

Dated: October 2, 2006.

**Joan F. Karr,**

*Acting Reports Clearance Officer, Centers for Disease Control and Prevention.*

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## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Centers for Medicare & Medicaid Services

[Document Identifier: CMS-684A-I]

#### Agency Information Collection Activities: Proposed Collection; Comment Request

**AGENCY:** Centers for Medicare & Medicaid Services.

In compliance with the requirement of section 3506(c)(2)(A) of the Paperwork Reduction Act of 1995, the Centers for Medicare & Medicaid Services (CMS) is publishing the following summary of proposed collections for public comment. Interested persons are invited to send comments regarding this burden estimate or any other aspect of this collection of information, including any of the following subjects: (1) The necessity and utility of the proposed information collection for the proper performance of the agency's functions; (2) the accuracy of the estimated burden; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) the use of automated collection techniques or other forms of information technology to minimize the information collection burden.

1. *Type of Information Collection Request:* Extension of a currently approved collection; *Title of Information Collection:* End-Stage Renal Disease (ESRD) Network Business Proposal Forms and Supporting Regulations in 42 CFR 405.2110 and 42 CFR 405.2112; *Use:* Section 1881(c) of the Social Security Act establishes ESRD Network contracts. The regulations designated at 42 CFR 405.2110 and 405.2112 designated 18 End Stage Renal Disease (ESRD) Networks which are funded by renewable contracts. These contracts are on 3-year cycles. To better administer the program, CMS requires the contractors to submit a standardized business proposal package of forms so that cost proposing and pricing among the ESRD Networks will be uniform and easily tracked by CMS. *Form Number:* CMS-684A-I (OMB#: 0938-0658); *Frequency:* Reporting—Other, every three years; *Affected Public:* Not-for-

profit institutions; *Number of Respondents:* 18; *Total Annual Responses:* 36; *Total Annual Hours:* 1,080.

To obtain copies of the supporting statement and any related forms for the proposed paperwork collections referenced above, access CMS' Web Site address at <http://www.cms.hhs.gov/PaperworkReductionActof1995>, or e-mail your request, including your address, phone number, OMB number, and CMS document identifier, to [Paperwork@cms.hhs.gov](mailto:Paperwork@cms.hhs.gov), or call the Reports Clearance Office on (410) 786-1326.

To be assured consideration, comments and recommendations for the proposed information collections must be received at the address below, no later than 5 p.m. on *December 5, 2006*. CMS, Office of Strategic Operations and Regulatory Affairs, Division of Regulations Development—C, Attention: Bonnie L Harkless, Room C4-26-05, 7500 Security Boulevard, Baltimore, Maryland 21244-1850.

Dated: September 29, 2006.

**Michelle Shortt,**

*Director, Regulations Development Group, Office of Strategic Operations and Regulatory Affairs.*

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## DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)

### Centers for Medicare & Medicaid Services

#### Notice of Hearing: Reconsideration of Disapproval of Oregon State Plan Amendment 05-003

**AGENCY:** Centers for Medicare & Medicaid Services (CMS), HHS.

**ACTION:** Notice of hearing.

**SUMMARY:** This notice announces an administrative hearing to be held on December 8, 2006, at 2201 6th Street, Suite 1101, Seattle, Washington 98121, to reconsider CMS' decision to disapprove Oregon State plan amendment 05-003.

*Closing Date:* Requests to participate in the hearing as a party must be received by the presiding officer by October 23, 2006.

**FOR FURTHER INFORMATION CONTACT:** Kathleen Scully-Hayes, Presiding Officer, CMS, Lord Baltimore Drive, Mail Stop LB-23-20, Baltimore, Maryland 21244, *Telephone:* (410) 786-2055.

**SUPPLEMENTARY INFORMATION:** This notice announces an administrative

hearing to reconsider CMS' decision to disapprove Oregon State plan amendment (SPA) 05-003 which was resubmitted on April 11, 2006. This SPA was disapproved on July 10, 2006. Under SPA 05-003, Oregon proposed to modify the State's methodology for calculating supplemental payments that are tied to the regulatory upper payment limit (UPL) for inpatient hospital services.

This amendment was disapproved because it did not comport with the general requirements of section 1902(a) and the specific requirements of 1902(a)(30)(A) of the Social Security Act (the Act).

At issue in this reconsideration is whether the State has demonstrated that the proposed supplemental payments, in conjunction with regular payments, would result in rates that are consistent with the regulatory UPL established at 42 CFR 447.272 under the authority of section 1902(a)(30)(A) of the Act, which requires that provider payment rates be "consistent with efficiency, economy, and quality of care." Under that regulatory UPL, rates must be based on a reasonable estimate of what would be paid under Medicare payment principles for the same services. Also at issue is whether, in the absence of such a showing, the State plan can be a sound basis for Federal financial participation (FFP).

In a formal request for additional information and several subsequent discussions, CMS requested that the State demonstrate that its calculation of the UPL for inpatient hospital services would be a reasonable estimate of what would be paid under Medicare payment principles for the same services, which is the standard set forth in the Federal regulations at 42 CFR 447.272(b)(1). Oregon currently uses a case-mix index model to determine the UPL as specified in the approved Medicaid State plan, but proposed in SPA 05-003 to change to a length of stay (LOS) model. Case mix acuity appears to be a more accurate adjuster for Medicaid acuity than the LOS model because it reflects increases in services furnished, as opposed to just being based on the amount of time that patients spend in the hospital. Applying a case-mix index model to services furnished by the Oregon Health and Science University to adjust for Medicaid acuity reduced the UPL for inpatient hospital services for all non-State governmentally owned or operated hospitals by about 25 percent compared to the LOS model. (The difference between the two adjustments is an indication that, while Medicaid patients may have longer lengths of stay, the length of stay does