

**SUPPORTING STATEMENT FOR FORM CMS-1984-14  
HOSPICE FACILITY COST REPORT**

**A. Background**

CMS is requesting the Office of Management and Budget (OMB) review and approve this extension request for the Form CMS-1984-14, Hospice Facility Cost Report. These cost reports are filed annually, by freestanding hospice providers participating in the Medicare program, to collect data and information needed for determining reasonable costs.

**B. Justification**

1. Need and Legal Basis

Providers of services participating in the Medicare program are required under §§ 1815(a), 1833(e), and 1861(v)(1)(A) of the Social Security Act (42 U.S.C. 1395g) to submit annual information to determine costs for health care services rendered to Medicare beneficiaries. In addition, regulations at 42 CFR 413.20, 413.24 and 418.310 require adequate cost data and cost reports from providers on an annual basis.

The Form CMS-1984-14 cost report is needed to determine a provider's reasonable costs incurred in furnishing medical services to Medicare beneficiaries. The data is used by CMS to calculate:

- Market basket weight and the labor related shares,
- Rate setting and payment refinement, and
- Medicare and total facility margins for Medicare-covered services by type of service.

2. Information Users

The cost reports are required to be filed by the Hospices 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 Hospices 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 unduplicated census days. The A series of worksheets collects the provider's trial balance of expenses for overhead costs, direct patient care services by level of care, and non-revenue generating cost centers. The B series of worksheets allocates the overhead costs to the four different hospice levels of care as well as non-reimbursable and non-revenue generating cost centers using functional statistical bases. The C series of worksheets computes program costs by the four levels of care.

The F series of worksheets collect data from a provider's balance sheet and income

statement.

Additionally, the cost report is used by CMS to support program operations, payment refinement activities, and to make Medicare Trust Fund projections. The cost report is the basis of Hospice rate setting.

3. Use of Information Technology

Hospice providers are required by 42 CFR § 413.24(f)(4) to submit 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 towards minimizing the reporting burden for small businesses. The form 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 as described in 5 CFR § 1320.6.

8. Federal Register/Outside Consultation

The 60 day Federal Register notice was published on March 09, 2017(82FR13124) and 30-day Federal Register notice was published on July 26, 2017 (82FR34675) with no comments received.

9. Payments/Gifts to Respondents

There are no payments or gifts made to a respondent for completion of this data collection. The payments are made for services rendered to our beneficiaries. These reports collect the data for the costs and payments made to a provider. If they fail to submit these reports

there are penalties that are applied. The penalty is the suspension of claims payments until a report is submitted. Once the report is submitted the payments for claims are released. If they file the report timely there are no payment or gifts and no interruption in the claims payments.

10. Confidentiality

Confidentiality is not assured. Medicare cost reports (MCR) 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 & Wages)

Number of Hospice facilities (as of 12/31/16)	3,695
Hours burden per facility to complete the cost report (150 hours-recordkeeping and 38 hours-reporting)	188
Total hours burden (3,695 facilities x 188 hours)	694,660
Cost per Hospice	\$8605.64
Total annual cost estimate (\$8,605.64 x 3,695 Hospices)	\$31,797,840

Burden hours for each Hospice 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-1984-14. There are 3,695 Hospices filing Form CMS-1984-14 annually. 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 Hospice of 188 hours (150 hours for recordkeeping and 38 hours for reporting). We calculated the annual burden hours as follows: 3,695 Hospices times 188 hours per Hospice equals 694,660 annual burden hours.

We believe the 150 hours for recordkeeping will be achieved using bookkeeping, accounting and auditing clerks while the 38 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 150 hours, to determine the annual recordkeeping costs per Hospice to be \$5,802 (\$38.68 x 150 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 38 hours, to determine the annual reporting costs per Hospice to be \$2,803.64 (\$73.78 x 38 hours). We've calculated the total annual cost per Hospice of \$8,605.64 by adding the recordkeeping costs of \$5,802 plus the reporting costs of \$2,803.64. We estimated the total annual cost to be \$31,797,840 (\$8,605.64 times 3,695 Hospices).

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

<u>Annual cost to Medicare Contractors:</u>	
Annual costs incurred are related to processing information contained on the forms. Medicare contractors' processing costs are based on estimates provided by the Office of Financial Management.	\$531,750
<u>Annual cost to CMS:</u>	
Total CMS processing cost is from the HCRIS Budget:	<u>\$44,000</u>
<u>Total Federal Cost</u>	<u>\$575,750</u>

15. Changes to Burden

The change in burden is due to two factors:

- The hourly rate increased based on data from the BLS 2016 Occupation Outlook Handbook and to account for the associated increased administrative/overhead costs. The cost per hospice increased by \$4,845.64 (from \$ 3,760 in 2013 to \$8,605.64 in 2016).
- The number of respondents increased by 944 (from 2,751 as of April 4, 2013, to 3,695 as of December 31, 2016) as a result of new Hospices becoming certified to participate in the Medicare program and existing Hospices leaving the Medicare program.

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 data collection instrument forms, in the upper right hand corner. The PRA disclosure statement with expiration date is included in the instructions on page 43-4.

18. Certification Statement

There are no exceptions to the certification statement

C. Statistical Methods

There are no statistical methods involved in this collection.