

Supporting Statement for Paperwork Reduction Act Submissions
Electronic Funds Transfer (EFT) Authorization Agreement
CMS-588/OMB Control No. 0938-0626

A. BACKGROUND

The primary function of the Electronic Funds Transfer Authorization Agreement (EFT) (CMS-588) is to gather information from a provider/supplier to establish an electronic payment process.

Goal of the Electronic Funds Transfers Authorization Agreement Revisions

The goal of evaluating and revising the CMS-588 agreement is to renew the data collection. Due to previous revisions (2006, 2009 and 2013), this form is user friendly and concise. Minor text revisions for clarity and for systems requirements will be made at this time, specifically for:

- An indicator showing if the EFT is for an individual or a group/organization/corporation in Parts 1 and 2 (Reason for Submission and Account Holder Information);
- Making the financial institution's contact person an optional field; and
- Adding 4 digits to the "Provider's/Supplier's/IPP Entity's Account Number with Financial Institution" making it a total of 17 digits, an industry standard.

B. JUSTIFICATION

1. Need and Legal Basis

The Social Security Act (Act) and the United States Code (U.S.C.) require providers/suppliers to furnish financial institution information concerning electronic payment to individuals or entities that submit Medicare claims for reimbursement.

- 31 U.S.C. 3332(e)(1) requires all Federal payments, including Medicare payments to providers and suppliers, to be made by electronic funds transfer.
- 31 U.S.C. 7701(c) requires that any person or entity doing business with the Federal Government must provide their Tax Identification Number (TIN).
- Section 508 of the Rehabilitation Act of 1973, as incorporated with the Americans with Disabilities Act of 2005 requires all Federal electronic and information technology to be accessible to people with disabilities, including employees and members of the public.
- Section 1104 of the ACA added the EFT transaction to the list of electronic health care transactions for which the HHS Secretary must adopt a standard under HIPAA. The section required the EFT transaction standard be adopted by 01/01/12, in a manner ensuring that it was effective by 01/01/14.

- Section 10109 of the ACA required the development of standards for financial and administrative transactions. To this end, in January 2012, HHS issued an Interim Final Rule with Comment (IFC) adopting CMS-0024-IFC: Administrative Simplification: Adoption of Standards for Health Care Electronic Funds Transfers (EFTs) and Remittance Advice (01/10/12). These standards must be used for electronic claims payment initiation by all health plans that conduct healthcare EFT.
- Federal law 5 U.S.C. 522(b)(4) requires privileged or confidential commercial or financial information protection from public disclosure.
- Executive Order 12600 requires the pre-disclosure of notification procedures for confidential commercial information.

2. Information Users

Health care providers and suppliers who wish to enroll in the Medicare program must complete the CMS-588 EFT Authorization Agreement in order to be paid for claims electronically. CMS no longer issues paper checks. Electronic funds transfer is required for payment of claims. It is submitted at the time the applicant first requests a Medicare billing number and again to report changes to previously submitted electronic payment information, (e.g. change in financial institution). The authorization agreement is collected by the Medicare Administrative Contractors (MACs) and forwarded to the financial departments of the MAC at the time of initial enrollment. If changes are reported after the initial agreement has been submitted, providers/suppliers update the agreement and send it directly to the MAC.

3. Improved Information Techniques

This collection lends itself to electronic collection methods. The Provider Enrollment, Chain and Ownership System (PECOS) is a secure, intelligent and interactive national data storage system maintained and housed within the CMS Data Center with limited user access through strict CMS systems access protocols. Access to the data maintained in PECOS is limited to CMS and Medicare contractor employees responsible for provider/supplier enrollment activities. The Electronic Funds Transfers Authorization Agreement in PECOS mirrors the data collected on the paper CMS-588 (Electronic Funds Transfers Authorization Agreement) and is linked to the MACs upon submission of an initial Medicare application. CMS supports an internet based provider/supplier CMS-588 agreement platform which allows the provider/supplier to complete an online CMS-588 at the time of its initial enrollment application and transmit it to the MAC database for processing. Periodically CMS will require adjustment to the format of the CMS-588 agreement (both paper and electronic) for provider clarity, to improve form design or for improvement of MAC processing. These adjustments do not alter the current OMB data collection approval.

