

Supporting Statement A  
Medicaid Disproportionate Share Hospital (DSH)  
Annual Reporting Requirements  
CMS-R-266 (OMB 0938-0746)

**Background**

This information collection request provides for the collection of hospital specific DSH payment information as required by section 1923(j)(1) of the Social Security Act (the Act). The collection of data will be submitted to CMS on an annual basis by each State.

This 2020 information collection request proposes to change the method by which the DSH audit data element information is transmitted to CMS. Currently, states submit their DSH audit data element report via email. With the system upgrade to MACFin we propose to instruct states to upload this report directly into MACFin, which will serve as the replacement system for the Medicaid Budget and Expenditure System (MBES), rather than submitting this required information via email. The change is nonsubstantitive as it has no impact on any of the report's data elements or burden estimates.

**A. Justification**

1. Need and Legal Basis

The authorization for the DSH information collection is from Section 1001 of the Medicare Modernization Act.

Section 1923(j)(1) of the Act requires States to submit an annual report that includes the following:

- Identification of each DSH that received a DSH payment under the State's Medicaid program in the preceding fiscal year and the amount of DSH payments paid to that hospital in the same year.
- Such other information as the Secretary determines necessary to ensure the appropriateness of DSH payments.

2. Information Users

This information will be used by CMS and Congress to assess the utilization of the disproportionate share hospital program dollars.

3. Use of Information Technology

CMS recommends the State use a standard software spreadsheet package to compile the information before submitting the information to the regional offices.

4. Duplication of Efforts

This information collection does not duplicate any other effort and the information cannot be obtained from any other source.

#### 5. Small Businesses

These requirements do not affect small businesses.

#### 6. Less Frequent Collection

Failure of the State to submit this information will result in the State being out of compliance with section 1923(j)(1) of the Social Security Act.

#### 7. Special Circumstances

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 60-day notice published in the Federal Register on November 18, 2019 (84 FR 63722). We did not receive any comments.

The 30-day notice published in the Federal Register on June 4, 2020 (85 FR 34449).

#### 9. Payment/Gift to Respondent

There is no payment/gift to respondent.

## 10. Confidentiality

The information submitted by a State is not of a proprietary nature. This information will be made available to the public.

## 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 Estimates

### *Wage Estimates*

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2019 National Occupational Employment and Wage Estimates for all salary estimates ([http://www.bls.gov/oes/current/oes\\_nat.htm](http://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 overhead (calculated at 100 percent of salary), and the adjusted hourly wage. The wage is a comparable position to State employees likely responsible for completing and returning the templates.

<b>Occupation Title</b>	<b>Occupation Code</b>	<b>Mean Hourly Wage (\$/hr)</b>	<b>Fringe Benefits and Overhead (\$/hr)</b>	<b>Adjusted Hourly Wage (\$/hr)</b>
Financial Specialists, All Other	13-2098	45.27	45.27	90.54
Managers, All Other	11-9198	57.07	57.07	114.14

As indicated, we are adjusting our employee hourly wage estimates by a factor of 100 percent. 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, we believe that doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

### *Collection of Information Requirements and Associated Burden Estimates*

The information submitted by each State is required annually, beginning at the end of the first quarter of the fiscal year following the reporting period. It requires a submission of hospital specific payment data related to the disproportionate share hospital program. The submission of this data in an electronic spreadsheet format will take each State approximately 42 hours. At 42 hours per State the total number of hours will be approximately 2,142 hours for all 51 States (42

hr x 51 States).

Labor rates would vary depending on the level of staff utilized by individual States. Considering the variance, we estimate it would take 1,071 hours at \$114.14/hr for management and professional staff to review and prepare reports and 1,071 hours at \$90.54/hr for office staff to prepare the reports. In aggregate we estimate an annual cost of \$219,212 ([1,071 hr x \$114.14/hr] + [1,071 hr x \$90.54/hr]).

### *Information Collection Instruments and Instruction/Guidance Documents*

- Annual Report (No Changes)

#### 13. Capital Costs

There should be no capital costs related to the collection of this data.

#### 14. Cost to Federal Government

The information submitted by each State will be compiled and evaluated by an employee/contractor of the Federal government. The approximate amount of staff time utilized will be one half hour per State submission which will total 26 hours per annum staff time (51 State submissions x 0.5 hr). Wage levels would approximate \$35.38/hr, costing the government \$920 per annum (26 hr x \$35.38/hr) to compile and evaluate this data.

#### 15. Changes to Burden

This 2020 information collection request proposes to change the method by which the DSH audit data element information is transmitted to CMS. Currently, states submit their DSH audit data element report via email. With the system upgrade to MACFin we propose to instruct states to upload this report directly into MACFin, which will serve as the replacement system for the Medicaid Budget and Expenditure System (MBES), rather than submitting this required information via email. The change is nonsubstantive since we are only changing the mechanism in which states submit data to CMS. The change has no impact on any of the report's data elements or burden estimates.

While we have also revised the report's PRA Disclosure Statement, we are not proposing any program or burden changes other than updating our cost estimates by + \$30,030 (from \$189,182 to \$219,212) based on more recent BLS wage data.

#### 16. Publication/Tabulation Dates

CMS is requesting the information be tabulated and submitted to the regional offices by the end of the first quarter of the Federal fiscal year following the reporting year.

#### 17. Expiration Date

The date is on the annual report.

18. Certification Statement

There are no exceptions to the certification statement.

**B. Collection of Information Employing Statistical Methods**

N/A. This collection does not employ statistical methods.