

**SUPPORTING STATEMENT FOR FORM CMS-2540-10
SKILLED NURSING FACILITY AND
SKILLED NURSING FACILITY HEALTH CARE COMPLEX COST REPORT**

A. BACKGROUND

CMS is requesting the Office of Management and Budget (OMB) review and approve this extension request for the Form CMS-2540-10, Skilled Nursing Facility and Skilled Nursing Facility Health Care Complex Cost Report. This cost report is filed annually by freestanding, Skilled Nursing Facilities (SNFs) participating in the Medicare program to determine the reasonable costs incurred to provide medical services to patients.

B. JUSTIFICATION

1. Need and Legal Basis

Providers of services participating in the Medicare program are required under sections 1815(a), 1833(e) and 1861(v)(1)(A) of the Social Security Act (42 USC 1395g) to submit annual information to achieve settlement of costs for health care services rendered to Medicare beneficiaries. In addition, regulations at 42 CFR 413.20 and 413.24 require adequate cost data and cost reports from providers on an annual basis.

The form CMS-2540-10 cost report is needed to determine provider's reasonable cost incurred in furnishing medical services to Medicare beneficiaries and reimbursement due to or from a provider.

2. Information Users

The cost reports are required to be filed with the provider's Medicare Administrative Contractor (MAC). The functions of the MAC are described in section 1816 of the Social Security Act.

The collection of data is a secondary function of the cost report. The data is used by CMS to support program operations, payment refinement activities, and to make Medicare Trust Fund projections.

3. Use of Information Technology

Skilled Nursing Facilities are required to submit cost reports via an electronic medium.

4. Duplication of Efforts

The information collection does not duplicate any other effort and the information cannot be obtained from any other source.

5. Small Business

This cost report has been designed with a view towards minimizing the reporting burden for small SNFs. The form is collected as infrequently as possible (annually) and only those data items necessary to determine the appropriate reimbursement rates are required.

6. Less Frequent Collection

If the annual cost report is not filed, CMS will be unable to determine whether proper payments are being made under Medicare. A provider who fails to file a cost report by the statutory due date is notified that interim payments will be reduced, suspended or deemed overpayments.

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 published on June 27, 2014.

9. Payment/Gift to Respondent

There is no payment or gift to respondents.

10. Confidentiality

Confidentiality is not assured. Medicare cost reports 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 and Cost)

Number of SNFs required to file the form CMS-2540-10 (as of 05/06/2014)	14,185
Number of hours of reporting	65
Number of hours of record keeping	137
Hours burden per facility to complete the cost report (65 hours + 137 hours)	202
Total hours burden (15,664 facilities x 202 hours)	2,865,370
Standard rate per hour	\$20.00
Total respondent cost estimate	<u>\$57,307,400</u>

13. Capital Cost

There are no capital costs.

14. Cost to Federal Government

<u>Annual cost to Medicare Contractors:</u>	
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).	\$28,668,000
<u>Annual cost to CMS:</u>	
Total CMS processing cost is from the HCRIS Budget:	\$42,000
<u>Total Federal Cost</u>	<u>\$28,710,000</u>

15. Changes To Burden

The change in burden is due to two factors: 1) the number of respondents contained decreased from 15,701 in 2011 to 14,185 in 2014; and 2) the standard rate increased from \$15 per hour in 2011 to \$20 per hour in 2014.

16. Publication and Tabulation Dates

The data submitted on the cost report 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.

C. STATISTICAL METHODS

There are no statistical methods involved in this collection.