Supporting Statement for Paperwork Reduction Act Submissions

Medicare Durable Medical Equipment Supplier Enrollment Application CMS 855S

A. BACKGROUND

The primary function of the CMS 855S DMEPOS supplier enrollment application is to gather information from a supplier that tells us who it is, whether it meets certain qualifications to be a health care supplier, where it renders its services or supplies, the identity of the owners of the enrolling entity, and information necessary to establish the correct claims payment. The goal of evaluating and revising the CMS 855S DMEPOS supplier enrollment application is to simplify and clarify the information collection without jeopardizing our need to collect specific information. Additionally, periodic revisions are necessary to incorporate new regulatory requirements.

Goal of the Provider/Supplier Enrollment Application Revisions

The goal of this revision of the CMS 855S is to incorporate new regulatory provisions found at 42 CFR 424.57(c) (1 through 30) and 42 CFR 424.58. These revisions will allow CMS to be in compliance with the above stated regulations implementing new quality standards for DMEPOS suppliers, including accreditation requirements. This revision will also incorporate new supplier standard regulations found in CMS 6036-F.

JUSTIFICATION

1. *Need and Legal Basis*

Various sections of the Act and the Code of Federal Regulations require providers and suppliers to furnish information concerning the amounts due and the identification of individuals or entities that furnish medical services to beneficiaries before payment can be made.

- Sections 1814(a), 1815(a), and 1833(e) of the Act require the submission of information necessary to determine the amounts due to a provider, supplier or other person.
- Section 1866(b)(2)(D) and 1842(h)(8) of the Act require denial of enrollment (directly or indirectly) of persons convicted of a felony for a period not less than 10 years from the date of conviction.
- Section 1834(j) of the Act states that no payment may be made for items furnished by a supplier of durable medical equipment, prosthetics, and supplies (DMEPOS) unless that supplier obtains, and renews at such intervals as we may require, a billing number. In order to issue a billing number, we need to collect information unique to that supplier.
- Section 1866(j)(1)(C) of the Act requires us to consult with providers of services and suppliers before making changes in provider enrollment forms.
- Section 1842(r) of the Act requires us to establish a system for furnishing a unique identifier for each physician who furnishes services for which payment may be made. In order to do so, we need to collect information unique to that provider or supplier.

- The Social Security Act, section 302 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, paragraph 1834(a)(20) requires us to collect additional information about accreditation of Advanced Diagnostic Imaging Suppliers.
- The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), section 135(a) amended section 1834(e) of the Social Security Act and required the Secretary to designate organizations to accredit suppliers, including but not limited to physicians, non-physician practitioners and Independent Diagnostic Testing Facilities, that furnish the technical component of advanced diagnostic imaging services.
- The Balanced Budget Act of 1997 (BBA) (Public Law 105-33) section 4313, amended sections 1124(a)(1) and 1124A of the Act to require disclosure of both the Employer Identification Number (EIN) and Social Security Number (SSN) of each provider or supplier, each person with ownership or control interest in the provider or supplier, as well as any managing employees. The Secretary of Health and Human Services (the Secretary) signed and sent to the Congress a "Report to Congress on Steps Taken to Assure Confidentiality of Social Security Account Numbers as Required by the Balanced Budget Act" on January 26, 1999, with mandatory collection of SSNs and EINs effective on or about April 26, 1999.
- Section 31001(I) of the Debt Collection Improvement Act of 1996 (DCIA) (Public Law 104-134) amended 31 U.S.C. 7701 by adding paragraph (c) to require that any person or entity doing business with the Federal Government must provide their Tax Identification Number (TIN).
- Section 302 (a)(1) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), requires the Secretary to establish and implement quality standards for DMEPOS suppliers to be applied by recognized independent accreditation organizations.
- 42 CFR section 424.57(c) requires DMEPOS suppliers comply with 30 specific standards in order to receive and maintain Medicare billing privileges.
- 42 CFR section 424.57(e) requires DMEPOS suppliers to reenroll with the Medicare program to maintain Medicare billing privileges.
- 42 CFR section 424.58 requires accreditation in order to qualify for the Medicare program.
- The Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), section 511 requires us to collect information necessary to withhold 3% withholding tax from Medicare providers/suppliers.
- The Internal Revenue (IRS) Code, section 3402(t) requires us to collect additional information about the proprietary/non-profit structure of a Medicare provider/supplier to allow exclusion of non-profit organization from the mandatory 3% tax withholding.
- The IRS section 501(c) requires each Medicare provider/supplier to report information about its proprietary/non-profit structure to the IRS for tax withholding determination.
- The Patient Protection and Affordable Care Act, section 3109(a) allows certain Medicare supplier types to be exempt from the accreditation requirement.
- Social Security Act, section 6401 - Provider Screening and Other Enrollment Requirements under Medicare, Medicaid, and CHIP.
- Section 508 of the Rehabilitation Act of 1973, as incorporated with the Americans with Disabilities Act of 2005 requires all Federal electronic and information technology to be accessible to people with disabilities, including employees and members of the public.

