# Supporting Statement, Part A

# Important Message from Medicare (IM)

# Contained in 42 CFR 405.1205 and 422.620

# CMS-R-193, OMB 0938-0692

This iteration requests the approval of a nonsubstantive change and requests a 3-year extension of OMB’s approval period. It also adjusts our burden estimates based on more current data.

### **Background**

The IM includes a statement of patients’ rights, information about when a beneficiary will and will not be liable for charges for a continued stay in a hospital, and a detailed description of the QIO review process. The IM also includes language emphasizing the importance of beneficiaries discussing discharge planning issues with physicians, plans, or hospital personnel to minimize the potential for disputes. The IM must be signed by the beneficiary (or representative, if applicable) to indicate that he or she comprehends its contents, and the hospital must retain a copy of the signed notice.

The IM must be given within 2 calendar days of a Part A inpatient hospital admission, and depending on the length of stay, hospitals may also have to provide beneficiaries with a follow-up copy of the signed IM within 2 calendar days of discharge. Follow-up notice is not required if delivery of the original IM occurred within 2 calendar days of discharge.

The IM has been minimally changed with this submission to include language informing beneficiaries of their rights under Section 504 of the Rehabilitation Act of 1973 (Section 504), alerting the beneficiary to CMS’s nondiscrimination practices and the availability of alternate forms of this notice if needed.

There are no substantive changes to the IM form and instructions.

**A. Justification**

1. Need and Legal Basis

The IM meets the requirements of our Notification of Hospital Discharge Appeal Rights final rule (November 27, 2006; 71 FR 68708) and section 1866(a)(1)(M) of the Social Security Act.

Requirements that hospitals notify beneficiaries in inpatient hospital settings of their rights, including their discharge appeal rights, are referenced in Section 1866(a)(1)(M) of the Social Security Act (the Act). The authority for the right to an expedited determination is set forth at Sections 1869(c)(3)(C)(iii)(III) and 1154(a)of the Act.

42 CFR 405.1205 and 422.620 – The hospital must deliver valid, written notice (the IM) of a beneficiary’s rights as a hospital inpatient, including discharge appeal rights, within 2 calendar days of admission. A follow-up copy of the signed IM is given again no more than 2 calendar days before discharge. Follow-up notice is not required, if the admission IM is provided within 2 calendar days of discharge.

2. Information Users

Hospitals must deliver a hard copy of the IM to beneficiaries and enrollees at the time of admission, and a follow-up copy of the signed IM must be delivered at or near the time of discharge in many cases.

The beneficiary must be given a paper copy of the signed IM, regardless of whether a paper or electronic version is issued and whether the signature is digitally captured or manually penned.

3. Improved Information Technology

Hospitals must deliver a hard copy of the IM to beneficiaries and enrollees at the time of admission, and a follow-up copy of the signed IM must be delivered at or near the time of discharge in many cases. Hospitals may store the signed copy of the IM electronically if electronic medical records are maintained.

If a hospital elects to issue an IM that is viewed on an electronic screen before signing, the beneficiary must be given the option of requesting paper issuance, rather than electronic issuance. The beneficiary must be given a paper copy of the signed IM, regardless of whether a paper or electronic version is issued and whether the signature is digitally captured or manually penned.

In cases where the beneficiary has a representative who is not physically available, hospitals are permitted to give the IM by telephone, provided a hard copy is delivered to the representative for signature.

4. Duplication of Similar Information

There will not be any duplication of similar information. Therefore, this item is not applicable.

5. Small Business

All hospitals are expected to give the IM in relevant situations. The requirement does not impose any greater burden on small businesses than on large businesses since there is no difference in the information collected.

6. Less Frequent Collection

None.

7. Special Circumstances

There are no special circumstances that would require an information collection to be conducted in a manner that requires respondents to:

* Report information to the agency more often than quarterly;
* Prepare a written response to a collection of information in fewer than 30 days after receipt of it;
* Submit more than an original and two copies of any document;
* Retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
* Collect data in connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study,
* Use a statistical data classification that has not been reviewed and approved by OMB;
* Include a pledge of confidentiality that is not supported by authority established in statute or regulation that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
* Submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

8. *Federal Register* Notice/Outside Consultation

The 60-day notice published in the Federal Register on December 8, 2015 (80 FR 76293). A comment was received, but it was not relevant to this collection. Consequently, we are not providing a separate response.

9. Payment/ Gift to Respondent

We will not provide payment or gifts to respondents. Therefore, this item is not applicable.

10. Confidentiality

We are not collecting information. The provider and QIO will maintain records of notices and decisions, but those records do not become part of a federal system of records. Therefore, this item is not applicable.

11. Sensitive Questions

We do not require beneficiaries to answer any sensitive questions. Therefore, this item is not applicable.

