees. We estimate that at least two FTE's would be required to publish Advisory Group reports and recommendations, as well as to perform public affairs, coordination, and liaison duties.

Subcategories For Which This Office Would Be Responsible:

121. Long-Term Care -- State Disability Programs: See App. B, item 121.

Office No. 36:      National Council on Graduate Medical Education

Total FTE's: 4.

Functions of the New Office: The Council would be responsible for (i) determining for each year how many individuals would be allowed to enroll in physician training programs for each medical specialty, (ii) allocating specialty positions among the annual number of specialty programs, (iii) determining the historical distribution among areas of approved physician training programs, and (iv) determining minority population under-representation in medical specialty positions.

Corresponding Existing Office: Not applicable.

Basis for HSA Figure: The members of the Council would not appear to be full time employees. We estimate that at least four FTE's would be required to publish Council determinations and reports, as well as to perform public affairs, coordination, and liaison duties.

Subcategories For Which This Office Would Be Responsible:

123. Education & Training -- Graduate Education & Specialty Training: See App. B, items 519-528.

Office No. 37:      National Council on Graduate Nurse Education

Total FTE's: 4.

Functions of the New Office: The Council would be responsible for (i) determining for each year how many individuals would be allowed to enroll in nurse training programs, and (ii) making annual three-year designations for each nursing specialty.

Corresponding Existing Office: Not applicable.

Basis for HSA Figure: The members of the Council would not appear to be full time employees. We estimate that at least four FTE's would be required to publish Council determinations and reports, as well as to perform public affairs, coordination, and liaison duties.

Subcategories For Which This Office Would Be Responsible:

124. Education & Training -- Graduate Education & Specialty Training: See App. B, items 529-538.

Office No. 38:      National Long-Term Care Insurance Advisory Council

Total FTE's: 10.

Functions of the New Office: The Council would (i) provide advice and recommendations to HHS on long-term care insurance matters, (ii) collect, analyze, and disseminate information about long-term care insurance, (iii) develop models, standards, requirements, and procedures for HHS relating to long-term care insurance, and (iv) monitor the development of the long-term care insurance market.

Corresponding Existing Office: Not applicable.

Basis for HSA Figure: The members of the Council would not appear to be full time employees. However, § 2302(f) of the HSA would allocate a salaried executive director and support staff. We estimate that at least ten FTE's would be required to support the Council's ongoing market monitoring, information gathering, and planning functions.

Subcategories For Which This Office Would Be Responsible:

132. Long-Term Care -- Private Insurance: See App. B, items 562-567.



Office No. 39:      Corporate Alliance Health Plan Insolvency Fund

Total FTE's: 194, at the Department of Labor.

Functions of the New Office: The Fund would be responsible for (i) maintaining and disbursing funds for guaranteed benefit payments owed by insolvent corporate alliance health plans, (ii) issuing notes or other obligations to the Treasury Department to finance the payment of guaranteed benefits, and (iii) investing excess funds.

Corresponding Existing Office: The Pension Benefit Guaranty Corporation ("PBGC") is responsible for providing coverage to the beneficiaries of failed pension plans, and is staffed with 340 FTE's.

Basis for HSA Figure: We estimated the number of insolvency/ guaranty fund employees it would take to staff the combined corporate alliance insolvency fund and state guaranty funds for the HSA population by using the PBGC as a model. We then took the resulting figure of 1,372 FTE's and apportioned 14.12% (194 FTE's) to the Corporate Alliance Health Plan Insolvency Fund and the remaining 85.88% (1,178 FTE's) to the combined state guaranty funds.<sup>10</sup>

Population served by the PBGC: The PBGC is staffed with 340 FTE's who service 152,000 pensioners whose pension plans were terminated. However, these individuals are part of a larger pool of 41 million retirees who benefit from PBGC insurance protection. In order to arrive at an FTE estimate applicable to the U.S. HSA population as a whole, we multiplied the PBGC FTE's by a ratio of 5.338, representing the HSA population divided by the PBGC population, to obtain the combined insolvency/guaranty fund figure of 1,815 FTE's. To take into account a presumed 30% economy of scale, we then deducted 30% from the difference between 340 and 1,815, and arrived at 1,372.

