Supporting Statement for the
Community Mental Health Center Cost Report
Form CMS-2088-17

A. BACKGROUND

CMS is requesting the Office of Management and Budget (OMB) review and approve the revisions made to OMB No. 0938-0037, the Community Mental Health Center (CMHC) Cost Report Form CMS-2088-17, which revises the existing Form CMS-2088-92. The forms are revised to remove obsolete worksheets for certified outpatient physical therapy, outpatient occupational therapy and outpatient speech pathology providers, and comprehensive outpatient rehabilitation facilities that no longer have a cost report filing requirement. In addition, the forms are revised to incorporate data/questions previously reported on OMB No. 0938-0301, the Provider Cost Report Reimbursement Questionnaire, and form CMS-339. The changes do not affect the burden estimate.

B. JUSTIFICATION

1. Need and Legal Basis

Providers of services participating in the Medicare program are required under sections 1815(a) and 1861(v)(1)(A) of the Social Security Act (42 U.S.C. 1395g) to submit annual information to achieve settlement of costs for health care services rendered to Medicare beneficiaries. In addition, regulations at 42 CFR 413.20 and 413.24 require adequate cost data and cost reports from providers on an annual basis.

The Form CMS-2088-17 cost report is needed to determine a provider's reasonable costs incurred in furnishing medical services to Medicare beneficiaries and reimbursement due to or due from a provider. Reimbursement outside of the PPS may be for payment of Medicare reimbursable bad debt. Additionally, the cost report is the mechanism for applying any outlier reconciliation payment adjustments

2. Information Users

The cost reports are required to be filed by the CMHCs to their Medicare Administrative Contractor (MAC). The functions of the MAC are described in section 1816 of the Act.

The primary function of the cost report is to implement the principles of cost reimbursement which require that CMHCs maintain sufficient financial records and statistical data for proper determination of costs payable under the program. The S series of worksheets collects statistical data that identify the provider's location, CBSA, date of certification, questions relative to their operations, and number of visits. This information allows us to compare similar providers in similar jurisdictions. The A series of worksheets collects the provider's trial balance of expenses for overhead costs, and revenue and non-revenue generating cost centers. The B series of worksheets allocates the overhead costs to the revenue and non-revenue generating cost centers using functional statistical bases. The C series of worksheets collects charges for the revenue generating cost centers and computes a cost to charge (CCR) ratio for each cost center. The D series

of worksheets are Medicare specific and are used to determine reimbursement due to the provider or program. The F series of worksheets collect data from a provider's balance sheet and income statement.

The collection of data is a secondary function of the cost report. The data is used by CMS MedPAC and OACT to support program operations, payment refinement activities, and to make Medicare Trust Fund projections. The cost report is the basis of CMHC rate-setting. CMHCs are paid under the Outpatient Prospective Payment System, where the method of payment is defined in statute and regulation. CMS uses the most recent cost report data and claims data in our calculations of CMHC geometric mean per diem costs, upon which the CMHC Ambulatory Payment Classification (APC) payment rate is based.

3. Use of Information Technology

CMHCs are required to submit Medicare cost reports electronically.

4. Duplication of Efforts

This information collection does not duplicate any other effort and the information cannot be obtained from any other source.

5. Small Businesses

These cost reporting forms have been designed with a view toward minimizing the reporting burden when a CMHC experiences low Medicare utilization. A low utilization CMHC is required to complete a limited number of worksheets contained in the Form CMS-2088-17. The Form CMS-2088-17 is collected as infrequently as possible (annually) and only those data items necessary to determine the appropriate reimbursement rates are required.

6. Less Frequent Collection

If the annual cost report is not filed, CMS will be unable to determine whether proper payments are being made under Medicare. A provider who fails to file a cost report by the statutory due date is notified that interim payments will be reduced, suspended, or deemed overpayments.

7. Special Circumstances

This information collection complies with all general information collection guidelines in 5 CFR 1320.6 without the existence of special circumstances.

8. Federal Register / Outside Consultation

The 60 day Federal Register notice was published on 01/10/2017 (82FR2997). We received several comments. See summary of comments and CMS responses. The 30-day Federal Register Notice was published on July 26, 2017(82FR34675). There were no comments received for the 30 day notice.

