

and the HHA cost report indicate that the two-year phase-in period provides ample time for the providers to adjust to the electronic methods for filing the cost report, and a longer period is not necessary.

Comment: We received a comment that we should delay the implementation of the electronic filing requirement for FQHCs from December 31, 2002 until June 30, 2003 to allow those providers more time for implementation.

Response: We are revising the implementation date to December 31, 2004 to allow all providers more time to implement the rule.

Comment: We received a comment that recommended that we have a pilot testing period before implementing the electronic filing requirement.

Response: Electronic filing of cost reports has been required since March 31, 1993 for hospitals and for SNFs and HHAs since March 31, 2000 and, based on our experiences with hospitals, SNFs, and HHAs, we believe that the electronic filing requirements will be implemented by hospices, OPOs, RHCs, FQHCs, CMHCs, and ESRD facilities, as efficiently as has been the case with the other providers mentioned. Moreover, the two-year phase-in period, which will end May 31, 2007, will allow sufficient time for the providers subject to this regulation to adapt to the electronic filing requirement. The hard copy of the cost report is the official copy during the two-year transition period. For this two-year phase-in period, no cost report will be rejected but the FIs will make the provider aware of the edits that the provider did not pass. This flexibility will allow the provider to correct any problems that the provider has encountered with electronic filing before the phase-in period ends.

Comment: We received a comment that a correction period of 60 days be allowed for providers to resubmit electronic cost reports that are rejected by the FI.

Response: While it is the responsibility of the provider to submit an acceptable cost report to the FI by the required due date of the cost report, we have established a two-year phase-in period where the hardcopy of the cost report will be the official cost report and will not be rejected by the FI—a concern of the commenter. The two-year phase-in period has been established to allow the provider sufficient time to familiarize itself with the electronic filing requirements. Also, during this two-year phase-in period, the FI will inform the provider concerning any problems that the provider may

encounter with the electronic filing requirement that would cause rejection in the future. It should be noted, as well, that there already exists a 30-day period during which providers can correct errors and resubmit electronic cost reports to the FI (See Provider Reimbursement Manual 15–II, Chapter 1, section 140).

Comment: We received a comment that all current cost reports should be settled by the FIs before the implementation of the electronic filing requirement.

Response: The settlement of cost reports is not governed by this final rule and any changes regarding the settlement of cost reports are beyond the scope of this rule which is concerned solely with electronic filing requirements.

Comment: We received a comment that we should provide electronic Provider Statistical Reimbursement & Report data (PS&R)—reimbursement and statistical data that we prepare—to providers.

Response: Although this comment does not fall within the scope of this rule, we believe that it may be helpful to address this process issue. We note, therefore, that this information is used by the FI for the settlement of cost reports. The detailed PS&R, however, is available from the FI upon written request from the provider if there are any discrepancies between the provider's data and the PS&R summary report. The FI is required to send the summary PS&R report to the provider 30 days before the due date of the cost report.

Comment: A commenter requested that we not extend the “complex” and “punitive” criteria for acceptable cost reports currently imposed on hospitals, SNFs, and HHAs to the other providers affected by this final rule.

Response: We do not believe that acceptability criteria for electronic cost report filings are complex and they certainly are not intended to be punitive. We developed these criteria both to help the provider and to ensure that the provider is aware of what is required to file an acceptable cost report. We believe these criteria, which we attempt to keep at a minimum, will help ensure accuracy and save time to both the provider and the FI. Generally included in the criteria, for example, are the level one electronic edits that all cost reports must pass in order for the cost report to be acceptable. By clearly enumerating these level one edits in our criteria—the criteria most critical in the filing of an acceptable electronic cost report—we believe providers will have every opportunity to meet the

requirements in a timely and accurate manner.

IV. Provisions of the Final Rule

In this final rule, we are applying the current hospital, SNF, and HHA electronic cost reporting requirements to hospices, OPOs, RHCs, FQHCs, CMHCs, and ESRD facilities with the exception that, for the first 2 years, the hard copy of the cost report must be submitted with the electronic cost report. Over that 2-year period (until May 31, 2007) the hard copy will continue to be the official copy. We believe that the use of electronically prepared cost reports will be beneficial for hospices, OPOs, RHCs, FQHCs, CMHCs, and ESRD facilities because the cost reporting software for these reports will virtually eliminate computational errors and substantially reduce preparation time. Moreover, the use of cost reporting software will save time whenever the provider needs to change individual entries in a cost report.

This rule provides that a hospice, organ procurement organization, RHC, FQHC, CMHC, or ESRD facilities may submit a written request for a waiver or a delay of these requirements if it believes that implementation of the electronic submission requirement would cause a financial hardship. Consistent with the existing regulations (see § 413.24(h)), we are continuing to allow providers with low or no Medicare utilization to request a waiver of full or simplified cost reporting.

V. Collection of Information Requirements

Under the Paperwork Reduction Act of 1995 (PRA 1995), we are required to provide 30 days notice in the **Federal Register** and solicit public comment before a collection of information requirement is submitted to the Office of Management and Budget (OMB) for review and approval. However, the requirements referenced and discussed below are currently approved by OMB.

Section 413.24 Adequate Cost Data and Cost Finding

Currently, § 413.24 requires hospitals, SNFs, and HHAs to submit electronic cost reports. However, as proposed in the regulation, hospices, OPOs, RHCs, FQHCs, CMHCs, or ESRD facilities will no longer have the option of submitting either a hard copy or electronic cost report. In addition to the electronic cost report, these providers will also continue to be required to submit to the appropriate FI, hard copies of a settlement summary, statement of certain worksheet totals, and the Federally prescribed statement signed