

SUPPORTING STATEMENT FOR FORM
CMS-276: PREPAID HEALTH PLAN COST REPORT

A. Background

1. CMS is requesting approval of a revised version of the currently approved Form CMS 276 (OMB No.0938-0165). This Cost Report outlines the provisions for implementing Section 1876 (h) and Section 1833 (a)(1)(A) of the Social Security Act. The purposes of the revisions were to implement some changes in response to the Affordable Care Act, clarify certain instructions, and update outdated issues within the Cost Report.

B. Justification

1. **Need and Legal Basis**

Health Maintenance Organizations and Competitive Medical Plans (HMO/CMPs) contracting with the Secretary under Section 1876 of the Social Security Act are required to submit a budget and enrollment forecast, semi-annual interim report, interim final cost report, and a final certified cost report in accordance with 42 CFR 417.572 – 417.576.

Health Care Prepayment Plans (HCPPs) contracting with the Secretary under Section 1833 of the Social Security Act are required to submit a budget and enrollment forecast, semi-annual interim report, and final cost report in accordance with 42 CFR 417.808 and 42 CFR 417.810

2. **Information Users**

An HMO/CMP is a health care delivery system that furnishes directly or arranges for the delivery of the full spectrum of Part A and/or Part B health services to an enrolled population. If it elects and qualifies to contract with the Secretary, it can receive reimbursement for all covered services furnished to a Medicare enrollee.

An HCPP is a health care delivery system that furnishes directly or arranges for the delivery of certain physician and diagnostics services up to the full spectrum of non-provider Part B health services to an enrolled population.

3. **Improved Information Technology**

No technology improvements since last submission.

4. **Duplication of Similar Information**

This report will be used to establish the reasonable cost of delivering covered services furnished to Medicare enrollees. This will be done on a prospective, interim and retrospective basis to insure that payment to these organizations does not exceed reasonable cost of services. At this time, no other forms have been developed that can be used to establish the reasonable cost of providing covered services to a Medicare enrollee by an HMO/CMP or HCPP.

5. **Small Businesses**

The cost report has been developed with a view toward minimizing the reporting for small businesses.

6. **Less Frequent Collection**

Without these worksheets, the Centers for Medicare & Medicaid Services (CMS) would not have documentation needed to reimburse the organizations on a reasonable cost basis. All physician services would have to be billed through the area carrier on a fee-for-service basis. In addition, the organizations could not be reimbursed for any service furnished by a provider of service (hospital, SNF, and HHA). Legislation as it now exists, could not be implemented.

7. **Special Circumstances**

The submission dates for the cost reports differ depending on the type of delivery system:

A. HMO/CMP

- a. Budget - Due 90 days prior to the beginning of the contract period
- b. Semi-Annual Interim - Due 60 days after the close of each quarter
- c. Interim Final – Due 60 days after the close of the contract period
- d. Final - Due 180 days after the close of the contract period; the report must be certified

- B. HCPP
 - a. Budget - Due 60 days prior to the beginning of the contract period
 - b. Semi-Annual Interim - Due 45 days after the close of the first six-month period of a contract period
 - c. Final - Due 120 days after the close of the contract period

Health Care Plans are required to retain financial records relating to their cost reports for three years after final settlement has occurred. Note that this period is longer than three years after date of submission.

8. **Federal Register Notice/Outside Consultation**

The 60-day Federal Register notice published on _____.

9. **Payments/Gifts To Respondents**

There has been no decision to provide any payment or gift to respondents.

10. **Confidentiality**

Medicare cost reports are subject to requests made under the Freedom of Information Act; however, they have been protected from disclosure under **42 CFR 5.65 Exemption four: Trade secrets and confidential commercial or financial information**. The report includes commercial and financial information considered confidential but that is mandatory for an organization to report to seek reimbursement on a reasonable cost basis as an HMO and as an HCPP.

11. **Sensitive Questions**

This report form does not request any information that is of a sensitive nature. No questions were asked dealing with religious or political beliefs, sex behavior and attitudes, or other matters commonly considered private.

12. **Burden Estimate (Total Hours & Wages)**

1. For HMO/CMPs

	<u>Budget</u>	<u>Interim Final & Final</u>	<u>Semi-Annual Interim</u>	<u>Total</u>
Avg. Completion Time Per Report (Hours)	24	80	4	47*
Times Estimated Number of Respondents for FY 12	19	19	19	76*
Times Annual Frequency	<u>1</u>	<u>2</u>	<u>1</u>	<u>4</u>
= Burden	456	3,040	76	3,572

* 47 is the average completion time $((24+80+80+4)/4)$ for total.

* 76 includes the Interim and Final being submitted twice $(19+19*2+19)$ in total.

Total HMO/CMP hours				3,572
Cost Per Hour				\$80
Total Annual Cost				<u>\$285,760</u>

2. For HCPPs	<u>Budget</u>	<u>Final</u>	<u>Semi-Annual Interim</u>	<u>Total</u>
Avg. Completion Time Per Report(Hours)	16	60	4	26.67*
Times Estimated Number of Respondents for FY 12	10	10	10	30
Times Annual Frequency	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>
= Burden	160	600	40	800

*26.67 is the average completion time $((16+60+4)/3)$ for total.

Total HCPP hours				800
Cost Per Hour				<u>\$ 80</u>
Total Annual Cost				\$ 64,000

13. **Capital Costs**

There is no capital costs associated with this collection.

14. **Cost to the Federal Government**

These annual costs are incurred in processing information contained on the form, particularly with regard to the collection of the additional data necessary to meet the law. Effective fiscal year 2006, this function has been contracted out due to A-76 study.

Cost to the Federal Government

	<u>Interim Final & Final</u>	<u>Budget & Semi-Annual Interim</u>	<u>Total</u>
1. Estimated Number of Respondents - HMO/CMP	19	19	19
2. Responses per Respondents	2	2	4
3. Total # of Responses	38	38	76
4. Processing Hours Per Response	20	8	28
5. <u>Total # of Hours - HMO/CMP</u>	<u>760</u>	<u>304</u>	<u>1064</u>
6. Estimated Number of Respondents - HCPP	10	10	10
7. Responses Per Respondents	1	2	3
8. Total # of Responses	10	20	30
9. Processing Hours Per Response	16	8	24
10. <u>Total # of Hours - HCPP</u>	<u>160</u>	<u>160</u>	<u>320</u>
11. Grand Total (Line 5 + Line 10)	920	464	1384
12. Avg. Cost Per Hour	114.00	114.00	114.00
13. Line 11 x 12 (Rounded)	104,880	52,896	157,776
14. Estimated Printing			2,000
15. Total Cost to Government			<u>\$159,776</u>

15. **Program Changes**

There were no program changes. There were only minor changes to the worksheets and instructions. The burden hours were not impacted because these changes do not impact the preparation time to complete the worksheets.

16. **Publication and Tabulation Dates**

There are no publication plans for this data.

17. **Expiration Date**

The expiration date will be displayed on the form.

18. **Certification Statement**

There are no exceptions to the certification statement.

C. **Collections of Information Employing Statistical Methods**

This information collection does not employ statistical methods.