Population enrolled in corporate alliances: It is impossible to estimate how many companies would exercise their option to establish corporate alliances under the HSA. Therefore we estimated a reasonable corporate alliance population as follows: The "Fortune 500 Industrial" companies employ

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<sup>10</sup> For purposes of comparison, we note that the State of New York requires in excess of 600 FTE's to operate its insurer insolvency and guaranty fund operations. (Source: Discussions with officials at the New York State Insurance Insolvency Bureau and the National Association of Insurance Commissioners.)

11,802,133 persons.<sup>11</sup> Because most of the employees and their family members would participate in the corporate alliances (if their employers were to elect to establish corporate alliances), we multiplied the number of "Fortune 500 Industrial" employees by the average U.S. household figure of 2.62.<sup>12</sup> The resulting figure of 30,921,588 provides a reasonable corporate alliance population estimate, representing 14.12% of the total HSA population.

Subcategories For Which This Office Would Be Responsible:

Department of Labor Duties:

- 98. Plans -- Insolvency -- Corporate Alliance Health Plan Insolvency Fund: See App. B, items 416-423.
- 99. Plans -- Insolvency -- Operation of Insolvent Corporate Alliance Plans: See App. B, item 424.
- 109. Plans -- Insolvency -- Corporate Health Plan Insolvency Fund: See App. B, items 456-457.

Corporate Alliance Health Plan Insolvency Fund Duties:

- 120. Plans -- Insolvency -- Corporate Health Plan Insolvency Fund: See App. B, items 510-513.

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<sup>11</sup> Fortune Magazine, *The 1993 Directory of U.S. Corporations*, at 47.

<sup>12</sup> *Statistical Abstract of the U.S.: 1993*, Table No. 65 at 55.

Office No. 40:      Federal Health Plan Review Board

Total FTE's: 20.

Functions of the New Office: The Board would review decisions of the Complaint Review Offices. (See discussion at Office No. 53.)

Corresponding Existing Office: HCFA's Office of the Attorney Advisor is staffed with 9 FTE's. The Office's jurisdiction is limited to the review of decisions of the Provider Reimbursement Board and the Medicare Geographical Classification Review Board.

Basis for HSA Figure: Section 5205(a) of the HSA would provide for a Board composed of five decision makers. We estimate that at least 15 law clerks and support/administrative employees would be required to support the new Board.

Subcategories For Which This Office Would Be Responsible:

122. Dispute Resolution -- Federal Health Plan Review Board: See App. B, items 515-518.

Office No. 41:      Commission on Integration of Health Benefits

Total FTE's: 2.

Functions of the New Office: The Commission would (i) study the feasibility and appropriateness of transferring financial responsibility for medical benefits currently covered under workers compensation and automobile insurance to health plans, and (ii) submit to Congress a report containing its detailed recommendations.

Corresponding Existing Office: Not applicable.

Basis for HSA Figure: The 15 members of the Commission would not appear to be full time employees. We estimate that at least two FTE's would be required to publish Commission reports, as well as to perform public affairs, coordination, and liaison duties.

Subcategories For Which This Office Would Be Responsible:

119. Workers' Compensation & Automobile Insurance: See App. B, items 508-509.

Office No. 42:      National Institute for Health Care Workforce Development

Total FTE's: 2.

Functions of the New Office: The Institute would (i) administer programs with respect to retraining, advanced career positions, and job banks, and (ii) make recommendations to HHS and the Labor Department concerning health care workforce matters.

Corresponding Existing Office: Not applicable.

Basis for HSA Figure: We have included the staffing for these duties within the new Bureau of Health Professions. (See discussion at Office No. 15.) We have estimated an additional two FTE's to provide administrative support for the Institute's activities.

Subcategories For Which This Office Would Be Responsible:

131. Education & Training -- Workforce Training & Development: See App. B, items 560-561.

Office No. 43:      State Offices of Health Care Regulatory Affairs

Total FTE's: 2,720, nationwide (averaging 54 per state).

