

Supporting Statement for
Psychiatric Unit Criteria Worksheet

Forms CMS-437
(OMB NO. 0938-0358)

A. BACKGROUND

This supporting statement requests Office of Management and Budget (OMB) approval for a worksheet titled “**Psychiatric Unit Criteria Work Sheet (cms-437).**” CMS regulations at 42 CFR 412.20 through 412.29 describe the criteria under which these specialty hospitals and specialty distinct-part hospital units are excluded from the Inpatient Prospective Payment System (IPPS).

We are requesting a reinstatement of the OMB approval for the CMS-437 form. This reinstatement is necessary because the agency did not submit the PRA package for renewal of this OMB approval for the CMS-437 form submitted in time to stop the OMB approval from lapsing.

Forms CMS-437 is used by Inpatient Psychiatric Facilities (IPFs) to attest to meeting the necessary requirements that make them exempt for receiving payment from Medicare under the IPPS. These IPFs must use CMS-437 to attest that they meet the requirements for IPPS exempt status prior to being placed into excluded status. IPFs must re-attest to meeting the exclusion criteria annually, as required by 42 CFR 412.25.

An Inpatient Psychiatric Facility (IPF) is defined as a facility which:

- Is primarily engaged in providing, by or under the supervision of a Doctor of Medicine or Osteopathy, psychiatric services for the diagnosis and treatment of mentally ill persons;
- Satisfies the requirements of §1861(e)(3) through (e)(9) of the Social Security Act (general hospital requirements);
- Maintains clinical and other records on all patients as the Secretary finds necessary to determine the degree and intensity of the treatment provided to individuals entitled to hospital insurance benefits under Part A; and
- Meets such staffing requirements as the Secretary finds necessary for the institution to carry out an active program of treatment for individuals receiving services in the institution.

In the past, CMS-437 was the form used by surveyors from the State Agency (SA) to assess IPF units. The SA surveyors would use this worksheet when conducting onsite IPPS exclusion surveys to verify that the IPPS exclusion criteria were met by the facility. This form was completed prior to placing an IPF into IPPS excluded status.

On November 5, 2007, CMS suspended the requirement for onsite IPPS exclusion surveys and instead began allowing IPF units, to self-attest to meeting the IPPS exclusion criteria. (Survey & Certification Memo 08-03, dated 11/05/2007). As a result, instead of having the SA perform an IPPS exclusion surveys, the IPFs were required to complete forms 437 annually as a self- attestation indicating they continued to meet the IPPS exclusion criteria. The IPF would complete and submit their 437 form to the CMS Regional Offices through the SA. The IPPS exclusion attestation procedures are defined in the State Operations Manual (SOM) at Section 3100 (CMS Pub 100-07) and the FY2017 Mission Priority Document (MPD), The State Operations Manual is publically available on the CMS website at: <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs-Items/CMS1201984.html?DLPage=1&DLEntries=10&DLSort=0&DLSortDir=ascending> .

B. JUSTIFICATION

1. Need and Legal Basis

Certain specialty hospitals and hospital specialty distinct-part units may be excluded from the Inpatient Medicare Prospective Payment System (IPPS) and be paid at a different rate. These specialty hospitals and distinct-part units of hospitals include Inpatient Rehabilitation Facilities (IRFs) units, Inpatient Rehabilitation Facilities (IRFs) hospitals and Inpatient Psychiatric Facilities (IPFs).

The exclusion of these specialty hospitals and distinct-part specialty units of hospitals is optional on the part of the provider. However, exclusion from the IPPS permits the specialty hospitals and distinct-part specialty units of hospitals to be paid at a different payment rate to reflect the cost of providing specialized services.

Inpatient Psychiatric units (IPFs) units within a hospital may be excluded from reimbursement under the Inpatient Prospective Payment System (IPPS) which determines Medicare payment for operating costs and capital-related costs of inpatient hospital services for the purpose of receiving reimbursement under another specialized CMS payment systems or schedule. Excluded IPF units within a hospital are paid under the Inpatient Psychiatric Facility Prospective Payment System (IPF PPS) as specified by Section 124 of the Medicare, Medicaid, and State Children's Health Insurance Program (SCHIP) Balanced Budget Refinement Act of 1999 (BBRA) (Pub. L. 106-113), which amended Section 1886(s) of the Social Security Act.

The criteria for IPPS exclusion are defined in regulation at 42 CFR 412.20 through 412.29 and discussed in section 3100 of the CMS State Operations

Manual (SOM). Exclusion criteria that are specific to IPFs are located in §412.27.

We have found it necessary to make revisions to the CMS-437 form to more accurately reflect the regulatory requirements set forth in 42 CFR 412.20 to 412.29. Attached as Exhibit A is a crosswalk which shows the changes made in the revised CMS-437 form.

2. Information Users

For verification requests for exclusion from IPPS, an IPF unit must notify the Regional Office (RO), servicing the State in which it is located, that it intends to seek excluded status from the IPPS. This information is submitted to the State Agency no later than 5 months before the date the hospital/unit would become subject to IPF-PPS.

IPFs already excluded from IPPS will be provided a copy of the CMS-437 Worksheet at least 120 days prior to the beginning of its cost reporting period. Hospital/unit officials complete and sign an attestation statement and return the CMS-437 to the CMS RO through the SA.

The SA must transmit the worksheets to the RO at least 60 days prior to the end of the IPF's cost reporting period. This information will be reviewed by the CMS RO when determining exclusion from the IPPS. IPF units that have already been excluded need not reapply for exclusion.

