

**Supporting Statement For The
Outpatient Rehabilitation Facility Cost Report
and Supporting Regulations in 42 CFR 413.20 and 413.24
FORM CMS-2088**

A. Background

CMS is requesting the Office of Management and Budget (OMB) review and approval of Form CMS-2088-92, the Outpatient Rehabilitation Provider Cost Report for the purpose of extending the currently approved data collection. The Form CMS-2088-92, the Outpatient Rehabilitation Provider Cost Report, is utilized by Community Mental Health Centers (CMHC). However, effective cost reporting periods ending on or after June 30, 2001, CORFs and OPTs with 100 percent of their services reimbursed on a fee schedule basis are not required to complete and file the Form CMS 2088-92 cost report. CMHCs must continue to file the Form CMS 2088-92. Form CMS 2088-92 is filed annually by freestanding providers participating in the Medicare program to effect year end cost settlement for providing services to Medicare beneficiaries.

Form CMS 2088 was revised to include Cost Center Codes to accommodate the addition of electronic cost reporting (ECR) specifications. Accordingly, instructional revisions are included to insure consistency with the ECR specifications and Worksheet A and S have been revised to add fiscal beginning and end dates.

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)(ii) of the Social Security Act (42 USC 1393g) to submit annual information to achieve settlement of costs for health care services rendered to Medicare beneficiaries.

The CMS 2088-92 cost report is needed to determine the amount of reimbursable cost that is due these providers for furnishing medical services to Medicare beneficiaries.

2. Information Users

In accordance with sections 1815(a), 1833(e) and 1861(v)(1)(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) requires that cost reports will be required from providers on an annual basis. Such cost reports are required to be filed with the provider's fiscal intermediary. The functions of the fiscal intermediary are described in section 1816 of the

Social Security Act.

The Fiscal Intermediary uses the cost report to make settlement with the provider for the cost reporting period covered by the cost report. In addition, the Fiscal Intermediary uses the cost report to decide whether to audit the records of the provider. 42 CFR 413.24(a) requires providers, receiving payment on the basis of reimbursable cost, to provide adequate cost data based on their financial and statistical records which must be capable of verification by qualified auditors.

Besides determining program reimbursement, the data submitted on the cost report supports management of the federal programs. These data are extracted from the cost report, by the fiscal intermediaries, for transmission to CMS, and are used by the Office of the Actuary in making projections of Medicare Trust Fund requirements. In addition, the data is available to Congress, researchers, universities, and other interested parties. However, the collection of data is a secondary function of the cost report, whose primary function is the reimbursement of providers for services rendered program beneficiaries.

3. Improved Information Technology

Consideration has been given to reduction of burden by the use of improved information technology to report required cost data. While some providers compute the cost report manually, many providers use a computerized cost report preparation process. The use of a computer in the preparation results in a significant reduction of burden. CMS has, in the past, encouraged providers to submit their cost reports using automated cost report preparation packages on a voluntary basis. However, for cost reporting periods ending on or after December 12, 2004, CMHCs are required to submit via an electronic medium.

4. Duplication and Similar Information

The 2088 cost report is a unique form that does not duplicate any other CMS information collection form. This form specifically provides for the reimbursement methodology that is unique to freestanding CMHCs. No other existing form can be modified for this purpose.

5. Small Business

This form has been designed with a view towards minimizing the reporting burden for small CMHCs. Supplemental worksheets are completed on an as-needed basis which is dependent on the complexity of the Outpatient Rehabilitation Provider. Providers with low program utilization as defined in 42 CFR 413.24(d) do not have to complete certain worksheets of Form CMS 2088-92. Consequently, the burden imposed on them is minimized. A CMHC may submit its own computer generated forms for their use only in lieu of the forms provided by CMS. These computer prepared cost reports, however, must be reviewed by CMS or affected intermediary before being placed into use.

6. Less Frequent Collection

If the annual cost reports are not filed, the Secretary will be unable to determine whether proper payments are being made under Medicare. If a provider fails to file a cost report by the statutory due date, it is notified that interim payments are reduced unless a cost report is filed. If the report is not filed within another 30 days, interim payments are suspended. Finally, if a provider fails to file a cost report, all interim payments made since the beginning of the cost reporting periods may be deemed to be overpayments, and recovery action may be initiated.

7. Special Circumstances

This information collection complies with all general information collection guidelines in 5 CFR 1320.6.

8. Federal Register Notice/Consultations Outside of CMS

The 60-day Federal Register notice published on August 10, 2007, attached.

Previously, when this form was revised, a notice was published in the Federal Register and the proposed forms and instructions were mailed to a representative sample of the providers and to organizations representing groups of providers for prior consultation comments.

9. Payment/Gift to Respondent

There is no payment or 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 questions of a sensitive nature.

12. Estimate of Burden (Hours and Wages)

The average respondent should be able to complete the Outpatient Rehabilitation Provider Medicare cost report within 100 hours. This estimate includes time to gather and complete the data as well as to complete the forms. This time estimate was based on computations from previous requests.

The total Reporting and Recording Burden:

There are combined approximately 623 free-standing CMHCs resulting in 62,300 total hours of burden associated with the 2088 cost report. For each community mental health center the reporting burden is estimated at 10 hours for each of the 623 respondents, resulting in a total reporting burden of 6,230 hours. The record keeping burden is estimated at 90 hours for each of the 623 respondents, resulting in a total record keeping burden of 56,070 hours.

The respondent cost is calculated as the number of hours of paperwork burden (62,300) times the standard rate of \$12.00 per hour. Thus, the respondent cost is \$747,600.00.

13. Capital Cost

There are no capital costs.

14. Cost to Federal Government

Annual cost

Cost associated with distribution of forms and instructions: Shipping, collation, printing, and packaging 1,000 copies of Form CMS 2088 and corresponding instructional revisions	150.00
Contractor handling and processing (including desk review, data extraction and auditing costs)	494,000.00
CMS processing cost	26,400.00
Total Annual Costs	520,400.00
Total combined printing and production costs	520,550.00

NOTE:

These annual costs are being incurred in processing the forms currently in use. These costs relate to processing the information contained on the forms, particularly with respect to achieving the cost settlements. Contractor costs computed at \$38 per hour labor cost times 13,000 hours = \$494,000. CMS processing cost computed at \$22 per hour labor cost times 1,200 hours = \$26,400.

15. Program Changes and Burden Changes

The burden growth is due to an increase in respondents. Additionally, there will be no decrease in reporting or record keeping as this information collection addresses the reporting requirements of the respondents, whose burden remains the same even with improved

technology. However, the contractors/fiscal intermediaries who process these cost reports will benefit from the improved technology with lower personnel costs as a result uploading the electronic cost report files into the contractor/fiscal intermediary cost report software systems as opposed to manually keying the data into the software.

16. Publication and 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 fiscal intermediaries, for transmission to CMS, and are used by the Office of the Actuary in making projections of Medicare Trust Fund requirements. In addition, the data is available to Congress, researchers, universities, and other interested parties. The CMS now offers some public use data files via the Internet and through mail order. Currently, Form CMS 2088 is not part of the Health Care Reporting Information System maintained by CMS. At this time, there are no plans to publish the results of this information collection.

17. Expiration Date

These cost reports do not lend themselves to an expiration date. Therefore, we request this exception.

18. Certification Statement

There are no exceptions to the certification statement.