

Supporting Statement – Part A

Supporting Statement For Paperwork Reduction Act Submissions

**Supporting Statement and Supporting Regulations Contained in 42 CFR 424.5 for the
Uniform Institutional Providers Form -- CMS-1450 (UB-04)**

Specific Instructions

A. Background

All hardcopy claims processed by Medicare fiscal intermediaries must be submitted on the UB-04 CMS-1450 after May 23, 2007. Data fields in the X12 837 data set are consistent with the UB-04 CMS-1450 data set.

We are requesting an OMB reinstatement of the current approval for an additional three years.

B. Justification

1. Need and Legal Basis

The basic authorities which allow providers of service to bill for services on behalf of the beneficiary are section 1812 (42 USC 1395d (a) (1), (2), (3), and (4) and 1833 (2) (B) of the Social Security Act). Also, section 1835 (42 USC 1395n) requires that payment for services furnished to an individual may be made to providers of services only when a written request for payment is filed in such form as the Secretary may prescribe by regulations. Section 42 CFR 424.5(a) (5) requires providers of services to submit a claim for payment prior to any Medicare reimbursement. Charges billed are coded by revenue codes. The bill specifies diagnoses according to the International Classification of Diseases, Ninth Edition (ICD-9-CM) code. Inpatient procedures are identified by ICD-9-CM codes, and outpatient procedures are described using the CMS Common Procedure Coding System (HCPCS). These are standard systems of identification for all major health insurance claims payers. Submission of information on the CMS-1450 permits Medicare intermediaries to receive consistent data for proper payment.

2. Information Users

The UB-04 is managed by the National Uniform Billing Committee (NUBC), sponsored by the American Hospital Association. Most payers are represented on this body, and the UB-04 is widely used in the industry.

Medicare receives 99.8 percent of the claims submitted by institutional providers electronically. Because of the number of small and rural providers who do not submit claims electronically, it is not possible to achieve total electronic submission at this time. Intermediaries use the information

on the CMS-1450 to determine whether to make Medicare payment for the services provided, the payment amount, and whether or not to apply deductibles to the claim. The same method is also used by other payers.

CMS is also a secondary user of data. CMS uses the information to develop a data base which is used to update and revise established payment schedules and other payment rates for covered services. CMS also uses the information to conduct studies and reports.

3. Use of Information Technology

Medicare receives 99.8 percent of the claims submitted by institutional providers electronically. CMS has simplified the claims submission process, effective July 1996, by accepting only national standard electronic claim formats except from small and rural providers. This means that CMS only accepts electronic claims in the American National Standards Institute (ANSI) 837 version 4010A1 format for institutional providers.

Through the use of the uniform bill, we have been able to achieve a more uniform and a more automated bill processing system for fiscal intermediaries and providers. This form is consistent with the CMS electronic billing specifications, i.e., all coding data element specifications are identical. This has promoted and eased the conversion to electronic billing. Provider billing costs have decreased as a result of standardization of bill preparation, related training and other activities. The average cost to process a line 1 Part A claim in **FY 2004** was \$.92 per claim.

In the electronic media claims process, the Medicare intermediary adjudicates the bill using its computer system after obtaining approval from CMS's Common Working File (CWF) system.

*To comply with the Government Paperwork Elimination Act (GPEA), you must also include the following information in this section:

- Is this collection currently available for completion electronically? **Yes. Medicare receives 99.8 percent of the claims submitted by institutional providers electronically.**

- Does this collection require a signature from the respondent(s)? **No.**

- If CMS had the capability of accepting electronic signature(s), could this collection be made available electronically? **N/A.**

- If this collection isn't currently electronic but will be made electronic in the future, please give a date (month & year) as to when this will be available electronically and explain why it can't be done sooner. **N/A.**

- If this collection cannot be made electronic or if it isn't cost beneficial to make it electronic, please explain. **N/A.**

4. Duplication of Efforts

Most hospitals participate in both Medicare and many other insurance programs and, without use of the CMS-1450, would have to maintain distinct and duplicate billing systems to handle the billing form, the tape formats, and the diagnostic coding systems for the many programs. The purpose of the requirements in this package is to eliminate this duplication. There is no one form that can accommodate as much information as the CMS-1450 does; nor is there another that can handle a variety of services the way the uniform bill does.

The CMS-1450 is managed by the National Uniform Billing Committee, a standard's body sponsored by the American Hospital Association. Most major payers, such as the Blues network, the members of the Health Insurance Association of America, as well as the state hospital associations, are represented on this body.

5. Small Businesses

Burden can be minimized by providing training materials and by obtaining assistance from the uniform bill coordinator designated by each CMS regional office.

6. Less Frequent Collection

The use of the UB-04 will not result in less frequent collection under this extension than previously.

7. Special Circumstances

There are no special circumstances.

8. Federal Register/Outside Consultation

We published a notice with a 60-day comment period proposing the information collection on November 21, 2012.

9. Payments/Gifts to Respondents

There are no payments and gifts to respondents.

10. Confidentiality

Privacy Act requirements have been addressed under a Notice Systems of Record entitled "Intermediary Medicare Claims Record" system number 09-70-0503, DHHS/CMS/OIS. The System of Records Notice published on November 6, 2006 (71 FR 64961).

11. Sensitive Questions

No questions of a sensitive nature are asked.

12. Burden Estimates (Hours & Wages)

Currently 99.8 percent of all Medicare intermediary bill receipts are EMC. Application of this percentage to our calendar year 2008 volume of 181,909,654 bills results in the following estimate of burden:

Hardcopy bills at .2% = .2% x 181,909,654 bills = 363,819 bills
Hardcopy burden = 9 minutes per hardcopy bill x 363,819 = 54,573 hours

EMC bills at 99.8% = 99.8% x 181,909,654 = 181,545,835 bills

EMC burden = 0.5 minutes per EMC bill x 181,545,835 bills = 1,512,882 hours

Total burden:	54,573	Hardcopy burden hours
	1,512,882	EMC burden hours

	1,567,455	Total burden hours

Since the UB-04 will be completed by clerical staff or contractor billing staff, it is unclear of the total wages necessary to complete the form.

13. Capital Costs

There is no capital or operational costs associated with this collection.

14. Cost to Federal Government

The annual costs to the Federal government for the information collection activity include all aspects of the data collection function from the initial data entry to receipt/processing operations. The costs to the Federal Government for data collection can best be described as the total costs of processing the required billing information. Calculation of the precise costs for the data collection is not feasible for the purposes of the Paperwork Reduction Act without conducting a costly study. Therefore, aggregate costs have been developed taking into consideration programming, software, training, tapes, overhead costs, etc.

15. Changes to Burden

The number of hardcopy bills was greatly reduced and the number of electronic bill increased. We have adjusted the burden accordingly.

16. Publication/Tabulation Dates

The purpose of this data collection is payment to providers for Medicare services rendered. We do not employ statistical methods to collect this information, but rather all Medicare institutional providers generate this billing information subsequent to the delivery of services.

17. Expiration Date

Placing the expiration date of the form would require form changes. Since CMS is not responsible for the design and content of the UB-04 we would have to seek approval from the NUBC, which has responsibility for the UB-04, to make the change.

18. Certification Statement

There are no exceptions to the certification statement.