

**Supporting Statement For  
Provider Cost Report Reimbursement Questionnaire  
and Supporting Regulations  
42 CFR 413.20 *and* 413.24**

**Form CMS-339**

A. Background

The purpose of Form CMS-339 is to assist the provider in preparing an acceptable cost report and to minimize subsequent contact between the provider and its *Medicare Administrative Contractor (MAC)*. Form CMS-339 provides the basic data necessary to support the information in the cost report.

Exhibit 1 of the Form CMS-339 contains a series of reimbursement-oriented questions which serve to update information on the operations of the provider. It is arranged topically regarding financial activities such as independent audits, provider organization and operation, etc. The *MAC* responsible for the settlement of the Medicare cost report must determine the reasonableness and the accuracy of the reimbursement claimed. This process includes performing both, a desk review of the cost report and an analysis leading to a decision to settle the cost report with or without further audit. Form CMS-339 provides essential information to enable the *MAC* to make the audit/no audit decision, scope the audit if one is necessary, and to update the provider documentation (i.e., documentation to support the financial profile of the provider). If the information is not collected, then the *MAC* will have to go onsite to each provider to get this information. Consequently, it is far less burdensome and extremely cost effective to capture this information through the Form CMS-339.

Exhibit 2 is a listing of bad debts pertaining to uncollectible Medicare deductible and coinsurance amounts. Preparation of the listing is a convenient way for providers to supply the *MAC* with information needed to determine the allowability of the bad debts for reimbursement. Some items required to determine allowability that are included on this exhibit are patient's name, dates of service, date first bill sent to beneficiary, and *date the collection effort ceased*. Supplying the *MAC* with this information may be all that is required for the *MAC* to determine whether or not the bad debt is allowable. This may eliminate a visit to the provider to gather this needed data.

Summary of the General Purposes of Each Exhibit in Form CMS-339:

Exhibit 1 - Provider Cost Report Reimbursement Questionnaire--Its purpose is to assist the provider in preparing an acceptable cost report, and to minimize direct contact between the provider and its *MAC*. The questionnaire is designed to answer pertinent questions about key reimbursement concepts relative to the Medicare cost report. Example - Questions regarding whether an independent audit had been performed will prevent duplication of work. It provides an update to the *MAC*'s permanent file that, in

turn, completes the profile on that provider which is a valuable tool in scoping the audit.

Exhibit 2 - Listing of Medicare Bad Debts and Appropriate Supporting Data-- This exhibit requests a listing of bad debts and appropriate supporting data. Submission of this listing may provide the *MAC* with sufficient information upon which to base the acceptability of the bad debts claimed on the cost report without the necessity of an onsite visit.

We are currently working on elimination of Form CMS-339 and inclusion of the applicable questions on the individual cost report forms. *To date, Form CMS-339 has been incorporated in the Form CMS-2552-10 (Hospital cost report), Form CMS-2540-10 (SNF cost report), and Form CMS-265-11 (ESRD cost report).* Because of the time required to include the questions in each of the remaining cost report reports, we are requesting a 3-year extension of the Form CMS-339 at this time.

## B. Justification

### 1. Need and Legal Basis

The information collected in this form (Exhibits 1 *and 2*) is authorized under Sections 1815(a) and 1833(e) of the Social Security Act, 42 USC 1395g. Regulations at 42 CFR 413.20 and 413.24 require providers to submit financial and statistical records to verify the cost data disclosed on their annual Medicare cost report. Providers participating in the Medicare program are reimbursed for furnishing covered services to eligible beneficiaries on the basis of an annual cost report (filed with the provider's *MAC*) in which the proper reimbursement is computed.

Consequently, it is necessary to collect this documentation of providers' costs and activities that supports the Medicare cost report data in order to ensure proper Medicare reimbursement to providers.

### 2. Information Users

Form CMS-339 must be completed by all *Home Health Agency (HHA), Community Mental Health Centers (CMHC), Rural Health Clinic/Federally Qualified Health Center (RHC/FQHC), Organ Procurement Organization (OPO), and Hospice providers* that submit full cost reports to the Medicare *MAC* under Title XVIII of the Social Security Act. It is designed to answer pertinent questions about key reimbursement concepts found in the cost report and to gather information necessary to support certain financial and statistical entries on the cost report. The questionnaire is used by the *MACs* as a tool to help them arrive at a prompt and equitable settlement of all of the various types of provider cost reports (HHAs, *Rural Health Clinics*, etc.) and sometimes preclude the need for a comprehensive on-site audit. Since the Provider Cost Report Reimbursement Questionnaire is in reality a supporting statement of the

CMS-1728 (Medicare HHA Cost Report) OMB No. 0938-0022 expiration date of *10/31/2013*, CMS-2088 (Medicare CMHC Cost Report) OMB No. 0938-0037 expiration date of *4/30/2013*, CMS-222 (Medicare RHC/FQHC Cost Report) OMB No. 0938-0107 expiration date of *8/31/2014*, Form CMS-216 (Medicare Organ Procurement Organization Cost Report) OMB No. 0938-0102 expiration date of *7/31/2014*, and Form CMS-1984 (Medicare Hospice Cost Report) OMB No. 0938-0758 expiration date of *12/31/2013*) it also must be furnished on an annual basis.

