

**SUPPORTING STATEMENT FOR
RURAL HEALTH CLINIC COST REPORT
FORM CMS-222-17**

BACKGROUND

CMS is requesting the Office of Management and Budget (OMB) review and approve the revisions made to OMB No. 0938-0107, the Rural Health Clinic (RHC) Cost Report Form CMS-222-17, which replaces the RHC Cost Report Form CMS-222-92. The forms are revised to capture medical and mental health visits by payer and to remove all references to Federally Qualified Health Centers (FQHC), as FQHCs are now required to complete OMB No. 0938-1298, the FQHC Cost Report Form CMS-224-14. In addition, the forms are revised to incorporate data previously reported on OMB No. 0938-0301, the Provider Cost Report Reimbursement Questionnaire, Form CMS-339.

A. JUSTIFICATION

1. Need and Legal Basis

Providers of services participating in the Medicare program are required under sections 1815(a), 1833(e) and 1861(v)(1)(A) of the Social Security Act (42 USC 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-222-17 cost report is needed to determine a provider's reasonable costs incurred in furnishing medical services to Medicare beneficiaries and reimbursement due to or from a provider. The data is used by CMS to calculate rate setting and payment refinements.

2. Information Users

The cost reports are required to be filed with the provider's Medicare Administrative Contractor (MAC). The functions of the MAC are described in section 1816 of the Social Security Act.

The primary function of the cost report is to implement the principles of cost reimbursement which require that RHCs 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 applies productivity standards and determines allowable costs

applicable to RHC services. The C series of worksheets computes the average cost per visit for RHC services and compares this amount to the maximum rate per visit and provides for a reconciliation of those costs.

Additionally, the cost report is used by CMS to support program operations, payment refinement activities, and to make Medicare Trust Fund projections.

3. Use of Information Technology

RHCs are required by 42 CFR 413.24(f)(4) to submit cost reports electronically.

4. Duplication of Efforts

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

5. Small Business

All RHCs regardless of size, are required to complete these cost reporting forms. These cost reporting forms have been designed with a view towards minimizing the reporting burden when an RHC experiences low Medicare utilization. A low utilization RHC is required to complete a limited number of worksheets contained in the Form CMS-222-17. 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 in 5 CFR 1320.6 without the existence of special circumstances.

8. Federal Register Notice

The 60 day Federal Register notice was published on July 19, 2017(82FR33132) with no comments received. The 30-day Federal Register notice was published on September 29, 2017(82FR45589) with no comments received.

9. Payment/Gift to Respondent

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 are subject to disclosure under the Freedom of Information Act.

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Estimate of Burden (Hours and Cost)

Number of RHC facilities Form CMS 222-17		1,744
Hours burden per RHC		
Reporting	10	
Recordkeeping	45	
Total hours burden per facility		55
Total hours burden (1,744 facilities x 55 hours)		95,920
Cost per RHC		<u>\$2,478.40</u>
Total annual cost estimate (\$2,478.40 x 1,744 RHCs)		<u><u>\$4,322,330</u></u>

Burden hours for each RHC 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-222-17. The burden estimate for each RHC is based on professional judgment of staff members at CMS. There are 1,744 RHCs filing Form CMS-222-17 annually, with an average burden estimate per RHC of 55 hours (45 hours for recordkeeping and 10 hours for reporting). We calculated the annual burden hours as follows: 1,744 RHCs times 55 hours per RHC equals 95,920 annual burden hours.

We believe the 45 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 www.bls.gov/oes/current/oes433031.htm (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 45 hours, to determine the annual recordkeeping costs per RHC to be \$1,740.60 (\$38.68 x 45 hours). The mean hourly wage for Category 13-2011 www.bls.gov/oes/current/oes132011.htm (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 RHC to be \$737.80 (\$73.78 x 10 hours). We've calculated the total annual cost per RHC of \$2,478.40, by adding the recordkeeping costs of \$1,740.60 plus the reporting costs of \$737.80. We estimated the total annual cost to be \$4,322,330 (\$2,478.40 times 1,744 RHCs).

We have eliminated the separate filing of the Provider Cost Report Reimbursement Questionnaire, Form CMS-339 (OMB No. 0938-0301). RHCs were required to file the

Form CMS-339 with a burden estimate of 3 to 4 hours for completion. In this revision to the RHC cost report we are incorporating the relevant questions into Worksheet S-2 with a burden estimate of 15 minutes and eliminating the additional requirement to file the Form CMS-339 with a burden estimate of 3 to 4 hours. This would be a net burden reduction for the RHCs of 3 hours times 1,744 RHCs. This burden reduction is not being shown in this calculation as the original burden was calculated for the Form CMS-339 (OMB No. 0938-0301).

13. Capital Cost

There are no capital costs as this data collection tool, Form CMS-222-17, revises the existing data collection tool, Form CMS-222-92.

14. Cost to Federal Government

<u>Annual cost to Medicare Contractors:</u>	
Annual costs incurred are related to processing information contained on the forms, particularly associated with achieving settlements.	
Medicare contractors' processing costs are based on estimates provided by the Office of Financial Management (OFM).	\$ 2,616,000
 <u>Annual cost to CMS:</u>	
Total CMS processing cost is from the HCRIS Budget:	\$44,000

	\$2,660,000
<u>Total Federal Cost</u>	=====

15. Changes To Burden

The changes in burden and cost for the Form CMS 222-17 are a result of:

1) A decrease in the number of respondents from 3,264 in 2014 to 1,744 in 2017. The significant decrease in respondents is a result of FQHCs no longer completing the Form CMS-222-17 as they now complete Form CMS-224-14. The 1,744 respondents in 2017 represent RHCs only.

2) 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 RHC increased by \$1,478.40 (from \$1,000 per RHC in 2014 to \$2,478.40 per RHC in 2017) due to an increased hourly wage and costs of overhead and fringe benefits.

16. Publication and Tabulation Dates

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

17. Expiration Date

CMS will display the expiration date on the first page of forms, in the upper right hand corner. The PRA disclosure statement with expiration date included in instructions appears in the third paragraph on page 46-3.

18. Certification Statement

There are no exceptions to the certification statement.

C. STATISTICAL METHODS

There are no statistical methods involved in this collection.