

SUPPORTING STATEMENT – PART A

Health Insurance Claim Form UB-04, CMS 1450 – 0720-0013

A. JUSTIFICATION

1. Need for the Information Collection

This information collection is necessary to permit healthcare providers who provide healthcare services and supplies to beneficiaries under the Civilian Health and Medical Program for the Uniformed Services (CHAMPUS)/TRICARE to submit claims for payment to CHAMPUS/TRICARE.

CHAMPUS/TRICARE are "health plans" under the Administrative Simplification provisions of the Health Insurance Portability Act of 1996 (HIPAA). They provide health benefits for eligible dependents of the active duty Uniform Service members and deceased sponsors, retirees and their dependents, dependents of Department of Homeland Security (Coast Guard) sponsors, and certain North Atlantic Treaty Organization, National Oceanic and Atmospheric Administration, and Public Health Service eligible beneficiaries. This information collection is used by TRICARE/CHAMPUS and their contractors to determine beneficiary (patient) eligibility for TRICARE/CHAMPUS benefits, the extent to which other health insurance may be available to offset TRICARE/CHAMPUS liability, certification that the beneficiary received the care, and that the provider is authorized to receive TRICARE/CHAMPUS payments. The collection instrument, Health Insurance Claim Form (CMS-1450), also more commonly referred to as the UB-04 or 837I for electronic transactions, (hereafter referenced as 'UB-04/CMS 1450') will be used by TRICARE/CHAMPUS and its contractors to determine the amount of benefits to be paid to TRICARE/CHAMPUS participating healthcare providers.

The authority to collect this information is found at 32 CFR 199.7 and 32 CFR 199.14. Under the HIPAA Rules governing standard electronic transactions (45 CFR Part 160 and Part 162), TRICARE/CHAMPUS are required to accept HIPAA standard electronic claim transactions submitted by healthcare providers eligible to provide services to beneficiaries. In addition, these HIPAA Rules permit such healthcare providers to submit paper, rather than electronic, claims to TRICARE/CHAMPUS. For both paper and electronic claims for services and supplies submitted by healthcare providers, the Department of Health and Human Service (DHHS) and/or its Centers for Medicare and Medicaid Services (CMS) have established, through regulation, the data and information providers are required to submit in connection with their claims for payment from health plans such as TRICARE and CHAMPUS.

2. Use of the Information

The respondents to the UB-04/CMS 1450 are the healthcare providers who are submitting a claim to TRICARE/CHAMPUS for healthcare services and supplies provided by the respondent provider to a TRICARE/CHAMPUS beneficiary. The UB-04/CMS 1450 is not a DoD form or collection instrument; it is used throughout the public and private healthcare industry for collecting information required not only by TRICARE/CHAMPUS, but also Medicare, Medicaid, and private health plans, to process and pay healthcare provider claims for services and supplies provided to individuals participating in their respective programs. Under the HIPAA Rules set forth in 45 CFR Parts 160 and 162, a healthcare provider's failure to complete a UB-04/CMS 1450 and/or submit a claim as a standard HIPAA electronic claim (meeting all of the HHS form and content requirements) means a claim for healthcare services and supplies provided will not be processed or paid. In these circumstances, healthcare providers participating in the TRICARE/CHAMPUS programs collect the information specified in the UB-04/CMS 1450 to assure that their claims for healthcare services and supplies can be processed, reviewed, and paid.

TRICARE/CHAMPUS participating healthcare providers are not DoD components and provide healthcare services and supplies not only to TRICARE/CHAMPUS eligible patients but also to individuals who directly pay the provider and/or have other health insurance (including health insurance from employer health plans, health insurance companies, Medicare, Medicaid, and other programs, for all of which UB-04/CMS 1450 claims forms are used in connection with claims). Healthcare providers, without regard to both the government and private health plans from which they agree to accept payments, obtain paper UB-04/CMS 1450 from vendors. Individual patients (including, but not limited to, individual's covered by TRICARE/CHAMPUS) do not use UB-04/CMS-1450 forms to obtain health insurance/health plan reimbursement for healthcare services/supplies for which they paid the provider out of pocket.

