

## **Supporting Statement for the ESRD Network Semi-Annual Cost Report Forms and Supporting Regulations in 42 CFR 405.2110 and 42 CFR 405.2112**

### **A. Background**

Section 1881(c) of the Social Security Act establishes End Stage Renal Disease (ESRD) Network contracts. The regulations designated at 42 CFR 405.2110 and 405.2112 designated 18 ESRD Networks which are funded by renewable contracts. These contracts are on 3-year cycles. To better administer the program, CMS is requiring contractors to submit semi-annual cost reports.

The purpose of the cost reports is to enable the ESRD Networks to report costs in a standardized manner. This will allow CMS to review, compare and project ESRD Network costs during the life of the contract.

With this submission, CMS is requesting approval of the following form, which is described below. Copies of this form and instructions for completion are attached to this request.

CMS Form 685 - ESRD Network Semi-Annual Cost Report Form

This form reports the summary of costs for every 6 months of the year for CMS ESRD Network Contracts. The form is due approximately 2 months after each 6-month period.

### **B. Justification**

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

To better administer the program, CMS requires contractors to submit semi-annual cost reports.

Cost reports are submitted semi-annually for the life of the contract. The purpose of the cost reports is to enable the ESRD Networks to report costs in a standardized manner. This report will allow CMS to review, compare and project Network costs. The cost reports are also used as an early warning system to determine if ESRD Networks are in danger of exceeding the total cost of the contract. In addition, cost reports enable CMS to analyze line item costs.

#### **2. Information Users**

This data is used by CMS to monitor ESRD Network costs. CMS provided detailed information in Part A of this supporting statement.

#### **3. Improved Information Technology**

All ESRD Networks have computer capability for data generation and will be required to submit the Semi-annual Cost Report electronically.

4. Duplication and Similar Information

These are the only forms used by CMS to collect this data. The forms do not duplicate any other data.

5. Small Business

This collection does not affect small businesses.

6. Less Frequent Collection

In order to monitor the costs of the Networks it is necessary that we collect this data at least two times a year.

7. Special Circumstances for Information Collection

There are no special circumstances associated with this collection. This information collection is consistent with guidelines at 5 CFR 1320.6.

8. Federal Register and Outside Consultation

The 60-day Federal Register notice was published on June 16, 2006.

In the development of these forms and instructions, we considered correspondence received from the ESRD Networks.

9. Payment or Gifts

There are no payments or gifts associated with this collection.

10. Confidentiality

We do not pledge confidentiality.

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Estimate of Burden and Wages

There are 18 respondents submitting cost reports 2 times per year for 3 years. The burden on ESRD Networks should be minimal as the reported items are consistent with generally tracked accounting entries.

|                                     |     |
|-------------------------------------|-----|
| Number of respondents               | 18  |
| Number of responses per respondent  | x2  |
| Total annual responses              | 36  |
| Hours per response                  | x3  |
| Total annual reporting burden hours | 108 |

The wage cost is estimated at an average of \$36 per hour, per respondent. The total annual wage cost per respondent is estimated at \$216 (\$36 per hour x 6 hours = \$216).

The total annual wage cost for all respondents is estimated at \$3,888 (\$36 per hour x 108 hours = \$3,888).

13. Capital Costs

None.

14. Cost to Federal Government

The costs to process and review the semi-annual cost report forms are estimated at \$42 per hour. On an annual basis, the time attributable to these activities is estimated at 2 hours per respondent. The total annual cost per respondent is \$84 (\$42 per hour x 2 hours = \$84). The total annual cost for all respondents is \$1,512 (\$84 per respondent x 18 respondents = \$1,512).

15. Program or Burden Changes

There are no program changes, or reporting burden changes.

16. Publication and Tabulation Dates

There are no publication and tabulation dates associated with this collection.

17. OMB Expiration Date

CMS requests an exemption from displaying an expiration date. These forms are used on a continuing basis and it would waste many printed forms if we were to have to reprint them every three years with a new date.

18. Certification Statement

There are no exceptions to the certification statement.

C. Collections of Information Employing Statistical Methods

There are no statistical methods associated with this collection.