

Supporting Statement Part A
Notification of FIs and CMS of co-Located Medicare Providers
and Supporting Regulations
CMS-10088, OCN 0938-0897

Background

Notification of FIs and CMS of co-Located Medicare Providers and Supporting Regulations in 42 CFR 412.22 and 412.532

Many long-term care hospitals (LTCHs) are co-located with other Medicare providers (acute care hospitals, IRFs, SNFs, psychiatric facilities), which leads to potential gaming of the Medicare system based on patient shifting. In regulations at 42 CFR 412.22(e)(3) and (h)(6) and 412.532(i), CMS is requiring LTCHs to notify fiscal intermediaries K(FIs), Medicare Administrative Contractors (MACs) and CMS of co-located providers in order to establish policies to limit payment abuse that will be based on FIs tracking patient movement among these co-located providers.

A. Justification

1. **Need and Legal Basis**

Many LTCHs are co-located with other Medicare providers (acute care hospitals, IRFs, SNFs, psychiatric facilities), which leads to potential gaming of the Medicare system based on patient shifting. CMS is requiring LTCHs to notify FIs, MACs, and CMS of co-located providers and establish policies to limit payment abuse that will be based on FIs and MACs tracking patient movement among these co-located providers 42 CFR 412.22(e)(6) and (h)(5).

2. **Information Users**

Based upon being able to identify co-located providers, FIs, MACs, and CMS will be able to track patient shifting between LTCHs and other in-patient providers which will lead to appropriate payments under §412.532. This regulation, limits payments to LTCHs where over 5% of admissions represent patients who had been sequentially discharged by the LTCH, admitted to an on-site provider, and subsequently readmitted to the LTCH. Since each discharge triggers a Medicare payment, CMS implemented this policy to discourage payment abuse.

3. **Use of Information Technology**

CMS is requiring that FIs and MACs monitor co-location among their LTCHs but has not established any format for information storage.

The LTCH Prospective Payment System (PPS) was implemented on October 1, 2002. CMS anticipates that as policies and procedures are refined, there will be increasing use of electronic information gathering and storage.

4. Duplication of Efforts

These information collections do not duplicate any other effort and the information cannot be obtained from any other source.

5. Small Businesses

This does not have a significant economic impact on small businesses.

6. Less Frequent Collection

LTCHs are required to report their present co-located status with information describing the facilities with which they are co-located. If this status changes, i.e., another hospital is built adjacent to the LTCH, the LTCH is required to notify its FI/MAC and CMS in writing prior to the end of the cost reporting period. Specific payment policies under the LTCH PPS will be unenforceable without collection of this data as set forth in the LTCH PPS August 30, 2002 final rule.

7. Special Circumstances

There are no special circumstances.

8. Federal Register/Outside Consultation

The 60-day Federal Register notice published on May 17, 2013 (78 FR 29173). No comments were received.

9. Payments/Gifts to Respondents

There are not payments or gifts to respondents.

10. Confidentiality

We pledge confidentiality to the extent provided by law.

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Burden Estimates (Hours & Wages)

The requirement regarding collection of information at §412.22 concerning a LTCH's (or a LTCH satellite's) notification to its Medicare FI, MAC, and CMS of its co-located status continues to be very important in order for Medicare to appropriately pay co-located hospitals within hospitals (HwHs) and satellites. Under §§412.22(e)(6) and (h)(5), a LTCH or a satellite of a LTCH that occupies space in a building used by another hospital, or in one or more entire buildings located on the same campus as buildings used by another hospital must notify its fiscal intermediary and CMS in writing of its co-location within 60 days of its first cost reporting period that began on or after October 1, 2002.

We estimate that the burden associated with this provision is the time it would take for a LTCH or a satellite of a LTCH to prepare and submit its notification to its FI and CMS. At this time, we estimate that 25 new LTCHs and satellites of LTCHs will take 15 minutes each

to comply with these provisions for a total burden of 6.25 hours.

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

The reporting requirements do not entail any costs to the Federal Government.

15. Changes to Burden

This ICR contains no adjustments or program changes.

16. Publication/Tabulation Dates

FIs/MACs and CMS ROs keep records on co-located LTCHs for which they are responsible.

17. Expiration Date

This collection does not lend itself to the displaying of an expiration date.

18. Certification Statement

No exceptions are requested.

B. Collections of Information Employing Statistical Methods

This collection does not employ any statistical methods.