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Centers for Medicare & Medicaid Services
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OFFICE OF FINANCIAL MANAGEMENT

# Supporting Statement for Paperwork Reduction Act Submissions – Part A

## Evaluation of Medicare Prior Authorization of PMDs Demonstration


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## A. Background

The Centers for Medicare & Medicaid Services (CMS) request clearance for its primary contractor, Provider Resources, Inc., to gather the qualitative information necessary to evaluate the "Medicare Prior Authorization of Power Mobility Devices (PMDs) Demonstration" (Demonstration).

The purpose of the Demonstration is to ensure that payments for PMDs are appropriate before the claims are paid, thereby preventing the fraud, waste, and abuse in the seven states participating in the Demonstration: California, Florida, Illinois, Michigan, New York, North Carolina and Texas. Additional benefits of the Demonstration include ensuring that a beneficiary's medical condition warrants their medical equipment under existing coverage guidelines and preserving their ability to receive quality products from accredited suppliers.

In order to gather qualitative information for analysis, the evaluation team will use semi-structured interview guides that focus on the direct impact of the Demonstration on stakeholder groups. Stakeholders will be drawn from advocacy organizations, power mobility device supply companies, State and Local Government, and healthcare practitioners. This PRA package explains the research methodology and data collection strategies designed to minimize the burden placed on research participants, while effectively gathering the data needed for the evaluation of the Demonstration.

## B. Justification

### 1. Need and Legal Basis

The Demonstration began for PMD orders written on or after September 1, 2012 with the intent of reducing fraud and increasing payment accuracy. To determine the extent to which the Demonstration has achieved its goals, CMS contracted with Provider Resources, Inc. (PRI) to evaluate the Demonstration. The information collection is necessary to obtain the qualitative data for the evaluation.

The Demonstration and its evaluation are authorized under Section 402(a)(1)(J) of the Social Security Amendments of 1967 (42 U.S.C. 1395b-1(a)(1)(J)), which permits the Secretary to "develop or demonstrate improved methods for the investigation and prosecution of fraud in the provision of care or services under the health programs established by the Social Security Act."

### 2. Information Users

The information will be collected by phone, by the Provider Resources, Inc. evaluation team, and for the express purpose of evaluating the Demonstration. As a new collection, the information collected will be used as part of the evaluation of the Demonstration.

3. Use of Information Technology

This data collection will use digital recording technology to record the interviews, as well as store and manage the audio files. The team will also take notes using Microsoft Word. There will be no electronic submission of responses. The burden has been reduced to the furthest extent possible by conducting the interviews by phone.

- Is this collection currently available for completion electronically?

  **No.**

- Does this collection require a signature from the respondent(s)?

  **No.**

- If CMS had the capability of accepting electronic signature(s), could this collection be made available electronically?

  **Not applicable. The collection occurs by telephone and interviewees will not be asked to submit any written responses.**

- If this collection isn't currently electronic but will be made electronic in the future, please give a date (month & year) as to when this will be available electronically and explain why it can't be done sooner.

  **Not applicable. The collection will not be made electronic.**

- If this collection cannot be made electronic or if it isn't cost beneficial to make it electronic, please explain.

  **We chose to conduct the interviews over the phone to reduce the burden on the stakeholder as much as possible and do not intend to make it electronic.**

4. Duplication of Efforts

This information collection does not duplicate any other effort and the information cannot be obtained from any other source.

5. Small Businesses

There may be a number of suppliers, advocates, and/or providers who may own or work for a small business. The following steps are intended to reduce the burden as much as possible on all stakeholders, including small businesses and other small entities: for each interview, the stakeholder will be notified of the expected duration, scheduling will occur via email and interviews will occur by telephone, and no stakeholder will be expected to submit any documentation.

6. Less Frequent Collection

The intent of these interviews is to collect information from a variety of stakeholders to inform the evaluation of the Demonstration from a number of perspectives. Not interviewing these stakeholders or interviewing them less frequently would result in an incomplete evaluation of the Demonstration. Overall, the evaluation combines both qualitative and quantitative information and focuses on outcomes, successes, and lessons learned from the Demonstration. The stakeholder interviews are a key component of the evaluation's overall approach.

Interviewing stakeholders twice will allow the team to assess the Demonstration periodically throughout its three-year life and is considered necessary for the evaluation.

7. Special Circumstances

This request is consistent with the general information collection guidelines of 5 CFR 1320.5(d)(2). No special circumstances apply.

8. Federal Register/Outside Consultation

The 60 day Federal Register notice was posted on May 24, 2013 (78FR31156). No outside consultation has been or will be sought.

9. Payments/Gifts to Respondents

No payment or gifts to respondents will be granted.

