

SUPPORTING STATEMENT – PART A

OMB #0720-0017 – Diagnosis Related Groups (DRG) Reimbursement

A. JUSTIFICATION

1. Need for the Information Collection

This information collection is in conjunction with a notice of proposed collection. The Department of Defense Authorization Act, 1984, P.L. 98-94 amended Title 10, section 1079(j) (2)(A) of the U.S.C. and provided the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) with the statutory authority to reimburse institutional providers based on diagnosis-related groups (DRGs). The TRICARE/CHAMPUS DRG-based payment system is modeled on the Medicare Prospective Payment System (PPS) and was implemented on October 1, 1987. The TRICARE/CHAMPUS DRG-based payments apply only to hospital's operating costs and do not include any amounts for hospitals' capital or direct medical education costs. Any hospital subject to the DRG-based payment system, except for children's hospitals (whose capital and direct medical education costs are incorporated in the children's hospital differential), who want to be reimbursed for allowed capital and direct medical education costs must submit a request for payment to the TRICARE/CHAMPUS contractor. The request allows TRICARE to collect the information necessary to properly reimburse hospitals for its share of these costs. The collection of this information is authorized by 32 CFR 199.14(a)(1)(iii)(G)(1) and (2).

2. Use of the Information

The TRICARE/CHAMPUS contractors will continue to use the information collected to reimburse hospitals for TRICARE/CHAMPUS' share of capital and direct medical education costs. Without the information TRICARE/CHAMPUS cannot determine its share of these costs. The information is extremely simple and in addition to readily available TRICARE/CHAMPUS demographic information, requires only a few other items which are all available from the hospital's Medicare cost report.

The information can be submitted in any form--most likely in the form of a letter. The contractor will calculate TRICARE/CHAMPUS' share of the capital and direct medical education costs and make a lump-sum payment to the hospital. Submission of the information is voluntary, but since hospitals will not be reimbursed for TRICARE/CHAMPUS' share of capital and direct medical education costs without submitting the information, we expect hospitals to continue to willingly submit the information.

3. Use of Information Technology

The easiest method to reimburse hospitals for its capital and direct medical education costs is for each hospital to voluntarily submit this information to the TRICARE/CHAMPUS contractor annually. At this time, electronic submission is not available.

4. Non-duplication

The items required in this information collection effort do not duplicate other efforts, with the exception of two items, the total allowable capital and direct medical education costs, which are contained in each hospital's Medicare cost report. Consideration of obtaining the capital and direct medical education cost information from CMS as reported on the hospital's Medicare cost report was considered, however, we cannot use the Medicare cost report, because the TRICARE/CHAMPUS-specific information is not included on the Medicare report. No similar information is currently being collected by TRICARE/CHAMPUS which could be modified to serve the purpose of this effort. TRICARE/CHAMPUS receives no information on hospitals' costs, and the hospital bills which TRICARE/CHAMPUS does receive do not identify those portions related to capital or direct medical education costs.

5. Burden on Small Business

The collection of information involves small businesses or other entities. To minimize the burden, only that information deemed absolutely essential is requested. The information to be collected is minimal and is easily identified by hospitals. Most of the items which are not obvious to the hospital (provider number, bed size, number of interns and residents, etc.) are contained in each hospital's Medicare cost report. For this reason, we have made the collection period correspond to the Medicare cost-reporting period. As indicated above, we cannot simply use the Medicare cost report rather than separately collecting the information, because the TRICARE/CHAMPUS-specific information is not on the Medicare cost report. All requested information is readily available to the respondents and may be submitted in any form.

6. Less Frequent Collection

Less frequent collection is in violation of 32 CFR 199.14(a)(iii)(G)(1), which requires annual reporting of the capital costs to the CHAMPUS fiscal intermediary.

7. Paperwork Reduction Act Guidelines

There are no special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.5(d)(2).

8. Consultation and Public Comments

a. The 60-day Federal Register Notice published on Wednesday, May 6, 2015 80FR 26008. No public comments were received. The 30-day Federal Notice published on Tuesday, October 13, 2015, 80 FR 61397.

b. The requirements for the reimbursement of capital costs are available to the public and listed in the TRICARE Reimbursement Manual Chapter 6, Section 8.

9. Gifts or Payment

No payments or gifts will be provided to respondents.

10. Confidentiality

Privacy Act Statement, System of Records Notice (SORN), nor Privacy Impact Assessment (PIA) is required for this information collection because PII is not being collected, stored or retrieved.

11. Sensitive Questions

No questions of a sensitive nature, to include any social security number are not collected with this information collection requirement.

12. Respondent Burden, and its Labor Costs

a. Estimation of Respondent Burden

Because the amount of information required is so small, and it is readily available to hospitals, we estimate this requirement will take a single staff person less than one hour annually to meet the requirement. No other resources will be required by hospitals. Based on an estimated 5,600 hospitals which will be affected by this requirement, the annual national cost will be less than \$250,000.

b. Labor Cost of Respondent Burden

The respondent labor burden is calculated as follows:

Respondents: 5,600
Response time: 1 hour at \$20.00 (average) per hour
Response frequency: 1
Burden Hours: 5,600*
(5,600 x 1 = 5,600 man-hours x \$17.10 per hour = \$95,760)

Because a hospital official is required to sign the request and/or letter requesting capital reimbursement to certify the accuracy of the information, the following burden estimate is also provided:

Respondents: 5,600
Response time: .50 hours at \$45 (average) per hour
Response frequency: 1
Burden hours: 2800*
(5600/2 = 2,800 man hours x \$49.84² per hour = \$139,552)

The United States Department of Labor Statistics, Occupational Employment Wages, May 2014.
“43-3021 Medical Billing and Posting Clerks, Mean National estimates for this occupation” 26 AUG 2015 Web.
² The United States Department of Labor Statistics, Occupational Employment Wages, May 2014.
“11-9111 Medical and Health Services Managers, Mean National estimates for this occupation” 26 AUG 2015 Web.

13. Respondent Costs Other Than Burden Hour Costs

It will cost .49 (current U.S. 1st class postage rate) for each hospital to respond to this information collection.

14. Cost to the Federal Government

The Business Support Directorate handles this type of inquiry. Assuming a GS 13 reviews these records, it has been certified that this takes approximately one minute and fifteen seconds to review each hospital's capital costs. At 96 hospitals a month, that's two hours per month, or twenty four hours per year. A GS 13 salary in Aurora is currently \$42.92 per hour, making the total cost to the Federal Government \$1030.08 per year. https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/15Tables/html/DEN_h.aspx

15. Reasons for Change in Burden

The number of hospitals reporting has increased, so more letters have to be processed.

16. Publication of Results

The results of this collection of information will not be published or tabulated.

17. Non-Display of OMB Expiration Date

Approval is not sought for avoiding display of the expiration date for OMB approval.

18. Exceptions to "Certification for Paperwork Reduction Submissions"

There are no exceptions to the certification statement in Item 19, "Certification for Paperwork Reduction Act Submission," of OMB 83-I.