Supporting Statement for Skilled Nursing Facility (SNF)
Prospective Payment System and Consolidated Billing: Change of Therapy (COT)
OMRA (Other Medicare required Assessment)

A. Background

We are requesting approval of a reinstatement of a Change of Therapy (COT) Other Medicare Required Assessment (OMRA) for Skilled Nursing Facilities (SNFs). As described in 76 FR 48518: Medicare Program; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities for FY 2012 we finalized the assessment effective October 1, 2011. The OMB Control Number lapsed due to administrative issues. SNFs are required to submit this assessment. A COT OMRA is comprised of a subset of resident assessment information developed for use by SNFs to satisfy a Medicare payment requirement. The burden associated with this is the SNF staff time required to complete the COT OMRA, SNF staff time to encode the data, and SNF staff time spent transmitting the data.

SNFs are required to complete a COT OMRA when a SNF resident was receiving a sufficient level of rehabilitation therapy to qualify for an Ultra High, Very High, High, Medium, or Low Rehabilitation category and when the intensity of therapy (as indicated by the total reimbursable therapy minutes (RTM) delivered, and other therapy qualifiers such as number of therapy days and disciplines providing therapy) changes to such a degree that it would no longer reflect the RUG-IV classification and payment assigned for a given SNF resident based on the most recent assessment used for Medicare payment. The COT OMRA is a type of required PPS assessment which uses the same item set as the End of Therapy (EOT) OMRA.

B. Justification

1. Need and Legal Basis

Pursuant to sections 4204(b) and 4214(d) of OBRA 1987, the current requirements related to the submission and retention of resident assessment data are not subject to the Paperwork Reduction Act (PRA). However, this new COT OMRA is outside the scope of OBRA 1987 and requires a Paperwork Reduction Act submission.

In order to operate the Medicare program in an efficient and economic manner, the COT OMRA is needed to more accurately pay for SNF-PPS therapy services. The COT OMRA is completed when a Medicare Part A SNF patient receives skilled therapy services and a change of therapy evaluation determines that a COT OMRA is necessary, based on a determination that the intensity of therapy (as indicated by the total reimbursable therapy minutes (RTM) delivered and other

therapy qualifiers such as number of therapy days and disciplines providing therapy), in the COT observation window differed from the therapy intensity on the last PPS assessment to such an extent that the RUG-IV category would change. This assessment establishes a new RUG-IV classification and Medicare payment rate which begins on Day 1 of that COT observation period and continues for the remainder of the current payment period, unless the payment is modified by a subsequent COT OMRA or other unscheduled PPS assessment.

2. Information Users

CMS uses the MDS 3.0 data to reimburse skilled nursing facilities for SNF-level care furnished to Medicare beneficiaries.

3. Improved Information Technology

CMS has developed customized software that allows skilled nursing facilities to encode, store and transmit MDS 3.0 data. The software is available free of charge, and CMS provides customer support for software and transmission problems encountered by the providers.

A Change of Therapy OMRA is required when a change in therapy levels results in a change to the therapy Resource Utilization Group (RUG). This assessment is indicated as an OMRA type of assessment item with the values of A0310C and X0600C on the assessment software form. A value 4 indicates a Change of Therapy assessment. The item subset for a Change of Therapy OMRA is the same as for an End of Therapy OMRA (the NO subset for nursing homes and the SO subset for swing beds). The Change of Therapy OMRA cannot be combined with either a Start of Therapy (SOT) OMRA or an End of Therapy (EOT) OMRA. The Change of Therapy OMRA can be combined with an OBRA comprehensive, quarterly, or discharge assessment or with a scheduled PPS assessment.

4. Duplication of Similar Information

The data required for reimbursement are not currently available from any other source.

5. Small Entities

As part of our PRA analysis for this approval, we considered whether the change impacts a significant number of small entities. In this filing we utilized the instructions that pertain to the paperwork Reduction Act Submission Worksheet, Part II to determine the number of small entities. Specifically, a small entity can be defined as a small organization that is any not-for-profit enterprise that is independently owned and operated and is not dominant in its field.

In the proposed rule CMS-1622-P, CMS identified 25% of the total SNF number are non-profit. This equates to 3,678 non-profit SNFs.

