

**SUPPORTING STATEMENT FOR THE  
HOME OFFICE COST STATEMENT  
FORM CMS-287-05**

**A. BACKGROUND**

CMS is requesting the Office of Management and Budget (OMB) review and approve this extension request for the Form CMS-287-05, Home Office Cost Statement. Home Office Cost Statements are filed annually by chain organizations to report costs directly related to services furnished to individual providers that are related to patient care plus an appropriate share of indirect costs.

**B. JUSTIFICATION**

1. Need and Legal Basis

Providers of services participating in the Medicare program are required under sections 1815(a) and 1861(v)(1)(A) of the Social Security Act (42 U.S.C. 1395g) to submit annual information to achieve settlement of costs for health care services rendered to Medicare beneficiaries. In addition, regulations at 42 CFR 413.17, 413.20 and 413.24 require adequate cost data and cost reports from providers on an annual basis.

The CMS-287-05 cost statement is needed to determine individual Medicare provider's reasonable costs incurred in furnishing treatment for Medicare beneficiaries and reimbursement due to or due from an individual Medicare provider.

2. Information Users

The home office cost statements are required to be filed with the Medicare Administrative Contractor (MAC) for the home office as well as the chain provider's MAC. The functions of the MAC are described in section 1816 of the Social Security Act.

The home office cost statement is a supporting statement of the costs associated with the chain provider's cost report.

3. Use of Information Technology

CMS does not have verifiable data on the number of chain home offices currently using an automated financial management system to produce all or part of this home office cost statement. However, as chain home offices increasingly use automated systems, the burden will significantly reduce. Many home office cost statements are now produced by a combination of manual and automated means (e.g., accounting records are maintained in an automated system but the cost statement is still assembled manually). Currently there are no plans to automate the home office cost statement due to the complexity and diversity of the various components within the chain.

4. Duplication of Efforts

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

5. Small Business

The home office cost statement forms have been designed with a view towards minimizing the reporting burden for small chain organizations. The home office cost statement is collected as infrequently as possible (annually) and only the worksheets that are necessary for determining proper allocation of costs are completed.

6. Less Frequent Collection

If the annual cost statement is not filed, CMS will be unable to determine whether proper payments are being paid under Medicare. In addition, if an entity fails to file a home office cost statement, the contractor has the authority to eliminate any home office costs claimed on the various providers' (within the chain) cost reports.

7. Special Circumstances

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

8. Federal Register Notice

The 60 day Federal Register notice was published on April 18, 2014.

9. Payment/Gift to Respondent

There is no payment or gift to respondents.

10. Confidentiality

Confidentiality is not assured. Medicare cost statements are subject to disclosure under the Freedom of Information Act.

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Estimate of Burden (Hours & Wages)

Number of Home Office cost statements as of 12/31/2013		1,686
Number of hours of reporting	138	
Number of hours of record keeping	328	466
Total # of hours		785,676
Standard rate per hour		\$20
Total respondent cost estimate		\$15,713,520

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

Annual cost to Medicare Contractors:

Annual costs incurred are related to processing information contained on the forms, particularly associated with achieving settlements. Medicare contractors' processing costs are based on estimates provided by the Office of Financial Management (OFM).

3,352,000

Total Federal Cost

\$3,352,000

15. Changes to Burden

The change in burden is due to two factors: 1) the number of respondents increased from 1,541 in 2011 to 1,686 in 2014; and 2) the standard rate increased from \$15 per hour in 2010 to \$20 per hour in 2014.

16. Publication and Tabulation Dates

The data submitted on the cost statement is not published or tabulated.

17. Expiration Date

CMS would like an exemption from displaying the expiration date as these forms are used on a continuing basis and change infrequently.

18. Certification Statement

There are no exceptions to the certification statement.