Functions of the New Office: With respect to the overall management of state health care activities, the office would be responsible for (i) coordinating all state activities under the Act, (ii) submitting annually to the National Health Board a compliance report describing the state health care system, (iii) reporting annually to the federal government on state cost containment measures, (iv) organizing Complaint Review Offices and an Early Resolution Program, (v) promulgating rules to govern bidding by plans to prevent abusive pricing practices, and (vi) conforming workers' compensation and automobile insurance statutes to meet the requirements of the Act. This office would also be responsible for applying for, administering, and reporting on the following federal grant programs: (vii) planning and start-up support grants, (viii) core function monitoring, (ix) state school health education, and (x) school-related health services sites development and operation. Finally, this office would (xi) administer school health education grant programs for local governments.

Corresponding Existing Office: HCFA's Office of Executive Operations. (See discussion at Office No. 1.)

Basis for HSA Figure: We estimate that each state would require an office equivalent in size to HCFA's Office of Executive Operations (i.e., 54.4 FTE's). In our discussion of Office No. 1, we estimated that a staff equivalent to HCFA's combined Offices of Executive Operations and Legislation and Policy would be required to carry out the 37 duties referenced for that office. The new state Offices of Health Care Regulatory Affairs would be required to carry out the 33 regulatory duties referenced below. In sum, our estimate for these new offices assumes that the states would be able to handle a volume of duties roughly equivalent to the volume handled by their federal counterpart offices, with a much smaller number of employees per state office.

Subcategories For Which This Office Would Be Responsible:

141. Core Functions & Preventive Care: See App. B, items 608-610.
142. Dispute Resolution -- Complaint Review Offices: See App. B, items 611-613.
143. Education & Training -- School Health Education: See App. B, items 614-623.

- 144. Education & Training -- School Health Services & Sites: See App. B, item 624.
- 164. Premiums -- Determination of Amount -- Health Care Expenditures: See App. B, item 679.
- 165. Premiums -- Determination of Amount -- Plan & Provider Payments: See App. B, item 680.
- 176. State Systems -- Compliance & Oversight: See App. B, items 696-697.
- 177. State Systems -- Planning & Start-Up Support Grants: See App. B, items 698-699.
- 178. State Systems -- State System Documents: See App. B, items 700-701.
- 179. Workers' Compensation & Automobile Insurance: See App. B, items 702-709.

Office No. 44:      State Health Care Pricing Offices

Total FTE's: 900, nationwide (averaging 18 per state).

Functions of the New Office: This office would be responsible for (i) negotiating fee-for-service prospective budgets (including spending targets) with providers, (ii) negotiating fee-for-service amounts with providers, (iii) establishing a definitive fee-for-service schedule for all fee-for-service items and services, and (iv) annually updating the schedule.

Under § 1322(c), the state would determine whether the state or individual regional alliances assume responsibility for establishing the fee-for-service schedules. § 1322(c) (pp. 134-35). In either case, the state would remain responsible for allocating resources to ensure that the schedules are established each year. In states delegating fee schedule duties to the regional alliances, this office would be located under the aegis of each alliance.

Corresponding Existing Office: HCFA's Division of Operations Standards (18 FTE's). (See discussion at Office No. 4.)

Basis for HSA Figure: These functions are not population specific. Therefore, we have applied the 18 FTE's for the existing office, and assigned one office to each state.

Subcategories For Which This Office Would Be Responsible:

- 140. Benefit Package -- Fee-for-Service Schedules: See App. B, item 607.
- 186. Benefit Package -- Fee-for-Service Schedules: See App. B, items 735-738.



Office No. 45:      State Long-Term Care Regulatory Offices

Total FTE's: 900, nationwide (averaging 18 per state).

