



B-283351

August 5, 1999

The Honorable William V. Roth
Chairman
The Honorable Daniel Patrick Moynihan
Ranking Minority Member
Committee on Finance
United States Senate

The Honorable Thomas J. Bliley, Jr.
Chairman
The Honorable John D. Dingell
Ranking Minority Member
Committee on Commerce
House of Representatives

The Honorable Bill Archer
Chairman
The Honorable Charles B. Rangel
Ranking Minority Member
Committee on Ways and Means
House of Representatives

Subject: Department of Health and Human Services, Health Care Financing
Administration: Medicare Program; Prospective Payment System and
Consolidated Billing for Skilled Nursing Facilities--Update

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by Department of Health and Human Services, Health Care Financing Administration (HCFA), entitled "Medicare Program; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities--Update" (RIN: 0938-AJ65). We received the notice on August 2, 1999. It was published in the Federal Register as a notice on July 30, 1999. 64 Fed. Reg. 41684.

The notice sets forth the updates required in section 1888(e) of the Social Security Act, as added by section 4432 of the Balanced Budget Act of 1997 related to Medicare payments and consolidated billing for skilled nursing facilities.

Enclosed is our assessment of HCFA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the notice. Our review indicates that HCFA complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the subject matter of the notice is William Scanlon, Director, Health Financing and Public Health Issues. Mr. Scanlon can be reached at (202) 512-7114.

Sincerely yours,

Robert P. Murphy
General Counsel

Enclosure

cc: Ms. Jacquelyn Y. White
Deputy Executive Secretary
to the Department
Department of Health and
Human Services

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES,
HEALTH CARE FINANCING ADMINISTRATION
ENTITLED
"MEDICARE PROGRAM; PROSPECTIVE PAYMENT SYSTEM
AND CONSOLIDATED BILLING FOR
SKILLED NURSING FACILITIES--UPDATE"
(RIN: 0938-AJ65)

(i) Cost-benefit analysis

HCFA has estimated the budgetary impact of the notice to result in an increase in payments to skilled nursing facilities of approximately \$120 million in fiscal year 2000.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

HCFA has determined that the notice will not have a significant economic impact on a substantial number of small entities.

In addition, for the purposes of section 1102(b) of the Social Security Act, the Secretary of Health and Human Services has certified that the notice will not have a significant impact on the operations of a substantial number of small, rural hospitals.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

HCFA states that the notice does not impose a federal intergovernmental or private sector mandate of \$100 million or more, as defined in the Unfunded Mandates Reform Act of 1995.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

As HCFA issued this action as a notice and not a rulemaking, the procedures of 5 U.S.C. § 553(b) did not apply.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The notice does not contain any information collections subject to review by the Office of Management and Budget under the Paperwork Reduction Act (PRA).

Statutory authorization for the rule

The notice is issued pursuant to the authority in sections 1888(e) of the Social Security Act (42 U.S.C. § 1395yy(e)).

Executive Order No. 12866

The notice was reviewed and approved by the Office of Management and Budget under Executive Order No. 12866.