12. Burden Estimate

According to the 2014Medicare CMS statistics published online by the U.S. Department of Health and Human Services (See: [2015 CMS Statistics](https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/CMS-Statistics-Reference-Booklet/2015.html), Tables II.1 and V.6) there were **6,142 hospitals participating in Medicare that would need to issue IM notices** for approximately 14.8 million inpatient discharges. All of these inpatients would have received the initial IM. We estimate that approximately 60%, or 8.88 million of these beneficiaries, would have also received the follow-up copy of the signed IM at or near discharge. Since there are no quantifiable data on follow-up IM delivery occurrence, with prior PRA submissions, we estimated that the follow-up IM was probably delivered to 60% of all inpatients. The public has been invited to comment on this approach and the resulting estimate; however, no comments were received on the assumption, and we have never received any alternative estimates. Thus, we will continue to use this methodology with this package submission. Delivery of the initial IM added to delivery of the follow-up copy of the IM results in a total of **23.68 million IM notices delivered annually**.

Based on CMS Statistics for 2014, we estimate that there would be **6,142 respondents** delivering **23.68 million IMs**, which would average **3,855 responses annually** per respondent.

*Wages*

To derive average costs, we used data from the U.S. Bureau of Labor Statistics’ May 2015 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.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Occupation Title | Occupation Code | Mean Hourly Wage ($/hr) | Fringe Benefit ($/hr) | Adjusted Hourly Wage ($/hr) |
| Other Healthcare Practitioners and Technical Occupations | 29-9000 | 29.72 | 29.72 | 59.44 |

As indicated, we are adjusting our employee hourly wage estimates by a factor of 100 percent. This is necessarily a rough adjustment, both because fringe benefits and overhead costs vary significantly from employer to employer, and because methods of estimating these costs vary widely from study to study. Nonetheless, there is no practical alternative and we believe that doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

*Burden Estimates*

By statute, the IM must be provided to all Medicare beneficiaries.  Consistent with our last PRA submission, we continue to estimate **12 minutes per initial IM notice and 3 minutes per follow-up notice**.

The total annual time (in aggregate) per response estimate is calculated by multiplying the number of minutes per response for each type of delivery by the number of IMs issued for each.

Initial IM: 177,600,000 min (12 min x 14,800,000 IMs)

Follow up IM: 26,640,000 min (3 min x 8,880,000 IMs)

TOTAL 204,240,000 min (**3,404,000 hr**)

PER RESPONSE 8.625 min (204,240,000 min/23,680,000 IM notices)

On average, each hospital will deliver 2,410 initial IMs (14.8 million / 6,142 hospitals) and 1,446 follow-up IMs (8.88 million / 6,142 hospitals). By multiplying the number of minutes per response for each type of delivery we determined the time it would take for a hospital to deliver the initial IM to be 28,920 minutes (482 hours) and 4,338 minutes (72.3 hours) to deliver the follow-up IM. Using the total number of hours we are able to derive the average costs for each hospital to be $32,947.60 (554.3 hours x $59.44 hourly wage).

We estimate the annual cost for hospitals to provide the IM to all Medicare beneficiaries and for beneficiaries enrolled in Medicare Advantage (MA) plans and other Medicare health plans subject to the MA regulations to be $202,333,760. Our expectation is that the IM notices will be prepared by a staff person with professional skills of other healthcare practitioners and technical occupations at an adjusted rate of $59.44/hr.

Initial IM: $175,942,400 [2,960,000 hrs (177,600,000 min / 60) x $59.44/hr]

Follow up IM: $26,391,360 [444,000 hrs (26,640,000 min / 60) x $59.44/hr]

TOTAL **$202,333,760**

13. CAPITAL COSTS

There are no capital costs associated with this collection. Therefore, this item is not applicable.

14. COSTS TO FEDERAL GOVERNMENT

There is no cost to the Federal Government for this collection. Therefore, this item is not applicable.

15. PROGRAM OR BURDEN CHANGES

The IM has been minimally changed with this submission to include language informing beneficiaries of their rights under Section 504 of the Rehabilitation Act of 1973 (Section 504), alerting the beneficiary to CMS’s nondiscrimination practices and the availability of alternate forms of this notice if needed.

The Section 504 requirement was in effect with the prior-approved notice. Including standard CMS language to advise the beneficiary of CMS’s nondiscrimination policies and availability of alternate forms of this notice is not expected to greatly change respondent burden associated with the IM.

There are no substantive changes to the IM form and instructions.

The total annual hour burden has increased by **428,000 hours** due to the Medicare program’s general growth and an increase in inpatient hospitalization claims. Although the number of Medicare participating hospitals decreased by 27 facilities since our last PRA submission, the number of annual inpatient hospitalizations has increased by from 12.4 million in the previous submission to 14.8 million, an increase of 2.4 million. With this increase in inpatient hospitalizations, the estimated annual number of responses has increased by **3.84 million** annually, from 19.84 million in 2013 to 23.68 million in this submission.

There is a **$112.7 million increase** in the annual cost estimate from $89.6 million to $202.3 million. This is likely due to the wage adjustment which accounts for fringe benefits and overhead costs.

16. PUBLICATION AND TABULATION DATES

These blank notices are posted on the Internet; however, no aggregate or individual data will be tabulated from the completed forms.

17. EXPIRATION DATE

We are not requesting exemption. Therefore, this item is not applicable.

18. CERTIFICATION STATEMENT

There are no exceptions to the certification statement. Therefore, this item is not applicable.

**B. Collection of Information Employing Statistical Methods**

There are no statistical methods associated with this collection. Therefore, this item is not applicable.