

Supporting Statement for the Paperwork Reduction Act of 1995

Part A. Justification

QIC Demonstration Evaluation Contractor (QDEC): Analyze Medicare Appeals to Conduct Formal Discussions and Reopenings with Suppliers

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Supporting Statement – Part A

QIC Demonstration Evaluation Contractor (QDEC): Analyze Medicare Appeals to Conduct Formal Discussions and Reopenings with Suppliers

A. Background

Medicare processes over one billion fee-for-service (FFS) claims a year. These claims go through hundreds of edits to determine if the claim is proper and can be paid, either through an automated system or through manual review. Claims that fail an edit, or audit, are denied or returned to the supplier.

Section 1869 of the Social Security Act sets the process for adjudicating FFS claims under Medicare Parts A and B. When a party is dissatisfied with the payment decision by a Durable Medical Equipment (DME) Medicare Administrative Contractor (MAC) on a claim, the party is entitled to appeal through the Medicare claims appeals process. The 2nd level of the Medicare FFS appeals process, also known as reconsiderations, is performed by Qualified Independent Contractors (QIC).

Consistent with the current statutory and regulatory framework for the FFS claim appeals process, the QICs only engage in an on-the-record review with no opportunity currently for the QIC to educate the supplier, or for the appellant to present oral testimony, before the QIC makes a reconsideration decision.

Section 402(a)(1)(F), U.S.C. § 1395-1(a)(1)(F), of the Social Security Amendments of 1967 permits the Secretary to “determine whether, and if so which type of, fixed price or performance incentive contract would have the effect of inducing the greatest degree effective, efficient, and economical performances of agencies and organizations making payment under agreements or contracts with the Secretary for health care and services under health programs established by the Social Security Act.” Pursuant to this authority, the Centers for Medicare & Medicaid Services (CMS) is implementing the **Formal Telephone Discussion Demonstration and Reopenings Process** (the Demonstration). The Demonstration began on January 1, 2016 and will continue through December 31, 2020.

The Demonstration is designed to improve the efficiency of Medicare’s five-level appeals system for fee-for-service (FFS) claims which currently is experiencing a backlog, by improving the quality of future DME claim submissions. The Demonstration provides DME suppliers in DME MAC Jurisdictions C and D with the opportunity to engage in a telephone discussion of appealed claims with the DME QIC and to gain an understanding of critical documentation that could result in a favorable claim outcome. The DME MACs for Jurisdictions C and D are CGS and Noridian, respectively. These two jurisdictions cover more than half of the U.S. territory, and include more than 5,400 supplier organizations.

The first phase of the Demonstration, which began on January 1, 2016, focused on claims related to oxygen supplies and diabetic testing supplies. On October 31, 2016, CMS expanded the

Demonstration to include all DME claim types in the second phase.¹ Upon receipt of a valid reconsideration request, the QIC reviews the appeals received to determine if the appeal meets the basic selection criteria (e.g., Healthcare Common Procedure Coding System (HCPCs) for all DME appeal categories, is from DME MAC Jurisdictions C and/or D, the National Provider Identifier (NPI) number, and the number of claims involved) for selection/participation in the discussion process under the Demonstration. If the appeals meet the basic selection criteria, the DME QIC selects appeals it has determined may yield a favorable outcome through the discussion process. Upon identification of an appeal that could be resolved via the discussion process, the DME QIC issues a form letter notifying the appellant that the claim has been selected to participate in the Demonstration and includes a scheduled time for the telephone discussion. Participation in the telephone discussion process is a voluntary.

In the Demonstration, the QIC provides education through a formal telephone discussion process to improve participating DME suppliers' understanding of the reasons for claim denials. The evaluation's objective is to determine whether telephone-based engagement between suppliers and the QIC will improve suppliers' understanding of the cause of Level 2 appeal denials, and over time, whether this increases submission of accurate and complete claims at the MAC level.

¹ The only exception to the opportunity to participate in this Demonstration is if the claim or supplier organization is already subject to another CMS initiative (e.g. prior authorization for power mobility devices (PMDs), the settlement conference facilitation (SCF) process, and/or the Serial Claims Initiative).

