

# Wage Index 101

**Presented by:**

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*Smart about revenue.  
Tenacious about results.*

# CPE Credit Requirements

- In order to be awarded the full credits, you must respond to the 3 Knowledge Check questions asked throughout the session.
- Participants will earn 1.0 CPE credit for each session they attend.
  - (Field of Study: Specialized Knowledge)

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# Cody Bales

Senior Reimbursement Consultant



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He has been in the healthcare industry for 10 years, working with industry firms and multiple healthcare providers. His experience includes auditing, net revenue and regulatory reimbursement, and reimbursement consulting.

Cody is a Certified Public Accountant (CPA) and Certified Healthcare Financial Professional (CHFP) and graduated from Kansas State University with bachelors and masters degrees in Accounting.

# Agenda

- Wage Index Overview
- Reporting for Worksheet S-3 Part II
- Contract Labor
- Wage-Related Costs Review/Assessment
- Occupational Mix
- Recent Updates

# Wage Index Overview



# Wage Index Overview

- Medicare is required to apply an adjustment to payments made to hospitals “for area differences in hospital wage levels by a factor reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level” (§ 1886(d)(3)(E) of the Social Security Act)
- “Wage Index” is the term used for the measure of a hospital’s wage level relative to the national average
- One of many components included in the formula for Medicare payments received by hospitals

# Example of Wage Index Impact

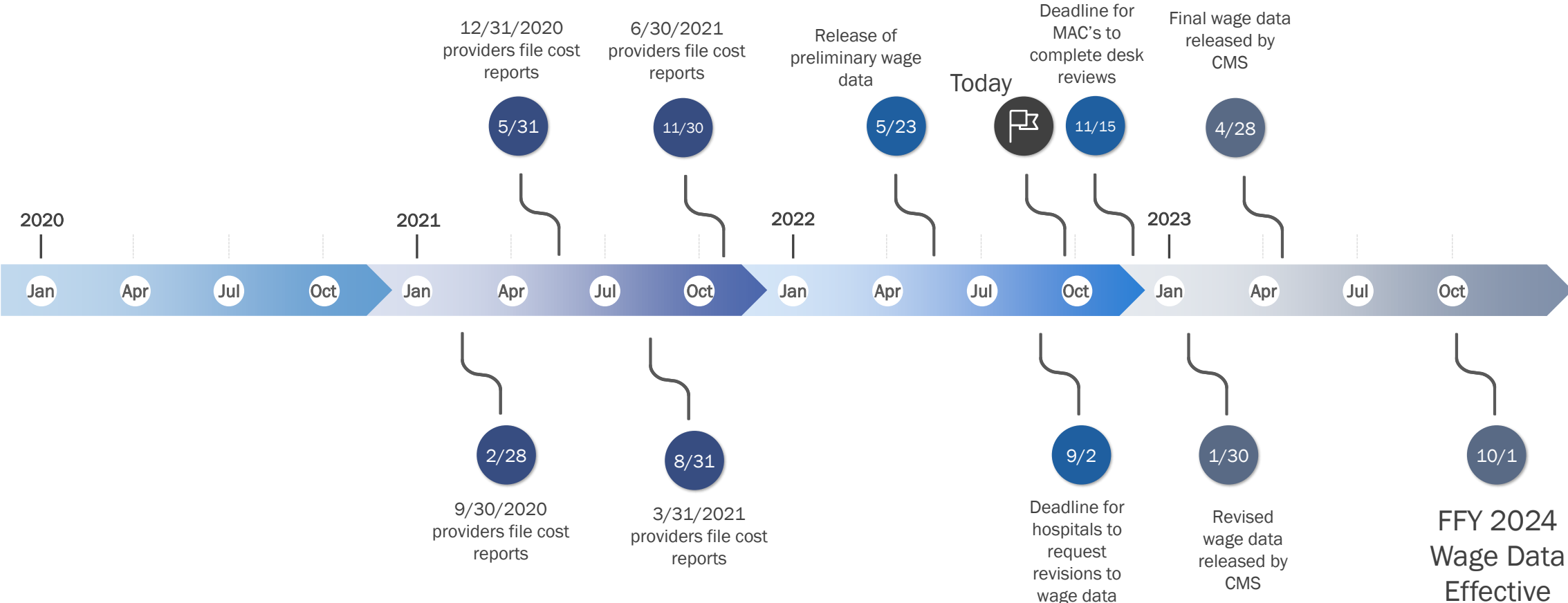
	Wage Index < 1		Wage Index > 1	
	Labor Share 62%		Labor Share 67.6%	
Standard Labor Payment	\$	3,952.96	\$	4,310.00
<b>Wage Index Factor</b>		<b>0.9200</b>		<b>1.0800</b>
Total Labor Payment	\$	3,636.72	\$	4,654.80
Non-Labor Payment	\$	2,422.78	\$	2,065.74
Base Rate	\$	6,059.50	\$	6,720.54
Medicare Discharges		7,300		7,300
IME Operating Factor		0.15000		0.15000
DSH Operating Factor		0.06000		0.06000
IME Factor + DSH Factor (Oper)		1.21000		1.21000
Case Mix Index		1.36710		1.36710
Readmission Factor		1.00000		1.00000
Estimated Readmission ADJ	\$	-	\$	-
Value Based Purchasing Factor		0.99625		0.99625
Value Based Purchasing ADJ	\$	(226,773)	\$	(251,512)
<b>Total Operating Payment</b>	<b>\$</b>	<b>72,945,329</b>	<b>\$</b>	<b>80,903,003</b>

