

Supporting Statement for Skilled Nursing Facility (SNF) Minimum Data Set (MDS) 3.0 Nursing Home and Swing Bed Prospective Payment System (PPS) Item Sets (NP, NO/SO, NS, NOD, NSD, NPE) and Supporting Regulations in 42 CFR 413.337, 413.343, 424.32 and 483.20
CMS-10387, OMB 0938-1140

Background

We are requesting a revision of resident assessment information that Skilled Nursing Facilities (SNFs) are required to submit as described at 42 CFR 413.343 and 483.20 in the manner necessary to administer the payment rate methodology described in 42 CFR 413.337. Item sets comprised of a subset of resident assessment information have been developed for use by SNFs to satisfy Medicare payment requirements under the RUG-IV payment system. The burden associated with this is the SNF staff time required to complete and transmit the MDS payment item sets, specifically the required scheduled Prospective Payment System (PPS) assessments (NP), the required unscheduled PPS Change of Therapy (COT) and End of Therapy (EOT) Other Medicare Related Assessment (OMRA) (NO/SO), and the optional Start of Therapy (SOT) OMRA (NS) as well as the COT/EOT combined with discharge (NOD) and the SOT combined with discharge (NSD).

As part of the proposal to implement the new SNF Patient Driven Payment Model (PDPM) found in CMS-1696-P, we are proposing to revise the current SNF PPS assessment schedule to require only two scheduled assessments (as opposed to the current requirement for five scheduled assessments) for each SNF stay: A 5-day scheduled PPS assessment (Item Set NP) and a discharge assessment (Item Set NPE). The current 5-day scheduled PPS assessment would be used as the admission assessment under the proposed PDPM and set the resident's case-mix classification for the resident's SNF stay. The PPS discharge assessment (which is already required for all SNF Part A residents) would serve as the discharge assessment and be used for monitoring purposes. Additionally, we propose to require SNFs to reclassify residents under the proposed PDPM using the Interim Payment Assessment (IPA) (Item set NO/SO) if certain criteria are met, as discussed in CMS-1696-P. Thus, the 5-day SNF PPS scheduled assessment would be the only PPS assessment required to classify a resident under the proposed PDPM for payment purposes, except when an IPA would be required. This would eliminate the requirement for the following assessments under the SNF PPS: 14-day scheduled PPS assessment, 30-day scheduled PPS assessment, 60-day scheduled PPS assessment, 90-day scheduled PPS assessment, Start of Therapy Other Medicare Required Assessment (OMRA), End of Therapy OMRA, and Change of Therapy OMRA.

In CMS-1696-P, we propose to add 18 items to the PPS discharge assessment in order to calculate and monitor the total amount of therapy provided during a SNF stay. Given that the PPS OMRA item set has 272 items (as compared to items on the PPS discharge assessment with 125 items) we believe that the items that we propose to add to the PPS discharge assessment - while increasing burden on the PPS Discharge assessment - is accounted for by using the longer PPS OMRA item set as a proxy for all assessments.

A. Justification

1. Need and Legal Basis

Pursuant to sections 4204(b) and 4214(d) of OBRA 1987, the current requirements related to the submission and retention of resident assessment data are not subject to the Paperwork Reduction Act (PRA), but it has been determined that requirements for SNF staff performing, encoding and transmitting patient assessment data for the 5th, 14th, 30th, 60th and 90th days of the covered Part A stay and to address payment changes at the end of therapy, start of therapy and when there is a change in reimbursable therapy minutes (RTM) as calculated over a seven-day span based on an Assessment Reference Date (ARD), necessary to administer the payment rate methodology described in 413.337, are subject to the PRA.

2. Information Users

CMS uses the MDS 3.0 PPS Item Set data to reimburse skilled nursing facilities for SNF-level care furnished to Medicare beneficiaries.

3. Improved Information Technology

CMS has developed customized software that allows skilled nursing facilities to encode, store and transmit MDS 3.0 data. The software is available free of charge, and CMS provides customer support for software and transmission problems encountered by the providers.

4. Duplication of Similar Information

The data required for reimbursement are not currently available from any other source.

5. Small Entities

As part of our PRA analysis for an extension of our existing approval, we considered whether the change impacts a significant number of small entities. In this filing we utilized the instructions that pertain to the Paperwork Reduction Act Submission Worksheet, Part II to determine the number of small entities. Specifically, a small entity can be defined as a small organization that is any not-for-profit enterprise that is independently owned and operated and is not dominant in its field. Data indicate that in 2016, 23% of the total SNF number were non-profit. This equates to 3,555 non-profit SNFs.

