

SUPPORTING STATEMENT – PART A
FORM CMS-1984-99
HOSPICE COST AND DATA REPORT

A. Background

In accordance with 42 CFR 413.20 and 42 CFR 413.24, providers receiving Medicare reimbursement must provide adequate cost data based on financial and statistical records, which can be verified by qualified auditors. The Medicare program requires each provider of services to submit a Medicare cost report (MCR) that generally covers a consecutive twelve month period of the provider's operations. The hospice MCR must be submitted by all freestanding hospices to which payment is made by Medicare and must be submitted to the hospice's Medicare fiscal intermediary (FI) or Medicare Administrative Contractor (MAC) no later than the last day of the fifth month following the close of the period covered by the report.

The Centers for Medicare and Medicaid Services (CMS) is requesting the Office of Management and Budget review and approval of Form CMS-1984-99, Hospice Cost and Data Report. No revisions have been made to the original forms.

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 U.S.C. 1395g) to submit annual information to achieve settlement of costs for health care services rendered to Medicare beneficiaries. Section 4441(b) of the Balanced Budget Act (BBA) requires that, Medicare certified hospice programs must file such cost data, as the Secretary determines necessary, for each fiscal year beginning on or after October 1, 1998. In accordance with 42 CFR 413.24, providers are required to file their cost reports on an annual basis on or before the last day of the fifth month following the close of the period covered by the cost report.

Section 413.20 states that the principles of cost reimbursement require that providers maintain sufficient financial records and statistical data for proper determination of cost payable under the program. Cost reports are required from providers on an annual basis with reporting periods based on the provider's accounting year.

Section 413.24 states that providers receiving payment on the basis of reimbursable cost must provide adequate cost data. This must be based on their financial and statistical records which must be capable of verification by qualified auditors. The cost data must be based on an approved method of cost finding and on the accrual basis of accounting.

2. Information Users

In accordance with sections 1815(a), 1833(e), and 1861(v)(A)(ii) of the Social Security Act, providers of service in the Medicare program are required to submit annual information to achieve reimbursement for health care services rendered to Medicare beneficiaries. In addition, 42 CFR 413.20(b) sets forth that cost reports will be required from providers on an annual basis. Such cost reports are required to be filed with the provider's FI/MAC. The functions of the FI/MAC are described in section 1816 of the Social Security Act.

The Center for Medicare and Medicaid Services will use the information from providers for rate evaluations for the Prospective Payment System and to revise payments for hospice care.

3. Use of Information Technology

Consideration has been given to reduction of burden by the use of improved information technology to report required cost data. The use of a computer in the preparation results in a reduction of burden. On August 22, 2003, CMS published a final rule in the Federal Register (Vol. 68, No. 163) requiring electronic cost report (ECR) submission by hospice providers for cost reporting periods ending on or after December 31, 2004. An acceptable cost report from a provider requires the certification page (Worksheet S) of the ECR file with the actual signature of an officer (administrator or chief financial officer).

4. Duplication of Efforts

The cost report is a unique form that does not duplicate any other information collection. This form specifically provides for the reimbursement methodology that is unique to hospice facilities. No other existing form can be modified for this purpose.

5. Small Businesses

This form has been designed with a view toward minimizing the reporting burden for small businesses. The form is collected annually.

6. Less Frequent Collection

The CMS-1984-99 is used by hospice facilities to annually report specific items of operating costs and statistical information. The form is not used to effect cost settlements, however, the information is used for data analysis. If the information was collected less frequently, it could result in higher reimbursement costs in the hospice program. If the information were collected less frequently, CMS would be out of compliance with Section 4441(b) of the BBA and with Section 3132 of the Patient Protection and Affordable Care Act.

7. Special Circumstances

There are no special circumstances.

8. Federal Register/Outside Consultation

CMS has published a 60-day notice on _____, attached.

CMS consulted with the hospice associations to seek their advice on this form when it was developed. No other consultation has taken place since then.

9. Payments/Gifts to Respondents

There is no payment/gift to respondents.

10. Confidentiality

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

11. Sensitive Questions

There are no sensitive questions.

12. Burden Estimates (Hours & Wages)

An estimated 2,303 hospices will complete this cost report. Based on outside consultation, CMS has estimated that each hospice will spend 176 hours to complete this cost report for a total annual burden of 405,328 hours. The estimate of 176 hours per hospice includes time to maintain records, gather and compile the data to be reported, and complete the forms. The total estimated cost for respondents to complete the cost reports is \$8,106,560 (405,328 hours at \$20 per hour).

13. Capital Costs

There are no capital costs.

14. Cost to Federal Government

<u>Cost associated with distribution of forms and instructions:</u>	
We no longer print and distribute paper copies of Form CMS-1984-99. Forms and instructions are issued as a part of the Provider Reimbursement Manual. This manual is transmitted via the internet.	\$0
<u>Annual cost to Medicare Contractors:</u>	
Annual cost incurred is related to processing information contained on the forms by Medicare. Medicare contractors' handling costs are based on estimates provided by the Office of Financial Management.	345,450
<u>Annual cost to CMS:</u>	
Total CMS processing cost is from the HCRIS Budget:	42,000
<u>Total Federal Cost</u>	<u><u>\$387,450</u></u>

15. Changes to Burden

The burden increase of 64,240 hours is due to the increase in the number of hospices participating in the Medicare program. The number of providers increased from 1,938 hospices as of June 22, 2007 to 2,303 hospices as of March 3, 2010. The estimated hours per respondent are unchanged.

16. Publication/Tabulation Dates

The data submitted on the cost report supports management of the Federal programs. These data are extracted from the cost report by the Medicare contractors and transmitted to CMS. The data are used by the Office of the Actuary for various rate setting and payment refinement activities, and to make projections of the Medicare Trust Fund. In addition, the data is available to Congress, researchers, universities, and other interested parties. CMS offers some public use data files via the Internet and through mail order.

17. Expiration Date

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

18. Certification Statement

There are no exceptions to the certification statement.