Based on our analysis of assessments completed during FY 2014, we estimate the average number of COT OMRAs to be completed will equal 45 per year per facility (see Section 12a for additional discussion).

6. Collection Frequency

COT OMRAs are required on an as needed basis when a SNF resident was receiving a sufficient level of rehabilitation therapy to qualify for an Ultra High, Very High, High, Medium, or Low Rehabilitation category and when the intensity of therapy (as indicated by the total reimbursable therapy minutes (RTM) delivered, and other therapy qualifiers such as number of therapy days and disciplines providing therapy) changes to such a degree that it would no longer reflect the RUG-IV classification and payment assigned for a given SNF resident based on the most recent assessment used for Medicare payment. .

7. Special Circumstances

The information may be required to be collected at periodic intervals throughout a skilled nursing facility stay, and is used to calculate the skilled nursing facility's payment rate.

8. Federal Register Notice/Outside Consultation

The 60-day Federal Register notice published on July 21, 2015 (80 FR 43091). The 30-day Federal Register notice published on October 2, 2015 (80 FR 59781). No comments were received during the comment period.

9. Payment/Gift to Respondent

There were no gifts and no payment to respondents.

10. Confidentiality

To address concerns about confidentiality of resident data, we provide that a facility and a State may not release resident-identifiable information to the public, and may not release the information to an agent or contractor without certain safeguards (42 CFR 483.20(f)(5) and 483.315(j)).

11. Sensitive Questions

There are no sensitive questions.

12. Burden Estimate (Total Hours & Wages)

As required under Section 1888(e)(7) of the Act, SNFs must be reimbursed under the SNF PPS. Initially, when the COT was introduced, we **increased** the MDS burden on SNFs by requiring the completion of the COT OMRA when a SNF resident was receiving a sufficient level of rehabilitation therapy to qualify for an Ultra High, Very High, High, Medium, or Low Rehabilitation category and when the intensity of therapy (as indicated by the total reimbursable therapy minutes (RTM) delivered, and other therapy qualifiers such as number of therapy days and disciplines providing therapy) changes to such a degree that it would no longer reflect the RUG-IV classification and payment assigned for a given SNF resident based on the most recent assessment used for Medicare payment. However, this current reinstatement of the COT OMRA is based on updated data for the current reporting period that indicated that approximately the same number of COT OMRAs were completed than previously calculated. Given that, as well as revised estimates of COT OMRA preparation, coding and transmission, we have **decreased** the burden estimates to complete this assessment.

a. <u>COT OMRA Preparation, Encoding and Transmission Time</u>

According to the On-Line Survey and Certification System (OSCAR), there were approximately 15,445 skilled nursing facilities in FY 2016. Based on our analysis of claims submitted during FY 2015 from a query of the SNF Standard Analytic File (SAF), we determined that 688,540 claims were submitted with the letter "D" in the fifth character of the Health Insurance Prospective Payment System (HIPPS) code, which indicates that a COT OMRA was completed. Based on the number of COT OMRA assessments completed (688,540), as determined by the aforementioned claims analysis, and the number of SNFs, as determined by the aforementioned OSCAR query, we calculated that the average number of COT OMRAs requiring completion per facility to be 44.6 and we anticipate an average of 45 COT OMRAs to be completed per year going forward.

Based on improved electronic medical record technologies and increased adoption of this a similar records management systems by the SNF industry, we estimate that it will take 40 minutes (0.6667 hours) to collect the information necessary for coding a COT OMRA, 10 minutes (0.1667 hours) to code the responses, and 1 minutes (0.0167 hours) to transmit the results, or a total of 51 minutes (1.0333 hours) to complete a single COT OMRA.

The total estimated hours for COT OMRA preparation, coding and transmission are 590,841 hours/year (463,373 + 115,861 + 11,607)) the break-out for each component of this estimate is shown below.