6. Collection Frequency

Under the PDPM payment system we need to collect this information at the required frequency, that is at the start of a resident's Part A SNF stay to classify the resident into a payment category, upon discharge from a SNF stay for monitoring purposes, and in certain circumstances as outlined in CMS-1696-P, during the SNF stay to reclassify a resident into a payment category.

7. Special Circumstances

The information must be collected at periodic intervals throughout a skilled nursing facility inpatient admission, and is used to calculate the skilled nursing facility's payment rate. Otherwise, there are no special circumstances that would require an information collection to be conducted in a manner that requires respondents to:

- Report information to the agency more often than quarterly;
- Prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- Submit more than an original and two copies of any document;
- Retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- Collect data in connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study,
- Use a statistical data classification that has not been reviewed and approved by OMB;
- Include a pledge of confidentiality that is not supported by authority established in statute or regulation that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- Submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

8. Federal Register Notice/Outside Consultation

The May 8, 2018 (83 FR 21018), proposed rule (CMS-1696-P, RIN 0938-AT24) serves as the 60-day Federal Register notice. The notice was placed on public inspection April 27, 2018, at 4:15 pm. Comments are due no later than 5 p.m. on June 26, 2018.

9. Payment/Gift to Respondent

There were no gifts and no payment to respondents.

10. Confidentiality

To address concerns about confidentiality of resident data, we provide that a facility and a State may not release resident-identifiable information to the public, and may not release the information to an agent or contractor without certain safeguards (42 CFR 483.20(f)(5) and 483.315(j)).

11. Sensitive Questions

There are no sensitive questions associated with this collection. Specifically, the collection does not solicit questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

12. Burden Estimate (Total Hours & Wages)

As required under Section 1888(e)(7) of the Act, skilled nursing facilities must be reimbursed under the SNF PPS. We have updated the MDS burden estimates on skilled nursing facilities. The hourly burden estimate for each assessment has not changed. We have used FY 2017 data to calculate the frequency and numbers of assessments completed. Any burden estimate changes between FY 2016 and now reflect the frequency with which the assessments are completed. This includes all of the updated wage and SNF demographic data.

Wage Estimates

To derive average costs, we used data from the U.S. Bureau of Labor Statistics’ May 2016 National Occupational Employment and Wage Estimates for all salary estimates (www.bls.gov/oes/current/oes_nat.htm). In this regard, the following table presents the mean hourly wage, the cost of fringe benefits, and the adjusted hourly wage.

Occupation Title	Occupation Code	Mean Hourly Wage (\$/hr)	Fringe Benefit (\$/hr)	Adjusted Hourly Wage (\$/hr)
Medical Records and Health Information Technician	29-2071	19.93	19.93	39.86
Registered Nurses (RNs)	29-1141	34.70	34.70	69.40

Per OMB Circular A-76, in calculating direct labor, agencies should not only include salaries and wages, but also “other entitlements” such as fringe benefits.¹ However, obtaining data on other overhead costs is challenging. Overhead costs vary greatly across industries and firm sizes. In addition, the precise cost elements assigned as “indirect” or “overhead” costs, as opposed to direct costs or employee wages, are subject to some interpretation at the firm level. Therefore, we have chosen to calculate the cost of overhead at 100 percent of the mean hourly wage. This is necessarily a rough adjustment, both because fringe benefits and overhead costs vary significantly from employer to employer and because methods of estimating these costs vary widely from study to study. Nonetheless, there is no practical alternative, and we believe that doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

In our cost estimates, we assign an RN to the preparation duties and use a blended (or average) rate of \$54.63/hr for coding functions. The blended rate reflects the fact that SNF providers have historically used both RN and support staff for the data entry function. We also assign the health information technician to the transmission duties.

Information Collection Requirements and Associated Burden Estimates

According to the On-Line Survey and Certification System (OSCAR), there were approximately **15,455** skilled nursing facilities in FY 2017. Based on our analysis of claims submitted during FY 2017 from a query of the SNF Standard Analytic File (SAF), we estimate that **2,406,401** 5-day PPS assessments would be completed and submitted by Part A SNFs each year under the proposed PDPM described in CMS-1696-P.

¹ http://www.whitehouse.gov/omb/circulars_a076_a76_incl_tech_correction.

We are using the same number of assessments (2,406,401) as a proxy for the number of PPS discharge assessments that would be completed and submitted each year, since all residents who require a 5-day PPS assessment will also require a discharge assessment under the SNF PDPM.

