

SUPPORTING STATEMENT FOR FORM CMS-2552-10  
HOSPITAL AND HOSPITAL HEALTH CARE COMPLEX COST REPORT

**A. BACKGROUND**

Part A institutional providers must provide adequate cost data to receive Medicare reimbursement (42 CFR 413.24(a)). Providers must submit the cost data to their Medicare Fiscal Intermediary (FI)/Medicare Administrative Contractor (MAC) through the Medicare cost report (MCR).

CMS requests the Office of Management and Budget review and approve revisions made to the Hospital and Hospital Health Care Complex Cost Report FORM CMS-2552-10 (for cost reporting periods beginning on or after May 1, 2010) which replaces the existing FORM CMS-2552-96. Revisions made to update the forms currently in use are incorporated within this request for approval. Below is a summary of the revisions to the cost reporting forms.

- Clarify existing instructions and definitions.
- Standardize reporting of legislative and policy changes incorporated in the prior version of the hospital cost report (FORM CMS-2552-96) through transmittal updates.
- Standardize subscripted lines and renumber forms.
- Reorganize data on Worksheet S-2, which drives the cost report, for a better flow.
- Remove obsolete worksheets.
- Delete obsolete cost centers.
- Assign standard reporting lines and incorporate settlement worksheets for the following:
  - Inpatient Psychiatric Facility or subprovider
  - Inpatient Rehabilitation Facility or subprovider
  - Long Term Care Hospital
- Include a worksheet for Graduate Medical Education and Indirect Medical Education.
- Include Worksheet S-2, Part II to:
  - incorporate data previously reported on the Provider Cost Report Reimbursement Questionnaire, FORM CMS-339,
  - require electronic submission as part of the cost report electronic filing; and,
  - eliminate separate submission of the FORM CMS-339.
- Include Worksheet S-3, Part IV to collect wage information previously reported on the FORM CMS 339.
- Include Worksheet S-3, Part V to collect contract labor and benefit costs.
- Include Worksheet E-1, Part II to track the Health Information Technology payments.
- Redesign numerous worksheets for more efficient collection of data.

## **B. JUSTIFICATION**

### **1. Need and Legal Basis**

Part A institutional providers participating in the Medicare program are required under sections 1815(a) and 1861(v)(1)(A) of the Social Security Act (42 USC 1395g) to submit annual information to achieve settlement of costs for health care services rendered to Medicare beneficiaries.

42 CFR 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. The section also requires providers submit cost reports on an annual basis with reporting periods based on the provider's accounting year. The cost report must be based on the provider's 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**

The primary function of the cost report is to determine the reimbursement of providers for services rendered to program beneficiaries. The FI/MAC uses the cost report to make settlement with the provider for the fiscal period covered by the cost report. Furthermore, the FI/MAC uses the cost report to determine the necessity and scope of an audit of the records of the provider.

CMS uses the data collected on the MCR to project future Medicare expenditures, determine adequate deductibles and premiums, and develop and update provider market baskets (input price indexes) mandated for use in updating Medicare payment rates. CMS also uses the data to offer public use data files. In addition, the data is available to Congress, researchers, universities, and other interested parties.

### **3. Use of Information Technology**

42 CFR 413.24(f)(4) requires hospitals and hospital health care complexes submit their MCR in a standardized electronic format accompanied by a hard copy of a settlement summary and a statement signed by the administrator or chief financial officer certifying the accuracy of the electronic file.

This revision to the MCR electronically captures data previously reported on the paper FORM CMS-339 and eliminates separate submission of the FORM CMS-339. The CMS analysis of the reporting burden includes consideration of the impact of electronic submission of the data. While incorporating the data from the FORM CMS-339 in the MCR increases the overall burden for the MCR, the increased burden to each provider is less than the burden

of submitting the FORM CMS-339 separately due to efficiency gained by reporting the information in a standardized electronic format.

4. Duplication of Efforts

This information collection does not duplicate any other effort and the information cannot be obtained from any other source. The cost report is a unique form that does not duplicate any other CMS information collection. This form specifically provides for the reimbursement methodology that is unique to freestanding hospital and hospital health care complex providers. No other existing form can be modified for this purpose.

5. Small Businesses

This form has been designed with a view towards minimizing the reporting burden for small businesses. The complexity of the provider determines the worksheets required, thereby minimizing the burden.

6. Less Frequent Collection

42 CFR 413.20(b) and 42 CFR 413.24(f) require that providers submit their cost reports annually. If annual cost reports are not filed, the Secretary will not be able to determine whether proper payments are being made under Medicare. Furthermore, CMS will not have the data necessary to project future Medicare expenditures, determine adequate deductibles and premiums, and develop and update provider market baskets (input price indexes) mandated for use in updating Medicare payment rates.

7. Special Circumstances

This information collection complies with all general information collection guidelines in 5 CFR 1320.6.

8. Federal Register/Outside Consultation

CMS published a 60-day notice on July 2, 2009, thirty six comments were received. CMS consulted with MedPAC to seek their advice as the form was revised.

9. Payments/Gifts to Respondents

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 Estimates (Hours & Wages)

The MCR is submitted annually. CMS estimates the revised MCR burden to be 673 hours per respondent. The number of respondents is estimated to be 6,174 for total burden of 4,155,102 hours. The annual cost is estimated at \$15 per hour for a total burden of \$62,326,530.

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

Annual cost to FIs/MACs: Annual costs incurred are related to processing information contained on the forms, particularly associated with achieving settlements. Processing costs are based on estimates provided by the Office of Financial Management.

\$95,000,000

Annual cost to CMS: Total CMS processing cost (HCRIS Budget)

\$ 42,000

Total Federal Cost

\$95,042,000

## 15. Changes to Burden

The total burden for the new FORM CMS-2552-10 is estimated to be 4,155,102 hours and \$62,326,530 which are increases of 64,628 hours and \$13,240,842. The changes to the burden are a result of:

- On a per respondent basis, revisions to the MCR (prior to inclusion of the FORM CMS-339) to streamline data collection, clarify instructions and definitions, and eliminate obsolete worksheets resulted in a burden reduction of 5 hours.
- On a per respondent basis, incorporating the FORM CMS-339 in the revised MCR increased the burden by 16 hours.
- The estimated number of respondents decreased by 1 (from 6,175 as of 09/27/2007 to 6,174 as of 03/02/2010).
- The standard rate per hour has been indexed for cost of living adjustment (COLA) from \$12 to \$15. The \$12/hour was the 1996 rate, which was the last time the hospital cost report was updated.

## 16. Publication/Tabulation Dates

The data submitted on the cost report supports management of the Federal programs. As previously stated, CMS uses the data collected on the MCR to project future Medicare expenditures, determine adequate deductibles and premiums, and develop and update provider market baskets (input price indexes) mandated for use in updating Medicare payment rates. CMS also uses the data to offer public use data files. In addition, the data is available to Congress, researchers, universities, and other interested parties.

## 17. Expiration Date

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