Information necessary for completing a UB-04/CMS 1450 is obtained by the healthcare provider from its records created in connection with a patient visit and/or registration of a patient with the provider. The specific information used to complete a UB-04/CMS 1450 is obtained from the healthcare provider's records and is used to complete the UB-04/CMS 1450 by the billing clerk/billing department of the provider for submission to TRICARE/CHAMPUS or other health insurance maintained by the patient. A healthcare provider's collection of patient registration and treatment information necessary to complete a UB-04/CMS 1450 is not specifically done for government collection purposes.

If a healthcare provider's patient is a TRICARE/CHAMPUS beneficiary, the UB-04/CMS 1450 or resulting standard electronic transaction is submitted by the provider or its billing company to the DoD contractor (which acts on behalf of the TRICARE/CHAMPUS benefits program as a third party administrator) for the region in

which the healthcare provider is located. The HCFA 1450 is completed by medical institutions' billing clerks. Claims by healthcare providers for services and supplies furnished to TRICARE/CHAMPUS beneficiaries using a UB-04/CMS 1450 may be submitted to the appropriate TRICARE contractor either by U.S. mail or electronically.

UB-04/CMS 1450 received by a contractor from a healthcare provider are reviewed to determine whether the patient described in the claim is a TRICARE/CHAMPUS beneficiary, whether the healthcare services and supplies described in the UB-04/CMS 1450 are covered under the applicable TRICARE/CHAMPUS program, and the agreed upon provider reimbursement rate for the covered healthcare services and supplies. The contractor also uses the information in the UB-04/CMS 1450 to verify that the provider is eligible to submit claims for services and supplies furnished to TRICARE/CHAMPUS beneficiaries.

TRICARE/CHAMPUS participating provider submits a completed UB-04/CMS 1450 to a TRICARE regional contractor. The contractor utilizes the content in the claim to accomplish several tasks include: determining (1) whether the claim is for TRICARE/CHAMPUS covered services, (2) if it is, the amount TRICARE/CHAMPUS is obligated to pay the provider on the claim, (3) the amount not payable, if any, and (4) the amount, if any, for which the patient/beneficiary is liable. This information is provided, through an Explanation of Benefits, to the patient beneficiary and the provider.

Because healthcare providers participating in TRICARE/CHAMPUS are acting in an entrepreneurial capacity and not in an individual capacity, the Privacy Act of 1974 does not require they receive a Privacy Act Statement in connection with completing a UB-04/CMS 1450.

Healthcare providers using UB-04/CMS 1450 to submit claims for healthcare services and supplies furnished to patients are not collecting patient registration and/or health information as agents or contractors for DoD or the federal government. Furthermore, paper patient records and patient information in a healthcare provider's electronic information systems is not DoD or government data. The fact that a particular healthcare provider determines to accept payments from TRICARE/CHAMPUS (or from Medicare, Medicaid, or any private health insurer/health plan) does not change this determination.

The paper UB-04/CMS 1450 is also known electronically as an 837I transaction (which is a HIPAA standard electronic transaction for which the format and content is established by the HHS under the HIPAA Administrative Simplification provisions. Neither the UB-04/CMS 1450 nor the 837I standard electronic transaction is a DoD mandated form. DoD, in connection with the TRICARE/CHAMPUS program, is required to accept and process the paper and electronic claims transactions. Healthcare providers have a choice to use either the paper claim or the electronic transaction, though if the claim is submitted electronically, it must be in compliance with requirements of the HIPAA adopted 837I. The paper UB-04/CMS 1450 and the electronic 837I are the

national standard claim form/transactions accepted by all commercial and government payers.

3. Use of Information Technology

86 percent of TRICARE/CHAMPUS claims are submitted to TRICARE/CHAMPUS contractors electronically via the 837I. Although HIPAA provisions mandate that TRICARE/CHAMPUS, as a defined covered entity health plan for HIPAA purposes, must accept standard electronic claims transactions, HIPAA does not permit HIPAA defined health plans to refuse to accept a provider's paper claims.