9. Payments/Gifts to Respondents

There are no payments or gifts to respondents.

10. Confidentiality

Confidentiality is not assured. Medicare cost reports are subject to disclosure under the Freedom of Information Act.

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Burden Estimates (Hours and Wages)

The number of CMHCs required to file the Form CMS-2088-17:	219
Hours burden per CMHC to complete the cost report (80 hours record keeping, 10 hours reporting)	90
Total burden hours (219 facilities x 90 hours):	19,710
Weighted average hourly rate:	$42.58
The total annual burden cost:	$839,252

Burden hours for each CMHC are an estimate of the time required (number of hours) to complete ongoing data gathering and recordkeeping tasks, search existing data resources, reviewing instructions, and completing the Form CMS-2088-17. There are 219 CMHCs filing Form CMS-2088-17 annually. This is the current number of Medicare Certified CMHCs. This number was pulled from a data run from an internal CMS data system (System for Tracking Audit and Reimbursement) maintained by OFM. We expect the average burden estimate per CMHC of 90 hours (80 hours for recordkeeping and 10 hours for reporting). We calculated the annual burden hours as follows: 219 CMHCs times 90 hours per CMHC equals 19,710 annual burden hours.

We believe the 80 hours for recordkeeping will be achieved using bookkeeping, accounting and auditing clerks while the 10 hours for reporting will be achieved using accounting and audit professionals. Based on the most recent Bureau of Labor Statistics (BLS) in its 2016 Occupation Outlook Handbook, the mean hourly wage for Category 43-3031 (bookkeeping, accounting and auditing clerks) is $19.34. We added 100% of the mean hourly wage to account for fringe and overhead benefits, which calculates to $38.68 ($19.34 + $19.34) and multiplied it by 80 hours, to determine the annual recordkeeping costs per CMHC to be $3,094.40 ($38.68 x 80 hours). The mean hourly wage for Category 13-2011 (accounting and audit professionals) is $36.89. We added 100% of the mean hourly wage to account for fringe and overhead benefits, which calculates to $73.78 ($36.89 + $36.89) and multiplied it by 10 hours, to determine the annual reporting costs per CMHC to be $737.80 ($73.78 x 10 hours). We've calculated the total annual cost per CMHC of $3,832.20 by adding the recordkeeping costs of $3,094.40 plus the reporting costs of $737.80. We calculated the weighted average hourly wage of $42.58 by dividing the total cost per CMHC by the total burden hours per CMHC (3,832.20 divided by 90 burden hours). We estimated the total annual cost to be $839,252 (19,710 annual burden hours times $42.58 per hour).

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

Annual cost to MACs:	
Annual costs incurred are related to processing information on the forms to achieve settlement. MAC processing costs are based on estimates provided by the Office of Financial Management.	$657,000
Annual cost to CMS:	
Total CMS processing cost is from the HCRIS Budget:	44,000
Total Federal Cost	$701,000

15. Changes to Burden

The changes in burden and cost for the Form CMS 2088-17 are a result of:

1) Due to a decrease in provider enrollment in the Medicare Program the number of respondents decreased from 540 in 2013 to 219 in 2016 and the number of total burden hours have decreased from 54,000 in 2013 to 19,710 in 2016. Similarly, we have adjusted the number of total responses downward to by 321 and 34,290 to accommodate this change in the agency burden estimates.

2) The hourly wage rate increased based on data from the BLS 2016 Occupation Outlook Handbook. Also, we added 100% of the hourly wage rate to the wage rate to account for fringe benefits and overhead costs. The estimated hourly wage rate increased by $22.58 (from $ 20.00 in 2013 to $42.58 in 2016).

16. Publication/Tabulation Dates

The data submitted on the cost report is not published or tabulated.

17. Expiration Date

CMS displays the expiration date on the first page of the forms in the upper right corner. The PRA disclosure statement with the expiration date appears in the instructions beginning on page 45-3.

18. Certification Statement

There are no exceptions to the certification statement.

C. **STATISTICAL METHODS**

There are no statistical methods employed in this collection.