

**Supporting Statement Part A**  
**Home Health Agency Cost Report and Supporting Regulations**  
**CMS-1728-94, OCN 0938-0022**

**BACKGROUND**

Home Health Agency Cost Report and Supporting Regulations in 42 CFR 413.20, 413.24, and 413.106

CMS requests the Office of Management and Budget (OMB) review and extend the Home Health Agency (HHA) Cost Report FORM CMS 1728-94. The revisions made to the HHA cost report clarify and correct the existing instructions. This revision also incorporates statutory changes as a result of the Middle Class Tax Relief and Job Creation Act of 2012 and section 4104 of the Patient Protection and Affordable Care Act. Additionally the HHA cost report is revised to comply with an Executive order, for the sequestration required by section 251A of the Balanced Budget and Emergency Deficit Control Act as amended by the Joint Committee.

Providers receiving Medicare reimbursement must provide adequate cost data based on financial and statistical records which can be verified by qualified auditors. The data from these cost reporting forms will be used for the purpose of evaluating current levels of Medicare reimbursement.

**A. JUSTIFICATION**

1. Need and Legal Basis

Providers of services 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.

In addition, this collection implements regulations at 42 CFR 413.20 and 413.24. 42 CFR 413.20 and 413.24 require adequate cost data and cost reports from providers on an annual basis. The data submitted on the cost reports supports management of Federal programs.

2. Information Users

In accordance with sections 1815(a), 1833(e) and 1861(v)(1)(A) of the Social Security Act, providers of service in the Medicare program are required to submit annual information to achieve reimbursement for health care services rendered to Medicare beneficiaries. In addition, 42 CFR 413.20(b) requires that cost reports will be required from providers on an annual basis. Such cost reports are required to be filed with the provider's Medicare contractor. The functions of the Medicare contractor are described in section 1816 of the Social Security Act. The Medicare contractor uses the cost report not only to make settlement

with the provider for the fiscal period covered by the cost report, but also in deciding whether to audit the records of the provider. 42 CFR 413.24(a) requires providers receiving payment on the basis of reimbursable cost to provide adequate cost data based on their financial and statistical records that must be capable of verification by qualified auditors.

Besides determining program reimbursement, the data submitted on the cost reports supports management of the Federal programs. These data are extracted from the cost report, by the Medicare contractors, for transmission to CMS, and are used by the Office of the Actuary in making projections of Medicare Trust Fund requirements and by CMS for analysis to rebase HHA PPS. In addition, the data is available to Congress, researchers, universities, and other interested parties. However, the collection of data is a secondary function of the cost report, whose primary function is the reimbursement of providers for services rendered to program beneficiaries.

3. Improved Information Technology

The burden is reduced by using an electronic submission process to report required cost data.

4. Duplication and Similar Information

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 home health agencies. No other existing form can be modified for this purpose.

5. Small Business

This cost report has been designed with a view towards minimizing the reporting burden for small providers. Some worksheets are completed on an as needed basis which is dependent on the complexity of the provider. Consequently, the burden imposed on them is minimized.

6. Less Frequent Collection

If the annual cost reports are not filed, the Secretary will be unable to determine whether proper payments are being made under Medicare. If a provider fails to file a cost report by the statutory due date, it is notified that interim payments are reduced unless a cost report is filed. If the report is not filed within another 30 days, interim payments are suspended. Finally, if a provider fails to file a cost report, all interim payments made since the beginning of the cost reporting periods may be deemed to be overpayments, and recovery action may be initiated.

7. Special Circumstances

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

8. Federal Register Notice/Outside Consultations

The 60-day Federal Register notice published on June 28, 2013 (78 FR 38986). No comments were received.

9. Payment/Gift to Respondent

There is no payment or 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 questions of a sensitive nature.

12. Estimate of Burden (Hours and Wages)

Number of HHA facilities	11,563
Hours burden per facility	226
Total hours burden (11,563 facilities x 226 hours)	2,613,238
Standard rate	\$20.00
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Total respondent cost estimate	\$52,264,760
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13. Capital Cost

There are no capital costs.

14. Cost to Federal Government

<u>Cost associated with distribution of forms and instructions:</u>	
We no longer print and distribute paper copies of Form CMS-1728-94. Forms and instructions are issued as a part of the Provider Reimbursement Manual. This manual is now transmitted via the internet.	\$0
<u>Annual cost to Medicare contractors:</u>	
Annual costs incurred are related to processing information contained on the forms by Medicare. Medicare contractors' handling costs are based on estimates provided by the Office of Financial Management.	\$6,937,800
<u>Annual cost to CMS:</u>	
Total CMS processing cost is from the HCRIS Budget:	42,000
<u>Total Federal Cost</u>	<u>\$6,979,800</u>

15. Program/Burden Changes

The total burden for the Form CMS-1728-94 is estimated to be 2,613,238 hours and \$52,264,760. The changes to the burden are a result of:

- The estimated number of respondents increased from 7,479 to 11,563.
- The standard rate increased from \$15.00 to \$20.00 per hour due to a cost of living increase.

16. Publication and Tabulation Dates

There are no publication plans for the data.

17. Expiration Date

We request an exemption from displaying the expiration date since the forms change infrequently and are used on a continuing basis.

18. Certification Statement.

There are no exceptions to the certification statement.

**B. STATISTICAL METHODS**

There are no statistical methods employed in this collection.