10. Confidentiality

No assurance of confidentiality will be provided to respondents; however the following privacy statement will be read to each respondent before their interview begins:

*We are soliciting input from a range of different types of individuals and appreciate your perspective on these issues. These interviews typically take an hour to an hour-and-a-half. We encourage you (and your staff) to be candid: your honest opinions and comments will be extremely helpful for the purpose of this research.* **.** *For note taking purposes, we would like to ask your permission to record this interview to ensure that we have an accurate record of your comments and feedback. Recordings and interviews notes will not be shared with CMS or anyone outside of the immediate research team, and your privacy will be maintained to the extent provided by law. The recordings will remain PRI's property and will be destroyed following completion of our study.*

*Do we have your permission to record this call?*

*[If YES, begin recording. If NO, make sure the note taker knows this and is prepared.]*

*We typically only share information with CMS in an aggregate form so we can be sure to get your candid opinion and CMS is unable to directly identify individuals or organizations. However, from time to time specific examples and/or comments that cannot be de-identified can be very helpful in bringing issues with policy implications to the forefront. If we identify such an example or comment from our conversation today, we are asking for your permission to attribute it to your organization, and will only do so with your specific verbal consent. However, if you have any privacy and/or confidentiality concerns, you may decline at this time and we will not report any of your comments to CMS except when aggregated with those from other organizations so that they are de-identified.*

*Should these circumstances occur, do we have your permission or would you like to opt out of any attributable reporting?*

11. Sensitive Questions

This collection does not contain any sensitive questions.

12. Burden Estimates (Hours & Wages)

The tables below detail the estimated time and cost burdens associated with each of the stakeholder categories we intend to interview. Table 1 summarizes the annualized cost burden on stakeholders across project years one and two. Although the annual cost burden varies by year, we expect the average annual cost burden to be $22,967across the two years (please see Table 3's description below for an explanation of the "Low" and "High" columns).

**Table 1. Summary of Annualized Cost Burden on Stakeholders by Year**

| | Annual Cost Burden (Estimated) | | |
|---|---|---|---|
| | **Low** | **Expected** | **High** |
| Project Year 1 | $18,700 | $21,900 | $25,200 |
| Project Year 2 | $20,400 | $24,100 | $27,600 |
| | | | |
| **Total Cost** | **$39,100** | **$46,000** | **$52,800** |
| **Average Annual Cost** | **$$19,500** | **$23,000** | **$26,400** |

All interviews, whether for screening, the stakeholder interview, or background research will be conducted over the telephone to minimize burden. Screenings and interviews will be conducted in project years one and two in each of the seven Demonstration states, while the background research interviews will be conducted two times for each stakeholder category in project years oneand two. The annual time burden estimate calculations assume the following:

30 minutes per screening interview in project years one and two,

90 minutes for each stakeholder interview in project year one,

120 minutes for each stakeholder interview in project year two 90 minutes per background research interview in project years one and two

When estimating the annual cost burden for each stakeholder, we referenced the Bureau of Labor Statistics (BLS) wage estimates, as shown in Table 2. To escalate wages in project year two, we assumed a 2% growth rate.

**Table 2. Mean Hourly Wage Estimates for each Stakeholder Category**

| Stakeholder Category | Project Year (PY) | | |
|---|---|---|---|
| | PY 1 | PY 2 | |
| Practitioners | $52.34 | $53.39 | |
| State and Local Government | $56.18 | $57.30 | |
| PMD Suppliers | $55.04 | $56.14 | |
| Advocates | $21.07 | $21.49 | |

*Note: Wages adjusted for 2% inflation in Project Year 3*
*Source of mean hourly wages: May 2011 National Occupational Employment and Wage Estimates*

Please note that because there are no requirements for Record Keeping and Third Party Disclosure, they have not been factored into our time and cost burden estimates.

For planning purposes, we have estimated the number of interviews we expect to conduct by stakeholder category; however we expect the distribution in each state may vary from year to year depending on stakeholder availability and willingness to participate. To illustrate this uncertainty, we have calculated 15% upper and lower bounds for the annual cost burdens to reflect the potential high and low variances on our cost estimates.

Although the total number of interviews varies by project year, we expect the overall average annual number interviews to be 254 for the Private Sector and 28 for State and Local Government; the average annual hour burdens are 288 and 35 hours, respectively. For details on how exactly the number of interviews, as well as time and cost burdens vary across project years, please see Table 3 below.

