

# ***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 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.

### **Goal of the Provider/Supplier Enrollment Application Revisions**

The goal of this revision of the CMS 855S is strictly to simplify and clarify the current data collection and to remove obsolete questions. The Sections within the form are being re-sequenced to create a more logical flow of the data collect. In the current format of the CMS 855S the DMEPOS supplier is not asked to identify themselves until the 4<sup>th</sup> Section. This identifying information will now be collected in the 2<sup>nd</sup> Section. We have also added limited informational text within the form in conjunction with links to websites when greater detail is needed by the supplier.

### **JUSTIFICATION**

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

Various sections of the Social Security Act (Act), the United States Code (U.S.C.), Internal Revenue Code (Code) and the Code of Federal Regulations (CFR) require suppliers to furnish information concerning the identification of individuals or entities that furnish medical supplies and services to beneficiaries before payment can be made.

- 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.
- 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.
- Sections 1834(a)(20)(A) and 1834 (a)(20)(F) of the Act requires the Secretary to establish and implement quality standards for DMEPOS suppliers to be applied and accredited by recognized independent accreditation organizations.
- Section 1834(a)(20)(G)(i) of the Act allows certain Medicare supplier types to be exempt from the accreditation requirement.
- 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(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 1866(j) of the Act requires the revalidation of all provider and supplier enrollment data every five years – every three years for DMEPOS suppliers.
- 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 424.58 requires accreditation in order to qualify for the Medicare program.
- Section 501(c) of the Code requires each Medicare provider/supplier to report information about its proprietary/non-profit structure for tax withholding.
- Section 3402(t) of the Code requires the collection of information necessary to withhold 3% of payments for tax withholding from Medicare providers/suppliers.
- 31 U.S.C. 7701 (c) requires that any person or entity doing business with the Federal Government must provide their Tax Identification Number (TIN).
- CMS is authorized to collect information on the form CMS 855S (Office of Management and Budget (OMB) approval number 0938-1057) to ensure that correct payments are made to 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, when requested by Medicare to periodically revalidate their enrollment information and to report changes to previously submitted enrollment information. 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 XX/XX/XXXX.

#### 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 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:**

**A. Paperwork Burden Estimate (hours)**

For this proposed revision of the CMS 855S, CMS has recalculated the estimated burden hours. CMS believes this is necessary because over the years of numerous revisions to this data collection tool, the number of affected users, actual data collected and the collection methods have changed significantly. CMS believes these new burden hours more accurately reflect the current burden for the DMEPOS supplier community when completing this proposed revision of the CMS 855S. CMS is basing the new burden amounts on data compiled from the NSC MAC for FY 2010. When the CMS 855S was first implemented 18 years ago it took 8 hours to complete basically the same form. After numerous revisions, we now ask for slightly more data but it now only takes about 4 hours to complete the form. Therefore these new estimates are significantly lower than the prior estimates due to clearer instructions and the respondents familiarity with the form.

CMS estimates the new total burden hours for this information collection to be 227,000 hours. This estimate is being calculated based on why/when a supplier must complete and submit this enrollment application (CMS 855S). This estimate is reflected below and in the calculations in Part II of the 83 Worksheet.

CMS is reducing the currently approved number of burden hours as follows:

Hours associated with completing the initial enrollment application including re-activations:

17,500 respondents @ 4 hours for each application = 70,000 hours

Hours associated with completing the revalidation of enrollment information:

35,000 respondents @ 4 hours for information reporting = 140,000 hours

Hours associated with reporting changes of enrollment information:

34,200 respondents @ .5 hours for change of info reporting = 17,000 hours

**B. Paperwork Burden Estimate (cost)**

CMS estimates the new total cost burden for this information collection to be \$22,968,000. This estimate is being re-calculated based on whether the supplier (respondent) or paid professionals complete and submit this enrollment application (CMS 855S). This estimate is reflected below and in the calculations in Part II of the 83 Worksheet. CMS is reducing the currently approved cost burden as follows:

The cost burden to the respondents is calculated based on the following assumptions:

- 50% of all submitted CMS 855S applications will be completed by the clerical staff of the individual supplier (respondent).
- The current average clerical wage is \$15.00 per hour:
- 50% will be completed by professional staff (attorney or accountant)
- The current average professional wage is \$150.00 per hour:

For initial enrollments and reactivations:	\$5,775,000
For periodic revalidation of enrollment information:	\$11,550,000

For reporting changes of information:

\$5,643,000

Additionally, CMS believes that with the instruction clarifications, DMEPOS suppliers will find the CMS 855S application form less complicated and therefore less timely and costly.

13. *Cost to Respondents (Capital)*

There is 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*

Due to improved data collection methods and the respondents familiarity with this data collection tool, CMS is decreasing the total burden associated with the CMS 855S. When the CMS 855S was first implemented 18 years ago it took 8 hours to complete basically the same form. After numerous revisions, we now ask for slightly more data but it now only takes about 4 hours to complete the form. Therefore these new estimates are significantly lower than the prior estimates due to clearer instructions and the respondents familiarly with the form. The new total annual burden associated with this information collection is approximately 227,000 hours. The total individual burden associated with this information collection is approximately 4 hours per application.

16. *Publication/Tabulation*

N/A

17. *Expiration Date*

We will display the expiration date.

18. *Certification Statement*

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

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

N/A