# *Supporting Statement for Paperwork Reduction Act Submissions*

*Medicare Enrollment Application*
*Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Suppliers*
*CMS 855S/0938-1056*

## A. BACKGROUND

The primary function of the CMS 855S Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) supplier enrollment application is to gather information from a supplier that tells us who it is, whether it meets certain qualifications to be a health care supplier, where it renders its services or supplies, the identity of the owners of the enrolling entity, and information necessary to establish correct claims payment. The goal of evaluating and revising the CMS 855S DMEPOS supplier enrollment application is to simplify and clarify the information collection without jeopardizing our need to collect specific information.

### *Goal of the Provider/Supplier Enrollment Application Revisions*

The goal of this revision of the CMS 855S is to simplify and clarify the current data collection and to remove obsolete and/or redundant data collection. Grammar and spelling errors were corrected. Limited informational text has been added within the application form and instructions in conjunction with links to websites when greater detail is needed by the supplier, for example:

- The "Process to Obtain Medicare Approval" section of the instructions added the application fee and fingerprinting requirements, complete with website links and a telephone number for additional information, if the supplier desires additional information;
- A note was added instructing non-profit government agencies need not to submit an IRS Form 501(c)(3) to prove its non-profit status in sections 2, 8 and 12; and
- CMS added a website offering guidance on DMEPOS supplier licensure requirements in Section 2.

To clarify current data collection, Section 3D (Products and Services Furnished by This Supplier) has been updated to differentiate between used and new equipment for support surfaces, creating an option for the DMEPOS supplier to indicate whether the supplier provides new or used support surfaces, rather than having one category for both new and used (as on the previous version of the CMS 855S). In addition, "Hemodialysis Equipment and/or Supplies" and "Home Dialysis Equipment and/or Supplies" have been deleted from this section as they are only payable to Home Dialysis facilities which are solely a Part A benefit. "External Infusion Pumps and/or Supplies" as well as "Insulin Infusion Pumps and/or Supplies" have been split into two separate products - the pump itself and the supplies independent of the pump. The previous product categories were misleading because the supplier may not supply both products. "Invasive Mechanical Ventilation Devises" were replaced with the more accurate "Ventilators: All Types – Not CPAP or RAD" and the word "repairs" was added to the standard manual and standard power wheelchair accessories product categories in order to be more in sync with accreditation coding.

No additional material data collection has been added in this revision.

## JUSTIFICATION

1. Need and Legal Basis

Various sections of the Social Security Act (Act), the United States Code (U.S.C.), Internal Revenue Code (Code) and the Code of Federal Regulations (CFR) require suppliers to furnish information concerning the identification of individuals or entities that furnish medical supplies and services to beneficiaries before payment can be made.

- Sections 1124(a)(1) and 1124A of the Act to require disclosure of both the Employer Identification Number (EIN) and Social Security Number (SSN) of each provider or supplier, each person with ownership or control interest in the provider or supplier, as well as any managing employees.
- Sections 1814(a), 1815(a), and 1833(e) of the Act require the submission of information necessary to determine the amounts due to a provider, supplier or other person.
- Sections 1834(a)(20)(A) and 1834 (a)(20)(F) of the Act requires the Secretary to establish and implement quality standards for DMEPOS suppliers to be applied and accredited by recognized independent accreditation organizations.
- Section 1834(a)(20)(G)(i) of the Act allows certain Medicare supplier types to be exempt from the accreditation requirement.
- Section 1834(j) of the Act states that no payment may be made for items furnished by a supplier of durable medical equipment, prosthetics, and supplies (DMEPOS) unless that supplier obtains, and renews at such intervals as we may require, a billing number. In order to issue a billing number, we need to collect information unique to that supplier.
- Section 1866(b)(2)(D) and 1842(h)(8) of the Act require denial of enrollment (directly or indirectly) of persons convicted of a felony for a period not less than 10 years from the date of conviction.
- Section 1866(j) of the Act requires the revalidation of all provider and supplier enrollment data every five years – every three years for DMEPOS suppliers.
- 42 CFR Section 424.57 requires DMEPOS suppliers comply with 30 specific standards in order to receive and maintain Medicare billing privileges.
- 42 CFR Section 424.58 requires accreditation in order to qualify for the Medicare program.
- Section 501(c) of the Code requires each Medicare provider/supplier to report information about its proprietary/non-profit structure for tax withholding.
- Section 3402(t) of the Code requires the collection of information necessary to withhold 3% of payments for tax withholding from Medicare providers/suppliers.
- 31 U.S.C. 7701(c) requires that any person or entity doing business with the Federal Government must provide their Tax Identification Number (TIN).
- Section 3004(b)(1) of the Public Health Service Act (PHSA) requires the Secretary to adopt an initial set of standards, implementation guidance, and certification criteria and associated standards and implementation specifications will be used to test and certify complete EHRs and EHR modules in order to make it possible for eligible professionals and eligible hospitals to adopt and implement Certified EHR Technology.
- Executive Order 12600 requires the pre-disclosure of notification procedures for confidential commercial information.
- 42 CFR Section 424.58 requires accreditation in order to qualify for the Medicare program.
- 42 CFR Section 455.460 requires the collection of applicable application fees prior to

executing a provider agreement from a prospective or re-enrolling provider other than individual physicians or non-physician practitioners.