**Table 3. Estimated Annualized Cost Burden on Summary Stakeholder Categories**

| Proje ct Year | Summary Stakehol der Category | Number of Interviews | | | Annual Time Burden (Hours) | | | Annual Cost Burden (Estimated) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Screeni ng | Intervie ws | Backgrou nd Research | Screeni ng | Intervie ws | Backgrou nd Research | Low | Expect ed | High |
| 1 | Private Sector | 245 | 182 | 9 | 123 | 273 | 14 | $16,3 00 | $19,100 | $22,0 00 |
| | State and Local Governme nt | 28 | 21 | 3 | 14 | 32 | 5 | $2,40 0 | $2,800 | $3,20 0 |
| 2 | Private Sector | 126 | 182 | 9 | 63 | 364 | 14 | $17,8 00 | $21,000 | $24,1 00 |
| | State and Local Governme nt | 14 | 21 | 3 | 7 | 42 | 5 | $2,60 0 | $3,100 | $3,50 0 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| **Total** | | **413** | **406** | **3** | **207** | **711** | **35** | **$39,1 00** | **$46,000** | **$52,8 00** |

*Notes: Wages adjusted for 2% inflation in Project Year 2As the mix of stakeholder interviews may vary, thus altering the mean hourly wage mix, a 15% margin was calculated around Expected Annual Cost Burden. There are no costs associated with Record Keeping or Third Party Disclosure on part of the stakeholder. Source of mean hourly wages: May 2011 National Occupational Employment and Wage Estimates.* Table 4 below details the same annual time and cost burdens but breaks out the information by the project's stakeholder categories; the Private Sector is comprised of Practitioners, PMD Suppliers, and Advocates.

**Table 4. Estimated Annualized Cost Burden on Stakeholder Categories**

| Project Year | Summary Stakeholder Category | Number of Interviews | | | Annual Time Burden (Hours) | | | Annual Cost Burden (Estimated) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Screenin g | Interviews | Background Research | Screening | Interviews | Background Research | Low | Expected | High |
| 1 | Practitioners | 140 | 105 | 3 | 70 | 158 | 5 | $10,300 | $12,100 | $14,000 |
| | State and Local Government | 28 | 21 | 3 | 14 | 32 | 5 | $2,400 | $2,800 | $3,200 |
| | PMD Suppliers | 56 | 42 | 3 | 28 | 63 | 5 | $4,500 | $5,300 | $6,000 |
| | Advocates | 49 | 35 | 3 | 25 | 53 | 5 | $1,500 | $1,700 | $2,000 |
| 2 | Practitioners | 70 | 105 | 3 | 35 | 210 | 5 | $11,300 | $13,300 | $15,300 |
| | State and Local Government | 14 | 21 | 3 | 7 | 42 | 5 | $2,600 | $3,100 | $3,500 |
| | PMD Suppliers | 28 | 42 | 3 | 14 | 84 | 5 | $4,900 | $5,800 | $6,600 |
| | Advocates | 28 | 35 | 3 | 14 | 70 | 5 | $1,600 | $1,900 | $2,200 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| **Total** | | **413** | **406** | **24** | **207** | **711** | **34** | **$39,100** | **$46,000** | **$53,100** |

*Notes: Wages adjusted for 2% inflation in Project Year 3 and 4. As the mix of stakeholder interviews may vary, thus altering the mean hourly wage mix, a 15% margin was calculated around Expected Annual Cost Burden. There are no costs associated with Record Keeping or Third Party Disclosure on part of the stakeholder. Source of mean hourly wages: May 2011 National Occupational Employment and Wage Estimates.*

13. Capital Costs

There are no direct costs to respondents other than their time to participate in the study.

14. Cost to Federal Government

Table 5 below details the annual expected costs to the Federal government. These amounts include all direct and indirect costs of the design, data collection, analysis, and reporting phase of the study in regards to the information collection. The estimated cost for each project year is calculated by estimating the percent of effort of the total budget dedicated to the implementation of the stakeholder interviews.

**Table 5. Cost to the Federal Government**

| Category | Project Year (PY) | | |
|---|---|---|---|
| | PY 1 | PY 2 | |
| Research Team Costs | $53,700 | $99,100 | |

15. Changes to Burden

This is a new collection of information. The term "revised" is being used on the 30 day version package due to the removal of L&M from all the documents. L&M was to be the contractor for the three PYs. This has changed and a new contractor will be sought for two PYs.

16. Publication/Tabulation Dates

Overall, the evaluation project's Period of Performance runs from approx. 11/2013 to 11/2015. During this time, the stakeholder interviews will be conducted between12/2014 to 8/2015 , and the background research discussions will take place between 11/2013 to 10/2015

None of the interim reports, or the project's final report, are expected to be made public. A potential report to Congress would be authored by CMS, with support from PRI for submission sometime after January 2016.

17. Expiration Date

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

18. Certification Statement

Not applicable.