

## Supporting Statement – Part A

### **Supporting Regulations Contained in 42 CFR 424.5 for the Uniform Institutional Providers Form (CMS-1450 (UB-04); OMB-0938-0997)**

#### **A. Background**

All paper claims processed by Part A Medicare Administrative Contractors (MACs) must be submitted on the UB-04 CMS-1450 after May 23, 2007. Data fields in the X12 837 data set are consistent with the UB-04 CMS-1450 data set. The Centers for Medicare and Medicaid Services (CMS) is requesting an OMB extension of the currently approved collection for an additional three years.

#### **B. Justification**

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

The basic authorities which allow providers of service to bill for services on behalf of the beneficiary are section 1812 (42 USC 1395d - <http://www.gpo.gov/fdsys/granule/USCODE-2009-title42/USCODE-2009-title42-chap7-subchapXVIII-partA-sec1395d>) (a) (1), (2), (3), (4) and 1833 (2) (B) of the Social Security Act). Also, section 1835 (42 USC 1395n) requires that payment for services furnished to an individual may be made to providers of services only when a written request for payment is filed in such form as the Secretary may prescribe by regulations. Section 42 CFR 424.5(a)(5) requires providers of services to submit a claim for payment prior to any Medicare reimbursement. Charges billed are coded by revenue codes. The bill specifies diagnoses according to the International Classification of Diseases, Tenth Edition (ICD-10) code. Inpatient procedures are identified by ICD-10 codes, and outpatient procedures are described using the CMS Common Procedure Coding System (HCPCS). These are standard systems of identification for all major health insurance claims payers. Submission of information on the UB-04 CMS-1450 permits Medicare Part A MACs to receive consistent data for proper payment.

##### **2. Information Users**

The UB-04 CMS-1450 is managed by the National Uniform Billing Committee (NUBC), sponsored by the American Hospital Association. Most payers are represented on this body, and the UB-04 is widely used in the industry. Medicare receives 99.97 percent of the Part A claims submitted by institutional providers electronically. Because of the number of small and rural providers who do not submit claims electronically, it is not possible to achieve total electronic submission at this time. Medicare Part A MACs use the information on the UB-04 CMS-1450 to determine whether to make Medicare payment for the services provided, the payment amount, and whether or not to apply deductibles to the claim. The same method is also used by other payers. CMS is also a secondary user of data. CMS uses the information to develop a database, which is used to update, and revise established payment schedules and other payment rates for covered services. CMS also uses the information to conduct studies and reports.

### 3. Use of Information Technology

Medicare receives over 99.97 percent of the claims submitted by institutional providers electronically. CMS only accepts electronic claims in the Accredited Standards Committee (ASC) Health Insurance Portability and Accountability Act (HIPAA) 837 format for institutional providers unless the provider meets CMS requirements to submit paper claims. With the uniform bill, we have been able to achieve a more uniform and a more automated bill processing system for Medicare institutional and providers. This form is consistent with the CMS electronic billing specifications, i.e., all coding data element specifications are identical. This has promoted and eased the conversion to electronic billing. Provider billing costs have decreased as a result of standardization of bill preparation, related training and other activities.

- Is this collection currently available for completion electronically? **Yes. Medicare receives over 99.97 percent of the claims submitted by institutional providers electronically.**

- Does this collection require a signature from the respondent(s)? **No.**

- If CMS had the capability of accepting electronic signature(s), could this collection be made available electronically? **N/A.**

- If this collection is not currently electronic but will be made electronic in the future, please give a date (month & year) as to when this will be available electronically and explain why it cannot be done sooner. **N/A.**

- If this collection cannot be made electronic or if it is not cost beneficial to make it electronic, please explain. **N/A.**

### 4. Duplication of Efforts

Most hospitals participate in both Medicare and many other insurance programs and, without use of the UB-04 CMS-1450, would have to maintain distinct and duplicate billing systems to handle the billing form, and the diagnostic coding systems for the many programs. The purpose of the requirements in this package is to eliminate this duplication. There is no one form that can accommodate as much information as the UB-04 CMS-1450 does; nor is there another that can handle a variety of services the way the uniform bill does. The UB-04 CMS-1450 is managed by the National Uniform Billing Committee, a standard's body sponsored by the American Hospital Association.

### 5. Small Businesses

Burden can be minimized by providing training materials and by obtaining assistance from the uniform bill coordinator designated by each CMS regional office.

### 6. Less Frequent Collection

There will always be a very small percentage of institutional providers that need to submit paper claims to Medicare for reimbursement of services rendered to patients who are covered under the Medicare Program. Therefore, the form must continue to be available for use. Form usage has

declined significantly since the last collection.

7. Special Circumstances

There are no special circumstances.

8. Federal Register/Outside Consultation

The 60-day Federal Register Notice published in the Federal Register on 4/16/2019 (84 FR 15618).

The collection received zero comments during the comment period.

The 30-day Federal Register Notice published in the Federal Register on 07/19/2019 (84 FR 34895).

The collection received zero comments during the comment period.

9. Payments/Gifts to Respondents

The UB-04 CMS-1450 must be used to receive payment for the provision of the institutional health care claims. The use of the form itself does not convey payments or gifts to respondents; many conditions must be met before payment can be made.

10. Confidentiality

Privacy Act requirements have already been addressed under a Notice Systems of Record entitled "Intermediary Medicare Claims Record" system number 09-70-0503, DHHS/CMS/OIS. Note that OIS has been renamed to the Office of Information Technology (OIT).

