

**SUPPORTING STATEMENT FOR FORM CMS-1984-99
HOSPICE COST REPORT**

A. Background

1. Providers receiving Medicare reimbursement must provide adequate cost data based on financial and statistical records, which can be verified by qualified auditors. The cost data must be based on the accrual basis of accounting. However, where governmental institutions operate on a cash basis of accounting, cost data developed on such basis of accounting will be acceptable subject to appropriate treatment of capital expenditures. Under the accrual basis of accounting, revenue is recorded in the period when it is earned, regardless of when it is collected and expenditures for expense and asset items are recorded in the period in which they are incurred, regardless of when they are paid. See CFR 413.24(b)(2).

The hospice cost report must be used by all freestanding hospices to which payment is made by Medicare and must be submitted to the hospice's Medicare fiscal intermediary (FI)/Medicare Administrative Contractor (MAC)¹ no later than the last day of the fifth month following the close of the period covered by the report. Extensions of the due date for filing a cost report may be granted by the FI/MAC only when the provider's operations are significantly affected due to extraordinary circumstances over which the provider has no control, such as flood or fire. (See 42 CFR 413.24 (f)(2)(ii).). This form must be used for cost reporting periods beginning on or after April 1, 1999.

The cost report from a provider that ceases to participate, voluntarily or involuntarily, in the health insurance program or that experiences a change of ownership is due no later than 45 days following the effective date of the termination of the provider agreement or change of ownership. There are no provisions for an extension of the cost report due date with respect to termination or change in ownership.

2. CMS is requesting the Office of Management and Budget (OMB) extend the approval of Form CMS-1984-99 (OMB No. 0938-0758), the Hospice Cost Report. Revisions have been made to the original forms and have been incorporated within this request for approval. Below is a summary of the revisions to the cost reporting form.

Worksheet A, Worksheet A-1, Worksheet A-2, Worksheet A-3, Worksheet B, and Worksheet B-1 have been modified to identify costs related to continuous care. These revised forms are attached.

B. Justification

¹ As a result of contractor reform, references to the term "fiscal intermediary" will be transitioned to "Medicare Administrative Contractor."

1. Need and Legal Basis

Providers of services participating in the Medicare program are required under sections 1815(a), 1833(e), 1861(v)(1)(A) and 1881 (b)(2)(B) of the Social Security Act (42 U.S.C. 1395g) to submit annual information to achieve settlement of costs for health care services rendered to Medicare beneficiaries. Section 4441(b) of the Balanced Budget Act (BBA) requires that, Medicare certified hospice programs must file such cost data, as the Secretary determines necessary, for each fiscal year beginning on or after October 1, 1998. In accordance with 42 CFR 413.24, providers are required to file their cost reports on an annual basis on or before the last day of the fifth month following the close of the period covered by the cost report.

Section 413.20 states that the principles of cost reimbursement require that providers maintain sufficient financial records and statistical data for proper determination of cost payable under the program. Cost reports are required from providers on an annual basis with reporting periods based on the provider's accounting year.

Section 413.24 states that providers receiving payment on the basis of reimbursable cost must provide adequate cost data. This must be based on their financial and statistical records which must be capable of verification by qualified auditors. The cost data must be based on an approved method of cost finding and on the accrual basis of accounting.

2. Information Users

In accordance with sections 1815(a), 1833(e) , 1861(v)(A)(ii) and 1881 (b)(2)(B) of the Social Security Act, providers of service in the Medicare program are required to submit annual information to achieve reimbursement for health care services rendered to Medicare beneficiaries. In addition, 42 CFR 413.20(b) sets forth that cost reports will be required from providers on an annual basis. Such cost reports are required to be filed with the provider's FI/MAC. The functions of the FI/MAC are described in section 1816 of the Social Security Act.

The Center for Medicare and Medicaid Services (CMS) will use the information from providers for rate evaluations for the Prospective Payment System (PPS).

3. Improved Information Technology

Consideration has been given to reduction of burden by the use of improved information technology to report required cost data. The use of a computer in the preparation results in a reduction of burden. Hospices are required to submit via an electronic medium for cost reporting periods ending on or after December 31, 2004. Providers were required to file a printed copy of the cost report as well an electronic cost report (ECR) and print image (PI) file during a two year transition period ending December 31, 2005. During the first year of the transition period, hospice providers with cost reporting periods ending on or after December 31, 2004 were required to submit the ECR and PI files on diskette to their FI/MAC as well as a printed copy of the cost report that was the official

cost report. During the second year of the transition period, hospice providers with cost reporting periods ending on or after December 31, 2005 were required to submit the ECR and PI files on diskette to the FI/MAC with a printed copy and the ECR and PI files were the official cost report. For cost reporting periods ending on or after December 31, 2006, the electronic filing of the cost report is the official version.

4. Duplication of Similar Information

The cost report is a unique form that does not duplicate any other information collection. This form specifically provides for the reimbursement methodology that is unique to hospice facilities. No other existing form can be modified for this purpose.

5. Small Businesses

This form has been designed with a view toward minimizing the reporting burden for small businesses. The form is collected annually.

6. Less Frequent Collection

The CMS-1984-99 is used by hospice facilities to annually report specific items of operating costs and statistical information. The form is not used to effect cost settlements, however, the information is used for data analysis. If the information was collected less frequently, it could result in higher reimbursement costs in the hospice program. If the information were collected less frequently, CMS would be out of compliance with Section 4441(b) of the BBA.

7. Special Circumstances

There are no special circumstances.

8. Federal Register Notice/Outside Consultation

CMS has published a 60-day notice on July 27, 2007, attached. CMS consulted with the hospice associations to seek their advice on this form when it was developed. No other consultation has taken place since then.

9. Payment/Gift To Respondent

There is no payment/gift to respondents.

10. Confidentiality

Confidentiality is not pledged. Medicare cost reports are subject to disclosure under the Freedom of Information Act.

11. Sensitive Questions

There are no sensitive questions.

12. Burden Estimate (Total Hours & Wages)

It is estimated that there are 1,938 hospices that will complete this cost report. Based on outside consultation, CMS has estimated that this cost report will take 176 hours to complete for a total annual burden of 341,088 hours.

It is estimated that it will cost \$6,821,760 to complete this information (341,088 hours * \$20 per hour).

13. Capital Costs (Maintenance of Capital Costs)

There are no capital costs.

14. Costs to Federal Government

The costs incurred are for the data analyses that occur during the normal course of business.

15. Program or Burden Changes

There have been no program or burden changes. The burden increase is due to an increase in the number of respondents from 1,720 (as of 2004) to 1,938 as of 06/16/2007.

16. Publication and Tabulation Dates

There are no publication and tabulation dates.

17. Expiration Date

We request an exception to displaying the expiration date since the forms are changed so infrequently.

18. Certification Statement

There are no exceptions to the certification statement.

C. Collection of Information Employing Statistical Methods

There are no statistical methods.