The evaluation results will help CMS assess whether the scope of the Demonstration is to be expanded, and determine the utility of permanently adding a telephone discussion to the QIC reconsideration level if, for example, it is associated with a decrease in Level 2 claims appeals or an increase in the submissions of accurate and complete claims at the MAC level, or similar findings that CMS considers to be substantively important.

The mixed methods evaluation of the Demonstration will use both quantitative and qualitative techniques to analyze the outcomes and impact of the Demonstration. The evaluation will:

- (1) focus specifically on outcomes of the intervention including the rate of claims denials and the number of claims that go through appeals Levels 2 and 3, and contextual information about the usefulness of the telephone discussions to suppliers who participate in them;
- (2) seek to determine whether further engagement between suppliers and the QIC improves understanding of the reasons for claim denials; and
- (3) support CMS in assessing the QIC's effectiveness in meeting a number of criteria established by CMS, including how satisfied suppliers participating in the formal telephone discussion process were with specific educational activities used by the QIC during the discussions (e.g., how well the QIC explained applicable regulations, policies, and reasons for denial associated with a given appeal).

Based on findings triangulated from both qualitative and quantitative data analyses, the contractor will develop recommendations for CMS. The results of the evaluation and contractor recommendations will allow CMS to make informed policy decisions regarding the effectiveness of the Demonstration and whether or not it should be expanded to additional appeal or claim types or jurisdictions, or become a permanent part of the appeals process.

Primary and secondary data will inform the evaluation.

Secondary data consist of DME claims submitted by suppliers, appeals to claim denials, and DME supplier characteristics. Specifically, we will analyze DME claims extracted from the Common Working File, appeals and appeal decisions extracted from the Medicare Appeals System and the ViPS Medicare System, and DME supplier characteristics (e.g., non-profit status, tenure with CMS) extracted from the Provider Enrollment, Chain, and Ownership System DME Competitive Bidding Implementation Contractor. This analysis uses a group of DME suppliers from non-Demonstration participating DME MAC Jurisdictions A and B as the comparison group, and a baseline claims and appeals submission period of January 1, 2015 to December 31, 2015.

Primary data will be collected to evaluate the Demonstration from the perspective of suppliers who participate in the formal telephone discussions and reopenings process. The scope of the evaluation does not permit primary data collection from comparison-group suppliers.

Two primary data collection activities will assess suppliers' experiences and satisfaction with the Demonstration:

- A web-based supplier survey administered to suppliers who participated in a formal

- telephone discussion, and
- A series of key informant interviews with suppliers who participated in a formal telephone discussion.

These are described next.

Supplier Web-Based Survey. The team will administer a web-based customer satisfaction survey to a random sample of 2,540 suppliers (identified by a unique National Provider Identifier/Supplier Identifier [NPI]) that participated in a formal telephone discussion. The survey will be administered on a monthly basis to suppliers that participated in a formal telephone discussion during the previous month. Since new suppliers are joining the Demonstration each month, it is not possible to estimate how often a given supplier will be sampled more than once. But because many suppliers regularly participate in the Demonstration each month, it is likely that some will receive a survey invitation more than once in a given calendar year. However, we will not send a survey to a specific individual two months in a row. Survey data will be used to assess the QIC's performance and to inform the broader evaluation of how well the Demonstration is meeting its intended goal of reducing appeals submission by changing supplier behavior that results in more accurate claims submission, from the perspective of participating suppliers. Specifically, we will analyze survey responses to understand suppliers' satisfaction with specific activities performed by the QIC to determine if some aspects of the Demonstration are more successful than others, from the supplier perspective, and to understand suppliers' perspectives of what could be improved. Tabulated and trended results for all survey items will be made available to CMS in semi-annual and annual reports. The web-based survey instrument and recruitment materials appear in Attachment A.

