Supporting Statement for the Inpatient Psychiatric Unit (IPU) Criteria Worksheet (CMS-437)

A. BACKGROUND

We request a reinstatement with change of the OMB approval for the CMS form titled "Inpatient **Psychiatric Unit Criteria Work Sheet (CMS-437).**" The CMS-437 form is approved under OMB Control number 0938-0358.

We have made non-substantive formatting changes to section 1 of the CMS-437 form including providing separate data field for the name, street address, city, state and zip code for the Inpatient Psychiatric Unit (IPU). We also added new data fields for the CCN number and telephone number for the IPU. In section 2 we have updated the text of several CFR code sections for accuracy.

Medicare has several types of schedules with which payments are made to inpatient hospitals. Acute care hospitals are paid by Medicare using the Inpatient Prospective Payment System (IPPS). Hospital outpatient services are paid by Medicare using the Medicare Hospital Outpatient Prospective Payment System (HOPPS). Inpatient Psychiatric Facilities (IPFs) and Inpatient Psychiatric Units (IPUs) are paid by Medicare using the Inpatient Psychiatric Facility Prospective Payment System (IPU PPS).

For IPFs and IPUs to be paid by Medicare under the higher paying Inpatient Psychiatric Facility Prospective Payment System (IPF PPU), they must prove that they meet the requirements to be exempt from receiving payment from Medicare under the lower paying hospital IPPS.

The CMS-437 form is used by IPUs to attest that they meet the necessary requirements that make them exempt from receiving Medicare payments under the lower hospital rate provided by the IPPS and instead are eligible to receive a higher payment rate under the IPU PPS.

An IPF is defined as a facility that:

- Is primarily engaged in providing, by or under the supervision of a Doctor of Medicine or Osteopathy, psychiatric services for the diagnosis and treatment of mentally ill persons,
- Satisfies the requirements of §1861(e)(3) through (e)(9) of the Social Security Act (general hospital requirements),
- Maintains clinical and other records on all patients as the Secretary finds necessary to determine the degree and intensity of the treatment provided to individuals entitled to hospital insurance benefits under Part A; and
- Meets such staffing requirements as the Secretary finds necessary for the institution to carry out an active program of treatment for individuals receiving services in the institution.

New IPUs must submit an initial CMS-437 to CMS when they apply for participation in the Medicare program to request new IPPS excluded status. Thereafter, the existing IPUs are required to submit completed CMS-437 forms annually to maintain their IPPS exclusion status, as required by 42 CFR §412.25.

The IPUs submit their completed CMS-437 form to the CMS Locations (formerly named CMS Regional Offices) via the applicable SAs.

Prior to November 2007, SA surveyors would conduct onsite IPPS exclusion surveys to verify that the IPPS exclusion criteria were met by the facility. The SA surveyor completed the CMS-437 form prior to placing an IPU into IPPS excluded status.

However, on November 5, 2007, CMS suspended the requirement for onsite IPPS exclusion surveys and instead began allowing IPUs to self-attest to meeting the IPPS exclusion criteria by completing and submitting the CMS-437 form. (See: Survey & Certification Memo 08-03, dated 11/05/2007). As a result, instead of having the SAs perform an IPPS exclusion surveys, the IPUs are now required to complete the CMS-437 form annually as a self- attestation indicating they continue to meet the IPPS exclusion criteria.

B. JUSTIFICATION

1. Need and Legal Basis

As provided by §124 of the Medicare, Medicaid, and State Children's Health Insurance Program (SCHIP) Balanced Budget Refinement Act of 1999 (BBRA) (Pub. L. 106–113), which amended Section 1886(s) of the Social Security Act, certain specialty hospitals and specialty distinct-part units (DPUs) of hospitals may be excluded from the Medicare IPPS and be paid at a different specialty rate that reflects the cost of providing specialized services. These specialty hospitals and DPUs of hospitals include Inpatient Rehabilitation Facilities (IRFs) units, Inpatient Rehabilitation Facilities (IRFs) hospitals and Inpatient psychiatric facility hospitals (IPF hospitals) and Inpatient Psychiatric Units (IPUs).

The criteria for IPPS exclusion are defined in regulation at 42 CFR §412.20 through §412.29 and discussed in section 3100 of the CMS SOM. Exclusion criteria that are specific to IPUs are set forth in the CMS regulation at 42 CFR §412.27.

While exclusion from the IPPS allows the specialty hospitals and distinct-part specialty units of hospitals to be paid at a higher payment rate, this exclusion is optional on the part of the provider and must specifically be requested using the CMS-437 form. To maintain the exclusion, the IPU must submit a CMS-437 form annually to re-attest to meeting the criteria for exclusion.

2. Information User

The CMS-437 form is used by IPUs to attest that they meet the necessary requirements that make them exempt from receiving Medicare payments under the lower hospital rate provided by the IPPS and instead are eligible to receive a higher payment rate under the IPU PPS.