4. Non-duplication

There is no duplication of data collection. The information collected by the healthcare provider and the information that is necessary to complete a UB-04/CMS 1450 is the same information that the healthcare provider would collect and provide regardless of the health insurance/health plan providing health benefits to a patient. The information can be used, without a duplicate collection, by the provider to file claims for healthcare services and supplies with TRICARE/CHAMPUS, Medicare, Medicaid, and/or private health insurance companies. The information is a one-time submission by a medical institution for a specific episode of care. The uniqueness of each claim is ensured by comparing all newly submitted claims against prior submitted claims. Any claims identified as potential duplicates are manually reviewed and if any service or total is a duplicate, the service is denied.

5. Burden on Small Business

The information collection includes small business such as rural hospitals, skilled nursing facilities, hospices, mental health institutions, and other categories of medical institutions. The reporting burden on these entities is the same as for all institutions. The data required to be submitted on the claims form is the same for each type of institution

6. Less Frequent Collection

This information collection is on an occasion basis; only when a beneficiary requires health care services and supplies provided by medical institution.

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

- Part A: PUBLIC NOTICE

The 60-day Federal Register Notice for this collection of information was published on May 24, 2016; 81 FR 32736. No public comments were received.

A 30-Day Federal Register Notice for the collection published on Friday, May 12, 2017. The 30-Day FRN citation is 82 FRN 22127.

- Part B: CONSULTATION

The UB-04/CMS 1450 was developed in conjunction with other organizations including both payers and providers who utilize the form and standards development organizations as required by HIPAA. The UB-04/CMS 1450 is governed by these organizations through the National Uniform Billing Committee (NUBC). A representative from TRICARE is voting member on the NUBC. Changes to the form or instructions must be approved by the voting members of the NUBC.

9. Gifts or Payment

No payments or gifts will be provided to respondents other than remuneration of contractors.

10. Confidentiality

- Does the collection instrument require a Privacy Act Statement (PAS)?

The collection on HCFA Form 1450 does not require a PAS.

- Does the information collection require a System of Records Notice (SORN)?

To the extent a claim on a HCFA 1450 is submitted to a TRICARE/CHAMPUS MCSC, it becomes a record maintained by the MCSC on behalf of TRICARE/CHAMPUS. These records are maintained in one or more TRICARE systems of records. The SORNs for these TRICARE systems of records are located at

<http://dpcl.d.defense.gov/Privacy/SORNsIndex/tabid/5915/Category/11153/defense-health-agency.aspx>

EDTMA 01, Health Benefits Authorization Files (November 16, 2014, 79 FR 68420)

EDTMA 02, Medical/Dental Care and Claims Inquiry Files (October 27, 2015, 80 FR 65714)

EDTMA 03, Legal Opinion Files (November 19, 2014, 79 FR 68874)

EDTMA 04, Medical/Dental Claim History Files (October 27, 2015, 80 FR 65720)

- Does the information collection require a Privacy Impact Assessment (PIA)?
- Applicable Privacy Impact Assessment(s) (PIAs):<http://www.dha.mil/Reference-Center/Forms/2014/07/29/PIA-Summary-Health-Net-Federal-Services-Information-System-HNFS-IS>
- <http://www.dha.mil/Reference-Center/Forms/2014/07/29/PIA-Summary-Humana-Military-Healthcare-Services-Automated-Information-System-HMHS-AIS>
- <http://www.dha.mil/Reference-Center/Forms/2014/07/29/PIA-Summary-United-Healthcare-Military-and-Veterans-Information-System>

11. Sensitive Questions

A completed UB-04/CMS 1450 contains information that is protected health information or PHI under the HIPAA Privacy Rule (45 CFR Parts 160 and 164), which DoD considers to be sensitive unclassified information. Healthcare providers using UB-04/CMS1450s and/or 837I transactions are classified as "covered entities" under the HIPAA Privacy, Security, and Breach Notification Rules in 45 CFR. Consequently, they are required to safeguard the confidentiality, integrity, and availability of PHI (whether in paper or electronic format) in accordance with those HIPAA Rules. The current UB-04/CMS 1450 was developed to include only the PHI necessary for a healthcare provider to submit a claim to a HIPAA covered entity health plan. Therefore, any "sensitive" information included in a UB-04/CMS 1450 submitted to a TRICARE/CHAMPUS contractor for payment is limited to the sensitive information determined by HHS to be the minimum amount necessary to support the submitting healthcare provider's claim for payment. A patient's social security number is not a required data element of the UB-04/CMS 1450.