### 3. Improved Information Technology

The processing of reimbursement questionnaire data through an electronic medium is in process. At the present time, we have approved several software packages to process the CMS-339. However, we are still requiring the submittal to be only in hard copy because we have not yet completed uniform specifications to be used by all software vendors.

### 4. Duplication of Similar Information

There is no specific duplicate information collection instrument pertaining to supplemental cost report documentation. The information in Form CMS-339 provides more detailed information to support the amounts reported on the cost report. This form was developed to curtail any additional amount of information being placed on the cost report and to facilitate its review without the need for an on-site audit. Only one of the questions in Form CMS-339 relates to an issue (i.e., change of ownership) that is also addressed in Form CMS-855 (Provider Enrollment). However, this specific information from Form CMS-855 may not always be available at the time the cost report is desk-reviewed, meaning this information must be obtained from Form CMS-339. We will consider this issue again when we incorporate the Form CMS-339 into the cost report.

### 5. Small Businesses

To a large extent, this information collection does not involve small businesses. However, where it does, efforts have been made to streamline its format and clarify its instructions.

### 6. Less Frequent Collection

If this information were collected less frequently it would deny the Federal Government financial profile data. Furthermore, all data collected ties into the cost reporting year, so the Form CMS-339 must correlate to the annual submission of the cost report.

### 7. Special Circumstances

There are no special circumstances.

8. Federal Register Notice/Outside Consultation

The 60-day Federal Register notice published on \_\_\_\_\_.

9. Payments/Gifts to Respondents

There were no payments/gifts to respondents.

10. Confidentiality

CMS does assure the confidentiality of information obtained through the Form CMS-339. However, we are informed by CMS's Privacy Act Officer that a Notice of System of Records encompassing this type of data already exists.

11. Sensitive Questions

This information collection does not contain any sensitive questions.

12. Burden Estimate (Total Hours & Wages)

Response time can vary depending on the type of provider and the size and complexity of the provider's operations. In addition, significant financial events (e.g., change of ownership) can also impact on response time. *Exhibit 1 is required to be submitted by all the provider-types listed below that are filing full cost reports.* Exhibit 2 is required for all providers except *HHAs* and hospices.

The number of respondents is calculated as follows:

HHAs (freestanding)	10,042
CMHCs freestanding)	428
RHC/FQHC (freestanding)	4,973
Hospice (freestanding)	2,445
OPOs	<u>51</u>
Total number of respondents*	17,939

\* Provider-based HHAs, CMHCs, Hospices, and RHC/FQHCs will have their Cost Report Reimbursement Questionnaire completed by the parent provider.

The breakdown of the Exhibit requirements and estimated hours to complete follow:

EXHIBIT NUMBER	TO BE PREPARED BY	NUMBER OF RESPONDENTS	AVG. HOURS TO COMPLETE EXHIBIT	TOTAL HOURS
1	All providers	17,939	3	53,817
5	All providers except <i>HHAs</i> and Hospices	5,452	4	<u>21,808</u>
TOTAL				75,625

As shown above, we estimate the annual burden to be *75,625* hours. This is an estimate of the average time required for all providers to prepare the questionnaires. The time will vary based on the size and type of provider.

Respondent Costs:

Average wage of respondent (including clerical cost) = \$40.00/hour

Total Hours to Respond = *75,625*

Total Annual Respondents Cost = *\$3,025,000*

Preparation of Form CMS-339 contributes to the preparation of the cost report and allows the *MAC* to accomplish a quicker settlement with less need to obtain data on site. In some cases, there is less chance of an audit because needed data will already be available. Also, if the provider is audited, much of the data collected will be used by the *MAC*; thus eliminating duplicate requests for information and expediting the performance of the audit.

The Medicare program shares in the cost of preparing Form CMS-339 based on the provider's Medicare utilization either as part of the PPS payment rate or cost-based reimbursement.

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

Since the Form CMS-339 is available to be printed from the Internet, we expect the cost for printing and distribution to be minimal.

15. Program changes/Burden changes

The previous burden estimate was *431,148* hours. *The difference is due to: (1) decrease in the number of respondents required to complete Exhibits 1 and 2 due to the incorporation of the Form CMS-339 into Forms 2552-10 (hospitals), 2540-10 (SNFs), and 265-11 (ESRD facilities); (2) a decrease in average hours to complete Exhibit 1 because of a less complex nature of the providers that are still required to complete Form CMS-339, and elimination of previous Exhibits 2 through 4.A and 6.*

Revised:	(see computation in Section 12 above)	<i>75,625</i> hours
Prior:	(see prior Form 83-C submitted in April 2006)	<i>431,148</i> hours
Decrease:		<i>355,523</i> hours

16. Publication and Tabulation Dates

There are no publication or tabulation dates.

17. Expiration Date

CMS would like an exemption from displaying the expiration date as these forms are used on a continuing basis. To include an expiration date would result in having to discard a potentially large number of forms.

18. Certification Statement

There are no exceptions to the certification statement.

C. Collections Of Information Employing Statistical Methods

This collection does not employ statistical methods.