

## **Supporting Statement for the ESRD Network Semi-Annual Cost Report Forms and Supporting Regulations (CMS-685)**

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### **A. Background**

Section 1881(c) of the Social Security Act establishes End Stage Renal Disease (ESRD) Network contracts. The regulations designated at 42 CFR 405.2110 and 405.2112 designated 18 ESRD Networks which are funded by renewable contracts. These contracts are on 5-year cycles (1 base year and 4 option years, which are executed on an annual basis).

ESRD Networks work with consumers, ESRD facilities, and other providers of ESRD services to refine care delivery systems to make sure ESRD patients get the right care at the right time. The Program's responsibilities include:

- Assuring the effective and efficient administration of benefits
- Improving quality of care for ESRD patients
- Collecting data to measure quality of care
- Providing assistance to ESRD patients and providers
- Evaluating and resolving patient grievances

To better administer the program, CMS requires contractors to submit semi-annual cost reports. The purpose of the cost reports is to enable the ESRD Networks to report costs in a standardized manner. This will allow CMS to review, compare and project ESRD Network costs during the life of the contract.

With this submission, CMS is requesting approval of the following form, which is described below. Copies of this form and instructions for completion are attached to this request.

CMS Form 685 - ESRD Network Semi-Annual Cost Report Form

This form reports the summary of costs for every 6 months of the year for CMS ESRD Network Contracts. The form is due by the 15th working day of the second calendar month after close of each semiannual cost reporting period; for the final period of the contract in option year four, the deliverable is due 11/30/2025.

### **B. Justification**

#### **1. Need and Legal Basis**

Section 1881(c) of the Social Security Act establishes End Stage Renal Disease (ESRD) Network contracts. Section 1881(c)(2) of the Social Security Act provides broad authority for the secretary to assign duties to the ESRD Networks.

ESRD Network cost reports are submitted semi-annually for the life of the contract. The purpose of the cost reports is to enable the ESRD Networks to reports costs in a standardized manner. This report will allow CMS to review, compare, and project Network costs.

2. Information Users

This data is used by CMS to monitor ESRD Network costs. The data is used to understand actual costs of the ESRD Program and increase program accountability. In order to improve cost effectiveness of the Program, the data is used to develop Independent Government Cost Estimates (IGCE) for future contract packages.

3. Improved Information Technology

All ESRD Networks have computer capability for data generation and will be required to submit the Semi-annual Cost Report electronically.

4. Duplication and Similar Information

These are the only forms used by CMS to collect this data. The forms do not duplicate any other data.

5. Small Business

This collection does not affect small businesses. None of the 18 Networks are small businesses.

6. Less Frequent Collection

ESRD Networks costs are reported semi-annually. Obtaining the cost reports semi-annually allows us to monitor the costs of the Networks and provide information in a timely manner so that CMS can make informed decisions when working on contracts for option years.

7. Special Circumstances for Information Collection

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

8. Federal Register and Outside Consultation

The 60-day Federal Register notice published on December 26, 2019 (84 FR 70974). There were no public comments received.

The 30-day Federal Register notice published on March 2, 2020 (85 FR 12303).

In the development of these forms and instructions, we considered correspondence received from the ESRD Networks.

9. Payment or Gifts

There are no payments or gifts associated with this collection.

10. Confidentiality

We do not pledge confidentiality.

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Estimate of Burden and Wages

There are 18 respondents submitting cost reports 2 times per year for 5 years. The burden on ESRD Networks should be minimal as the reported items are consistent with generally tracked accounting entries.

Number of respondents	18
Number of responses per respondent	x2
Total annual responses	36
Hours per response	x3

Total annual reporting burden hours 108

The wage cost is estimated at an average of \$78 per hour, per respondent. The total annual wage cost per respondent is estimated at \$468 (\$78 per hour x 6 hours).

The average hourly rate (\$39 plus 100% fringe rate = \$78) is calculated using hourly labor data from the most current business proposal submissions from all 18 Networks. We used data only from position titles that would be involved with this deliverable, such as Finance Coordinator, Finance Director, Data Manager, Data Coordinator, and Executive Directors. The amount includes fringe benefits.

The total annual wage cost for all respondents is estimated at \$8,424 (\$78 per hour x 108 hours).

13. Capital Costs There are no capital costs.

14. Cost to Federal Government

The costs to process and review the semi-annual cost report forms are estimated at \$48 per hour. On an annual basis, the time attributable to these activities is estimated at 2 hours per respondent. The total annual cost per respondent is \$96 (\$48 per hour x 2 hours). The total annual cost for all respondents is \$1,728 (\$96 per respondent x 18 respondents).

15. Program or Burden Changes

There are no program changes, or reporting burden hour changes. The burden cost has changed due to updates in the wage rates. The burden cost increased from \$7,992 to \$8,424.

16. Publication and Tabulation Dates

There are no publication and tabulation dates associated with this collection.

17. OMB Expiration Date

CMS will display the expiration date on the data collection instructions.

18. Certification Statement

There are no exceptions to the certification statement.

C. **Collections of Information Employing Statistical Methods**

There are no statistical methods associated with this collection.