Supporting Statement Part A
Medicare Disproportionate Share Adjustment for Hospitals and
Supporting Regulations in 42 CFR 412.106
CMS-R-194, OCN 0938-0691

BACKGROUND

Section 1886(d)(5)(F) of the Social Security Act established the Medicare disproportionate share adjustment (DSH) for hospitals, which provides additional payment to hospitals that serve a disproportionate share of the indigent patient population. This payment is an add-on to the set amount per case the Centers for Medicare and Medicaid Services (CMS) pays to hospitals under the Medicare Inpatient Prospective Payment System (IPPS).

Under current regulations at 42 CFR 412.106, in order to meet the qualifying criteria for this additional DSH payment, a hospital must prove that a disproportionate percentage of its patients are low income using Supplemental Security Income (SSI) and Medicaid as proxies for this determination. This percentage includes two computations: (1) the "Medicare fraction" or the "SSI ratio" which is the percent of patient days for beneficiaries who are eligible for Medicare Part A and SSI and (2) the "Medicaid fraction" which is the percent of patient days for patients who are eligible for Medicaid but not Medicare. Once a hospital qualifies for this DSH payment, CMS also determines a hospital's payment adjustment based on these two fractions.

By default, CMS calculates these fractions using a hospital's data based on the Federal fiscal year (FFY). However, the regulations permit a hospital to request that CMS re-calculate its "Medicare fraction" or "SSI ratio" using data based on its own cost reporting year. If a hospital opts for this re-calculation, it must formally notify CMS, in writing, through its Medicare Administrative Contractor (MAC), of its intent and provide its name, provider number, and cost reporting year end. A hospital may make this request once per cost reporting period as long as the cost report is either open or subject to the three year re-opening period. Once a hospital receives its re-calculation, it is subject to the results regardless of the financial impact.

Upon request, CMS will provide detailed inpatient data that supports the computation of the "Medicare fraction" or "SSI ratio." Since August 18, 2000, CMS has extracted these data from a system of records entitled Medicare Provider Analysis and Review ("MedPAR"), HHS/HCFA/OIS, 09-07-0009(65 Fed. Reg.50544). MedPAR was established, in part, to recalculate the "SSI ratios" for the DSH adjustment. In order to request the MedPAR data, hospitals must furnish the provider name, provider number, provider's cost reporting period(s), and contact information for the representative of the provider.

For cost reports prior to those that include December 8, 2004, CMS only released MedPAR data to hospitals with properly pending appeals relating to the hospital's DSH

patient percentage before the Provider Reimbursement Review Board (PRRB). These requests were processed through routine use procedures. Requestors were required to sign a data use agreement (DUA).

For cost reporting years beginning with those that include December 8, 2004 , CMS no longer requires that a hospital have a properly pending appeal before the PRRB relating to the hospital's DSH patient percentage in order to request this data. (70 Fed. Reg. 47439). In addition, CMS no longer charges for data. These requests are also processed through routine use procedures and require the requestor to sign a DUA. While the requests for MedPAR data for the cost report years beginning with those including December 8, 2004 are similar to those for prior cost report years, the agency processes them separately because the statute precludes charging for the data.

This PRA submission and supporting statement requests an extension to the existing PRA which addresses hospitals' formal requests for recalculation of their DSH patient percentage and their requests for MedPAR data.

A. JUSTIFICATION

1. Need and Legal Basis

Please see Background. Section 1886(d)(5)(F) of the Social Security Act and 42 CFR §412.106. As explained above, 42 CFR §412.106 allows hospitals to request that the Medicare fraction of the DSH adjustment be calculated on a cost reporting basis rather than a federal fiscal year. Once requested, the hospital must accept the result irrespective of whether it increases or decreases their DSH payment. The routine use procedure and the DUA allows hospitals to request the detailed Medicare data so they can make an informed choice before deciding whether to request that the Medicare fraction be calculated on the basis of a cost reporting period rather than a federal fiscal year.

2. Information Users

Hospitals and their consultants may request a recalculation of their Medicare fraction based on a cost reporting period from their local MAC. The MAC will use that information to make the calculation of the Medicare fraction based on the hospital's cost reporting year rather the federal fiscal year. Hospitals (including their representatives) may request detailed MedPAR information from CMS. CMS uses the information provided by hospitals (including their representatives) to fulfill the requests for MedPAR data.

3. Improved Information Technology

A request for a hospital's MedPAR data is required to be submitted to a cms.gov mailbox. CMS does not have any requirements for the format by which a hospital must submit its realignment request to a MAC. A hospital is not required to submit a copy of

its Medicare Part A data for comparison purposes when it requests a recalculation of its data. Instead, CMS uses its own databases to obtain the information applicable to each hospital's cost reporting period. Therefore, the reporting burden to hospitals has been significantly reduced.