- We are authorized to collect information on the Form HCFA 855 (Office of Management and Budget (OMB) approval number 0938-1057) to ensure that correct payments are made to providers and suppliers under the Medicare program as established by Title XVIII of the Act.

The revised CMS 855S Supplier Enrollment Application collects this information, including the information necessary to uniquely identify and enumerate the supplier. Additional information necessary to process claims accurately and timely is also collected on the supplier enrollment application.

2. *Purpose and users of the information*

Health care suppliers who wish to enroll in the Medicare program must complete the CMS 855S enrollment application. It is submitted at the time the applicant first requests a Medicare billing number. The application is used by the National Supplier Clearinghouse Medicare Administrative Contractor (NSC MAC), to collect data to assure the applicant has the necessary professional and/or business credentials to provide the health care services and supplies for which they intend to bill Medicare including information that allows the Durable Medical Equipment Medicare Administrative Contractor (DME MAC) to correctly price, process and pay the applicant's claims. It also gathers information that allows the NSC MAC to ensure that the supplier is not sanctioned from the Medicare program, or debarred, suspended or excluded from any other Federal agency or program.

3. *Improved Information Techniques*

This collection lends itself to electronic collection methods. The Provider Enrollment, Chain and Ownership System (PECOS) is a secure, intelligent and interactive national data storage system maintained and housed within the CMS Data Center with limited user access through strict CMS systems access protocols. Access to the data maintained in PECOS is limited to CMS and Medicare contractor employees responsible for provider/supplier enrollment activities. The data stored in PECOS mirrors the data collected on the CMS 855s (Medicare Enrollment Applications) and is maintained indefinitely as both historical and current information. CMS also supports an internet based provider/supplier CMS 855 enrollment platform which allows the provider/supplier to complete an online CMS 855 enrollment application, transmit it to the Medicare contractor database for processing and then the data is transferred from the Medicare contractor processing database into PECOS by the Medicare contractor. Periodically CMS will require adjustment to the format of the CMS 855 form (either paper, electronic or both) for clarity or to improve form design. These adjustments do not alter the current OMB data collection approval.

PECOS began housing DMEPOS supplier information, both current and historical, in October, 2010 in compliance with the Government Paperwork Elimination Act. However, until CMS adopts an electronic signature standard, providers will be required to submit a hard copy signature page of the CMS-855S with an original signature.

4. *Duplication and Similar Information*

There is no duplicative information collection instrument or process.

5. *Small Business*

These forms will affect small businesses; however, these businesses have always been required to provide CMS with substantially the same information in order to enroll in the Medicare Program and for CMS to successfully process their claims.

6. *Less Frequent Collections*

This information is collected on an as needed basis. The information provided on the CMS-855S is necessary for enrollment in the Medicare program. It is essential to collect this information the first time a supplier enrolls with a Medicare contractor so that CMS' contractors can ensure that the supplier meets all statutory and regulatory requirements necessary for enrollment and that claims are paid correctly.

This information is also regularly collected every three years for DMEPOS supplier revalidation of enrollment information as required by 42 CFR section 424.57(e).

In addition, to ensure uniform data submissions, CMS requires that all changes to previously submitted enrollment data be reported via the appropriate provider enrollment application.

7. *Special Circumstances*

There are no special circumstances associated with this collection.

8. *Federal Register Notice/Outside Consultation*

The 60-day Federal Register notice published on March 11, 2011.

9. *Payment/Gift to Respondents*

N/A

10. *Confidentiality*

CMS will comply with all Privacy Act, Freedom of Information laws and regulations that apply to this collection. Privileged or confidential commercial or financial information is protected from public disclosure by Federal law 5 U.S.C. 522(b)(4) and Executive Order 12600.

11. *Sensitive Questions*

There are no sensitive questions associated with this collection.