Functions of the New Office: This office would be responsible for creating and administering two new regulatory schemes to govern long-term care private insurance and long-term care disability programs, as well as for ongoing consumer education and federal reporting activities. Specifically, with respect to long-term care insurance, this office would be responsible for (i) establishing a state program for the regulation of long-term care insurance, (ii) reviewing annually information provided by insurers on coverage, lapse rates, premiums-to-proceeds ratios, reserves, and marketing practices, (iii) monitoring the compliance of individual insurance companies and insurance plans with the provisions of the state program, (iv) reviewing and certifying every long-term care policy offered in the state, (v) establishing data collection and marketing oversight procedures for individual insurance companies, (vi) establishing an administrative adjudication process for the investigation and resolution of consumer complaints involving long-term care insurance, and (vii) assessing penalties against insurers violating the new long-term care insurance regulatory scheme. With respect to disabilities programs, this office would be responsible for (viii) developing and submitting for federal approval a state plan for home and community-based services for disabled individuals, (ix) conducting mandatory negotiations with labor unions to address the concerns of the existing nursing facilities workforce, and (x) establishing a hearing process to determine whether specific individuals have disabilities. With respect to consumer affairs, this office would be responsible for (xi) applying for, annually evaluating, and annually reporting on the effectiveness of long-term care consumer education grants.

Corresponding Existing Office: See discussion at Office Nos. 4 and 44.

Basis for HSA Figure: See discussion at Office Nos. 4 and 44. The administrative adjudication, disabilities determination, and insurer compliance monitoring duties required of this office indicate that 18 FTE's is, if anything, a substantial underestimate of the staffing needs of these offices.

Subcategories For Which This Office Would Be Responsible:

- 147. Long-Term Care -- Consumer Education Grants: See App. B, items 630-631.
- 148. Long-Term Care -- Private Insurance: See App. B, items 632-633.
- 149. Long-Term Care -- Private Insurance -- State Compliance: See App. B, items 634-645.
- 150. Long-Term Care -- State Disability Programs: See App. B, items 646-655.

Office No. 46:      State Special Programs Offices

Total FTE's: 900, nationwide (averaging 18 per state).

Functions of the New Office: With respect to medical malpractice enterprise liability demonstration projects operated in the state, this office would be required (i) to report to HHS on the operation of such projects. With respect to mental health and substance abuse care, this office would handle a plethora of responsibilities, including (ii) applying for and administering mental health care grants from the federal government, (iii) applying for and administering substance abuse grants from the federal government, (iv) developing a new regulatory plan under which state mental health and substance abuse programs would be integrated into the comprehensive benefit package,<sup>13</sup> and (v) conducting mandatory negotiations with labor unions regarding the impact of implementation of new state programs on the existing workforce.

Corresponding Existing Office: See discussion at Office Nos. 4 and 44.

Basis for HSA Figure: See discussion at Office Nos. 4 and 44.

Subcategories For Which This Office Would Be Responsible:

151. Malpractice Reform -- Enterprise Liability Demonstration Project: See App. B, item 656.
152. Mental Health & Substance Abuse Care: See App. B, items 657-659.
153. Mental Health & Substance Abuse Care -- Demonstration Project: See App. B, item 660.

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<sup>13</sup> These state plans would then become the subject of harmonization efforts by the National Health Board, which would bear ultimate responsibility for determining the scope of the comprehensive benefit package. See discussion in Appendix B corresponding to the duties referenced at Office No. 2 of this Appendix.

Office No. 47:      State Offices of Health Care Enforcement

Total FTE's: 900, nationwide (averaging 18 per state).

Functions of the New Office: This office would be required to initiate legal proceedings to impose monetary penalties against plans that violate provisions of the Act.

Corresponding Existing Office: See discussion at Office Nos. 4 and 44.

Basis for HSA Figure: See discussion at Office Nos. 4 and 44.

Subcategories For Which This Office Would Be Responsible:

145. Enforcement: See App. B, item 625.

Office No. 48:      State Regional Alliance Coordination Offices

Total FTE's: 900 nationwide (averaging 18 per state).

Functions of the New Office: With respect to the initial implementation of the HSA, this office would be responsible for (i) designating alliance areas for the regional alliances within the state, and (ii) organizing a regional alliance for each alliance area. With respect to the ongoing operation of the HSA, this office would be responsible for (iii) ensuring that each regional alliance within the state complies with all of its duties under the Act, (iv) taking action to ensure that regional alliances in the state collect all amounts owed under the Act, and (v) periodically re-evaluating and adjusting alliance boundaries.

