Supporting Statement for the
Independent Renal Dialysis Facility Cost Report
And Supporting Regulations in 42 CFR §413.20, §413.24, §413.174
CMS-265-94 (discontinue) and CMS-265-11 (new), OMB 0938-0236

A. Background

CMS is requesting the Office of Management and Budget (OMB) review and approve revisions made to the Independent Renal Dialysis Facility Cost Report Form CMS-265-11 which replaces the existing Form CMS-265-94. The forms are revised in accordance with the End-Stage Renal Disease Prospective Payment System Final Rule published August 12, 2010, which implemented statutory requirements of the Medicare Improvements for Patients and Providers Act (MIPPA), enacted July 15, 2008. Additionally, the forms are revised to incorporate data that was previously reported on the Provider Cost Report Reimbursement Questionnaire, Form CMS-339 (OMB 0938-0301).

CMS indicated in the August 12, 2010, final rule that the Medicare cost report and instructions in the PRM (part 2) may be revised to properly compute bad debt payments.

Below is a summary of the revisions to the cost reporting forms.

- Included Worksheet S-2 to incorporate data previously reported on the Provider Cost Report Reimbursement Questionnaire, Form CMS-339.
- Modified Worksheets B and B-1 to separately identify costs by modality for adult and pediatric end-stage renal disease (ESRD) treatments.
- Redesigned Worksheets C and D.
- Included Worksheet E part I and II to compute reimbursable bad debt.
- Included Worksheet G series to collect financial data.

B. Justification

1. Need and Legal Basis

Providers of services participating in the Medicare program are required under §§ 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. The Form CMS-265-11 cost report is needed to determine the amount of reasonable cost due to the providers for furnishing medical services to Medicare beneficiaries.

2. Information Users

In accordance with §§ 1815(a), 1833(e) , 1861(v)(1)(A) 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 Medicare contractor. The functions of the Medicare contractor are described in § 1816 of the Social Security Act.

The Medicare contractor uses the cost report to determine program reimbursement for the fiscal period covered by the cost report and to decide whether to audit the records of the provider. In addition, 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 report supports management of the Federal programs. These data are extracted from the cost report, by the Medicare contractors, for transmission to CMS, and 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. However, 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. Use of Information Technology

Consideration has been given to the reduction of burden by the use of improved information technology to report required cost data. For cost reporting periods ending on or after December 31, 2004, ESRD providers are required by 42 CFR 413.24(f)(4) to submit cost reports in a standardized electronic format. In addition, effective with cost reporting periods ending on or after January 1, 2011, the Form CMS-265-11 has been revised to electronically collect information previously reported on the Form CMS-339, a paper form.

The electronic collection mechanism is defined in the cost reporting instructions as a diskette, CD or flash drive containing the cost report in an approved electronic format, submitted to the provider's fiscal intermediary or A/B Mac Contractor.

4. Duplication of Efforts

This information collection does not duplicate any other effort and the information cannot be obtained from any other source. This form provides for the reimbursement methodology that is unique to ESRD facilities.

5. Small Businesses

This form has been designed with a view towards minimizing the reporting burden for small businesses. The form is collected as infrequently as possible (annually) and only those data items necessary to determine the appropriate reimbursement rates are required.

6. Less Frequent Collection

If the annual cost report is not filed, CMS will be unable to determine whether proper payments are being made under Medicare. If a cost report is not filed, the contractor has the authority to reduce or suspend interim payments. In addition, if a provider fails to file a cost report, all interim payments made since the beginning of the cost reporting period may be deemed overpayments, and recovery action may be initiated.

7. Special Circumstances

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

8. Federal Register/Outside Consultation

The 60-day Federal Register notice published on April 1, 1011 (76 FR 18222). Public comments were received.

9. Payments/Gifts to Respondents

There is no payment or gift to respondents.

10. Confidentiality

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

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Burden Estimates (Hours & Wages)

Estimates of the hour burden and wages of the collection of information:

a. CMS estimates the revised MCR burden to be 65 hours per respondent. The estimate includes time to gather and compile the data, as well as to maintain required records and complete the forms.

   The number of respondents filing the Form CMS-265-11 is estimated to be 5,654. Based on the estimated burden of 65 hours to complete the cost report, the total national reporting burden is 367,510 hours annually.

b. The total respondent cost is calculated as the number of hours of reporting burden 367,510 multiplied by the standard rate of $15.00 per hour. Thus, the total respondent cost is $5,512,650.

c. The total respondent cost estimate of $5,512,650 is an increase of $1,381,650 over the prior total respondent cost estimate of $4,131,000.

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

Annual cost to Medicare Contractors: Annual costs incurred are related to processing information contained on the forms, particularly associated with achieving settlements. Medicare contractors' handling costs are based on estimates provided by the Office of Financial Management.	44,673,900
Annual cost to CMS:	
Total CMS processing cost is from the HCRIS Budget:	42,000
Total Federal Cost	44,715,900

15. Changes to Burden

The forms are revised in accordance with the End-Stage Renal Disease Prospective Payment System final rule published August 12, 2010, which implemented statutory requirements of the Medicare Improvements for Patients and Providers Act (MIPPA), enacted July 15, 2008. Additionally, the forms are revised to incorporate data previously reported on the Provider Cost Report Reimbursement Questionnaire, Form CMS-339 (OMB 0938-0301).

The August 2010 rule indicated that the Medicare cost report and instructions in the PRM (part 2) may be revised to properly compute bad debt payments.

The total burden for the new Form CMS-265-11 is estimated to be 367,510 hours and $5,512,650. This is an increase of 92,110 hours and $1,381,650. The changes to the burden are a result of:

- On a per respondent basis, revisions to the MCR to implement ESRD PPS resulted in an increase in burden of 10 hours.

- On a per respondent basis, incorporating the Form CMS-339 into the revised MCR resulted in an increase in burden of 5 hours for this information collection. (However, the overall burden to the provider decreased by 11 hours as a result of eliminating the paper Form CMS-339, for which the burden was estimated at 16 hours.)

- The estimated number of respondents increased by 146 (from 5,508 as of 03/15/2010 to 5,654 as of 03/04/2011).

16. Publication/Tabulation Dates

There are no publication plans for the data.

17. Expiration Date

We request an exemption from displaying the expiration date since the forms change infrequently and are used on a continuing basis.

18. Certification Statement

There are no exceptions to the certification statement.

C. Statistical Methods

There are no statistical methods employed in this collection.