- Section 6201(c), of the Affordable Care Act (ACA) Subtitle C, requires DHHS to obtain state and national background checks on prospective employees, including national fingerprint-based criminal history record checks.
- Section 508 of the Rehabilitation Act of 1973, as incorporated with the Americans with Disabilities Act of 2005 requires all Federal electronic and information technology to be accessible to people with disabilities, including employees and members of the public.
- CMS is authorized to collect information on the form CMS 855S (Office of Management and Budget (OMB) approval number 0938-1057) to ensure that correct payments are made to suppliers under the Medicare program as established by Title XVIII of the Act.

The revised CMS 855S Supplier Enrollment Application collects this information, including the information necessary to uniquely identify and enumerate the supplier. Additional information necessary to process claims accurately and timely is also collected on the supplier enrollment application.

2. Information Users

The application is used by the National Supplier Clearinghouse Medicare Administrative Contractor (NSC MAC) to collect data to assure the applicant has the necessary professional and/or business credentials to provide the health care services and supplies for which they intend to bill Medicare including information that allows the Durable Medical Equipment Medicare Administrative Contractor (DME MAC) to correctly price, process and pay the applicant's claims. In addition, submission of this application is a business requirement for health care suppliers who wish to enroll in the Medicare program as DMEPOS suppliers and be reimbursed for Medicare submitted claims.

3. Use of Information Technology

This collection lends itself to electronic collection methods and is currently available through the CMS website. CMS now has the ability to allow suppliers to upload supporting documentation (required for enrollment) electronically. CMS has also adopted an electronic signature standard; however, practitioners will have the choice to e-sign via the CMS website or to submit a hard copy of the CMS 855S certification page with an original signature.

4. Duplication of Efforts

There is no duplicative information collection instrument or process.

5. Small Business

This application form will affect small businesses; however, these businesses have always been required to provide CMS with the same information to identify the DMEPOS supplier in order to enroll in the Medicare Program and for CMS to successfully process their claims.

6. Less Frequent Collection

The information provided on the CMS-855S is necessary for initial enrollment in the Medicare program. It is essential to collect this information the first time a supplier enrolls with a Medicare

contractor so that CMS' contractors can ensure that the supplier meets all statutory and regulatory requirements necessary for enrollment and that claims are paid correctly.

This information is also regularly collected every three years for DMEPOS supplier revalidation of enrollment information as required by 42 CFR Section 424.57(e).

This information is also collected as needed for DMEPOS supplier to report changes of enrollment information as required by 42 CFR Section 424.57(c)(2).

To ensure uniform data submissions, CMS requires that all changes to previously submitted enrollment data be reported via the appropriate provider/supplier enrollment application (either via paper application or electronically).

7. Special Circumstances

There are no special circumstances associated with this collection.

8. Federal Register Notice/Outside Consultation

The 60-day Federal Register notice published on September 11, 2015. CMS received a total of two comments.

9. Payment/Gift to Respondents

N/A

10. Confidentiality

CMS will comply with all Privacy Act, Freedom of Information laws and regulations that apply to this collection. Privileged or confidential commercial or financial information is protected from public disclosure by Federal law 5 U.S.C. 522(b)(4) and Executive Order 12600.

11. Sensitive Questions

There are no sensitive questions associated with this collection.

12. Burden Estimate (Hours and Wages)

A. Paperwork Burden Estimate (hours)

For this proposed revision of the CMS 855S, CMS has recalculated the estimated burden hours. CMS believes this recalculation is necessary because over the years of numerous revisions to this data collection tool, the number of affected users, actual data collected and the collection methods have changed significantly. CMS believes these new burden hours accurately reflects the current burden for the DMEPOS supplier community when completing this proposed revision of the CMS 855S. These estimates were derived from the actual applications processed for fiscal year 2014 (October, 2013 through September, 2014). The new figures are exact and therefore more accurate than the prior estimates.

CMS estimates the new total burden hours for this information collection to be 54,013 hours. These figures are calculated based on when/why a supplier must complete and submit this enrollment application.

