Supporting Statement for Paperwork Reduction Act Submissions

Electronic Funds Transfer (EFT) Authorization Agreement

CMS-588/OMB Control No. 0938-0626

A.BACKGROUND

The primary function of the Electronic Funds Transfer Authorization Agreement (EFT) (CMS-588) is to gather information from a provider/supplier to establish an electronic payment process.

Goal of the Electronic Funds Transfers Authorization Agreement Revisions

The goal of evaluating and revising the CMS-588 agreement is to renew the data collection. Due to previous revisions (2006, 2009, 2013, and 2016), this form is user friendly and concise. Minor revisions for clarity will be made at this time, specifically:

- Moving the instructions from the last page to the first page and removing the line numbers in the instructions;
- Changing the terminology from "Medicare fee-for-service contractor" to "Medicare Administrative Contractor (MAC)";
- Removing cancelation as a reason for submission (EFT enrollment is mandatory);
- Removing checkboxes indicating whether a change of ownership or change of practice location has occurred (not necessary information for EFT and lessens provider/supplier reporting burden);
- Removing all references to IPP (indirect payment procedures) billers;
- Removed additional data fields for NPIs (only one NPI is allowed per EFT Authorization);
- Adding two additional data fields for Medicare Identification Numbers (if issued) (one NPI can be linked to multiple Medicare Identification Numbers); and
- Updating the link for the contact information of Medicare Administrative Contractors (MACs).

B. JUSTIFICATION

1. Need and Legal Basis

The Social Security Act (Act), the Code of Federal Regulations (C.F.R.), and the United States Code (U.S.C.) require providers/suppliers to furnish financial institution information concerning electronic payment to individuals or entities that submit Medicare claims for reimbursement.

- C.F.R. section 424.500 state the requirements for enrollment, periodic resubmission and certification of enrollment information for revalidation, and timely reporting of updates and changes to enrollment information. These requirements apply to all providers and suppliers. Providers and suppliers must meet and maintain these enrollment requirements to bill either the Medicare program or its beneficiaries for Medicare covered services or supplies.
- 31 U.S.C. section 3332(f)(1) requires all Federal payments, including Medicare payments to providers and suppliers, to be made by electronic funds transfer.
- 31 U.S.C. section 7701(c) requires that any person or entity doing business

with the Federal Government must provide their Tax Identification Number (TIN).

- Sections 1814(a), 1815(a), and 1833(e) of the Act require the submission of information necessary to determine the amounts due to a provider or other person.
- Section 508 of the Rehabilitation Act of 1973, as incorporated with the Americans with Disabilities Act of 2005 requires all Federal electronic and information technology to be accessible to people with disabilities, including employees and members of the public.
- Section 1104 of the ACA added the EFT transaction to the list of electronic health care transactions for which the HHS Secretary must adopt a standard under HIPAA. The section required the EFT transaction standard be adopted by 01/01/12, in a manner ensuring that it was effective by 01/01/14.
- Section 10109 of the ACA required the development of standards for financial and administrative transactions. To this end, in January 2012, HHS issued an Interim Final Rule with Comment (IFC) adopting CMS-0024-IFC: Administrative Simplification: Adoption of Standards for Health Care Electronic Funds Transfers (EFTs) and Remittance Advice (01/10/12). These standards must be used for electronic claims payment initiation by all health plans that conduct healthcare EFT.
- 42 C.F.R. section 424.66 requires conditions for payment to entities that provide coverage complimentary to Medicare Part B.
- Section 1842(b)(6) of the Act establishes the general principle that Medicare program payments should be made to the beneficiary or, under an assignment, to the physician or non- physician practitioner who furnishes the service.
- Federal law 5 U.S.C. 522(b)(4) requires privileged or confidential commercial or financial information protection from public disclosure.
- Executive Order 12600 requires the pre-disclosure of notification procedures for confidential commercial information.

2. Information Users

The C.F.R. section 424.500 states the requirements for enrollment, periodic resubmission and certification of enrollment information for revalidation, and timely reporting of updates and changes to enrollment information. These requirements apply to all providers and suppliers except for physicians and practitioners who have entered into a private contract with a beneficiary as described in part 405, subpart D of this chapter. Providers and suppliers must meet and maintain these enrollment requirements to bill either the Medicare program or its beneficiaries for Medicare covered services or supplies.

Health care providers and suppliers who wish to enroll in the Medicare program must complete the CMS-588 EFT Authorization Agreement in order to be paid for claims electronically. CMS no longer issues paper checks. Electronic funds transfer is required for payment of claims. It is submitted at the time the applicant first requests a Medicare billing number and again to report changes to previously submitted electronic payment information, (e.g. change in financial institution). The authorization agreement is collected by the Medicare Administrative Contractors (MACs) and forwarded to the financial departments of the MAC at the time of initial enrollment. If changes are reported after the initial agreement has been submitted, providers/suppliers update the agreement and send it directly to the MAC.

