

**SUPPORTING STATEMENT FOR FORM CMS-2552-10
HOSPITAL AND HOSPITAL HEALTH CARE COMPLEX COST REPORT**

A. Background

CMS is requesting the Office of Management and Budget review and approve this revision to the Form CMS-2552-10, Hospital and Hospital Health Care Complex Cost Report (hospital cost report). Hospitals participating in the Medicare program submit these cost reports annually to determine the reasonable costs incurred to provide medical services to beneficiaries.

The revisions made to the hospital cost report update the forms and instructions currently in use to subsume the Supplemental to Form CMS-2552-10 Payment Adjustment for Establishing and Maintaining Access to Buffer Stock of Essential Medicines, approved with OMB control number 0938-1473 (expiration date 11/30/2027), and the Supplemental to Form CMS-2552-10, Payment Adjustments for Domestic NIOSH-Approved Surgical N95 Respirators, approved with OMB control number 0938-1425 (expiration date 02/28/2025).

In this Paperwork Reduction Act (PRA) package, the revisions amend the Form CMS-2552-10 to:

- add Worksheet E-90, Payment Adjustment For Establishing And Maintaining Access to a Buffer Stock Of Essential Medicines
- add Worksheet E-95, Payment Adjustments For Domestic NIOSH-Approved Surgical N-95 Respirators

B. Justification

1. Need and Legal Basis

We propose to subsume two supplemental payment adjustment worksheets, the OMB #0938-1473 and the OMB #0938-1425, into the OMB #0938-0050 to facilitate calculating the payment adjustments within the hospital cost report.

In the FY 2025 Hospital Inpatient Prospective Payment System for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System final rule, CMS finalized an IPPS payment adjustment, under section 1886(d)(5)(I) of the Act, for small, independent hospitals that incur additional resource costs to establish and maintain access to a 6-month buffer stock of one or more essential medicine(s). The Hospital and Hospital Healthcare Complex Cost Report, Form CMS- 2552-10 (OMB #0938-0050) does not currently capture the necessary data to calculate this payment adjustment; therefore, hospitals must complete the Supplemental to Form CMS-2552-10 - Payment Adjustment for Establishing and Maintaining Access to Buffer Stock of Essential Medicines (OMB control number 0938-1473) to calculate the payment adjustment.

In the FY 2023 Medicare Hospital Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Final Rule, CMS finalized payment adjustments under the IPPS and OPFS for the additional marginal resource costs hospitals incur when procuring domestically made NIOSH-approved surgical N95 respirators. The hospital cost report does not currently capture the necessary data to calculate this payment adjustment; therefore, hospitals must complete the Supplemental to Form CMS-2552-10 - Payment Adjustments for Domestic

NIOSH-Approved Surgical N95 Respirators (OMB control number 0938-1425) to calculate the payment adjustments.

2. Information Users

The primary function of the Medicare cost report (MCR) is to determine the reimbursement of providers for services rendered to program beneficiaries. The Medicare Audit Contractor (MAC) uses the cost report to make settlement with the provider for the fiscal period covered by the cost report. Furthermore, the MAC uses the cost report to determine the necessity and scope of an audit of the records of the provider. Section 1874A of the Act describes the functions of the contractor.

CMS also uses the data collected on the MCR to project future Medicare expenditures, determine adequate deductibles and premiums, support payment refinement activities, and develop and update provider market baskets (input price indexes) mandated for use in updating Medicare payment rates. CMS also uses the data to offer public use data files. In addition, the data is available to Congress, researchers, universities, and other interested parties.

Hospitals must follow the principles of cost reimbursement, which require that hospitals maintain sufficient financial records and statistical data for proper determination of costs.

3. Use of Information Technology

CMS regulations at 42 CFR § 413.24(f)(4)(ii) require that each hospital submit an annual cost report to their contractor in a standard (ASCII) electronic cost report (ECR) format which includes the electronic signature of the administrator or chief financial officer certifying the accuracy of the electronic file.