12. Respondent Burden, and its Labor Costs

a. Estimation of Respondent Burden

Estimation of Respondent Burden Hours					
	Number of Respondents	Number of Responses per Respondent	Number of Total Annual Responses	Response Time (Amount of time needed to complete the collection instrument)	Respondent Burden Hours (Total Annual Responses multiplied by Response Time) Please compute these into hours)
Collection Instrument: UB-04 CMS-1450 (Paper)	10,318	11.4514	118,156	15 minutes (.25)	29,539
Collection Instrument: UB-04 CMS-1450 (Electronic)	10,318	71.7896	740,725	1 minute	12,345
Total	10,318	83.241	858,881	16 minutes	41,884

***CLARIFYING STATEMENTS:**

1. The number of respondents are Unique Hospital Institutions that filed at least one electronic or paper claim in FY 2015.
2. The number of responses are non-active duty TRICARE beneficiaries who received health care services and supplies in a hospital institution in FY 2015.
3. The number of responses per respondent is an average and may vary.

b. Labor Cost of Respondent Burden

Labor Cost of Respondent Burden					
	Number of Responses	Response Time per Response	Respondent Hourly Wage	Labor Burden per Response (Response Time multiplied by Respondent Hourly Wage)	Total Labor Burden (Number of Respondents multiplied by Response Time multiplied by Respondent Hourly Wage)
Collection Instrument: UB-04 CMS-1450 (Paper)	118,156	15 minutes (.25)	\$17.10 ¹	\$4.27	\$504,526.00
Collection Instrument: UB-04 CMS-1450 (Electronic)	740,725	1 minute	\$17.10 ¹	\$.285	\$211,106.00
Total	858,881	16 minutes	\$17.10	\$4.55	\$715,632.00

13. Respondent Costs Other than Burden Hour Costs

The respondents incur approximately \$55,533 annually (.47 x 118,156) in postage costs to mail the paper claim forms.

¹ The United States Department of Labor Statistics, Occupational Employment Wages, May 2014. “43-3021 Billing and Posting Clerks, National estimates for this occupation”

14. Cost to the Federal Government

Labor Cost to the Federal Government			
	Collection Instrument UB-04 CMS-1450 Paper	Collection Instrument UB-04 CMS-1450 Electronic	Total
Number of Responses	118,156	740,725	858,881
Processing Time Per Response (in hours)	15 minutes	1 minute	41,884 hours
Hourly Wage of Worker(s) Processing Responses	\$19.02 ²	\$19.02 ²	\$19.02 ²
Cost to Process Each Response (Processing Time Per Response multiplied by Hourly Wage of Worker(s) Processing Responses)	\$4.75	\$.317	\$5.12
Total Cost to Process Responses (Cost to Process Each Response multiplied by Number of Responses)	\$561,241	\$234,809	\$796,050

Operational and Maintenance Costs						
Equipment	Printing	Postage	Software Purchases	Licensing Costs	Other	Total

² The United States Department of Labor Statistics, Occupational Employment and Wages, May 2015. “43-9041 Insurance Claims and Policy Processing Clerk, National estimates for this occupation: Mean hourly wage.”

unknown	unknown	unknown	unknown	unknown	unknown	unknown
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Total Cost to the Federal Government		
Operational and Maintenance Costs	Labor Cost to the Federal Government	Total Cost (O&M Costs + Labor Cost)
unknown	\$796,050	\$796,050

15. Reasons for Change in Burden

The data sources used to calculate the number of respondents and the number of responses has changed from the prior submission and therefore there is a significant change in burden. The total number of respondents (hospital institutions) utilizing the form increased from 7,836 to 10,318. The total number of responses has decreased from 2,100,000 to 858,881. In the previous approval, a typo was made and the total number of responses appears as 21,100,000 instead of 2,100,000. The total annual hours requested has decreased from 525,000 to 41,884.

16. Publication of Results

The results of the information collection will not be published internally to the DoD or externally.

17. Non-Display of OMB Expiration Date

We are not requesting approval to omit the display of the expiration date of OMB approval.

18. Exceptions to "Certification for Paperwork Reduction Submissions"

We are not requesting any exemptions to the provisions certified.