

**Supporting Statement For
Provider Cost Report Reimbursement Questionnaire
and Supporting Regulations
42 CFR 413.20 and 413.24**

Form CMS-339

A. Background

Through the submission of this information collection request, CMS is seeking to reinstate the information collection requirements previously approved under OMB control number 0938-0301. The OMB Control Number lapsed due to administrative issues. The purpose of Form CMS-339 is to assist the provider in preparing an acceptable cost report and to minimize subsequent contact between the provider and its Medicare Administrative Contractor (MAC). Form CMS-339 provides the basic data necessary to support the information in the cost report.

Exhibit 1 of the Form CMS-339 contains a series of reimbursement-oriented questions which serve to update information on the operations of the provider. It is arranged topically regarding financial activities such as independent audits, provider organization and operation, etc. The MAC responsible for the settlement of the Medicare cost report must determine the reasonableness and the accuracy of the reimbursement claimed. This process includes performing, a desk review of the cost report and an analysis leading to a decision to settle the cost report with or without further audit. Form CMS-339 provides essential information to enable the MAC to make the audit/no audit decision, scope the audit if one is necessary, and to update the provider documentation (i.e., documentation to support the financial profile of the provider). If the information is not collected, then the MAC will have to go onsite to each provider to get this information. Consequently, it is far less burdensome and extremely cost effective to capture this information through the Form CMS-339.

Exhibit 2 is a listing of bad debts pertaining to uncollectible Medicare deductible and coinsurance amounts. Preparation of the listing is a convenient way for providers to supply the MAC with information needed to determine the allowability of the bad debts for reimbursement. Some items required to determine allowability that are included on this exhibit are patient's name, dates of service, date first bill sent to beneficiary, and date the collection effort ceased. Supplying the MAC with this information may be all that is required for the MAC to determine whether or not the bad debt is allowable. This may eliminate a visit to the provider to gather this needed data.

We are currently working on elimination of Form CMS-339 and inclusion of the applicable questions on the individual cost report forms. To date, Form CMS-339 has been incorporated in the Form CMS-2552-10 (Hospital cost report), Form CMS-2540-10 (SNF cost report), Form CMS-265-11 (ESRD cost report), Form CMS-1984-14 (Hospice cost report), Form CMS-224-14 (Federally Qualified Health Center cost report), and Form CMS-1728-94 (HHA cost report). Because of the time required to include the questions in each of the remaining cost report reports, we are requesting a 3-year extension of the Form CMS-339 at this time.

B. Justification

1. Need and Legal Basis

The information collected in this form (Exhibits 1 and 2) is authorized under Sections 1815(a) and 1833(e) of the Social Security Act, 42 USC 1395g. Regulations at 42 CFR 413.20 and 413.24 require providers to submit financial and statistical records to verify the cost data disclosed on their annual Medicare cost report. Providers participating in the Medicare program are reimbursed for furnishing covered services to eligible beneficiaries on the basis of an annual cost report (filed with the provider's MAC) in which the proper reimbursement is computed.

Consequently, it is necessary to collect this documentation of providers' costs and activities that supports the Medicare cost report data in order to ensure proper Medicare reimbursement to providers.

2. Information Users

Form CMS-339 must be completed by all Community Mental Health Centers (CMHC), Rural Health Clinic (RHC), and Organ Procurement Organization (OPO) providers that submit full cost reports to the Medicare MAC under Title XVIII of the Social Security Act. It is designed to answer pertinent questions about key reimbursement concepts found in the cost report and to gather information necessary to support certain financial and statistical entries on the cost report. The questionnaire is used by the MACs as a tool to help them arrive at a prompt and equitable settlement of those three types of provider cost reports and sometimes preclude the need for a comprehensive on-site audit. Since the Provider Cost Report Reimbursement Questionnaire is in reality a supporting statement of the CMS-2088 (Medicare CMHC Cost Report) OMB No. 0938-0037; CMS-222 (Medicare RHC Cost Report) OMB No. 0938-0107; and Form CMS-216 (Medicare OPO Cost Report) OMB No. 0938-0102 it also must be furnished on an annual basis.

3. Improved Information Technology

The processing of reimbursement questionnaire data through an electronic medium is a work in progress. At the present time, we have approved several software packages to process the CMS-339. However, we are still requiring the submittal to be only in hard copy because we have not yet completed uniform specifications to be used by all software vendors. Currently, we do not have uniform specifications to be used by all software vendors for providers to subject to which Form CMS-339 applies. When the Form CMS-339 is incorporated into the cost reports of the various provider-types, the information collected through this form will then be subject to the uniform specifications used for the respective cost reports.

4. Duplication of Similar Information

There is no specific duplicate information collection instrument pertaining to supplemental cost report documentation. The information in Form CMS-339 provides more detailed information to support the amounts reported on the cost report. This form was developed to curtail any additional amount of

information being placed on the cost report and to facilitate its review without the need for an on-site audit. Only one of the questions in Form CMS-339 relates to an issue (i.e., change of ownership) that is also addressed in Form CMS-855 (Provider Enrollment). However, this specific information from Form CMS-855 may not always be available at the time the cost report is desk-reviewed, meaning this information must be obtained from Form CMS-339. We will consider this issue again when we incorporate the Form CMS-339 into the cost report.

