

SUPPORTING STATEMENT FOR FORM
CMS-276: PREPAID HEALTH PLAN COST REPORT

A. Background

1. CMS is requesting reapproval of the currently approved Form CMS 276 (OMB No.0938-0165). This cost report outlines the provisions for implementing Section 1876 (h) and Section 1833 (a)(1)(A) of the Social Security Act.

B. Justification

1. **Need and Legal Basis**

Health Maintenance Organizations and Competitive Medical Plans (HMO/CMPs) contracting with the Secretary under Section 1876 of the Social Security Act are required to submit a budget and enrollment forecast, semi-annual interim report, interim final cost report, and a final certified cost report in accordance with 42 CFR 417.572 – 417.576.

Health Care Prepayment Plans (HCPPs) contracting with the Secretary under Section 1833 of the Social Security Act are required to submit a budget and enrollment forecast, semi-annual interim report, and final cost report in accordance with 42 CFR 417.808 and 42 CFR 417.810

2. **Information Users**

An HMO/CMP is a health care delivery system that furnishes directly or arranges for the delivery of the full spectrum of health services to an enrolled population. If it elects and qualifies to contract with the Secretary, it can receive reimbursement for all covered services furnished to a Medicare enrollee.

An HCPP is a health care delivery system that furnishes directly or arranges for the delivery of certain physician and diagnostics services up to the full spectrum of non-provider Part B health services to an enrolled population.

3. **Improved Information Technology**

No technology improvements since last submission.

4. **Duplication of Similar Information**

This report will be used to establish the reasonable cost of delivering covered services furnished to Medicare enrollees. This will be done on a prospective, interim and retrospective basis to insure that payment to these organizations does not exceed actual incurred costs. At this time, no other forms have been developed that can be used to establish the reasonable cost of providing covered services to a Medicare enrollee by an HMO/CMP or HCPP.

5. **Small Businesses**

The cost report has been developed with a view toward minimizing the reporting for small businesses.

6. **Less Frequent Collection**

Without these worksheets, the Centers for Medicare & Medicaid Services (CMS) would not have documentation needed to reimburse the organizations on a reasonable cost basis. All physician services would have to be billed through the area carrier on a fee-for-service basis. In addition, the organizations could not be reimbursed for any service furnished by a provider of service (hospital, SNF, and HHA). Legislation as it now exists, could not be implemented.

7. **Special Circumstances**

The submission dates for the cost reports differ depending on the type of delivery system:

A. HMO/CMP

- a. Budget - Due 90 days prior to the beginning of the contract period
- b. Semi-Annual Interim - Due 60 days after the close of each quarter
- c. Interim Final – Due 60 days after the close of the contract period
- d. Final - Due 180 days after the close of the contract period; the report must be certified

B. HCPP

- a. Budget - Due 60 days prior to the beginning of the contract period

- b. Semi-Annual Interim - Due 45 days after the close of the first six-month period of a contract period
- c. Final - Due 120 days after the close of the contract period

Health Care Plans are required to retain financial records relating to their cost reports for three years after final settlement has occurred. Note that this period is longer than three years after date of submission.

8. **Federal Register Notice/Outside Consultation**

The 60-day Federal Register notice published on May 15, 2009.

9. **Payments/Gifts To Respondents**

There has been no decision to provide any payment or gift to respondents.

10. **Confidentiality**

Confidentiality is not pledged. Medicare cost reports are subject to disclosure under the Freedom of Information Act. The report is mandatory for an organization seeking reimbursement on a reasonable cost basis as an HMO and as an HCPP. No statement or pledge of confidentiality will be made. This report will be subject to requests made under the Freedom of Information Act or under the Privacy Act.

11. **Sensitive Questions**

This report form does not request any information that is of a sensitive nature. No questions were asked dealing with religious or political beliefs, sex behavior and attitudes, or other matters commonly considered private.

12. **Burden Estimate (Total Hours & Wages)**

1. For HMO/CMPs

	<u>Budget</u>	<u>Interim & Final</u>	<u>Semi-Annual Interim</u>	<u>Total</u>
Avg. Completion Time Per Report (Hours)	24	80	4	108
Times Estimated Number of Respondents for FY 09	23	23	23	
Times Annual Frequency	<u>1</u>	<u>2</u>	<u>1</u>	<u>4</u>
= Burden	552	3,680	92	4,324
Total HMO/CMP				4324

2. For HCPPs	<u>Budget</u>	<u>Final</u>	<u>Semi-Annual Interim</u>	<u>Total</u>
Avg. Completion Time Per Report(Hours)	16	60	4	80
Times Estimated Number of Respondents for FY 09	12	12	12	
Times Annual Frequency	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>
= Burden	192	720	48	960
Total HCPP				960

Grand Total (annual reporting or disclosure burden)	5,284
Cost Per Hour to Prepare Reports	<u>\$ 80</u>
Total Burden Estimate	\$ 422,720

13. **Capital Costs**

There is no capital costs associated with this collection.

14. **Cost to the Federal Government**

These annual costs are incurred in processing information contained on the form, particularly with regard to the collection of the additional data necessary to meet the law. Effective fiscal year 2006, this function has been contracted out due to A-76 study.

Cost to the Federal Government

	<u>Interim Final & Final</u>	<u>Budget & Semi-Annual Interim</u>	<u>Total</u>
1. Estimated Number of Respondents - HMO/CMP	23	23	23
2. Responses per Respondents	2	2	
4 3. Total # of Responses		46	46
92			
4. Processing Hours Per Response	20	8	28
5. Total # of Hours - HMO/CMP	920	368	1288
6. Estimated Number of Respondents - HCPP	12	12	12
7. Responses Per Respondents	1	2	3
8. Total # of Responses	12	24	36
9. Processing Hours Per Response	16	8	24
10. Total # of Hours - HCPP	192	192	384
11. Grand Total (Line 5 + Line 10)	1112	560	1672
12. Avg. Cost Per Hour	114.00	114.00	114.00
13. Line 11 x 12 (Rounded)	126,768	63,840	190,608
14. Estimated Printing			2,000
15. Total Cost to Government			\$192,608

15. **Program Changes**

There were no program changes. There were only minor, nonmaterial nonsubstantive changes to the worksheets and instructions. The burden hours were reduced due to fewer respondents in the current application period. The number of respondents decreased from 45 respondents in the last submission of this information collection request to 35 respondents in the current submission.

16. **Publication and Tabulation Dates**

There are no publication plans for this data.

17. **Expiration Date**

The expiration date will be displayed on the form.

18. **Certification Statement**

There are no exceptions to the certification statement.

C. **Collections of Information Employing Statistical Methods**

This information collection does not employ statistical methods.