Key Informant Interviews. The IMPAQ team will conduct qualitative key informant interviews each year with 100 randomly-selected suppliers. Findings from key informant interviews will be used to evaluate the overall effectiveness of the Demonstration, and provide context to discussions regarding the feasibility of expanding the Demonstration. From these 100 suppliers,

50 will be selected from Supplier Survey responses that indicate dissatisfaction with one or more aspects of the formal telephone discussion. A second set of key informant interviews will be conducted with 50 suppliers selected at random from those not selected for a survey-driven key informant interview. Topics discussed in the interviews will include: How well the QIC explained and led the formal telephone discussion process; whether the formal discussion met suppliers' expectations; what aspects of the formal telephone discussion and reopenings processes worked well; and, what aspects of the formal discussion and reopenings processes could have worked better. Key informant protocols and recruitment materials appear in Attachment B.

Recruitment calls will be made monthly with a random sample of suppliers who participated in a formal telephone discussion in the prior month. Because suppliers regularly participate in formal telephone discussions with the QIC, we do not anticipate that recall will be a problem at the time of the interview.

CMS has selected IMPAQ International, LLC and its partner, Palmetto GBA (the IMPAQ team), as the **QIC Demonstration Evaluation Contractor (QDEC)** to conduct the evaluation of the Demonstration. The Demonstration project is conducted by telephone, initiated from the QIC's offices. The evaluation will be conducted from IMPAQ's offices, headquartered in Columbia, Maryland.

B. Justification

1. Need and Legal Basis

The **Formal Telephone Discussion Demonstration and Reopenings Process** is authorized under Section 402(a)(1)(F), U.S.C. § 1395-1(a)(1)(F)¹, of the Social Security Amendments of 1967. Primary and secondary data are needed to understand the effectiveness of the Demonstration in improving suppliers' understanding of claims denial during Level 2 of the appeals process and facilitating more accurate claim submission over time. Primary data are necessary to determine, from the perspective of participating suppliers, the quality of the formal telephone discussions, satisfaction with the formal telephone discussion process, and the effect of the formal telephone discussions on suppliers' understanding of submitting accurate claims. These data will inform an evaluation of the demonstration's effectiveness in achieving more accurate claims submissions, and thus reducing the number of claims CMS must process each year. This could potentially reduce Federal resources expended to process claims.

2. Information Users

All information collected through the evaluation of the Formal Telephone Demonstration and Reopenings Process will be used by CMS through the QDEC (IMPAQ International and its partner, Palmetto GBA) to conduct analyses of supplier satisfaction with the formal telephone discussions, and determine whether further engagement between suppliers and the QIC improves understanding of the reasons for claim denials.

CMS will use the results of the evaluation to make informed policy decisions regarding the effectiveness of this demonstration and whether or not the demonstration should become a permanent part of the appeals process. Ultimately, if the information shows that suppliers were able to submit more accurate claims on the first pass, and a reduced number of claims are put

through the appeals process, the Federal government could realize cost savings.

3. Use of Information Technology

The QDEC will collect all supplier survey information electronically through a web-based platform. This includes suppliers' opinions and assessments regarding satisfaction with the formal telephone discussion process, and suggestions for possible improvements. Voxco survey

¹ https://www.ssa.gov/OP_Home/comp2/F090-248.html

software will be used to program and administer the monthly web-based Supplier Survey. Web-based surveys enable respondents to complete the survey at a time of their choosing, and allow the project team to monitor survey response rates in real time and send customized reminder e-mails. Voxco allows the project team to electronically program the survey instrument including skip-pattern logic, to minimize respondent error and burden. Respondent signatures are not required, as submission of supplier survey responses indicate consent.

Key informant interviews will be conducted by telephone, and with participant consent, recorded via voice-over internet protocol software. Interviews will cover suppliers' motivations for participating in the formal telephone discussion process, their expectations and perceived quality of the formal telephone discussions, and aspects that worked well/could be improved upon. Recordings will be stored securely on a FISMA-compliant enclave.

4. Duplication of Efforts

The web-based supplier survey and key informant interviews will collect key information from suppliers that CMS believes is not captured elsewhere. This information collection does not duplicate any other effort and the information cannot be obtained from any other source. Suppliers who participate in the formal telephone discussion demonstration are not surveyed about the Demonstration under any other activities, aside from the proposed information collection activities.

