

Supporting Statement
Medicare Physician Fee Schedule Geographic Practice Expense Index (GPCI)
CMS-06-003/VAC

A. BACKGROUND

Since 1990, a survey of malpractice insurance premium rates has been sponsored by CMS. Prior to 1999, surveys were sponsored by the Office of Research and Demonstrations (ORD), which has been reorganized as the Office of Research, Development and Information. Prior surveys were conducted by Allied Technology Group (ATG) under OMB control number 0938-0575 and Bearing Point under OMB control number CMS-03-010. The malpractice data were used in computing the Medicare physician fee schedule Malpractice Geographic Practice Cost Index (MGPCI) and the Medicare Economic Index (MEI). The above noted survey supplements an intramural small letter survey that has been conducted for a number of years of major physician malpractice insurers. This intramural survey (which because of the limited respondents does not require OMB review and clearance) provides only general national level data and while useful for computing the malpractice component of the MEI, these data are inadequate for computing the MGPCI where state/local data are needed. Therefore, contractors have conducted a survey of State Insurance Commissioners to collect physician malpractice premium data at a state/local level.

The current survey is sponsored by the Center for Medicare Management (CMM). A contract is in the process of being awarded using the same survey form and OMB approval. The data will be used to update the MGPCI and the new resource-based malpractice relative value units (MRVUs) component of the physician fee schedule. The data may also be used to supplement the OSP intramural survey in computing the MEI. These malpractice data are critical to the Medicare physician fee schedule and an extension of OMB's approval is required to continue the survey.

Because numerous State regulations involve physician malpractice premium rates, we believe that the best source of needed information will be the State insurance commissioner's office. If the insurance departments do not have the information requested, then referrals will be sought and individual insurers will be contacted.

B. JUSTIFICATION

1. Need & Legal Basis

Section 1848(c) of the Social Security Act (the Act) requires the Secretary of Health and Human Services to establish resource-based MRVUs under the physician fee schedule. This section also requires that these RVUs be updated every 5 years. Section 1848(e) of the Act requires the Secretary to develop and update at least every 3 years the geographic adjustment factors for physician fee schedule payment localities. It is necessary to collect locality malpractice premium data on a periodic basis to comply with these statutory mandates.

2. Information Users

These data will be used by CMS staff and outside contractors to update the MGPCI , the MRVUs, and to supplement the updating of the malpractice component of the MEI.

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MGPCI is one of the components of the GPCI, the others being physician work (net income), employee wages, office rents, medical equipment and supplies, and miscellaneous expenses. The MRVUs are one of the three components of the fee schedule, the others being physician work RVUs and practice expense RVUs. The GPCIs and fee schedule RVUs are also used by other Federal agencies such as the Veteran's Administration and the Department of Labor.

3. Improved Information Technology

A telephone survey of State Insurance commissioners and, if necessary, physician associations, co-ops and physician joint underwriting associations will be conducted. Required data will be premium information.

4. Duplication

Data that duplicates CMS' other related data collection activities would not be requested. There are no similar sources of information available that provide state/local level data on malpractice insurance companies used in this survey.

5. Small Business

We are not collecting any information from small businesses.

6. Less Frequent Collection

Since the law requires that the GPCIs be updated every 3 years and malpractice RVUs every 5 years, it is anticipated that this data collection will occur every 3 years. Less frequent collection would not enable us to comply with the statutory requirement of 3-year updates.

7. Special Circumstances

There are no special circumstances affecting the respondents associated with this information collection effort.

8. Federal Register Notice/Outside Consultation

The 60-day Federal Register notice was published on 6/9/06.

9. Payments to Respondents

None.

10. Confidentiality

The data we are requesting is in the public domain, and confidentiality should not be an issue. It is not our intent to publish premium information in a manner that would allow identification of individual companies.

11. Sensitive Questions

This is a request for information currently in the public domain and involves no questions of a sensitive nature.

12. Estimate of Burden

The total estimated burden of this survey is 150 hours for initial Department of Insurance respondents (this number may increase because we estimate that direct company surveys will be required in about one-third of the states). Based on past surveys, we estimate each respondent will be occupied for 3 hours. The State Insurance Commissioners maintain these records as part of their official function.

Due to the variability in the person(s) that might be compiling the requested information, we estimate that someone comparable to a GS-12 or GS-13 would be responsible for the survey. The cost could be estimated at approximately \$25.00 - \$30.00 per hour.

13. Capital Costs

There are no capital costs.

14. Annualized Cost to the Federal Government

The cost of the contract for collection of the 2007 GPCI data is \$268,500.00

Direct Labor	\$257,658
Other Direct Costs	\$ 5,055
Fixed Fee (6%)	\$ 15,787

Total Costs	\$268,500
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15. Changes in Burden/Program

There are no changes in burden or program.

16. Publication & Tabulation Dates

There are no publication or tabulation dates.

17. Expiration Date

CMS would like to display the expiration date.

18. Certification Statement Exceptions.

There are no exceptions to the certification statement.

C. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This data collection is not a survey in the conventional statistical meaning of the term. The data collected for the development of the Malpractice GPCI will be obtained from the Department of Insurance from each of the States. Only when those data are not available will private insurers be approached; however, this is not a sample as the CMS contractor will approach all insurers requesting the necessary premium data.

There are no statistical methods used beyond simple aggregation and weighting.