

Summary of Changes to the Disclosure of Financial Relationships Report (DFRR)

On May 18, 2007, the information collection request associated with CMS-10236 (Disclosure of Financial Relationships Report (DFRR)) was published in the Federal Register. The public was provided a 60-day period to comment, which expired on July 17, 2007. Based upon public comments and our review, we have made a number of changes to the DFRR. The most significant change to the DFRR involves the addition of worksheets to capture information concerning indirect ownership. The decision to capture indirect ownership information was made in response to requests from commenters.

The number of worksheets increased from 6 to 8. The increase in the number of worksheets occurred as a result of the addition of two new worksheets capturing indirect ownership (Worksheets 3 and 5). Worksheet 6 had two parts. In an effort to make this worksheet easier to understand and complete, we divided it into two worksheets (new Worksheets 7 and 8). Former Worksheet 3, Part II was moved to question 7 in new Worksheet 8. Former Worksheet 4 (“Ownership Percentage Calculation”) was deleted, as the information captured on this worksheet is captured in new Worksheet 2. Former Worksheet 5 (titled “Lease or Under Arrangements”) was deleted, as it went beyond the scope of information appropriate for the Report. We also changed the titles of several worksheets. All of these changes were made in an effort to present the required fields in an organized and lucid fashion. The following are the renumbered worksheets, with titles:

Cover Sheet – Certification Page

Worksheet 1 – Hospital Characteristics

Worksheet 2 – Direct Ownership in Hospital

Worksheet 3 – Indirect Ownership in Hospital

Worksheet 4 – Payments Made to Hospital by Direct Owners

Worksheet 5 – Payments Made to Hospital by Indirect Owners

Worksheet 6 – Investment Reconciliation

Worksheet 7 – Compensation Arrangements – Rentals, Personal Service Arrangements, and Recruitment (See 42 C.F.R. § 411.357)

Worksheet 8 – Other Types of Compensation Arrangements (See 42 C.F.R. § 411.357)

The instructions were revised to provide improved guidance on the nature of the questions, to ensure that the proper responses would be furnished by respondents, and to reflect the new numbering sequence.

Universal Changes

A number of revisions have been applied throughout the entire DFRR. These changes include:

- The term “secured debt” has been deleted from all worksheets.
- The term NPI/UPIN was changed to NPI. (Only those providers/suppliers who have not been issued a National Provider Identifier may use a UPIN number, as noted in the instructions).
- A number of stylistic and formatting changes were made to the worksheets.
- We added a number of new terms in the “Key Terms” section of the instructions.

Specific Changes, By Worksheet

The following are changes made from the version of the DFRR as it existed in May 2007. The worksheets are listed in numerical order as they currently exist (i.e., after the changes have been incorporated).

Cover Sheet – Certification Page:

- Several commenters stated that 45 days was an insufficient amount of time to complete the DFRR. We changed the deadline for hospitals to submit the DFRR (and to be received by CMS) to 60 days from the date CMS sends the Report via email or via hardcopy.
- Several commenters stated that 4 hours was not an accurate estimate of the time required to respond to the DFRR. In response to these comments and revisions to the content of the DFRR, we changed this estimate to 6 hours.
- We changed the certification page to request, but not require, hospitals to provide CMS with an electronic version of the DFRR, so that the information can be sent to the contractor more expeditiously than by sending a hardcopy through the postal system. We still require hospitals to furnish the original and one copy of the completed worksheets and we will still send the contractor a hardcopy when we receive it.
- We noted that a complete DFRR consists of a signed certification statement, all applicable worksheets, and all accompanying documentation.
- We placed a heading on page two of the certification labeled “Exception from Reporting Requirement” in an effort to provide a more organized layout.

Worksheet 1 – Hospital Characteristics

- This worksheet has been significantly abbreviated, and now has only 15 questions (instead of 30). The following questions appearing on former Worksheet 1 have been deleted: 13 (whether the hospital is an academic medical center), 14 through 16 (whether the hospital formerly operated as another type of hospital or provider), 17 through 24 (whether the hospital is partnered with another provider), 25 through 26 (the classes of stock and when the stock’s value was determined), and 30 (the percentage of physician ownership and non-physician ownership in the hospital). These questions have been deleted either because the information is captured in another worksheet or the information requested was outside the proper scope of the Report.
- As a result of these changes, the Worksheet has been renumbered (after question 11).
- Former question 27 has been rewritten and appears in more detail as new question 12.
- Question 28 on former Worksheet 1 now appears as question 14. New language is provided to clarify the requirements to submit financial statements.
- Question 29 on former Worksheet 1 now appears as question 15. More detailed instructions regarding the documentation required to be submitted that relates to any type of limit on a physician’s (or immediate family member’s) liability are provided.