4. Duplication

The information for this PRA package does not duplicate any other effort. Only one request can be made per cost reporting period and there are no other mechanisms through which one may be submitted.

5. Small Business

This collection does not affect small businesses.

6. Less Frequent Collection

Both the request for a recalculation and MedPAR data are voluntary. This information is collected upon request from the hospital as allowed under current regulations. Reducing or eliminating this collection would contradict the current regulation. A hospital may make this request once per cost reporting period as long as the cost report is either open or subject to the three year re-opening period.

7. Special Circumstances

There are no special circumstances.

8. Federal Register Notice/Outside Consultation

The 60-day Federal Register notice published on July 17, 2018 83FR33223. The 30-day Federal Register notice published on October 4, 2018 83FR50100. No comments were received.

9. Payment/Gift to Respondent

There is no payment/gift to respondent. This collection does not affect physicians or practitioners.

10. Confidentiality

The MedPAR data is required to be protected under the Privacy Act.

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Burden Estimate (Hours and Wages)

The time estimate for preparation of these requests is based upon the professional judgment of staff members at the Centers for Medicare and Medicaid Services. We have calculated the hours as follows:

For requests to recalculate hospitals' "Medicare fraction" or "SSI ratio," the estimated total burden is 150 hours as follows:

300 requests x 0.5 hours per request x $36.42 (wages of $18.21/hour x 2 (fringe benefits)) per hour = $5,463.00/year

The cost to applicant hospitals should be minimal due to CMS's efforts to design the process so that hospital staff could understand and complete in a short period of time. When computed, assuming a current salary of $18.21 per hour (based on data from the Bureau of Labor and Statistics website at https://www.bls.gov/oes/current/oes_nat.htm for the position of Secretaries and Administrative Assistants occupation code 43-6010 Median Hourly Wage) plus 100 percent for fringe benefits (($36.42 per hour x 0.5 hour per request), the estimated cost of burden for this collection period is $18.21 per request. Requests are made by sending a letter to the hospital's MAC identifying the hospital and cost reporting period for which the request is made. The estimation is based on the time required to write and send the letter. The number of requests is estimated based on the assumption that a hospital will only request realignment if it is financially advantageous for it to do so, which will not always be the case.

For requests for MedPAR data related to the "Medicare fraction" or SSI ratio regardless of time period the estimated total burden is 250 hours as follows:

500 requests x 0.5 hours per request x $36.42 (wages of $18.21/hour x 2 (fringe benefits)) per hour = $9,105/year

The cost to applicant hospitals should be minimal due to CMS's efforts to design the process so that hospital staff could understand and complete in a short period of time. When computed, assuming a current salary of $18.21 per hour (based on data from the Bureau of Labor and Statistics website at https://www.bls.gov/oes/current/oes_nat.htm for the position of Secretaries and Administrative Assistants occupation code 43-6010 Median Hourly Wage) plus 100 percent for fringe benefits (($36.42 per hour x 0.5 hour per request), the estimated cost of burden for this collection period is $18.21 per request. Requests are made by filling out an existing form available on the CMS website and submitting the completed form to an electronic mailbox. The estimation is based on the time required for filling out and submitting the form. The number of requests is estimated based on historical information.

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

Requests are received by CMS employees, reviewed for completeness, and fulfilled. There has been no change in the process since the last PRA collection in 2014. Hospital may make one request per cost reporting period. We establish a response time of 0.5 hours per request. The time estimate for is based upon the historical data and the professional judgment of staff members at the Centers for Medicare and Medicaid Services. It is estimated that CMS will receive 800 requests annually and it will take 0.5 hours for a mid-level CMS staff to process.

As referenced earlier, we believe midlevel staff will be receiving and processing these requests. Using the 2018 Federal Pay Scale (https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2018/general-schedule/). We estimated staff at the GS 9, 11 and 12 levels to process the applications. Therefore, the cost to the Federal Government is based on the following assumptions:

800 requests x 0.5 hours each= 400 hours per year
$32.00/hr (average salary GS 9, 11, 12) x 400 hours =$12,800.

15. Changes to Burden

There are no program changes or burden adjustments.

16. Publication and Tabulation Dates

The data resulting from the hospital requests is not to be published because, as noted above, the MedPAR data is required to be protected under the Privacy Act.

17. Expiration Date

There is no collection data instrument used in the collection of this information. However, upon receiving OMB approval, CMS will publish a notice in the Federal Register to inform the public of both the approval as well as the expiration date.

18. Certification Statement

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This section does not apply because statistical methods were not employed for this collection.