The collection and verification of this information defends and protects our beneficiaries from illegitimate health care providers/suppliers. These procedures also protect the Medicare Trust Fund against fraud. It gathers information that allow Medicare contractors to ensure that the supplier is using a legitimate banking institution. This is the sole instrument implemented for this purpose.

3. Improved Information Techniques

This collection lends itself to electronic collection methods. The Provider Enrollment, Chain and Ownership System (PECOS) is a secure, intelligent and interactive national data storage system maintained and housed within the CMS Data Center with limited user access through strict CMS systems access protocols. Access to the data maintained in PECOS is limited to CMS and Medicare contractor employees responsible for provider/supplier enrollment activities. The Electronic Funds Transfers Authorization Agreement in PECOS mirrors the data collected on the paper CMS-588 (Electronic Funds Transfers Authorization Agreement) and is linked to the MACs upon submission of an initial Medicare application. CMS supports an internet based provider/supplier CMS-588 agreement platform which allows the provider/supplier to complete an online CMS-588 at the time of its initial enrollment application and transmit it to the MAC database for processing.

PECOS began linking the Electronic Funds Transfers Authorization Agreement to the MACs in 2011 in compliance with the Government Paperwork Elimination Act. CMS adopted an electronic signature standard valid for the initial Medicare enrollment applications. This electronic signature is also valid for the initial reporting of the Electronic Funds Transfers Authorization Agreement. Providers/suppliers may submit a hard copy signature page of the CMS-588 with an original signature if they wish. CMS also has the ability to allow providers/suppliers to upload any required supporting documentation electronically. Any updates to the Electronic Funds Transfers Authorization Agreement are required to be on paper and mailed directly to the appropriate MAC.

Periodically CMS will require adjustment to the format of the CMS-588 agreement for provider clarity, to improve form design or for improvement of MAC processing. These adjustments do not alter the current OMB data collection approval.

4. Duplication and Similar Information

There is no existing data similar to that contained in the form. Therefore, the data captured on this form is not duplicated through any other public information collection. No similar data can be modified to capture the information on this form.

5. Small Business

A Medicare billing number is required of all health care suppliers/providers who wish to submit claims for payment to the Medicare Trust Fund so it will affect small businesses who wish to have a Medicare billing number because claims are paid electronically. However, these businesses have always been required to provide CMS with the same information in order to enroll in the Medicare program to submit information for CMS to ensure the suppliers are legitimate and to collect information to successfully process their Medicare claims.

6. Less Frequent Collections

The information provided on the EFT form is necessary upon initial enrollment in the Medicare program. It is essential to collect this information the first time a provider/supplier enrolls with a MAC so that CMS' contractors can ensure proper electronic payment to the provider/supplier. This information is also updated by the provider/supplier as changes occur. Updating information of financial institution data is the responsibility of the provider/supplier.

7. Special Circumstances

There are no special circumstances associated with this collection.

8. Federal Register Notice/Outside Consultation

A 60-day Notice published in the Federal Register on September 25, 2019 (84 FR 50453). No comments were received in response to this 60-day Notice. Also, no response were submitted in response to the 30-day FR Notice published on January 14, 2020 (85 FR 2136).

No outside consultation was sought.

9. Payment/Gift to Respondents

The primary function of the Electronic Funds Transfer Authorization Agreement (EFT) (CMS-588) is to gather information from a provider/supplier to establish an electronic payment process. Therefore, the respondents who complete the CMS-588 form, upon approval, will be able to collect claims payment for services rendered to Medicare beneficiaries via electronic funds payment directly into the respondents' bank accounts.

10. Confidentiality

CMS will comply with all Privacy Act, Freedom of Information laws and regulations that apply to this collection. Privileged or confidential commercial or financial information is protected from public disclosure by Federal law 5 U.S.C. 522(b)(4) and Executive Order 12600.

The SORN title is Provider Enrollment, Chain and Ownership System (PECOS), number 09-70-0532.

11. Sensitive Questions

There are no sensitive questions associated with this collection.

12. Burden Estimate (hours)

A. Paperwork Burden Estimate (hours)

For this proposed revision of the CMS-588, CMS has recalculated the estimated burden hours. CMS believes this recalculation is necessary because over the years the information technology used to determine this data has been greatly improved. CMS is basing the new burden amounts on data compiled from PECOS rather than estimated data from the MACs. The new figures for completing the CMS-588 EFT Authorization Agreement form are taken directly from the actual applications processed for calendar year 2018. The new figures are exact and therefore more accurate than the prior estimates. According to PECOS, the number of EFTs that were created or modified in 2018 is 115,833. PECOS does not collect information as to whether the EFT processed was due to initial enrollment in the Medicare program or a change of information in financial institutions. However, regardless of submission reason, the process is the same.

Because of this improved data technology, the collection methods have also changed significantly as noted in number 3 above. CMS believes these new burden hours more accurately reflect the current burden for the provider/supplier community when completing this revision of the CMS-588.

CMS estimates the new total burden hours for this information collection to be a total of 57,916.5 hours. This estimate is being calculated based on how long it takes to complete and submit this authorization agreement.