11. Sensitive Questions

No questions of a sensitive nature are asked.

12. Burden Estimates (Hours & Wages)

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2017 National Occupational Employment and Wage Estimates for all salary estimates ([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 the adjusted hourly wage.

Occupation Title	Occupation Code	Mean Hourly Wage (\$/hour)	Fringe Benefit (\$/hour)	Adjusted Hourly Wage (\$/hour)
Office Clerks	43-9061	\$16.69	\$16.69	\$33.38

Based on CMS's 2018 Contractor Reporting of Operational and Workload Data (CROWD) System' institutional claims' data, 214,595,906 of all Medicare institutional claims (99.97%) were billed electronically and 64,392 of all Medicare institutional claims (0.03%) were billed on paper. Estimate of burden results are as follows:

Processing 64,392 paper claims @ 9 minutes per paper claim = 9,659 hours

Processing 214,595,906 electronic claims @ 0.5 minutes per paper claim = 1,788,299 hours

9,659 Paper burden hours
1,788,299 Electronic burden hours
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1,797,958 Total burden hours

For 2018, there were 64,392 paper claims per year totaling 9,659 annual hours per year @ \$16.69 per hour = \$161,205.27. We have added fringe and overhead at 100% (\$33.38 x 9,659 hours) = \$322,410.54. We have added 100% of the mean hourly wage to account for fringe and overhead benefits.

### 13. Capital Costs

There is no capital or operational costs associated with this collection.

### 14. Cost to Federal Government

The annual costs to the Federal government for the information collection activity include all aspects of the data collection function from the initial data entry to receipt/processing operations. The costs to the Federal Government for data collection can best be described as the total costs of processing the required billing information. Calculation of the precise costs for the data collection is not feasible for the purposes of the Paperwork Reduction Act without conducting a costly study. Therefore, aggregate costs have been developed taking into consideration programming, software, training, tapes, overhead costs, etc.

### 15. Changes to Burden

The number of UB-04 CMS-1450 paper claims was greatly reduced and the number of electronic claims has increased. We have adjusted the burden accordingly.

### 16. Publication/Tabulation Dates

The purpose of this data collection is payment to providers for Medicare services rendered. We do not employ statistical methods to collect this information, but rather all Medicare institutional providers generate this billing information subsequent to the delivery of services. Generalized claims data is made public by CMS.

### 17. Expiration Date

The UB-04 CMS-1450 is maintained by the National Uniform Billing Committee (NUBC). The current version of the form is 2007. The form is clearly marked that it was approved by the NUBC and there have been no changes to the UB-04 CMS-1450 since 2007.

The UB-04 CMS-1450 is used widely throughout the healthcare industry by commercial, state Medicaid's, workers' compensation, property and casualty insurance plans, in addition to federal health plans. While OMB approval is needed for the form to be used by federal programs, it is not necessary for other health plans that use the form. Requiring the OMB expiration date on the UB-04 CMS-1450 would impact a large sector of non-federal health plan users of the form.

The Administrative Simplification and Compliance Act permits institutional providers with less than 25 FTE (as defined by 1861(u) of the Social Security Act) or fewer than 10 FTE institutional providers that is not otherwise a provider under section 1861(u) to submit paper UB-04 CNS-1450 claims to Medicare, recognizing the potential cost that electronic billing systems may present to small providers. Since these facilities would presumably not have the overhead to adopt an electronic billing platform, an expiration date on a stock of forms could have a particularly burdensome impact on the resources of these facilities. When considering such an impact, it is important to recognize that the UB-04 form is not exclusive to hospitals, but rather is used across institutional providers, many of which are more likely to have fewer than 25 FTE, including: Community mental health centers, Comprehensive outpatient rehabilitation facilities, End-stage renal disease facilities, Histocompatibility laboratories, Home health agencies, Hospices, Indian Health Services facilities, Organ procurement organizations, Outpatient physical therapy organizations, Occupational therapy facilities and Speech pathology facilities.

The UB-04 CMS-1450 cannot be printed for use by institutional providers, the form must be purchased from print vendors. The majority of UB-04 CMS-1450 claims sent to Medicare Administrative Contractors (MACs) are scanned using Optical Character Recognition (OCR) technology. Provider printed forms and photocopies cannot be scanned therefore the claim form must be purchased from print vendors. The only acceptable claim forms are those printed in specific Flint OCR red, J6983, (or exact match) ink, not black. The UB-04 CMS-1450 forms are usually packaged in packs as small as 100 and up to packs of 15,000 with a cost range from \$11.95 up to \$241.31 depending on the size of the package of claim forms purchased.

Regardless of how frequently they are used, any physician practice, other group practice, hospital, other facility, supplier, and other user of the UB-04 CMS-1450 could be required to purchase new forms with the OMB expiration date included on it. Purchases of new forms would be required every three years with each OMB renewal because of an updated expiration date only. Per the American Hospital Association, there are 6,146 hospitals in the U.S. If 6,000 hospitals had to replace a modest number of forms, such as 1,000, the cost would be (1 package of 1,000 x \$37 x 6,000) \$222,000.

The supportive information stated here, attests that the UB-04 CMS-1450 form is to be exempt from requiring an expiration date.

18. Certification Statement

There are no exceptions to the certification statement.