PECOS began linking the Electronic Funds Transfers Authorization Agreement to the MACs in 2011 in compliance with the Government Paperwork Elimination Act. CMS adopted an electronic signature standard valid for the initial Medicare enrollment applications. This electronic signature is also valid for the initial reporting of the Electronic Funds Transfers Authorization Agreement. Providers/suppliers may submit a hard copy signature page of the CMS-588 with an original signature if they wish. Any updates to the Electronic Funds Transfers Authorization Agreement are required to be on paper and mailed directly to the appropriate MAC.

4. Duplication and Similar Information

There is no existing data similar to that contained in the form. Therefore, the data captured on this form is not duplicated through any other public information collection. No similar data can be modified to capture the information on this form.

5. Small Business

These forms will affect small businesses. However, the burden is minimal as this form is only collected at the time of initial enrollment or at the provider/supplier's request for a change of information.

6. Less Frequent Collections

The information provided on the EFT form is necessary upon initial enrollment in the Medicare program. It is essential to collect this information the first time a provider/supplier enrolls with a MAC so that CMS' contractors can ensure proper electronic payment to the provider/supplier. This information is also updated by the provider/supplier as changes occur. Updating information of financial institution data is the responsibility of the provider/supplier.

7. Special Circumstances

There are no special circumstances associated with this collection.

8. Federal Register Notice/Outside Consultation

The 60-day notice was published in the Federal Register on June 13, 2016 (81 FR 38186). No comments were received.

No additional outside consultation was sought.

9. Payment/Gift to Respondents

Respondents will not receive payments or gifts as incentives.

10. Confidentiality

CMS will comply with all Privacy Act, Freedom of Information laws and regulations that apply to this collection. Privileged or confidential commercial or financial information is protected from public disclosure by Federal law 5 U.S.C. 522(b)(4) and Executive Order 12600.

11. Sensitive Questions

There are no sensitive questions associated with this collection.

12. Burden Estimate (hours)

A. Paperwork Burden Estimate (hours)

For this proposed revision of the CMS-588, CMS has recalculated the estimated burden hours. CMS believes this recalculation is necessary because over the years the information technology

used to determine this data has been greatly improved. CMS is basing the new burden amounts on data compiled from PECOS. The new figures for completing the CMS-588 EFT Authorization Agreement form for initial enrollment or reporting changes in financial information are taken directly from the actual initial applications and changes of information processed for calendar year 2015. The new figures are exact and therefore more accurate than the prior estimates.

Because of this improved data technology, the collection methods have also changed significantly as noted in number 3 above. CMS believes these new burden hours more accurately reflect the current burden for the provider/supplier community when completing this revision of the CMS-588.

CMS estimates the new total burden hours for this information collection to be a total of 22,906 hours. This estimate is being calculated based on when/why a provider/supplier must complete and submit this authorization agreement.

Hours associated with completing the initial EFT Authorization Agreement:

45,083 respondents @ 0.5 hours for each application = 22,543 hours

Hours associated with reporting changes to the EFT Authorization Agreement:

724 respondents @ 0.5 hours for change of information reporting = 363 hours

45,807 total respondents and 22,906 total hours associated with completing the initial EFT Authorization Agreement and reporting changes to the EFT Authorization Agreement.

B. Paperwork Burden Estimate (cost)

For this proposed revision of the CMS-588, CMS has recalculated the estimated burden cost. CMS believes this recalculation is necessary because over the years the information technology used to determine this data has been greatly improved. CMS believes this new burden cost accurately reflects the current burden for the purposes of this form when completing this proposed revision of the CMS-588. CMS is basing the new burden amounts on data compiled from PECOS. The new estimates for completing the CMS-588 EFT Authorization Agreement form for initial enrollment or reporting changes in financial information are taken directly from the actual initial applications processed for calendar year 2015, as calculated in the burden hour section of this statement. The new figures are exact and therefore more accurate than the prior estimates. To derive average costs, CMS used the hourly wage calculations and a 100% fringe benefits rate, which were taken from the most recent wage data provided by the Bureau of Labor Statistics (BLS) for May 2015 (see http://www.bls.gov/oes/current/oes_nat.htm#43-0000), indicating the mean hourly wage for the general categories of "Office and Administrative Support Occupations", "Physicians and Surgeons" and "Health Diagnosing and Treating Practitioners."

