

**Supporting Statement For The
Outpatient Rehabilitation Facility Cost Report
And Supporting Regulations in 42 CFR 413.20 and 413.24
FORM CMS-2088-92**

A. BACKGROUND

1. CMS is requesting the Office of Management and Budget (OMB) review and approval of Form CMS-2088-92, the Outpatient Rehabilitation Provider Cost Report. The Form CMS-2088-92, the Outpatient Rehabilitation Provider Cost Report, is utilized by Community Mental Health Centers (CMHC). These cost report forms are filed annually by freestanding providers participating in the Medicare program to effect year end cost settlement for providing services to Medicare beneficiaries.

In addition, this extension implements regulations at 42 CFR 413.20 and 413.24. 42 CFR 413.20 and 413.24 require adequate cost data and cost reports from providers on an annual basis. The data submitted on the cost reports supports management of Federal programs.

Providers receiving Medicare reimbursement must provide adequate cost data based on financial and statistical records, which can be verified by qualified auditors. The data from these cost reporting forms will be used for the purpose of evaluating current levels of Medicare reimbursement.

B. JUSTIFICATION

1. Need and Legal Basis

Providers of services 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.

The CMS-2088-92 cost report is needed to determine the amount of reimbursable cost, based upon the cost limits, that is due these providers furnishing medical services to Medicare beneficiaries.

2. Information Users

In accordance with sections 1815(a), 1833(e) and 1861(v)(1)(A) 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) requires that cost reports will be required from providers on an annual basis. Such cost reports are required to be filed with the provider's Fiscal Intermediary (FI)/Medicare Administrative Contractor (MAC). The functions of the FI/MAC are described in section 1816 of the Social Security Act.

The FI/MAC uses the cost report not only to make settlement with the provider for the fiscal period covered by the cost report, but also in deciding whether to audit the records of the provider. 42 CFR 413.24(a) requires providers, receiving payment on the basis of reimbursable cost, to provide adequate cost data based on their financial and statistical records which must be capable of verification by qualified auditors.

Besides determining program reimbursement, the data submitted on the cost reports supports management of the Federal programs. These data are extracted from the cost report, by the fiscal intermediaries, for transmission to CMS, and are used by the Office of the Actuary in making projections of Medicare Trust Fund requirements and by CMS to develop the cost limits per discipline. In addition, the data is available to Congress, researchers, universities, and other interested parties. However, the collection of data is a secondary function of the cost report, whose primary function is the reimbursement of providers for services rendered to program beneficiaries.

3. Improved Information Technology

Consideration has been given to reduction of burden by the use of improved information technology to report required cost data. However, for cost reporting periods ending on or after December 12, 2004, CMHCs are required to submit via an electronic medium. Therefore, the estimated hours per respondent have been reduced in consideration of efficiencies gained through increased use of electronic submission of data.

4. Duplication and Similar Information

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 home health agencies. No other existing form can be modified for this purpose.

5. Small Business

This form has been designed with a view towards minimizing the reporting burden for small CMHCs. Supplemental worksheets are completed on an as-needed basis which is dependent on the complexity of the Outpatient Rehabilitation Provider. Providers with low program utilization as defined in 42 CFR 413.24(d) do not have to complete certain worksheets of Form CMS 2088-92. Consequently, the burden imposed on them is minimized. A CMHC may submit its own computer generated forms for their use only in lieu of the forms provided by CMS. These computer prepared cost reports, however, must be reviewed by CMS or affected intermediary before being placed into use.

6. Less Frequent Collection

If the annual cost reports are not filed, the Secretary will be unable to determine whether

proper payments are being made under Medicare. If a provider fails to file a cost report by the statutory due date, it is notified that interim payments are reduced unless a cost report is filed. If the report is not filed within another 30 days, interim payments are suspended. Finally, if a provider fails to file a cost report, all interim payments made since the beginning of the cost reporting periods may be deemed to be overpayments, and recovery action may be initiated.

7. Special Circumstances

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

8. Federal Register Notice/Consultations Outside of CMS

The 60-day Federal Register notice was published on October 22, 2010, Vol. 75, No. 204, page 65350, and no comments were received.

9. Payment/Gift to Respondent

There is no payment or 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 questions of a sensitive nature.

12. Estimate of Burden (Hours and Wages)

a. Hours:

Approximately, 596 free-standing CMHCs file this cost report. It will take an average time of 10 hours for the CMHCs that fill out the regular cost report to complete it, for a total of 5,960 hours (596 CMHCs X 10 hours). The total national reporting burden for the CMHC cost report will be 5,960 hours annually. The record keeping burden is estimated at 90 hours for each of the 596 respondents, resulting in a record keeping burden of 53,640 hours. Resulting total hours of burden is 59,600.

b. Cost:

The respondent cost is calculated as the number of hours of paperwork burden

(5,960) times the standard rate of \$15.00 per hour. Thus, the respondent cost is \$89,400.

The standard rate increased from \$12.00 to \$15.00 per hour due to a cost of living increase.

13. Capital Cost

There are no capital costs.

14. Cost to Federal Government

Cost associated with distribution of forms and instructions:

We no longer print and distribute paper copies of Form CMS 2088-92. Forms and instructions are issued as a part of the Provider Reimbursement Manual. This manual is now transmitted via the internet.

\$0

Annual Cost:

Annual cost to FI/MAC's:

Annual cost incurred is related to processing information contained on the forms, particularly associated with achieving settlements (40 Hours x 150.00 Per Hour x 596 respondents). FI/MAC's handling costs are based on what the FI/MAC's spend. This information comes from the latest available Contractor Audit and Settlement Reports, CMS-1525A, maintained by the Office of Financial Management.

\$3,576,000.00

Annual cost to CMS:

Total CMS processing cost is from the HCRIS Budget:

\$42,000.00

Total Federal Cost

\$3,618,000.00

15. Program/Burden Changes

There are no program changes. The increase in burden is due to a change in the number of respondents.

16. Publication and Tabulation Dates

The data submitted on the cost report supports management of the Federal programs. These data are extracted from the cost report, by the fiscal intermediaries, for transmission to CMS,

and are used by the Office of the Actuary in making projections of Medicare Trust Fund requirements. In addition, the data is available to Congress, researchers, universities, and other interested parties. CMS now offers some public use data files via the Internet and through mail order.

17. Expiration Date

These cost reports do not lend themselves to an expiration date, as they are used on a continuous basis. They appear (in paper form) only in a provider manual; revising the manual to change the date for 5% of the forms' user would not be efficient. Nor would it be efficient to expect software vendors to revise their software for a date, or to expect the providers to buy new software for this purpose. Therefore, we request this exception.

18. Certification Statement

There are no exceptions to the certification statement.

C. STATISTICAL METHODS

There are no statistical methods employed in this collection.