CMS is requesting approval of the revised number of burden hours as follows:

Hours associated with completing the initial enrollment or reactivation application:

10,323 total respondents/5,162 self-reporting respondents @ 4 hours for each application = 20,648 hours

Hours associated with completing the revalidation of enrollment information:

21,592 total respondents/10,796 self-reporting respondents @ 1 hour for information reporting = 10,796 hours

21,592 total respondents/10,796 self-reporting respondents @ 30 minutes for record keeping = 5,398 hours

10,796 hours + 5,398 hours = 16,194 total hours (revalidation of enrollment information)

Hours associated with reporting changes of enrollment information:

68,681 total respondents/34,341 self-reporting respondents @ 30 minutes for information reporting = 17,171 hours

The National Supplier Clearinghouse currently processes approximately 100,600 supplier enrollment applications a year. This requirement is and will continue to be a part of doing business with Medicare.

B. Paperwork Burden Estimate (cost)

For this proposed revision of the CMS 855S, CMS has recalculated the estimated burden cost. CMS believes this recalculation is necessary for the reasons stated in item 12A above. To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2014 National Occupational Employment and Wage Estimates for all salary estimates (>http://www.bls.gov/oes/current/oes_nat.htm<). In this regard, the following table presents the mean hourly wage, the cost of fringe benefits (calculated at 100 percent of salary), and the adjusted hourly wage.

The cost burden to the respondents is calculated based on the following assumptions:

- 50% of all submitted CMS 855S applications will be completed by the individual supplier (respondent) at a wage rate of $150 per hour.
- The other 50% will be completed by professional staff (attorney or accountant) using the average professional wage of $150 per hour or by administrative staff using the average administrative wage of $20 per hour.
- The CMS 855S will be completed by the DMEPOS supplier or professional staff (attorney or accountant) for initial enrollments, reactivation applications and

revalidations of enrollment information.

- The CMS 855S will be completed by administrative staff for revalidation record keeping and reporting changes of information.
- The total cost for professional staff completing a CMS 855S for initial enrollment or reactivation application is $600 (4 hours x $150/hour).
- The total cost for professional and administrative staff completing a CMS 855S for revalidation of enrollment information, including record keeping is $160 (1 hour x $150/hour + 1/2 hour x $20/hour).
- The total cost for administrative staff completing a CMS 855S for reporting changes of enrollment information is $10 (1/2 hour x $20/hour).

CMS estimates the new total burden cost for this information collection to be $10,335,330. These figures are calculated based on when/why a supplier must complete and submit this enrollment application.

CMS is requesting approval of the revised burden cost as follows:

Costs associated with completing the initial enrollment or reactivation application:

5,162 paid respondents/5,162 self-reporting respondents = 10,323 @ 4 hours for each application ($600) = $6,193,800

Costs associated with completing the revalidation of enrollment information:

10,796 paid respondents/10,796 self-reporting respondents = 21,592 @ 1 hour for information reporting ($150) = $3,238,800

10,796 paid respondents/10,796 self-reporting respondents = 21,592 @ 30 minutes for record keeping ($10) = $215,920

$3,238,800 + $215,920 = $3,454,720 total cost (revalidation of enrollment information)

Costs associated with reporting changes of enrollment information:

34,341 paid respondents/34,341 self-reporting respondents = 68,681 @ 30 minutes for information reporting ($10) = $686,810

The National Supplier Clearinghouse currently processes approximately 100,600 supplier enrollment applications a year.

13. Capital Cost

There is no capital cost associated with this collection.

14. Cost to Federal Government

There is no additional cost to the Federal government. Applications will be processed in the normal course of Federal duties.

15. Changes to Burden

CMS estimates the new total burden hours for this information collection to be 54,013 hours. These figures are calculated based on when/why a supplier must complete and submit this enrollment application. For 2016 and beyond, CMS will base the burden amounts on data compiled from the electronic Provider Enrollment Chain and Ownership System (PECOS) rather than relying on hand-written data submissions. For this proposed revision of CMS 855S, the burden was calculated based on an updated number of respondents. The PECOS system allows a user to save a partial DMEPOS supplier application and allows the user to return to the saved DMEPOS supplier application location when completing CMS 855S. PECOS has also proven to be more user-friendly than the paper application due to the new information technology collection techniques (specifically for its electronic collection methods, the ability to send supporting documentation electronically and an electronic signature standard). There has been no burden hour change associated with completing a CMS-855S application. CMS estimates the new cost burden for this information collection to be $10,335,330. This burden has increased because DMEPOS suppliers who self-report have now been included in the cost burden.

16. Publication/Tabulation Dates

N/A

17. Expiration Date

We plan on displaying the revision and expiration dates.