In past calculations of PPS assessments, we did not include the PPS discharge assessment in our counts because, while a required assessment, it was not originally created or used for payment purposes and thus was exempt from PRA consideration. However, because we propose to require the PPS discharge assessment a for payment purposes, as outlined in CMS-1696-P, we believe that the past counts (under the RUG-IV payment system) are relevant to the burden estimates for the proposed PDPM. Thus, we are including these assessments in our calculations. For this reason, our RUG-IV assessment calculations are as follows: based on the same FY 2017 data, there were **5,833,476** non-discharge related assessments (scheduled and unscheduled PPS assessments) completed under the RUG- IV payment system. To this number we add the same proxy as above for the number of discharge assessments (**2,406,401**), since every resident under RUG-IV who required a 5-day scheduled PPS assessment would also require a discharge assessment. This brings the total number of estimated assessments under RUG-IV to **8,239,877** (5,833,476 + 2,406,401).

We are using the Significant Change in Status Assessment (SCSA) as a proxy to estimate the number of IPAs as the criteria for completing an SCSA is similar to that for the proposed IPA. Based on FY 2017 data, **92,240** IPAs would be completed per year. We estimate that the total number of 5-day scheduled PPS assessments, IPAs, and PPS discharge assessments that would be completed under the proposed PDPM across all facilities is **4,905,042** (2,406,401 + 92,240 + 2,406,401, respectively).

Based on our understanding of the MDS 3.0 and after discussions with clinicians, we estimate that it will take 51 minutes (.85 hours) complete a single PPS Assessment. This can be broken down in the following way: It takes 40 minutes (**0.6667 hours**) to collect the information necessary for coding a PPS Assessment, 10 minutes (**0.1667 hours**) to code the responses, and 1 minutes (**0.0167 hours**) to transmit the results.

The total estimated hours for MDS 3.0 PPS Assessment preparation and coding across all facilities are **4,169,286** hours per year (4,905,042 assessments x 0.85 hours).

MDS 3.0 PPS Item Set Preparation, Coding and Transmission:

Total Number of Assessments Reporting	Completion time per assessment	Number of Respondents	Total Annual Hour Burden Across Facilities per year
4,905,042	0.85 hours	15,455	4,169,286

There were 15,455 skilled nursing facilities which sought reimbursement under the year-to-date projected SNF PPS during FY 2017. Under the proposed PDPM System, the cost per facility would be \$17,786 (\$274,885,730/15,455 facilities).

Projected Annual Cost Burden Under Proposed PDPM

MDS Preparation, Coding and Transmission	Time (Per Assessment)	Labor Cost	Annual Cost Burden Across Facilities (based on 4,905,042 assessments)	Annual Cost Burden Per Facility (cost per Assessment/# /15,455 facilities)
Preparation	0.6667 hr (40 min)	\$69.40/hr	\$226,951,290	\$14,685
Coding	0.1667 hr (10 min)	\$54.63/hr	\$44,669,340	\$2,890
Transmission	0.0167 hr (1 min)	\$39.86/hr	\$3,265,100	\$211
TOTAL	0.85 hr (51 min)	varies	\$274,885,730	\$17,786

Basic Requirements for all Claims In evaluating the impact of billing changes in the HCFA-1500 common claim form, approved under OMB number 0938-0008, our long-standing policy is to focus on changes in billing volume. Under the SNF PPS, there will be no change in billing volume for skilled nursing facilities.

Summary of Requirements and Annual Burden Estimates

Requirement	Respondents	Responses (per respondent)	Total Responses	Time per Response (hr)	Total Time (hr)	Cost per Response (\$/hr)	Annualized Cost (\$)
5-day scheduled PPS Assessment	15,455	155.70	2,406,401	0.85	2,045,441	69.40	\$226,951,290
IPA	15,455	5.97	92,240	0.85	78,404	54.6	\$44,669,340
PPS Discharge	15,455	155.70	2,406,401	0.85	2,045,441	39.86	\$3,265,100
TOTAL	15,455	317.37	4,905,042	0.85	4,169,286	Varies	\$274,885,730

Information Collection/Reporting Instruments and Instruction Guidance Documents:

The Information Collection/Reporting Instruments are the MDS 3.0 forms/ Item Sets: NP, NOD, NO/SO, NSD and NS/SS.

Instructions/guidance documents for these forms are included in the the Long-Term Care Facility Resident Assessment Instrument 3.0 User’s Manuel (found at : <https://downloads.cms.gov/files/MDS-30-RAI-Manual-v115-October-2017.pdf>).

13. Capital Costs (Maintenance of Capital Costs)

Facilities are currently required to collect, compile, and transmit MDS data. Therefore, there are no capital costs. Any other cost can be considered a cost of doing business.

14. Cost to Federal Government

There are no additional costs to the Federal Government.

