

SUPPORTING STATEMENT FOR FORM CMS-2552-10
HOSPITAL AND HOSPITAL HEALTH CARE COMPLEX COST REPORT

A. BACKGROUND

Part A institutional providers must provide adequate cost data to receive Medicare reimbursement (42 CFR 413.24(a)). Providers must submit the cost data to their Medicare Fiscal Intermediary (FI)/Medicare Administrative Contractor (MAC) through the Medicare cost report (MCR).

CMS requests the Office of Management and Budget review and extend the Hospital and Hospital Health Care Complex Cost Report FORM CMS-2552-10. The revisions made to the hospital cost report clarified and corrected the existing instructions. The changes made also incorporated select Federal Register provisions as well as select legislative provisions. Revisions made to update the forms currently in use were incorporated within this request for approval. The revisions were caused by legislative requirements in the Patient Protection and Affordable Care Act (ACA) of 2010 and the Temporary Payroll Tax Cut Continuation Act of 2011. For additional detail see the crosswalk included in this package.

B. JUSTIFICATION

1. Need and Legal Basis

Part A institutional providers participating in the Medicare program are required under sections 1815(a) and 1861(v)(1)(A) of the Social Security Act (42 USC 1395g) to submit annual information to achieve settlement of costs for health care services rendered to Medicare beneficiaries.

42 CFR 413.20 states that the principles of cost reimbursement require that providers maintain sufficient financial records and statistical data for proper determination of cost payable under the program. The section also requires providers submit cost reports on an annual basis with reporting periods based on the provider's accounting year. The cost report must be based on the provider's financial and statistical records which must be capable of verification by qualified auditors. The cost data must be based on an approved method of cost finding and on the accrual basis of accounting.

2. Information Users

The primary function of the cost report is to determine the reimbursement of providers for services rendered to program beneficiaries. The FI/MAC uses the cost report to make settlement with the provider for the fiscal period covered by the cost report. Furthermore, the FI/MAC uses the cost report to determine the necessity and scope of an audit of the records of the provider.

CMS uses the data collected on the MCR to project future Medicare expenditures, determine adequate deductibles and premiums, and develop and update provider market baskets (input price indexes) mandated for use in updating Medicare payment rates. CMS also uses the data to offer public use data files. In addition, the data is available to Congress, researchers, universities, and other interested parties.

3. Use of Information Technology

42 CFR 413.24(f)(4) requires hospitals and hospital health care complexes submit their MCR in a standardized electronic format accompanied by a hard copy of a settlement summary and a statement signed by the administrator or chief financial officer certifying the accuracy of the electronic file.

4. Duplication of Efforts

This information collection does not duplicate any other effort and the information cannot be obtained from any other source. The cost report is a unique form that does not duplicate any other CMS information collection. This form specifically provides for the reimbursement methodology that is unique to freestanding hospital and hospital health care complex providers. No other existing form can be modified for this purpose.

5. Small Businesses

This form has been designed with a view towards minimizing the reporting burden for small businesses. The complexity of the provider determines the worksheets required, thereby minimizing the burden.

6. Less Frequent Collection

42 CFR 413.20(b) and 42 CFR 413.24(f) require that providers submit their cost reports annually. If annual cost reports are not filed, the Secretary will not be able to determine whether proper payments are being made under Medicare. Furthermore, CMS will not have the data necessary to project future Medicare expenditures, determine adequate deductibles and premiums, and develop and update provider market baskets (input price indexes) mandated for use in updating Medicare payment rates.

7. Special Circumstances

This information collection complies with all general information collection guidelines in 5 CFR 1320.6.

8. Federal Register/Outside Consultation

CMS published a 60-day notice on May 10, 2013.

9. Payments/Gifts to Respondents

There is no payment/gift to respondents.

10. Confidentiality

Confidentiality is not pledged. Medicare cost reports are subject to disclosure under the Freedom of Information Act.

11. Sensitive Questions

There are no sensitive questions.

12. Burden Estimates (Hours & Wages)

The MCR is submitted annually. CMS estimates the MCR burden	673 hours
The number of respondents	<u>6,171</u>
Total burden hours	4,153,083 hours
The annual cost per hour	<u>\$15</u>
The total annual burden cost	\$62,296,245

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

<u>Annual cost to FIs/MACs:</u> Annual costs incurred are related to processing information contained on the forms, particularly associated with achieving settlements. Processing costs are based on estimates provided by the Office of Financial Management.	\$102,000,000
<u>Annual cost to CMS:</u> Total CMS processing cost (HCRIS Budget)	<u>\$ 42,000</u>
<u>Total Federal Cost</u>	<u>\$102,042,000</u>

15. Changes to Burden

The total burden for the new FORM CMS-2552-10 is estimated to be: 4,153,083 hours and \$62,296,245 which is a decrease of \$30,285 (2,019 hours at \$15/hr.). The changes to the burden are a result of:

- The estimated number of respondents decreased by 3 (from 6,174 as of 03/02/2010 to 6,171 as of 03/11/2013).
- On a per respondent basis, incorporating the added legislative requirements in the Patient Protection and Affordable Care Act (ACA) of 2010 and the Temporary Payroll Tax Cut Continuation Act of 2011 in the revised MCR has not changed burden. The hourly burden per provider is estimated to remain unchanged at 673 hours.
- The standard rate per hour remains unchanged at \$15.

16. Publication/Tabulation Dates

The data submitted on the cost report supports management of the Federal programs. As previously stated, CMS uses the data collected on the MCR to project future Medicare expenditures, determine adequate deductibles and premiums, and develop and update provider market baskets (input price indexes) mandated for use in updating Medicare payment rates. CMS also uses the data to offer public use data files. In addition, the data is available to Congress, researchers, universities, and other interested parties.

17. Expiration Date

We request an exception to displaying the expiration date since the forms are changed infrequently.