COT Preparation:

Average No. of	Number of	Completion	Total Annual Hour

Assessments Reporting	Respondents	Time/COT	Burden
45 Per Respondent/year	15,445	0.6667 hours	463,373 hours/year

COT Coding:

Average No. of Assessments Reporting	Number of Respondents	Completion Time/COT	Total Annual Hour Burden
45 Per Respondent/year	15,445	0.1667 hours	115,861 hours/year

COT Transmission:

Average No. of Assessments Reporting	Number of Respondents	Completion Time/COT	Total Annual Hour Burden
45 Per Respondent/year	15,445	0.0167 hours	11,607 hours/year

b. Estimated Costs Associated with the COT-OMRA

To calculate burden, we obtained hourly wage rates for Registered Nurses (RNs) and data operators from the most recent Bureau of Labor and Statistics Occupational and Employment Data (May 2015) (http://www.bls.gov/ooh/healthcare/registered-nurses.htm). MDS preparation costs were estimated using RN hourly wage rates of $32.45 per hour. We have added 100% of the mean hourly wage to account for fringe and overhead benefits, which calculates to $64.90 ($32.45 + $32.45). This calculates to and $1.08/minute without consideration of employee benefit compensation cost and $1.40 after application of a 30 percent increase to account for employee benefit compensation cost. For coding functions we calculated a blended rate of $25.15/hour; this was the average for RNs ($32.45/hour) and health information technicians ($17.84/hour) (http://www.bls.gov/ooh/healthcare/medical-records-and-health-information-technicians.htm). We have added 100% of the mean hourly wage to account for fringe and overhead benefits, which calculates to $50. 30 ($25.15 + $25.15). The blended rate calculates to $0.84 per minute without consideration of employee benefit cost and $1.09 after application of a 30 percent increase to account for employee benefit compensation cost. The blended rate of RN and data operator wages reflects the fact that SNF providers have historically used both RN and support staff for the data entry function. For transmission personnel, we used health information technician wages of $17.84 per hour, and added 100% of the mean hourly wage to account for fringe and overhead benefits which calculates to $35.68 or $0.59 per minute without consideration of employee benefit cost and $0.77 after application of a 30 percent increase to account for employee benefit compensation cost.

MDS Function	Total Minutes Per Respondent	Per Minute Loaded $ Rate	Estimated Cost Per Respondent per COT	Annual Cost Burden [(45 COTs per year * # of facilities * cost per COT)]
COT Preparation	40	$1.40	$56.00	$38,921,400
COT Coding	10	$1.09	$10.90	$7,575,773
COT Transmission	1	$0.84	$0.84	$583,821
TOTAL	51	$3.33	$67.74	$47,080,994

There were 15,445 skilled nursing facilities which sought reimbursement under the year-to-date projected SNF PPS during FY 2016. The cost per facility would be $3,048.30 ($47,080,994/15,445 facilities), assuming 45 COTs per facility per year.

Basic Requirements for all claims

In evaluating the impact of billing changes in the CMS-1500 common claim form, approved under OMB number 0938-1197, our long-standing policy is to focus on changes in billing volume. Under the SNF PPS, the COT OMRA will dovetail with normal billing operations and there will be no change in billing volume for skilled nursing facilities.

13. Capital Costs (Maintenance of Capital Costs)

Facilities are currently required to collect, compile, and transmit MDS data. Therefore, there are no capital costs. Any other cost can be considered a cost of doing business.

14. Cost to Federal Government

There are no additional costs to the Federal Government.

15. Program Changes

Initially, when the COT was introduced, we **increased** the MDS burden on skilled nursing facilities by requiring the completion of the COT OMRA when a SNF resident was receiving a sufficient level of rehabilitation therapy to qualify for an Ultra High, Very High, High, Medium, or Low Rehabilitation category and when the intensity of therapy (as indicated by the total reimbursable therapy minutes (RTM) delivered, and other therapy qualifiers such as number of therapy days and disciplines providing therapy) changes to such a degree that it would no longer reflect the RUG-IV classification and payment assigned for a given SNF resident based on the most recent assessment used for Medicare payment. However, with this current reinstatement of the COT OMRA and updated data for the current

reporting period, we have **decreased** the burden estimates to complete this assessment.

16. Publication and Tabulation Dates

The proposed regulation will be published.

17. Expiration Date

CMS does not object to the displaying of the expiration date.

18. Certification Statement

There are no exceptions.

C. Collection of Information Employing Statistical Methods

This section is not applicable