

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

A. BACKGROUND

CMS is requesting the Office of Management and Budget review and approve this revision to the Form CMS-2552-10, Hospital and Hospital Health Care Complex Cost Report. These cost reports are filed annually by hospitals participating in the Medicare program to determine the reasonable costs incurred to provide medical services to patients.

The revisions made to the cost report are for hospice and Federally Qualified Health Centers (FQHC) facilities that file as part of a Hospital Healthcare Complex. The revisions incorporate §3132 of the Patient Protection and Affordable Care Act of 2010 (ACA) which requires that CMS collect appropriate data and information to facilitate hospice payment reform; and, statutory requirements establishing a prospective payment system for FQHCs in §10501(i)(3)(A) of the ACA, codified in section 1834(o) of the Act. For additional detail see the crosswalk included in this package.

The forms and instructions for hospital-based FQHCs and hospices have been designed to improve the quality of our data and cost estimates without impacting data collection and record keeping burden by rearranging the cost centers on the trial balance in order to refine the allocation of overhead costs and enhance data collection. Consequently, the overall burden to providers is estimated to remain unchanged as the proposed worksheets supersede worksheets currently in the cost report.

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 U.S.C. 1395g) to submit annual information to achieve settlement of costs for health care services rendered to Medicare beneficiaries. In addition, regulations at 42 CFR 413.20 and 413.24 require adequate cost data and cost reports from providers on an annual basis.

The Form CMS-2552-10 cost report is needed to determine a provider's reasonable costs incurred in furnishing medical services to Medicare beneficiaries and reimbursement due to or due from a provider.

2. Information Users

The cost reports are required to be filed with the provider's Medicare Administrative Contractor (MAC). The functions of the MAC are described in section 1816 of the Social Security Act.

The primary function of the cost report is to implement the principles of cost reimbursement which require that hospitals and related subproviders maintain sufficient financial records and statistical data for proper determination of costs payable under the program. The data is used by CMS to support program operations, payment refinement activities, and to make Medicare Trust Fund projections.

3. Use of Information Technology

Hospitals are required to submit Medicare cost reports electronically.

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 Business

All hospitals regardless of size, are required to complete these cost reporting forms. These cost reporting forms have been designed with a view toward minimizing the reporting burden when a hospital experiences low Medicare utilization. A low utilization hospital is required to complete a limited number of worksheets contained in the CMS-2552-10. The CMS-2552-10 is collected as infrequently as possible (annually) and only those data items necessary to determine the appropriate reimbursement rates are required.

6. Less Frequent Collection

If the annual cost report is not filed, CMS will be unable to determine whether proper payments are being made under Medicare. A provider who fails to file a cost report by the statutory due date is notified that interim payments will be reduced, suspended, or deemed overpayments.

7. Special Circumstances

This information collection complies with all general information collection guidelines in 5 CFR 1320.6 without the existence of special circumstances.

8. Federal Register Notice

The 60 day Federal Register notice published on February 6, 2015. We received several comments. See the attached for CMS responses to those comments. _____

9. Payment/Gift to Respondent

There is no payment or gift to respondents.

10. Confidentiality

Confidentiality is not assured. 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 & Wages)

Number of hospitals required to file the Form CMS-2552-10 (as of 10/29/2014)	6,157
Hours burden per hospital to complete the cost report	<u>673</u>
Total hours burden (6,157 hospitals x 673 hours)	4,143,661
Standard labor rate per hour	<u>\$40.00</u>
Total respondent cost estimate	<u>\$165,746,440</u>

The burden estimate for each hospital and hospital health care complex is primarily affected by the collection of the data needed to complete the Form CMS-2252-10. The standard rate per hour is a weighted average derived from the most recent salary reported by the Bureau of Labor Statistics (BLS) in its Occupation Outlook Handbook for data entry, clerical, accounting and audit professionals. Specifically, the hourly rates for accounting/auditor professionals and data entry/clerical professionals were weighted to determine the rate of approximately \$20.00 per hour based on data from the 2014 survey. An additional \$20 per hour is added to cover the cost of overhead and fringe benefits resulting in a total value of \$40 per hour.

The rate per hour reflects the significant use of data entry/clerical professionals for ongoing data gathering and record keeping tasks. And, a moderate use of accounting/financial professionals for information verification and review, and cost report preparation and submission to the applicable Medicare Administrative Contractor (MAC).

Burden hours per facility are an estimate of the time required (number of hours) to complete the information collection (cost report) for each hospital, including time to review the cost report instructions, search existing resources, gather the data needed, and complete and review the information collection.

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

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<u>Annual cost to MACs:</u>	
Costs are related to processing information on the forms to achieve settlement. MAC 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 is from the HCRIS Budget:	44,000
 <u>Total Federal Cost</u>	 <u><u>\$102,044,000</u></u>

15. Changes To Burden

The change in burden is due to two factors:

The total burden for the Form CMS-2552-10 is estimated to be 4,143,661 hours and \$165,746,440. This is a decrease of 9,442 hours, but an increase of \$103,450,195. The changes to the burden and cost are a result of:

1. A decrease in to the number of respondents from 6,171 in 2013 to 6,157 in 2014 as a result hospitals leaving the program.
2. The standard rate increased from \$15.00 per hour in 2013 to \$40.00 per hour in 2014 to account for the increase administrative/overhead costs associated with completing the information collection.

16. Publication and Tabulation Dates

The data submitted on the cost report is not published or tabulated.

17. Expiration Date

CMS will display an expiration date on the form.

18. Certification Statement

There are no exceptions to the certification statement.

C. **STATISTICAL METHODS**

There are no statistical methods employed in this collection.