Worksheet 2 – Direct Ownership in Hospital

- The title of Worksheet 2 has been revised and Parts I and II of the Worksheet have been combined and abbreviated.
- The title of many columns were changed, and now read “Identify all Ownership,” “Self/Relationship (if Immediate Family Member),” “Basis of Stock/Shares (in Dollars),” and “Percent Ownership in Hospital.” All direct ownership interests will be captured by Worksheet 2, and listed separately by class of stock. The total “Percent Ownership in Hospital” should equal 100% for each class of stock.

Worksheet 3 – Indirect Ownership in Hospital

- Worksheet 3 is a new worksheet created to capture the same information from indirect owners that is captured in Worksheet 2 from direct owners.

Worksheet 4 – Payments Made to Hospital by Direct Owners

- Worksheet 4 replaces Worksheet 2, Part III.
- Worksheet 4’s title (Payments Made to Hospital by Direct Owners) replaces the title in former Worksheet 2, Part III (Payments Made by Physicians—Report by Individual Physicians).
- A column labeled “Self/Relationship (if Immediate Family Member),” has been added to capture information as to whether an owner is a physician or immediate family member of a physician, *and* if the owner is an immediate family member, the name of the physician to whom he or she is related.

Worksheet 5 – Payments Made to Hospital by Indirect Owners

- Worksheet 5 is a new worksheet created to capture the same information from indirect owners that is captured in Worksheet 4 from direct owners.

Worksheet 6 – Investment Reconciliation

- Worksheet 6 replaces Worksheet 3, Part I.
- Worksheet 6’s title (Investment Reconciliation) replaces the title in former Worksheet 3, Part I (Investment Reconciliation – Report by Individual Physicians).
- The revised worksheet captures the appropriate identifier (National Provider Identifier or Social Security Number) that must be reported, depending upon whether the owner is a physician or an immediate family member of the physician. The former version also had a space to identify if the owner was an individual who was a non-physician owner, a group practice, or another entity. These fields were deleted, as their direct ownership interests will be captured in Worksheet 2.
- The term “Stock Dividends” replaces the term “Dividends.” The term “Return of Capital Dividends” replaces “Return of Capital.” A line has been added for the type of “Other Capital Assessment” to be inserted. These changes were made to clarify the information sought in the Report, and the “Key Terms” section of the instructions provides the meaning of the terms for the purposes of the Report.
- Former question 24 has been moved to new Worksheet 8 (number 6) because it references a type of compensation arrangement. Compensation arrangements are addressed in new Worksheets 7 and 8.

- Two fields have been added to new Worksheet 6. The questions numbered 34 and 35 on former Worksheet 3, Part II (addressing whether a physician-owner’s risk of loss or liability is limited or eliminated by an agreement or understanding with another party) were moved to new Worksheet 6 (and are numbered 20 and 21 on the new worksheet).
- Former question 23 (“Explain how the return on invested capital is calculated”) has been deleted, as it does not directly relate to the fields that must be completed in questions 10 through 18 in new Worksheet 6.

Worksheet 7 – Compensation Arrangements – Rentals, Personal Service Arrangements, and Recruitment (See 42 C.F.R. § 411.357)

- Worksheet 7 replaces Worksheet 6, Part I.
- Worksheet 7’s title (Compensation Arrangements – Rentals, Personal Service Arrangements, and Recruitment (See 42 C.F.R. § 411.357)) replaces the title in former Worksheet 6 (Compensation Arrangements with Physicians).
- Column C has been revised and asks hospitals to report all of their Personal Service Arrangements, and is subdivided into three columns, which are labeled “# of PSAs,” “Uniform Y/N,” and “Signed Y/N.” Uniform Personal Service Arrangements are arrangements that often are materially the same from one physician to another. For arrangements that satisfy this criterion, the hospital does not need to submit each individual agreement. Rather, the hospital may furnish one copy of a uniform Personal Service Arrangement, and indicate that it has a signed copy on file for each respective physician. This was done in an effort to minimize the burden imposed on the hospitals by the large number of personal service arrangements and to permit hospitals to furnish the number of such arrangements and annotate that each arrangement is or is not signed.

Worksheet 8 – Other Types of Compensation Arrangements

- Worksheet 8 replaces Worksheet 6, Part II. Worksheet 8’s title (Other Types of Compensation Arrangements (See 42 C.F.R. § 411.357)) replaces the title in former Worksheet 6 (Compensation Arrangements with Physicians).
- Three new questions have been added to Worksheet 8. They include:
 - question 6, incorporating questions 34 and 35 on former Worksheet 3, Part II.
 - question 7, incorporating questions 25 through 33 on former Worksheet 3, Part II.
 - question 8, which asks if any initial investments, assessments, capital calls, or other types of payments were made by the hospital on behalf of any physician.