Corresponding Existing Office: See discussion at Office Nos. 4 and 44.

Basis for HSA Figure: See discussion at Office Nos. 4 and 44.

Subcategories For Which This Office Would Be Responsible:

- 160. Premiums -- Collection & Transfer Among Plans & Alliances: See App. B, items 672-673.
- 172. Regional Alliances -- Compliance & Oversight: See App. B, item 692.
- 173. Regional Alliances -- Determination of Alliance Areas: See App. B, item 693.
- 174. Regional Alliances -- Establishment: See App. B, item 694.

Office No. 49:      State Divisions of Provider Compliance

Total FTE's: 900 nationwide (averaging 18 per state).

Functions of the New Office: This office would be responsible for (i) establishing licensing and certification standards for health care providers in the state, (ii) designating centers of excellence within the state, (iii) identifying "hospitals serving vulnerable populations," and (iv) assisting the National Quality Management Council in developing national measures of quality performance.

Corresponding Existing Office: See discussion at Office Nos. 4 and 44.

Basis for HSA Figure: See discussion at Office Nos. 4 and 44.

Subcategories For Which This Office Would Be Responsible:

- 168. Providers -- Centers of Excellence: See App. B, item 688.
- 169. Providers -- Certification: See App. B, item 689.
- 170. Providers -- Hospitals Serving Vulnerable Populations: See App. B, item 690.
- 171. Quality Management & Improvement: See App. B, item 691.

Office No. 50:      State Divisions of Health Plan Compliance

Total FTE's: 900 nationwide (averaging 18 per state).

Functions of the New Office: This office would be responsible for (i) promulgating financial reporting, capital standards, and reserve fund requirements for health plans operating within the state, (ii) overseeing the financial solvency of each health plan operating within the state, (iii) establishing plan certification criteria, (iv) determining whether each plan operating within the state meets the certification criteria, (v) establishing plan governance rules, (vi) engaging in ongoing monitoring of plan compliance, and (vii) assisting the National Health Board in developing antitrust standards.

Corresponding Existing Office: See discussion at Office Nos. 4 and 44.

Basis for HSA Figure: See discussion at Office Nos. 4 and 44. The individual plan certification and financial auditing duties for which this office would be responsible indicate that 18 FTE's is, if anything, a substantial underestimate of the staffing needs of these offices.

Subcategories For Which This Office Would Be Responsible:

- 146. Financial Management -- of Health Plans: See App. B, items 626-629.
- 156. Plans -- Certification: See App. B, items 664-665.
- 157. Plans -- Compliance & Oversight: See App. B, items 666-668.

Office No. 51:      State Offices of Health Care Data and Actuarial Services

Total FTE's: 1,227 nationwide (averaging 24 per state).

Functions of the New Office: With respect to data collection functions, this office would be responsible for (i) transmitting to HHS information sufficient to enable HHS to verify individuals' incomes, (ii) consulting with the National Health Board in developing the Electronic Data Network, and (iii) consulting with the National Health Board in developing information privacy standards. With respect to premium determination functions, this office would be responsible for (iv) assisting the Board in establishing regional alliance premium adjustments, (v) providing information to regional alliances to enable them to determine individuals' AFDC or SSI status, (vi) ensuring that regional alliances have adequate information available to determine individuals' eligibility for cost sharing reductions, (vii) ensuring that a state agency or the regional alliance offices handle cost sharing and premium reduction applications,<sup>14</sup> (viii) providing information requested by HHS to enable HHS to reconcile amounts paid and due from the federal government to regional alliances to cover premiums for cash assistance recipients, (ix) providing for payment to regional alliances of state maintenance-of-effort payments for non-cash assistance recipients, and (x) determining annually a regional alliance adjustment factor for each regional alliance within the state.

Corresponding Existing Office: HCFA's Bureau of Data Management and Strategy (487.2 FTE's). (See discussion at Office No. 20.)

