

## **Supporting Statement A for RURAL COMMUNITY HOSPITAL DEMONSTRATION PROGRAM APPLICATION**

### **A. Background**

CMS is requesting the information collection request previously approved under OMB control number 0938-0880, the Medicare Waiver Demonstration/Model Application, be reinstated. The approval lapsed due to an administrative oversight.

The Centers for Medicare & Medicaid Services (CMS) has operated the statutory Rural Community Hospital (RCH) Demonstration since 2004. The authorizing statute instructed CMS to test cost-based payment for Medicare inpatient services for rural hospitals with fewer than 51 beds that are not eligible to be Critical Access Hospitals (CAH).

The RCH Demonstration Program was initially authorized by section 410A of the Medicare Modernization Act (MMA) of 2003. Following the initial 5-year authorization, the demonstration has been extended 3 times, each time for an additional 5 years – first, by Sections 3123 and 10313 of the Affordable Care Act; then by section 15003 of the 21st Century Cures Act; and by section 128 of the Consolidated Appropriations Act of 2021. Currently, the demonstration has 20 participants out of a maximum of 30 hospitals, and it is scheduled to end in 2028.

For previous authorizations, CMS has issued a Request for Applications (RFA) to solicit applications for the demonstration program. For the last solicitation, in 2017, CMS received 51 applications for 13 open spaces. CMS is planning on a new RFA to fill the ten spaces that are currently open.

Per the RFA, applications are requested in identical format, regardless of the specific goals and projects of the individual applicants. The standardized application format is not controversial, and it will reduce burden on applicants and reviewers. Responses are strictly voluntary. The standard format will enable CMS to select proposals that meet CMS objectives and show the best potential for success.

The RFA will ask interested hospitals to provide a problem statement, strategies for ongoing financial viability, goals for participation in the demonstration, and plans for collaboration with other providers in the area.

Applications will be submitted in the user-friendly format outlined in the Medicare Waiver Demonstration/Model Application.

A panel of evaluators will be assembled and utilize a standardized rubric to score the submitted proposals and identify hospitals with the highest scores. Results will be used to guide the future of the Medicare and Medicaid programs and to inform reform initiatives.

The justifications provided below show that proposed collections for information pose minimal risk to the Agency, Administration and/or the Public.

## **B. Justification**

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

A standard demonstration/model application is necessary for CMS to review, evaluate and screen for eligible participants in the demonstration. Selected participants would then implement the proposed demonstration to test the feasibility and advisability of establishing rural community hospitals, in accordance with the authorizing legislation. Some of the previously implemented demonstrations that have used the application include Nursing Home Value-Based Purchasing (NHVBP), Multi-Payer Advanced Primary Care Practice (MAPCP) and the Rural Community Health Demonstration.

### **2. Information Users**

The collected information will be used by CMS' model team solely for evaluating and scoring applications and selecting organizations that are qualified to participate in the demonstrations.

This collection of information is strictly voluntary. Only organizations (in this particular instance, rural hospitals) that are interested in participating in the demonstrations will respond.

### **3. Improved Information Technology**

The collection of information will occur by email to a designated inbox. In light of the limited amount of information being collected and the limited frequency of its collection, the use of more sophisticated information technology techniques is not warranted at this time.

### **4. Duplication of Similar Information**

CMS does not anticipate the occurrence of a duplication of effort or

information collected because of the uniqueness of the information request and its goals.

## **5. Small Businesses**

The collection of information will not affect small businesses or other small entities since these demonstrations are open to both large and small businesses who are established and are focused on improving the health and wellbeing of the Medicare and Medicaid beneficiaries. In some cases where large organizations are selected, they sometimes partner with small businesses to come on as subcontractors to perform certain tasks. The impact on small businesses is minimized by using small businesses as sub-contractors.

## **6. Less Frequent Collection**

The information is to be collected on an as needed basis. If the information were collected less frequently, CMS would not be able to obtain the information necessary to implement the congressionally mandated or Administration Demonstration/Model Initiatives.

## **7. Special Circumstances**

There are no special circumstances that fall under this section.

## **8. Federal Register Notice/Outside Consultation**

The 60-day Federal Register notice published on January 10, 2025 (90 FR 2005). There were no public comments received.

The 30-day Federal Register notice published on May 28, 2025 (90 FR 22490).

## **9. Payments/Gifts to Respondents**

There will be no payments or gifts to respondents for any of the collection of information.

## **10. Confidentiality**

As a matter of policy to protect the proprietary information of applicants, CMS pledges privacy and will prevent the disclosure of individually identifiable information contained in the applications to the fullest extent of the law. Any reports pertaining to the collected information by an independent evaluator will be in aggregate and anonymous form. CMS will only share the applications with panel reviewers, and otherwise will not communicate specific information to anyone.

## **11. Sensitive Questions**

Noting the proviso in section 10, there are no sensitive questions included in the information request. Proprietary information may include financial statements and strategic plans for projects and development, as described under Background.

## **12. Burden Estimate (Total Hours and Wages)**

The total annual estimated public cost is \$255,408 for all demonstrations, assuming an estimated response time for each proposal of 80 hours, a total of 30 respondents to the RFA for the Rural Community Demonstration Program. All demonstration solicitations, and salaries of the respondents (a Health Service Manager - \$53.21/hr.) to be \$106.42 per hour – including fringe benefits (<https://www.bls.gov/ooh/management/medical-and-health-services-managers.htm>). The annual burden hours are estimated to be a total of 2400 hours.

### **13. Capital Costs (Maintenance of Capital Costs)**

There are no capital costs required for the collection of information.

### **14. Cost to Federal Government**

The total direct salary cost to the government per demonstration is \$30,402 assuming an estimated 15 senior level CMS staff involved in the review for 40 hours for a total of 600 hours and an hourly rate of \$50.67 (GS 13).

### **15. Changes to Burden**

This is a reinstatement of the previously approved collection. The burden has been revised and the wages used in our cost estimates have been updated to reflect the most recent BLS data. We have updated the annual burden hours specifically for the Rural Community Hospital Demonstration RFA. The annual burden hours decreased from 6,000 to 2,400.

### **16. Publication and Tabulation Dates**

There are no publication and tabulation dates. Application information will not be shared with anyone other than reviewers.

### **17. Expiration Date**

CMS will display the expiration date on the collection instrument.

### **18. Certification Statement**

There are no exceptions to the certification statement.

### **C. Collection of Information Employing Statistical Methods**

No statistical methods will be employed.