

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSION

A. Justification

1. Need and Use

The Department of Defense Authorization Act, 1984, P.L. 98-94 amended Title 10, section 1079(j)(2)(A) of the U.S.C. and provided the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) with the statutory authority to reimburse institutional providers based on diagnosis-related groups (DRGs). The TRICARE/CHAMPUS DRG-based payment system is modeled on the Medicare Prospective Payment System (PPS) and was implemented on October 1, 1987. The TRICARE/CHAMPUS DRG-based payments apply only to hospital's operating costs and do not include any amounts for hospitals' capital or direct medical education costs. Any hospital subject to the DRG-based payment system, except for children's hospitals (whose capital and direct medical education costs are incorporated in the children's hospital differential), who want to be reimbursed for allowed capital and direct medical education costs must submit a request for payment to the TRICARE/CHAMPUS contractor. The request allows TRICARE to collect the information necessary to properly reimburse hospitals for its share of these costs. The collection of this information is authorized by 32 CFR 199.14(a) (1) (iii) (G) (1) and (2).

2. Purpose and Users of the Information

The TRICARE/CHAMPUS contractors will use the information collected to reimburse hospitals for TRICARE/CHAMPUS' share of capital and direct medical education costs. Without the information there is no way for TRICARE/CHAMPUS to determine its share of these costs. The information is extremely simple and in addition to readily available TRICARE/CHAMPUS demographic information, requires only a few other items which are all available from the hospital's Medicare cost report.

The information can be submitted in any form--most likely in the form of a letter. The contractor will calculate TRICARE/CHAMPUS' share of the capital and direct medical education costs and make a lump-sum payment to the hospital. Submission of the information is voluntary, but since hospitals will not be reimbursed for TRICARE/CHAMPUS' share of capital and direct medical education costs without submitting the information, we expect hospitals to continue to willingly submit the information.

3. Improved Information Techniques

Consideration of obtaining the capital and direct medical education cost information from CMS as reported on the hospital's Medicare cost report was considered, however, we cannot simply use the Medicare cost report, because the TRICARE/CHAMPUS-specific information is not included on the Medicare report. The easiest method to

reimburse hospitals for its capital and direct medical education costs is for each hospital to voluntarily submit this information to the TRICARE/CHAMPUS contractor annually.

4. Duplication and Similar Information

The items required in this information collection effort do not duplicate other efforts, with the exception of two items, the total allowable capital and direct medical education costs, which are contained in each hospital's Medicare cost report. The burden of providing these two items is negligible. No similar information is currently being collected by TRICARE/CHAMPUS which could be modified to serve the purpose of this effort. TRICARE/CHAMPUS receives no information on hospitals' costs, and the hospital bills which TRICARE/CHAMPUS does receive do not identify those portions related to capital or direct medical education costs.

5. Small Business

The collection of information involves small businesses or other entities. To minimize the burden, only that information deemed absolutely essential is requested. The information to be collected is minimal and all of it is easily identified by hospitals. Most of the items which are not obvious to the hospital (provider number, bed size, number of interns and residents, etc.) are contained in each hospital's Medicare cost report. For this reason, we have made the collection period correspond to the Medicare cost-reporting period. As indicated above, we cannot simply use the Medicare cost report rather than separately collecting the information, because the TRICARE/CHAMPUS-specific information is not on the Medicare cost report. All requested information is readily available to the respondents and may be submitted in any form.

6. Less Frequent Collections

If this information collection were conducted less frequently, there would be no adverse effect on the government. However, it is unlikely hospitals would agree to a less frequent collection, since they will not want to be paid less frequently for their capital and direct medical education costs.

7. Special Circumstances

There are no special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320(d)(2).

8. Federal Register Notice

The 60-day Federal Register notice published June 8, 2007 (72 FR 31813-31814). No comments were received.

9. Payment/Gift to Respondents

No payments or gifts will be provided to respondents.

10. Confidentiality

None of the information required in this effort is considered confidential by hospitals.

11. Sensitive Questions

No questions of a sensitive nature are included in the information collection requirement.

12. Burden Estimate (hour)

Because the amount of information required is so small, and it is readily available to hospitals, we estimate this requirement will take a single staff person less than one hour annually to meet the requirement. No other resources will be required by hospitals. Based on an estimated 5,600 hospitals which will be affected by this requirement, the annual national cost will be less than \$250,000.

The annual burden is calculated as follows:

Respondents:	5,600
Response time:	1 hour at \$20.00 (average) per hour
Response frequency:	1
Burden Hours:	5,600*
	*(5,600 x 1 = 5,600 man-hours x \$20.00 per hour = \$112,000)

Because a hospital official is required to sign the request and/or letter requesting capital reimbursement to certify the accuracy of the information, the following burden estimate is also provided:

Respondents:	5,600
Response time:	.50 hours at \$45 (average) per hour
Response frequency:	1
Burden hours:	2800*
	*(5600/2 = 2,800 man hours x \$45.00 per hour = \$126,000)

13. Cost to Respondents

There are no additional costs to the respondents.

14. Cost to Federal Government

The cost to the Department of Defense is negligible. This requirement is simply a small part of the overall system of reimbursing hospitals for services to TRICARE/CHAMPUS eligibles, therefore, the cost to the Department of Defense is negligible.

15. Change in Burden

The change in burden is due to an increase in the number of respondents.

16. Publication/Tabulation

The results of this collection of information will not be published or tabulated.

17. Expiration Date

Approval is not sought for avoiding display of the expiration date for OMB approval.

18. There are no exceptions to the certification statement in Item 19, "Certification for Paperwork Reduction Act Submission," of OMB 83-I.

B. Collection of Information Employing Statistical Methods

Statistical methods are not employed for collection of this information.