Basis for HSA Figure: In our discussion at Office No. 20, we estimated that 1,227 FTE's would be required to enable the National Health Information System to perform 18 duties. We estimate that the states would require a similar number of FTE's to perform a similar number of duties (*i.e.*, 16 duties). The new state Offices of Health Care Data and Actuarial Services would be required to carry out the 16 regulatory duties referenced below. In sum, our estimate for this office assumes that the states would be able to handle a volume of duties roughly equivalent to the volume handled by their federal counterpart offices with a much smaller number of employees per state office.

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<sup>14</sup> In this study we have assigned the cost sharing reduction and premium discount application and enrollment functions to Office No. 56.



Subcategories For Which This Office Would Be Responsible:

- 154. National Health Information System -- Data Collection & Transmission: See App. B, items 661-662.
- 155. National Health Information System -- Privacy: See App. B, item 663.
- 161. Premiums -- Determination of Amount -- Alliance Per Capita Premium Targets: See App. B, item 674.
- 162. Premiums -- Determination of Amount -- Blended Plan Payments: See App. B, item 675.
- 163. Premiums -- Determination of Amount -- Discounts & Cost Sharing Reductions: See App. B, items 676-678.
- 166. Premiums -- Federal Payments to Alliances: See App. B, items 681-682.
- 167. Premiums -- State Payments to Alliances: See App. B, 683-687.
- 175. Risk Adjustment & Reinsurance: See App. B, item 695.

Office No. 52:      State Advisory Groups for State Disability Programs

Total FTE's: 100 nationwide (averaging 2 per state).

Functions of the New Office: Each Group would (i) advise the states on long-term care principles and policies, (ii) participate in public hearings to assure that public comments are addressed on long-term care issues, (iii) document the differences between the Group's recommendations and the plan adopted by the state, (iv) document the degree to which the plan is consumer-directed, and (v) meet regularly with state officials in developing, implementing, and evaluating the plan.

Corresponding Existing Office: See discussion at Office No. 35.

Basis for HSA Figure: See discussion at Office No. 35.

Subcategories For Which This Office Would Be Responsible:

185. Long-Term Care -- State Disability Programs: See App. B, items 729-734.

Office No. 53:      State Complaint Review Offices

Total FTE's: **43,904** nationwide (averaging **878** per state).

Functions of the New Office: These Offices would implement a menu of dispute resolution options available to aggrieved individual enrollees. Specifically, the Offices would be responsible for (i) processing all complaints through litigation in court, mediation, or administrative hearings, (ii) conducting de novo hearings before administrative law judges, (iii) maintaining an Early Resolution Program, which would include mediation and arbitration programs, (iv) recruiting and training individuals to serve as mediation facilitators, and (v) monitoring the Early Resolution Program.

Corresponding Existing Office: The Social Security Administration operates an appellate process to resolve disputes under the Medicare and the social security laws, which is staffed with 11,000 "work years." The Social Security Administration performs administrative adjudication functions for a population of 41,507,000 individuals, which includes participants in old age and survivors disability insurance, Medicare, and supplemental security income programs, as well as black lung benefits provisions of the Federal Coal Mine Safety Act of 1969.<sup>15</sup>

Basis for HSA Figure: Under the HSA, the corresponding new office would have to provide dispute resolution mechanisms, including administrative adjudication, for a much larger population. In order to arrive at a number applicable to the HSA population as a whole, we multiplied the existing Social Security Administration FTE's by a ratio of 5.2733, representing the HSA population divided by the Social Security Administration population, and arrived at 58,006 FTE's. To account for a presumed 30% economy of scale, we then deducted 30% of the difference between 11,000 and 58,006, and arrived at 43,904 FTE's for these new offices.

Subcategories For Which This Office Would Be Responsible:

183. Dispute Resolution -- Complaint Review Offices: See App. B, items 717-726.

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<sup>15</sup> Source: Discussions with officials at the Social Security Administration.

Office No. 54:      State Guaranty Funds

Total FTE's: **1,559** nationwide (averaging **31** per state).

Functions of the New Office: The Guaranty Funds would be responsible for (i) paying health care providers for comprehensive benefit package items and services provided to enrollees in failed regional alliance health plans, and (ii) paying operational, administrative, and other costs and debts of failed health plans.

Corresponding Existing Office: See discussion at Office No. 39.