12. *Burden Estimate (hours)*

The currently approved total annual hour burden for the respondents is approximately 331,619.5 hours. This is based in part on the following estimates:

Hours associated with completing the initial enrollment application:

9,000 respondents @ 9 hours for each application = 81,000 hours

Hours associated with completing the revalidation of enrollment information, including surety bond compliance:

36,667 respondents @ 1 hour for information reporting = 36,667 hours
36,667 respondents @ 30 minutes for record keeping = 18,333.5 hours
59,323 respondents @ 3 hours for replacement/cancellation/exception compliance of surety bond = 177,969 hours

Hours associated with reporting changes of enrollment information:

35,300 respondents @ 30 minutes for information reporting = 17,650 hours

The National Supplier Clearinghouse currently processes approximately 81,000 supplier enrollment applications a year. This requirement is and will continue to be a cost of doing business with Medicare.

The currently approved cost to the respondents is calculated as follows based on the following assumption:

- The CMS 855S will most likely be complete by professional staff (attorney or accountant) for initial enrollment and periodic revalidation of enrollment information and,
- The CMS 855S can be completed by administrative staff for reporting changes of information.

The cost per respondent per form has been determined using the follow wage:

- $150.00 per hour (professional wage)
- $ 20.00 per hour (administrative wage)

CMS 855S = $905 (for initial enrollment)
CMS 855S = $230 (for periodic revalidation of enrollment information)
CMS 855S = $ 15 (for reporting changes of information)

Revisions to CMS 855S

Periodically, new congressional legislation requires CMS to update the Medicare Provider Enrollment Applications (CMS 855s). Below is a list of recently approved/passed legislation which is requiring CMS to make slight revisions to the CMS 855S application. (These sites of recently approved/passed legislation are also listed in the "Need and Legal Basis" section

above.) The majority of these changes are very minor in nature such as a question with a "Yes / No" check box, spelling and formatting corrections, removal of duplicate fields, instruction clarification for the DMEPOS supplier and indicating services rendered from check lists. These revisions will not affect the burden estimates for this approved data collection.

- The Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), section 511 requires us to collect information necessary to withhold 3% withholding tax from Medicare providers/suppliers.
- The Internal Revenue (IRS) Code, section 3402(t) requires us to also collect additional information about the proprietary/non-profit structure of a Medicare provider/supplier to allow exclusion of non-profit organization from the mandatory 3% tax withholding.
- The IRS Form 501C requires each Medicare provider/supplier to report information about its proprietary/non-profit structure to the IRS for tax withholding determination.
- The Affordable Care Act, section 3109(a) allows certain Medicare supplier types to be exempt from the accreditation requirement.
- Section 508 of the Rehabilitation Act of 1973, as incorporated with the Americans With Disabilities Act of 2005 requires all Federal electronic and information technology to be accessible to people with disabilities, including employees and members of the public.
- As a courtesy, Medicare produces the "Medicare Physician and Healthcare Provider Directory". Beneficiary feedback has asked that Medicare indicate if the Physicians are accepting new patients in this directory.

A. Burden Hours

For these requirements not already approved under OMB control number 0938-1056, we estimate the revisions will not affect the burden estimates for this approved data collection for the CMS 855S application.

B. Paperwork Burden

Additional time and burden for suppliers as a result of addition of these revisions to CMS 855S enrollment application:

Total burden – 0 hours

Cost per hour - $0

Additionally, it is possible that with the approved information collection and instruction clarification, DMEPOS suppliers will find the CMS 855S application form less complicated and therefore less timely and costly.

D. Total Costs

Based on the information furnished in A and B above, we estimate that the total cost of these revisions to be $0.

13. *Cost to Respondents (Capital)*

There are no capital costs associated with this collection.

14. *Cost to Federal Government*

There is no additional cost to the Federal government. Applications will be processed in the normal course of Federal duties.

15. *Changes in Burden/Program Changes*

The revisions contained in this submission do not affect the currently approved burden estimates. The current total annual burden associated with this information collection is approximately 331,619.5 hours. The total individual burden associated with this information collection is approximately 9 hours per initial application.

During the 60 day comment period, which ended on May 10, 2011, CMS received no comments on the CMS 855S. There are no alterations to the burden estimate above.

Publication/Tabulation

N/A

16. *Expiration Date*

We are planning on displaying the expiration date.

17. *Certification Statement*

There are no exceptions to item 19 of OMB Form 83-I.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

N/A