IPFs must complete and submit the CMS-437 form to the SA on an annual basis. The IPPS exempt status of the IPF will be reevaluated by the RO every year to determine whether they continue to meet the exclusion criteria.

SA surveyors will periodically conduct onsite verification of the IPPS exclusion criteria of IPFs. Verification of the IPPS exclusion status of an IPF is performed when the SA is onsite conducting a complaint survey. Also, the SA performs IPPS exempt status validation surveys on a random 5% sample of the IPF population annually. These IPPS exempt status validation surveys are performed to ensure that the selected IPFs meet the criteria for exclusion from the IPPS payment system.

3. Use of Information Technology

The CMS-437 is either mailed to the facility from the SA or the provider can obtain a copy in PDF format from the CMS website.

4. Duplication

There is no duplication of information. The information collected is the minimum required under the regulations at 42 CFR 412.20 – 412.29 for an IPF to obtain an exclusion from the Medicare IPPS. The information is separate from the Conditions of Participation that are assessed during a routine survey.

5. Small Business

This information is required by regulation. It is the minimum necessary and cannot be further reduced for small businesses.

6. Less Frequent Collection

An IPF must attest to meeting all requirements for the IPPS exclusion prior to being placed in excluded status. The re-verification process is completed annually for IPFs to ensure that the exclusion criteria, e.g., personnel, services, number of admissions/discharges, and full-time or part-time director, number of beds, continue to be met. These areas may be subject to frequent change in the hospital environment.

7. Special Circumstances

There are no special circumstances associated with this collection. This collection is consistent with the guidelines in 5 CFR 1320.6.

8. Federal Register and Outside Consultations

The 60-day Federal Register notice published on September 18, 2017 (82 FR 43549). There was one comment received but it was not related to the collection.

The 30-day Federal Register notice published on November 28, 2017 (82 FR 56243). No comments were received.

9. Payment/Gifts to Respondent

There are no payments or gifts involved in this information collection. An IPF must complete the CMS-437 form in order to attest that they meet the requirements for IPPS exempt status so that they can be exempted from payment under the CMS Inpatient Prospective Payment System (IPPS) payment system and instead receive payment under the under the Inpatient Psychiatric Facility Prospective Payment System (IPF PPS).

10. Confidentiality

Information collected will be utilized by CMS and its agents for certification and enforcement actions. This information is publicly disclosable. Any identifiable data subject to the Privacy Act is deleted prior to disclosure.

11. Sensitive Questions

There are no questions of a sensitive nature on the form.

12. Estimate of Burden (Hours and Wages)

Time Burden

Total Number of Inpatient Psychiatric Facilities = 1,616¹

Average Number of CMS-437 forms Submissions/Per Year = 1,616

Average time spent completing each CMS-437 form = 45 minutes

Estimated Annual Hour Burden for Completion of CMS-437 forms = 1,212

Financial Burden

Average Hourly Wage of a Medical Administrator = \$46.41²

Total Annualized Wages per Year per all CMS-437 Forms Completed = \$56,249

Fringe Benefits: \$56,249³

Total Estimated Financial Burden = \$112,498

13. Capital Cost of Burden

There are no capital costs associated with this collection.

14. Federal Cost Estimates

Routine costs associated with this form are incurred by the Federal Government in the normal course of business; therefore, there are no additional costs to the Federal Government.

15. Program/Burden Changes

The population of IPFs completing this form has remained relatively stable since the last reporting, the number of IPF were reported to be 1,614. At the time of this reporting, the number of IPFs are reported to be 1,616.

In the previous PRA package, we had estimated that it would take only 15 minutes for a medical supervisor at an IPF to complete form 437. However, upon serious consideration, we have determined that this burden estimate was too low because the person filling out the form may need to speak to others, refer to documents or perform research to get the information required to properly complete the form. Therefore, we believe that a more accurate burden estimate for the completion of this form would be 45 minutes. Thus the burden calculations for this PRA package have been based on a time estimate of 45 minutes per form.

In the prior PRA package, the annual hourly burden was estimated to be 404 hours. Due to our increase in the estimated time required to complete the CMS-437 worksheet and the increased number of IPFs we have estimated the current hourly burden to be 1,212 hours. These factors have increased the estimated annual hour burden by 808 hours.

¹ Statistics about the number of IPFs obtained from the CMS Survey & Certification Quality, Certification and Oversight Reports (S&C QCOR)

² <https://www.bls.gov/ooh/management/medical-and-health-services-managers.htm>

³ Fringe benefits were calculated at rate of 100% of the estimated wages.

Due to our increase in the estimated time required to complete the CMS-437 worksheet, the increase in number of inpatient psychiatric facilities since the last PRA package was filed, and the addition of 100% fringe benefits, we have estimated the current financial burden to be \$112,498. In the prior PRA package there was an hourly burden stated but no estimated financial burden was identified. Therefore, we are not able to tell if fringe benefits were included in the financial burden estimate for this PRA package or how much the financial burden has increased from that PRA package.

16. Publication and Tabulation Dates

There are no publication and tabulation dates with this collection.

17. Expiration Date

CMS will display the expiration date. The expiration date is located in the upper right hand corner of the first page of the instrument. In addition, the expiration date is also listed in the PRA Disclosure Statement which is located in the footer of the last page of the instrument.

18. Certification Statement

There are no exceptions to the certification statement.

C. **COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

There are no statistical methods associated with this collection.