Basis for HSA Figure: See discussion at Office No. 39. We note that the State of New York employs more than 600 FTE's to operate its Insurance Insolvency Bureau, and that other states contract with outside law firms to carry out the operation and liquidation of insolvent insurers.<sup>16</sup>

Subcategories For Which This Office Would Be Responsible:

- 158. Plans -- Insolvency -- Guaranty Funds for Insolvent Regional Alliance Plans: See App. B, item 669.
- 159. Plans -- Insolvency -- Operation of Insolvent Regional Alliance Plans: See App. B, items 670-671.
- 184. Plans -- Insolvency -- Guaranty Funds for Insolvent Regional Alliance Plans: See App. B, items 727-728.

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<sup>16</sup> Source: Discussions with officials at the New York State Insurance Insolvency Bureau and the National Association of Insurance Commissioners.

Office No. 55:      Regional Alliance Central Offices

Total FTE's: 5,000 nationwide (100 per state).

Functions of the New Office: This office would be responsible for (i) ensuring that health plans enter into contracts with academic health centers to ensure that enrollees have access to specialized treatment and expertise, (ii) applying for and evaluating the effectiveness of consumer education grants, (iii) ensuring that individual health plans comply with the Act's standards governing quality, information systems, and privacy, (iv) establishing Provider Advisory Boards, (v) organizing providers in underserved areas to create new plans for such areas, and (vi) appealing in court adverse determinations of the National Health Board concerning matters affecting the alliance.

Corresponding Existing Office: The Regional Alliance Central Offices would be responsible for administering health care transactions for entire regional alliance populations. The closest analogy to these unprecedented entities would be existing "third-party administrators," companies which administer health plans for large employers. These companies typically employ between 100 and 200 FTE's.

Basis for HSA Figure: We estimate that each regional alliance would require at least one entity equivalent in size to a third party administrator.

Subcategories For Which This Office Would Be Responsible:

- 189. Education & Training -- Academic Health Centers: See App. B, item 774.
- 191. Long-Term Care -- Consumer Education Grants: See App. B, items 747-748.
- 195. Plans -- Compliance & Oversight: See App. B, item 753.
- 197. Plans -- Insolvency -- Guaranty Funds for Insolvent Regional Alliance Plans: See App. B, item 765.
- 206. Providers -- Provider Advisory Board: See App. B, item 808.
- 207. Providers -- Underserved Areas/Community & Migrant Health Centers: See App. B, item 809.
- 209. Regional Alliances -- Compliance & Oversight: See App. B, item 815.
- 210. Regional Alliances -- Establishment: See App. B, items 816-818.

Office No. 56:      Regional Alliance Enrollment Offices

Total FTE's: 22,850 nationwide (457 per state).

Functions of the New Office: With respect to general enrollment, this office would be responsible for (i) issuing health security cards to all eligible individuals, (ii) assuring that each alliance-eligible individual residing in the alliance area is enrolled in an alliance plan, (iii) establishing and maintaining methods and procedures sufficient to ensure such enrollment, (iv) maintaining records of the birth, moving, age, and eligibility of every person in the alliance area, (v) establishing a point-of-service enrollment mechanism to enroll unenrolled but eligible individuals when they seek health care services, (vi) establishing procedures for enrolling alliance eligible individuals who move into the alliance area, (vii) holding an annual open enrollment period during which eligible enrollees could change plans, (viii) establishing procedures for disenrollment for cause and re-enrollment of enrollees in failed plans, and (ix) selecting plans for individuals who fail to enroll voluntarily in plans. With respect to enrollment in premium discount and cost sharing reduction programs, this office would be responsible for (x) making eligibility determinations for premium discounts, liability reductions, and cost sharing reductions, (xi) periodically verifying families' continuing eligibility, (xii) distributing cost sharing and premium reduction applications in public places, and (xiii) sending notices to cost sharing reduction and premium discount recipients informing them of their obligation to file income reconciliation statements.

Corresponding Existing Office: The Income Maintenance Office within West Virginia's Human Resources Bureau is staffed with 457 FTE's, who are responsible for enrolling individuals in Medicaid.