15. Program Changes

Respondents

The number of SNFs varies from year to year, therefore we are adjusting the number of respondents in response to more recent data.

Respondents	
April 19, 2017 (currently approved Supporting Statement)	15,447
April 27, 2018 (PDPM Supporting Statement for CMS-1696-P)	15,455
Difference #1	+8

Number of Responses (Assessments)

In past calculations of PPS assessments (April 19, 2017, Supporting Statement), we did not include the PPS discharge assessment in our counts because, while a required assessment, it was not originally created or used for payment purposes and thus was exempt from PRA consideration. However, because we propose to require the PPS discharge assessment a for payment purposes, as outlined in CMS-1696-P, we believe that the RUG-IV counts are relevant to the burden and cost estimates for the proposed PDPM. Thus, we are including these assessments in our calculations. There will be a decrease in total number of responses because we will no longer require all of the PPS assessments currently required; there will be fewer required assessments under the proposed PDPM.

Responses (Assessments)(Total)	
RUG-IV (April 27, 2018, Supporting Statement for CMS-1696-P)	8,239,877
PDMP (April 27, 2018, Supporting Statement for CMS-1696-P)	4,905,042
Difference #2a (RUG-IV/PDMP)	(3,334,835)

Responses (Assessments)(Total)	
April 19, 2017 (currently approved Supporting Statement)	6,563,344
PDMP (April 27, 2018, Supporting Statement for CMS-1696-P)	4,905,042
Difference #2b (ROCIS)	(1,658,302)

Time Per Response (Assessment)

There are no changes in the burden estimate of how long it takes to prepare, code, and transmit each assessment.

Time Per Response (Assessment)	
Supporting Statement	Preparation, Coding, Transmission
April 19, 2017 (currently approved Supporting Statement)	0.85 hours

April 27, 2018 (Supporting Statement for CMS-1696-P)	0.85 hours
Difference #3	0 (no change)

Burden: Time

In past calculations of PPS assessments (April 19, 2017, Supporting Statement), we did not include the PPS discharge assessment in our counts because, while a required assessment, it was not originally created or used for payment purposes and thus was exempt from PRA consideration. However, because we propose to require the PPS discharge assessment a for payment purposes, as outlined in CMS-1696-P, we believe that the past RUG-IV counts are relevant to the burden and cost estimates for the proposed PDPM. Thus, we are including these assessments in our calculations. The total annual hour burden estimate is decreased because there will be fewer required PPS assessments.

Total Hours (annual)

RUG-IV (April 27, 2018, Supporting Statement for CMS-1696-P)	7,003,895
PDMP (April 27, 2018, Supporting Statement for CMS-1696-P)	4,169,286
Difference #4a (RUG-IV/PDMP)	(2,834,609)

April 19, 2017 (currently approved Supporting Statement)	5,580,885
PDMP (April 27, 2018, Supporting Statement for CMS-1696-P)	4,169,286
Difference #4b (ROCIS)	(1,411,599)

Burden: Costs

In past calculations of PPS assessments (April 19, 2017, Supporting Statement), we did not include the PPS discharge assessment in our counts because, while a required assessment, it was not originally created or used for payment purposes and thus was exempt from PRA consideration. However, because we propose to require the PPS discharge assessment a for payment purposes, as outlined in CMS-1696-P, we believe that the past RUG-IV counts are relevant to the burden and cost estimates for the proposed PDPM. The total annual cost per facility estimate is decreased because fewer PPS assessments will be required.

Total Cost (annual)

RUG-IV (April 27, 2018, Supporting Statement for CMS-1696-P)	\$461,762,707
PDMP (April 27, 2018, Supporting Statement for CMS-1696-P)	\$274,885,730
Difference #5a (RUG-IV/PDMP)	(\$186,885,730)

April 19, 2017 (currently approved)	\$362,058,370
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Supporting Statement)	
PDMP (April 27, 2018, Supporting Statement for CMS-1696-P)	\$274,885,730
Difference #5b (ROCIS)	(\$87,172,640)

16. Publication and Tabulation Dates

Not applicable.

17. Expiration Date

With respect to the OMB approval, CMS does not object to the displaying of the expiration date. The PRA Disclosure statement can be found on page two of the Long-Term Care Facility Resident Assessment Instrument 3.0 User’s Manual (found at : <https://downloads.cms.gov/files/MDS-30-RAI-Manual-v115-October-2017.pdf>). The forms included under this PRA package are: Item Sets: NP, NOD, NO/SO, NSD and NS/SS.

18. Certification Statement

There are no exceptions.

B. Collection of Information Employing Statistical Methods

Not applicable. In collecting the data for payment purposes, we do not employ any statistical methods.