5. Small Businesses

Some of the DME suppliers that participate in the formal telephone discussion process may be employed by small businesses. As part of primary data collection efforts, these small businesses may be invited to respond to the web-based supplier survey and/or 30-minute key informant interview. The survey and key informant interview instruments have been designed to minimize the burden on all respondents and will not have a significant impact on small businesses or other small entities.

6. Less Frequent Collection

If the web-based supplier survey and key informant interviews were not conducted, CMS would be unable to capture supplier perspectives on the quality and effectiveness of the Formal Telephone Discussions and Reopenings Demonstration. Because suppliers are key stakeholders in the appeals process, their experiences, satisfaction, and opinions must be collected to evaluate the overall Demonstration and assess the QIC's performance.

The frequency of data collection (monthly supplier surveys and annual key informant interviews) is necessary to execute the evaluation design which allows for monthly, semi-annual, and annual reporting of the QIC effectiveness. It is important to capture suppliers' experiences throughout the course of the QIC's annual period of performance, and as soon as possible after they participate in the formal telephone discussions. Monthly web-based survey data collection will allow ongoing assessment of the quality of the Demonstration, with the ability to detect issues that might emerge during specific points of time throughout the year.

7. Special Circumstances

None of the special circumstances apply to this data collection effort. It is not expected that suppliers will participate in a formal telephone discussion more frequently than quarterly; thus, they will not be invited to complete a web-based survey more than quarterly.

8. Federal Register/Outside Consultation

The 60-Day Federal Register notice was published on December 28, 2016 (81FR95614) Received one comment. The 30-day Federal Register notice was published on June 2, 2017(82FR25608).

The web-based survey was pilot tested with nine suppliers randomly selected prior to OMB approval, in September 2016. The average response time was 8 minutes, with a range of 4 to 10 minutes. Minor grammatical revisions were made to the instrument to improve clarity.

9. Payments/Gifts to Respondents

No payments or gifts will be provided to participants of the information collection activities.

10. Confidentiality

It is the QDEC's policy to efficiently protect all information and data, in whatever media they exist, in accordance with applicable Federal and state laws and contractual requirements. All program participants will receive unique identification codes which will be stored separately from personally identifying information.

Supplier Surveys. The surveyed suppliers will be assured that their responses will be kept private to the extent permitted by law. Survey data will be stored on the QDEC's FISMA-compliant server that is protected by a firewall that monitors and evaluates all attempted connections from the Internet. Personal information (name, telephone number, and e-mail address) on each survey response will be maintained in a separate data file apart from the survey data so that individuals outside of the project team cannot link particular responses to individual respondents. Once the contract is completed, all sensitive data pertaining to each survey respondent will be destroyed. The entire survey database will be encrypted so that any data stored will be further protected. Finally, access to any data with identifying information will be limited only to contractor staff directly working on the survey. Survey findings will be presented at a level of aggregation such that it will not be possible to link specific responses to individual respondents.

Key Informant Interviews. Suppliers interviewed by research team members will be assured that their responses will be kept private to the extent permitted by law. All findings in any published reports or briefings will be presented at the aggregate level, so that it is not possible to link comments to particular individuals. Similarly, interview notes or recordings will not be shared with CMS staff or anyone else outside the study team. Audio recording files will be stored in a FISMA-compliant secure server. If any notes are recorded on laptop computers, such notes will be stored in a SQL Server database located in the contractor's access-controlled server room.

11. Sensitive Questions

No information of a sensitive nature will be collected.

12. Burden Estimates

Exhibit A-1 shows the estimated annualized burden hours for the respondents to participate in this study. Each month, a random sample of 212 suppliers who participated in a formal telephone discussion in the prior month will be selected and asked to complete a web-based survey. Annually, this will total 2,540 suppliers invited to complete the survey. The brief survey will take approximately 10 minutes to complete (.167 percent of one hour). This estimate is based on a pilot test of the survey, during which the average response time was 7 minutes, ranging from 4 to 10 minutes. Key informant interviews with suppliers will last about 30 minutes. The total burden hours are estimated at 473.3 per year.