Hours associated with completing the initial EFT Authorization Agreement:

115,833 total respondents @ 0.5 hours for each application = 57,916.5 hours

B. Paperwork Burden Estimate (cost)

To derive average costs, CMS used data from the U.S. Bureau of Labor Statistics' (BLS) May 2018 National Occupational Employment and Wage Estimates for all salary estimates (http://www.bls.gov/oes/current/oes_nat.htm). For the purposes of this application, CMS used the wages under the general categories of "Office and Administrative Support Occupations" and "Health Diagnosing and Treating Practitioners." In this regard, CMS adjusted the employee hourly wage estimates by a factor of 100 percent. This is necessarily an estimated 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 CMS believes that doubling the hourly wage to estimate total cost is an accurate estimation method that has been used successfully in previous burden calculations.

Table 1. Wage Rate Data

Occupational Title	Occupational Code	Mean Hourly Wage Rate ($/hr)	Fringe Benefits and Overhead ($/hr)	Adjusted Hourly Wage ($/hour)
Office and Administrative Support Occupations	43-0000	$18.75	$18.75	$37.50
Health Diagnosing and Treating Practitioners	29-1000	$49.02	$49.02	$98.04

For this proposed revision of the CMS-588, CMS has recalculated the estimated burden cost. CMS believes this recalculation is necessary because over the years the information technology used to determine this data has been greatly improved. CMS believes this new burden cost accurately reflects the current burden for the purposes of this form when completing this proposed revision of the CMS-588. CMS is basing the new burden amounts on data compiled from PECOS. The new estimates for completing the CMS-588 EFT Authorization Agreement form are taken directly from the actual initial applications processed for calendar year 2018, as calculated in the burden hour section of this statement. The new figures are exact and therefore more accurate than the prior estimates.

The cost burden to the respondents is calculated based on the following assumptions:

- Completion of the CMS-588 takes 0.5 hours.
- Cost to the respondents is calculated as follows:
    - The CMS-588 is completed by office and administrative staff (20 minutes) and reviewed and signed by the provider/supplier (10 minutes), and
    - The record keeping burden is included in the time determined for completion by administrative staff.
- There are a total of 115,833 respondents.
    - In determining cost, 115,833 office and administrative support staff completed the EFT form on behalf of the provider/supplier.
    - 115,833 providers/suppliers reviewed and signed the EFT form.
    - The total cost would be the amounts paid to the office and administrative support staff for completion of the EFT form as well as the providers/suppliers, though the number of respondents remain the same (e.g., each completed EFT form required both office and administrative staff and a provider/supplier).

Table 2 – Summary of Burden Hours and Costs for Three Years

Regulation Section(s)	OMB Control No.	Number of Respondents	Number of Responses	Burden per Response (hours)	Total Annual Burden (hours)	Hourly Labor Cost of Reporting ($) includes 100% fringe benefits	Total Cost ($)
Electronic Funds Transfer (EFT) Authorization Agreement (CMS-588)	0938-0626	115,833	115,833 per year	0.16 hours by Health Diagnosing and Treating Practitioners 0.33 hours by Office and Administrative Support Occupations 0.5 hours total	57,916.5 Hours	Health Diagnosing and Treating Practitioners at $15.69 per response Office and Administrative Support Occupations at $12.38 per response $28.07 total	$3,251,432.31
3-year total	**0938-0626**	**115,833 Respondents**	**115,833 Responses**	**0.5 hours* by Health Diagnosing and Treating Practitioners** **1 hour by Office and Administrative Support Occupations** **1.5 hours total**	**173,749.5 hours**	**$47.07 for Health Diagnosing and Treating Practitioners** **$37.14 for Office and Administrative Support Occupations** **$84.12 total**	**$9,743,871.96**

Note: 3 year total figures have been rounded to the nearest tenth of the hour.

13. Cost to Respondents (Capital)

There are no capital costs associated with this collection.

14. Cost to Federal Government

The Electronic Funds Authorization Agreement revisions will not result in any additional cost to the federal government because the revisions are designed for better flow and to reduce the burden on the provider/supplier and the contractor. The CMS-588 form changes will not result in any additional cost to the federal government because Medicare contractors are already processing applications from providers/suppliers who are enrolling in the Medicare program. Applications will continue to be processed in the normal course of Federal duties.

15. Changes in Burden/Program Changes

The total individual hour burden associated with this information collection is approximately 0.5 hours (30 minutes) per EFT form. The burden increased based on the number of

respondents. The difference in respondents is 70,026 (115,833 minus 45,807). The burden hours increased 70,026 hours (57,917 hours minus 22,906 hours). The burden hour increase is due to the significantly higher number of respondents than reported in the prior revision. Previously, it was reported that 45,807 respondents completed the EFT authorization, a number also obtained from PECOS. This shows a clear increase in the number of respondents, and therefore the number of burden hours. The prior revision's respondents were also exact processing figures from the PECOS system.

16. Publication/Tabulation

There are no plans to publish the outcome of the data collection.

17. Expiration Date

The expiration date will be displayed on the top, right-hand corner of page 1 of the CMS-588 application.