



B-286036

August 15, 2000

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 Rangel  
Ranking Minority Member  
Committee and 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 the 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-AJ93). We received the rule on August 2, 2000. It was published in the Federal Register as a final rule on July 31, 2000. 65 Fed. Reg. 46770.

The final rule sets forth the updates required in section 1888(e) of the Social Security Act, as amended by the Medicare, Medicaid, and State Children's Health Insurance Program Balanced Budget Refinement Act of 1999, related to Medicare payments and consolidated billing for skilled nursing facilities.

Enclosed is our assessment of the HCFA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. 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 rule is William Scanlon, Director, Health Financing and Public Health Issues. Mr. Scanlon can be reached at (202) 512-7114.

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-AJ93)

(i) Cost-benefit analysis

HCFA has estimated the budgetary impact of the final rule to result in an increase in payments to skilled nursing facilities of approximately \$3.1 billion in fiscal year 2001.

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

HCFA has determined that the final rule 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 final rule 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 final rule 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.*

HCFA published a Notice of Proposed Rulemaking on April 10, 2000, in the Federal Register (65 Fed. Reg. 19188) and received approximately 750 comments in response. HCFA addresses the comments in the preamble to the final rule.

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

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