4. Duplication of Efforts

This information collection does not duplicate any other effort; subsuming the supplemental payment adjustment worksheets into the OMB #0938-0050 eliminates the need for hospitals to complete the OMB #0938-1473 and the OMB #0938-1425. The information cannot be obtained from any other source.

5. Small Businesses

These cost reporting forms, designed to minimize the reporting burden for small hospitals, require submission as infrequently as possible (annually) and require only those data items necessary to determine the appropriate reimbursement rates.

6. Less Frequent Collection

Under the authority of 1861(v)(1)(F) of the Act, as defined in regulations at 42 CFR 413.20 and 413.24, CMS requires that each hospital submit the cost report on an annual basis with the reporting period based on the hospital's accounting period, which is generally 12 consecutive calendar months. A less frequent collection would impede the annual rate setting process and adversely affect provider payments.

7. Special Circumstances

This information collection complies with all general information collection guidelines as described in 5 CFR 1320.6 without the existence of special circumstances.

No special circumstances exist 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

The 60-day Federal Register notice was published on 03/26/2025 (90 FR 13751)

The 30-day Federal Register notice was published on 06/11/2025 (90 FR 24632)

9. Payments/Gifts to Respondents

CMS makes no payments or gifts to respondents for completion of this data collection. CMS issues claims payments for covered services provided to Medicare beneficiaries. These reports collect the data to determine accurate payments to a hospital. If the hospital fails to submit the cost report, the MAC imposes a penalty by suspending claims payments until the hospital submits the cost report. Once the hospital submits the cost report, the contractor releases the suspended payments. A hospital that submits the cost report timely experiences no interruption in claims payments.

10. Confidentiality

Confidentiality is not assured. Cost reports are subject to disclosure under the Freedom of Information Act (FOIA).

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Burden Estimates (Hours & Cost)

Number of hospital facilities (as of 12/27/2024)	6,044
Hours burden per facility to complete the cost report:	675
Number of hours of reporting	137
Number of hours of recordkeeping	538
Total hours burden (6,044 hospital facilities x 675 hours)	4,079,700
Cost per hospital	\$37,611.94
Total annual cost estimate (\$37,611.94 x 6,044 hospitals), rounded	\$227,326,565

Burden hours for each hospital estimate the time required (number of hours) to complete ongoing data gathering and recordkeeping tasks, search existing data resources, review instructions, and complete the Form CMS-2552-10 (the Medicare hospital cost report). CMS estimates additional burden for the required recordkeeping and reporting only when the standardized definitions, accounting, statistics and reporting practices defined in 42 CFR 413.20(a) require recordkeeping or reporting not already maintained by the provider on a fiscal basis. After revising the hospital cost report to add the Worksheet E-90 and the Worksheet E-95, we estimate the average burden hours per provider as 675 hours. We recognize this average varies depending on the provider size and complexity. We invite public comment on the hours estimate as well as the staffing requirements utilized to compile and complete the Medicare cost report.

The System for Tracking Audit and Reimbursement, an internal CMS data system maintained by the Office of Financial Management (OFM), tracks the current number of Medicare certified hospitals as 6,044 submitting the Form CMS-2552-10 annually. After subsuming the OMB #0938-1473 and the OMB #0938-1425 into the OMB #0938-0050, we estimate an average per provider change of 1 additional hour (to 538 hours) for recordkeeping and 0 additional hours (137 hours) for reporting, for a total average burden per hospital of 675 hours (538 hours for recordkeeping plus 137 hours for reporting). We note that by subsuming the OMB #0938-1473 and the OMB #0938-1425 into the OMB #0938-0050, the cost reporting software efficiently transfers data to the Worksheet E-90 and Worksheet E-95 to calculate the payment adjustments and eliminates the data entry on the OMB #0938-1473 and the OMB #0938-1425.

We calculated the annual burden hours as follows: 6,044 hospitals multiplied by 675 hours per hospital equals 4,079,700 annual burden hours. The 538 hours for recordkeeping include hours for bookkeeping, accounting and auditing clerks; the 137 hours for reporting include hours for accountants and auditors.