Basis for HSA Figure: We estimate that each regional alliance would require an office of at least this size to enroll individuals under the HSA, as well as to provide individualized assistance in the periodic preparation of premium discount and cost sharing reduction applications. States with populations larger than the population of West Virginia may require additional enrollment staff.

Subcategories For Which This Office Would Be Responsible:

- 193. National Health Information System -- Health Security Cards: See App. B, item 751.
- 196. Plans -- Enrollment: See App. B, items 754-764.
- 202. Premiums -- Determination of Amount -- Discounts & Cost Sharing Reductions: See App. B, items 783-792.

Office No. 57:      Regional Alliance Consumer Affairs Offices

Total FTE's: 900 nationwide (averaging 18 per state).

Functions of the New Office: This office would be responsible for (i) making available to the public comprehensive pricing, services, and other consumer information, (ii) reviewing and approving all consumer information and marketing materials used to market plans offered through the alliance, (iii) publishing annually health plan performance reports, (iv) negotiating with health plans to ensure that performance and quality standards are continually improved, and (v) conducting educational programs in cooperation with the Regional Professional Foundations to assist consumers in using quality and other information in choosing health plans.

Corresponding Existing Office: See discussion at Office Nos. 4 and 44.

Basis for HSA Figure: See discussion at Office Nos. 4 and 44.

Subcategories For Which This Office Would Be Responsible:

188. Consumer Protection: See App. B, items 741-743.

208. Quality Management & Improvement: See App. B, items 810-814.



Office No. 58:      Regional Alliance Consumer Ombudsman Offices

Total FTE's: 900 nationwide (averaging 18 per state).

Functions of the New Office: This office would be responsible for (i) assisting consumers in dealing with problems, and (ii) providing assistance to the public in filing cost sharing reduction and premium discount applications and reconciliation statements.

Corresponding Existing Office: See discussion at Office Nos. 4 and 44.

Basis for HSA Figure: See discussion at Office Nos. 4 and 44.

Subcategories For Which This Office Would Be Responsible:

187. Consumer Assistance: See App. B, items 739-740.

Office No. 59:      Regional Alliance Offices of Data & Actuarial Management

Total FTE's: 1,750 nationwide (averaging 35 per state).

Functions of the New Office: This office would be responsible for (i) maintaining an alliance accounting system that meets the standards set by HHS, (ii) collecting all amounts owed the alliance, (iii) maintaining a hearing mechanism for the resolution of disputes concerning amounts owed alliances, (iv) having annual financial audits of the alliance conducted by independent outside auditors, (v) consulting with the National Health Board in developing the Electronic Data Network, (vi) making available to HHS information concerning the Medicare eligibility of certain individuals, and (vii) consulting with the National Health Board in developing privacy standards.

Corresponding Existing Office: The Office of National Health Statistics (within HCFA's Office of the Actuary) performs similar data collection functions, and is staffed with 35 FTE's.

Basis for HSA Figure: We estimate that each regional alliance would require an office equivalent in size to the Office of National Health Statistics. In light of the accounting, collection, and adjudication duties of these new offices, additional FTE's may be required.

Subcategories For Which This Office Would Be Responsible:

- 190. Financial Management -- of Regional Alliances: See App. B, items 745-746.
- 192. National Health Information System -- Data Collection & Transmission: See App. B, items 749-750.
- 194. National Health Information System -- Privacy: See App. B, item 752.
- 198. Premiums -- Collection & Transfer Among Plans & Alliances: See App. B, items 766-773.
- 199. Premiums -- Determination of Amount -- Alliance Per Capita Premium Targets: See App. B, item 774.
- 200. Premiums -- Determination of Amount -- Bidding Process: See App. B, items 775-779.
- 201. Premiums -- Determination of Amount -- Blended Plan Payments: See App. B, items 780-782.
- 203. Premiums -- Determination of Amount -- Employer Payments: See App.

- B, items 793-795.
204. Premiums -- Determination of Amount -- Family Payments & Class Factors: See App. B, items 796-805.
205. Premiums -- Federal Payments to Alliances: See App. B, items 806-807.