5. Small Businesses

To a large extent, this information collection does not involve small businesses. However, where it does, efforts have been made to streamline its format and clarify its instructions.

6. Less Frequent Collection

If this information were collected less frequently it would deny the Federal Government financial profile data. Furthermore, all data collected ties into the cost reporting year, so the Form CMS-339 must correlate to the annual submission of the cost report.

7. Special Circumstances

There are no special circumstances.

8. Federal Register Notice/Outside Consultation

The 60-day Federal Register notice published on July 15, 2016 (81FR46080). No public comments were received. The 30-day Federal Register notice published October 31, 2016 (81FR75409). No public comments were received.

9. Payments/Gifts to Respondents

There were no payments/gifts to respondents.

10. Confidentiality

CMS does assure the confidentiality of information obtained through the Form CMS-339. A System of Records Notice (SORN) encompassing this type of data already exists. The associated CMS SORN is 09-70-0502¹

11. Sensitive Questions

This information collection does not contain any sensitive questions.

12. Burden Estimate (Total Hours & Wages)

¹ <https://www.gpo.gov/fdsys/pkg/FR-2008-02-26/pdf/E8-3562.pdf>

Response time can vary depending on the type of provider and the size and complexity of the provider's operations. In addition, significant financial events (e.g., change of ownership) can also impact on response time. Exhibits 1 and 2 are required to be submitted by all the provider-types listed below that are filing full cost reports.

The number of respondents is calculated as follows:

CMHCs freestanding)	302
RHC (freestanding)	1,920
OPOs	<u>51</u>
Total number of respondents*	2,273

* Provider-based CMHCs, and RHC will have their Cost Report Reimbursement Questionnaire completed by the parent provider.

The breakdown of the Exhibit requirements and estimated hours to complete follow:

EXHIBIT NUMBER	TO BE PREPARED BY	NUMBER OF RESPONDENTS	AVG. HOURS TO COMPLETE EXHIBIT	TOTAL HOURS
1	All providers	2,273	3	6,819
2	All providers	2,273	4	<u>9,092</u>
TOTAL				15,911

As shown above, we estimate the annual burden to be 15,911 hours. This is an estimate of the average time required for all providers to prepare the questionnaires. The time will vary based on the size and type of provider.

Respondent Costs

We believe the responsibility for completing the Form 339 will belong to accountants and auditors as well as accounting and auditing clerks. Therefore, we have based our cost estimates based on a weighted average of the 2016 hourly wage data from the Bureau of Labor and Statistics. In addition, we have also used 100% of the mean hourly wage in our calculations to account for fringe and overhead.

Accounts and Auditors (weighted hourly wage including fringe and overhead)

$$(\$36.89^2 + \$36.89) \times 25\% = \$18.45$$

Accounting and Auditing Clerks (weighted hourly wage including fringe and overhead)

$$(19.34^3 + \$19.34) \times 75\% = \$29.01$$

Mean Hourly Respondent Wage

$$\$18.45 + \$29.01 = \$47.46$$

Total Respondent Cost

$$\$47.46/\text{hour} \times 15,911 \text{ hours} = \$755,136.06$$

Preparation of Form CMS-339 contributes to the preparation of the cost report and allows the MAC to accomplish a quicker settlement with less need to obtain data on site. In some cases, there is less chance of an audit because needed data will already be available. Also, if the provider is audited, much of the data collected will be used by the MAC; thus eliminating duplicate requests for information and expediting the performance of the audit.

The cost of preparing Form CMS-339 is included in the provider's Administrative and General costs reported on the cost report and the Medicare share of this cost is determined based on the provider's Medicare utilization. This share is paid to the provider as part of the PPS payment rate (for PPS providers) or as part of the reasonable cost payment (for providers paid on a cost-basis).

² <https://www.bls.gov/oes/current/oes132011.htm>

³ <https://www.bls.gov/oes/current/oes433031.htm>

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

Since the Form CMS-339 is available to be printed from the Internet, we expect the cost for printing and distribution to be minimal.

15. Program changes/Burden changes

As part of this reinstatement, there are several revisions since the last OMB approval. The number of respondents decreased by 15,666, from 17,939 to 2,273. The decrease is attributed to the removal of home health agencies (HHA), federally qualified health centers (FQHC) and hospices (Hospices) from the respondent total. Specifically, the difference is due to the decrease in the number of respondents required to complete Exhibits 1 and 2 due to the incorporation of the Form CMS-339 into Forms 1728-94 (HHA); 1984-14 (Hospice); and 224-14 (FQHC). Similarly, the previous burden estimate was 75,625 hours and has been revised to 15,911 hours, a change of 59,714.

16. Publication and Tabulation Dates

There are no publication or tabulation dates.

17. Expiration Date

We added the expiration date to the header and PRA Disclosure Statement in Exhibit 1. We added the expiration date to the footer and the PRA Disclosure Statement in Exhibit 2.

18. Certification Statement

There are no exceptions to the certification statement.