Exhibit A-1: Estimated Annualized Burden Hours

Data Collection Activity	Number of Respondents	Frequency of Response	Average Time per Respondent	Burden Hours
Web Survey				
Supplier Billing Supervisor	2,540	Once	10 minutes	423.3
Key Informant Interviews				
Supplier Billing Supervisor	100	Once	30 minutes	50
TOTAL	2,640			473.3

Exhibit A-2 shows the annualized cost to respondents for the hour burdens for data collection. Labor rates and associated costs are based on Bureau of Labor Statistics data. “Management, all others” average hourly wage (\$53.47/hour) was taken from the United States Department of Labor, Bureau of Labor Statistics, “Occupational Employment and Wages, May 2015” available at <http://www.bls.gov/oes/current/oes119199.htm>. We used the wage for the occupational group listed above as the basis for the labor rates for DME supplier senior billing managers/supervisors, who are the individuals participating in formal telephone discussions and who will be surveyed and interviewed. These rates represent salaries plus fringe benefits and do not include the cost of overhead. An overhead rate of 100 percent is used to account for these costs. The full-burdened hourly wage rate used to represent respondent labor costs is \$106.94. The total annualized cost is estimated at **\$50,614.70**

Exhibit A-2: Estimated Annualized Cost

Data Collection Activity	Burden Hours	Average Hourly Wage Rate	Cost of the Hour Burden
Web Survey			
Supplier Billing Supervisor	423.3	\$106.94	\$45,267.70
Key Informant Interviews			
Supplier Billing Supervisor	50	\$106.94	\$5,347
TOTAL	473.3	\$106.94	\$50,614.70

13. Capital Costs

There are no direct costs to respondents other than that of their time of participation. There will be

no start-up or ongoing financial costs incurred by respondents. There are no record keepers.

14. Cost to Federal Government

Exhibit A-3 shows the cost to the Federal Government for carrying out this information collection effort is approximately \$145,116.89 for the first year and \$122,736.00 per year through the end of the project, which is the cost associated with primary data collection activities for the evaluation. Calculated as \$390,588.89 within a 3 year time frame.

Exhibit A-3: Annualized Cost to the Government

Data Collection Activity	Cost of the Hour Burden
Web-based Survey	
Instrument Design (one-time only)	\$6,935.13
Instrument Testing (one-time only)	\$8,509.71
Implementation (annual)	\$89,436.72
Subtotal Survey	\$104,881.56 Year 1 \$89,436.72/year, Year 2 - 4
Key Informant Interviews	
Instrument Design (one-time only)	\$6,935.13
Implementation (annual)	\$33,300.20
Subtotal Interviews	\$40,235.33 Year 1 \$33,300.20/year, Year 2-4
TOTAL	\$145,116.89 Year 1 \$122,736/year, Year 2 - 4

15. Changes to Burden

Not applicable as this is a new information collection effort.

16. Publication/Tabulation Dates

Tabulations and analyses of web-based surveys will be published in monthly, semi-annual, annual, and final reports to the Agency. Exhibit A-4 shows the schedule of publication.

Exhibit A-4: Table of Publication Dates: 2016 - 2021

Item Number	Deliverable Description	Delivery Date
109	Semi-Annual Report of Findings Regarding the Effectiveness of the Discussions Demonstration and Lessons Learned	April 15th and October 15 th annually
110	Monthly and Annual Report of QIC's Effectiveness in Meeting Award Fee Objectives	Last business day of each month, Annual Report Due on January 31 st for the prior year's activities.
115	Ad Hoc Reports	As requested
119	Annual Report of Findings	April, 2018, 2019, 2020, 2021

The contractor will analyze web-based survey data collected monthly using descriptive statistics to estimate suppliers' overall satisfaction with the formal telephone discussions process. Analyses will include simple question-level response frequencies, and the creation of a satisfaction index combining responses to five Likert-style items into one satisfaction measure.

The contractor will use thematic qualitative analyses to identify common themes and patterns about formal telephone discussions process successes, challenges, and recommendations for improvement that emerge during key informant interviews.

17. Expiration Date

CMS will display the expiration date on each form upon approval of this PRA package.

18. Certification Statement

There are no exceptions taken to item 19 of OMB Form 83-i.