CMS will review the information on the CMS-437 form submitted by each IPU to see if they do meet the requirements for exclusion from the from receiving Medicare payments under the lower hospital rate provided by the IPPS. If so, Medicare will initiate payment for the IPU at the higher specialty payment rate under the IPU PPS.

3. Use of Information Technology

A CMS-437 form is in a fillable .pdf format. This allows IPUs to submit their completed CMS-437 form electronically to the State Survey Agency (SA) for the state in which their facility is located.

4. Duplication

The CMS-437 form does not duplicate any other data collection related to IPUs.

5. Small Business

This information is required by the CMS regulations at 42 CFR §§412.20 to 412.29. It is the minimum necessary and cannot be further reduced for small businesses.

6. Less Frequent Collection

An IPU must complete the CMS-437 form to attest to meeting all requirements for the IPPS exclusion prior to being placed in excluded status. Thereafter, IPUs must submit a completed CMS-437 form annually.

The requirement for annual submission of the CMS-437 forms by excluded IPUs allows CMS to ensure that the exclusion criteria, such as personnel, services, number of admissions/discharges, and full-time or part-time director, number of beds, continue to be met. It would not be advisable to have IPUs report this information less than every 12 months because these areas may be subject to frequent change in the hospital environment.

7. Special Circumstances

There are no special circumstances associated with this collection. This collection is consistent with the guidelines in 5 CFR 1320.6.

8. Federal Register and Outside Consultations

The 60-day Federal Register notice published on _____.

The 30-day Federal Register notice published _____.

9. Payment/Gifts to Respondent

There are no payments or gifts involved in this information collection. An IPU must complete the CMS-437 form in order to attest that they meet the requirements for IPPS exempt status so that they can be exempted from payment under the CMS IPPS payment system and instead receive payment under the under the IPU PPS.

10. Confidentiality

Information collected will be utilized by CMS and its agents for certification and enforcement actions. This information is publicly disclosable. Any identifiable data subject to the Privacy Act is deleted prior to disclosure.

11. Sensitive Questions

There are no questions of a sensitive nature on the form.

12. Estimate of Burden (Hours and Wages)

Over the past 5 years the number of psychiatric units in hospitals has decreased. Below is a table that shows the number of inpatient psychiatric units from CY 2019 to CY 2024. This table also shows that there are a 5-year average of **1,534** inpatient psychiatric units in the U.S.

5-Year Average Number of Psychiatric Units in the U.S.	
Year	**Number of Psychiatric Units**
CY 2021	1,564
CY 2022	1,557
CY 2023	1,538
CY 2024	1,516
CY 2025	1,495

TOTAL	7,670
5-year average number of psychiatric units	**1,534**

There are an average of 1,534 psychiatric units in the U.S.

- 7,670 ÷ 5 years = 1,534 per year

New IPUs must submit an initial CMS-437 to CMS to request new IPPS excluded status. Thereafter, the existing IPUs are required to submit completed CMS-437 forms annually to maintain their IPPS exclusion status, as required by 42 CFR §412.25.

a. Time and Cost Burden for Completion of the CMS-437 Form.

Psychiatric units are required to complete and submit a CMS-437 form to the applicable SA annually. We estimate that it will take approximately **45 minutes** for each psychiatric unit staff to complete the CMS-437 form.

We estimate that the time burden ***across all*** of these IPUs for the completion of the CMS-437 would be **1,151 hours**

- 45 minutes x 1,534 IPUs = 69,030 minutes
- 69,030 minutes ÷ 60 minutes per hour = 1,150.50 hours

We believe that the person at the psychiatric unit who would complete the CMS-437 form would be an employee such as a Nurse Manager or Director of Nursing or facility business manager. We believe that this person's job duties would fall under the U.S. Bureau of Labor Statistic's job category of "Health and Medical Services Manager."

According to the U.S. Bureau of Labor Statistics, the mean hourly wage for a Medical and Health Services Manager is $67.77.[1] This wage, adjusted for the employers overhead and fringe benefits would be **$135.54**.[2]

[1] https://data.bls.gov/oes/#/area/0000000/2025

[2] We adjust the employee hourly wage estimates by a factor of 100 percent to reflect the employer's additional costs for overhead, benefits and fringe benefits, This adjustment is necessary because fringe benefits and costs vary significantly from employer to employer. Also, the 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.

We estimate that the cost burden for the completion of the CMS-437 form by ***each*** psychiatric unit would be **$101.66.**

- $135.54 divided by 60 minutes = $2.259 per minute
- $2.259 per minute x 45 minutes = $101.66

We further estimate that the total cost burden ***across all*** psychiatric units in the U.S. would be **$156,007.**

- $135.54 per hour x 1,151 hours = $156,006.54

b. Summary of Time and Cost Burden Associated with Completion of the CMS-437 form.

The table below provides a summary of the time and cost burdens associated with the CMS-437 form.