The cost burden to the respondents is calculated based on the following assumptions:

- Completion of the CMS-588 takes 0.5 hours for initial enrollments and 0.5 hours for reporting changes of financial information.
- Cost to the respondents is calculated as follows based on the following assumption:
 - The CMS-588 is completed by office and administrative staff (20 minutes) and reviewed and signed by the provider/supplier (10 minutes), and

- The record keeping burden is included in the time determined for completion by administrative staff.
- There is a total of 45,807 respondents for both initial enrollments and reporting changes of financial information.
 - In determining cost, 45,807 office and administrative support staff completed the EFT form on behalf of the provider/supplier.
 - 45,807 providers/suppliers reviewed and signed the EFT form.
 - The total cost would be the amounts paid to the office and administrative support staff for completion of the EFT form as well as the providers/suppliers, though the number of respondents remain the same (e.g., each completed EFT form required both office and administrative staff and a provider/supplier).
- The cost per respondent per form has been determined using as follows :
 - The most recent wage data provided by the Bureau of Labor Statistics (BLS) for May 2015, the mean hourly wage for the general category of "Office and Administrative Support Occupations" is \$17.47 per hour (see http://www.bls.gov/oes/cmTent/oes_nat.htm#43-0000). With fringe benefits (100% and overhead, the total per hour rate is \$34.94.
 - The most recent wage data provided by the BLS for May 2015 (see http://www.bls.gov/oes/current/oes_nat.htm#43-0000), the mean hourly wage for the general category of "Physicians and Surgeons" is \$95.05. With 100% fringe benefits and overhead, the total per hour rate is \$190.10.

CMS estimates the new total burden cost for this information collection to be a total of \$1,983,443. This estimate is being calculated based on when/why a provider/supplier must complete and submit this authorization agreement.

Costs associated with completing the initial EFT Authorization Agreement:

CMS-588 – 45,083 respondents @ \$11.60 (20 minutes for completion and record keeping - general category) by administrative staff = \$522,963

CMS-588 – 45,083 respondents @ \$31.70 (10 minutes for review and signature - general category) by physicians = \$1,429,131

\$1,952,094 total cost associated with completing the initial EFT Authorization Agreement

Cost associated with reporting changes to the EFT Authorization Agreement:

CMS-588 – 724 respondents @ \$11.60 (20 minutes for completion and record keeping - general category) by administrative staff = \$8,398

CMS-588 – 724 respondents @ \$31.70 (10 minutes for review and signature - general category) by physicians = \$22,951

\$31,349 total cost associated with reporting changes to the EFT Authorization Agreement

\$1,983,443 total cost associated with completing the initial EFT Authorization Agreement and

reporting changes to the EFT Authorization Agreement

13. Cost to Respondents (Capital)

There is no capital cost associated with this collection.

14. Cost to Federal Government

There is no additional cost to the Federal government. Applications will be processed in the normal course of Federal duties.

15. Changes in Burden/Program Changes

The total individual hour burden associated with this information collection is approximately 0.5 hours (30 minutes) per EFT form. The burden decreased based on improved technology collection regarding number of respondents and systems reporting techniques. The total number of respondents is 45,807 for both initial enrollments and reporting changes of EFT information. The burden decreased from 23,500 hours to 22,906 hours. The new total annual hour burden associated with this information collection is approximately 22,543 hours for initial enrollments and 363 hours for changes of information, for a total of 22,906 hours. The burden hour decrease is due to the significantly less number of respondents than reported in the prior revision. Previously, it was estimated that 92,500 respondents completed the initial EFT enrollment application per year and 1,500 respondents completed the EFT enrollment application for the purposes of reporting changes. Compared to the 45,807 total respondent figure obtained from PECOS (45,083 for initial EFT enrollment + 724 for reporting changes in EFT enrollment), this shows a clear decrease in the number of respondents, and therefore the number of burden hours. The prior revision's respondents were estimates based on MAC processing, rather than exact processing figures from the PECOS system. The cost burden increase is due to the revised wage amounts and the change in how the amount is calculated. The new cost burden is approximately \$1,952,094 for initial enrollments and \$31,349 for reporting changes of EFT information for a total of \$1,983,443.

16. Publication/Tabulation

No publication of response data is associated with this collection.

17. Expiration Date

The expiration date and OMB control number will be displayed on each instrument associated with CMS-588.