Based on the most recent data from US Bureau of Labor Statistics (BLS) Occupational Employment and Wage Statistic, the mean hourly wage for Category 43-3031 <https://www.bls.gov/oes/current/oes433031.htm> (bookkeeping, accounting and auditing clerks) is \$23.84. We added 100% of the mean hourly wage to account for fringe and overhead benefits, which calculates to \$47.68 (\$23.84 plus \$23.84) and multiplied it by 538 hours, to determine the annual recordkeeping costs per hospital to be \$25,651.84 (\$47.68 per hour multiplied by 538 hours).

Based on the most recent BLS Occupation Outlook Handbook, the mean hourly wage for Category 13-2011 www.bls.gov/oes/current/oes132011.htm (accountants and auditors) is \$43.65. We added 100% of the mean hourly wage to account for fringe and overhead benefits, which calculates to \$87.30 (\$43.65 plus \$43.65) and multiplied it by 137 hours, to determine the annual reporting costs per hospital to be \$11,960.10 (\$87.30 per hour multiplied by 137 hours).

We calculated a total average annual cost per hospital of \$37,611.94 by adding the per hospital recordkeeping costs of \$25,651.84 plus the per hospital reporting costs of \$11,960.10. We estimated the total annual cost to be \$227,326,565 (6,044 hospitals multiplied by \$37,611.94 cost per hospital, rounded to whole dollars).

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

Annual cost to MACs	\$64,878,604
Annual cost to CMS	<u>\$74,301</u>
Total Federal cost	<u>\$64,952,905</u>

15. Changes to Burden

The changes in burden and cost for the Form CMS-2552-10 result from three factors.

The number of respondents decreased by 31 (from 6,075 in 2022 to 6,044 in 2024), the net result of new hospitals certified to participate in the Medicare program and existing hospitals terminated from the Medicare program.

The number of total hours per response increased by 1 hour (from 674 in 2022 to 675 in 2025), a result of the hospital cost report subsuming the OMB #0938-1473 and the OMB #0938-1425 payment adjustment worksheets. CMS estimated the burden for a hospital completing the OMB #0938-1473 at 1.0 hour (0.60 hours for reporting and 0.40 hours for recordkeeping) for an estimated 500 hospitals completing the OMB #0938-1473. CMS estimated the burden for a hospital completing the OMB #0938-1425 at 0.50 hours (0.10 hours per response for reporting and 0.40 hours per response for recordkeeping) for an estimated 4,662 hospitals completing the OMB #0938-1425. To estimate the burden of subsuming the two payment adjustment worksheets into the hospital cost report, CMS used the same estimated hours for each payment adjustment worksheet, the current estimate of 479 hospitals completing the OMB #0938-1473, and the current estimate of 4,155 hospitals completing the OMB #0938-1425, resulting in an average increase in burden of 1.0 hour for the estimated 6,044 hospitals completing the hospital cost report. Subsuming the payment adjustment worksheets eliminates the need for hospitals claiming the payment adjustments to submit the OMB #0938-1473, with its estimated 1.0 hour burden, and the OMB #0938-1425, with its estimated 0.50 hour burden.

The average cost per response increased by \$3,244.76 (from \$34,367.18 in 2022 to \$37,611.94 in 2025) based on the increases in the average hourly rates published in the most recent BLS

Occupational Employment and Wage Statistics data.

16. Publication/Tabulation Dates

CMS maintains the cost report data in the Healthcare Provider Cost Reporting Information System (HCRIS). The HCRIS data supports CMS's reimbursement policymaking, congressional studies, legislative health care reimbursement initiatives, Medicare profit margin analysis, market basket weight updates, and public data requirements. CMS publishes the HCRIS dataset for public access and use at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Downloadable-Public-Use-Files/Cost-Reports/>.

17. Expiration Date

CMS will display the expiration date on the information collection instrument in the upper right corner.

18. Certification Statement

There are no exceptions to the certification statement.

C. Statistical Methods

There are no statistical methods involved in this collection.