Ask	Number of Responses	Time Per Response	Annual Hour Burden Across All Providers	Cost Per Each Response	Annual Cost Burden Across all Providers
Completion of the CMS-437 forms	1,534	0.75 hours (45 min.)	1,151 Hours	$101.66	$156,007
TOTAL	**1,534**	**0.75 hours**	**1,151 hours**	**$101.66**	**$156,007**

13. Capital Cost of Burden

There are no capital costs associated with this collection.

14. Federal Cost Estimates

The IPUs submit their completed CMS-437 form to the CMS Locations via the applicable SAs. The SAs then transmit the worksheets to the CMS Location at least 60 days prior to the end of the IPU's cost reporting period. The information submitted on the CMS-437 form by the IPU will be reviewed by the CMS Location when determining whether to grant the exclusion request.

There are an average of 1,534 psychiatric units in the U.S. IPUs must submit an initial CMS-437 to CMS to request new IPPS excluded status when they apply for participation in the Medicare program. Thereafter, IPUs are required to submit a completed CMS-437 form annually to maintain their IPPS exclusion status.

We estimate that the review of each CMS-437 form by the CMS Location staff would take approximately **30 minutes** (0.5 hours). We further estimate the total time annual burden across all CMS-437 form completed annually would be the CMS Locations would be **767 hours**.

- 0.5 hours per each CMS-437 x 1,534 IPUs = 767 hours

We believe that the review of the CMS-437 form would be performed by a CMS Location supervisor. The CMS Location supervisor would review and check the information on the CMS-437 form to see if it is complete and accurate.

We believe that the CMS supervision would be at least a GS-13, step 5. Such a person in the Washington DC region would have an annual salary of $138,024.[3] This would equate to an hourly wage of $66.36.

- $138,024 ÷ 2,080 hours per work year = $66.36 per hour

We estimate that the cost to the Federal government per each CMS-437 form reviewed and signed by a CMS Location supervisor would be **$33.18.**

- 0.5 hour x $66.36 = $33.18

We estimate that the **total annual cost to the Federal government** across all CMS-437 forms submitted per year would be **$50,898** *(rounded down from $50,898.12)***.**

- 767 hours x $66.36 = $50,898.12

15. Program/Burden Changes

The table below shows the changes in burden since the last PRA package submission.

Description of Task	Amount Requested In This PRA Package	Amount Approved in Previous PRA Package	Change in Burden
Annual number of responses for the CMS-437 form	1,534 responses	1,619 responses	-85 responses

[3] https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2026/DCB.pdf

Description of Task	Amount Requested In This PRA Package	Amount Approved in Previous PRA Package	Change in Burden
Time burden ***across all providers*** for completion of ***all*** CMS-437 forms annually	1,151 hours	1,214 hours	-63 hours
Time burden ***across all providers*** to prepare ALL CMS-437 form for sending to the SA by U.S.P.S. mail or email	0 hours	540 hours	-540 hours
Cost burden ***across all providers*** to complete ***all*** CMS-437 forms annually.	$156,007	$156,946	-$939
Cost burden ***across all providers*** to prepare ALL CMS-437 form for sending to the SA by U.S.P.S. mail or email	$0	$22,518	-$22,518
Total Number of Responses	**1,534 responses**	**1,619 responses**	**-85 responses**
Total Time Burden	**1,151 hours**	**1,754 hours**	**-603 hours**
Total Cost Burden	**$156,007**	**$179,464**	**-$23,457**

As the above table states, the total annual time burden has decreased by 603 hours, and the total annual cost burden has decreased by $23,457.

These decreases are directly attributable to 2 factors. First, the number of respondents has decreased from 1,619 to 1,534. This is a decrease of 85 respondents annually. A decrease in the number of annual respondents caused a corresponding decrease in the time and cost burdens.

Second, we have revised the burden calculations in the current PRA package by removing the following items form the burden estimate:

- Time burden ***across all providers*** to prepare ALL CMS-437 form for sending to the SA by U.S.P.S. mail or email.
- Cost burden ***across all providers*** to prepare ALL CMS-437 form for sending to the SA by U.S.P.S. mail or email

The above-stated time and cost burdens are for the preparation of each completed CMS-437 form for mailing to the applicable SAs. The removal of these items from the current burden estimate has removed 540 burden hours and $22,518 in burden costs.

We removed these items from our burden estimate because the CMS-437 form is a fillable .pdf form and can now be submitted to the SAs electronically via email. This form of submission require minimal burden on the part of IPUs. Therefore. it is no longer necessary to include a time and cost burden for the submission of this form by U.S. mail.

16. Publication and Tabulation Dates

There are no publication and tabulation dates with this collection.

17. Expiration Date

CMS will display the expiration date on the CMS-437 form on the lower left-hand corner of each page of the CMS-437 form.

18. Certification Statement

There are no exceptions to the certification statement.

C. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

There are no statistical methods associated with this collection.