# Wage Index Overview

- Wage data is reported annually via the Medicare Cost Report S-3 worksheet series
- Excludes CAH's and other exempt providers
- After the cost report is filed there is a review process
- Timetable and deadlines strictly adhered to
- Due to differing cost reporting periods and the review process, there is approximately a 4-year lag between the cost report data and implementation



# FFY 2024 Wage Index Timeline



# Wage Index Overview

- CMS applies a methodology to determine adjusted wages and hours, based on the final S-3 data
- Wages divided by hours results in the Average Hourly Wage (AHW)
- Wage data is aggregated for hospitals which share a geographic area as defined by the Office of Management & Budget (OMB) – areas are termed Core-Based Statistical Areas (CBSA's)
- $\text{CBSA AHW} / \text{National AHW} = \text{Wage Index}$

# Example of CBSA Wage Calculation

Provider	Wages	Hours	AHW
Hospital A	64,100,526	1,235,019	\$ 51.90
Hospital B	137,792,827	2,831,667	\$ 48.66
Hospital C	51,891,917	1,062,413	\$ 48.84
Hospital D	139,377,798	3,023,872	\$ 46.09
Hospital E	42,987,320	930,712	\$ 46.19
<b>Totals</b>	<b>436,150,389</b>	<b>9,083,683</b>	<b>\$ 48.01</b>

CBSA AHW \$ 48.01 / National AHW \$46.47 = 1.0331 = CBSA Wage Index

# Wage Index Overview

## Additional factors and exceptions:

- Occupational Mix
- Midpoint adjustment factor
- Budget Neutrality
- 25<sup>th</sup> percentile adjustment
  - Set at 0.8427 for FFY 2023

# Wage Index Overview

## Additional factors and exceptions:

- Geographic Reclassification – if eligible, hospitals may reclassify to nearby area for wage index
- Urban-to-Rural hospitals (Section 401)
- Out-Migration – add-on adjustment for hospitals located in counties with a large number of employees that commute to higher wage areas
- Rural Floor – every hospital in a state receives no less than the statewide rural wage index
- Imputed Floor – calculated wage index floor for hospitals in states with only urban counties (CT, DC, DE, NJ, RI)
- Frontier States – wage index floor established for hospitals in low-population density states (MT, ND, SD, WY)

# POLL QUESTION

Which of the following is one of the additional factors for Wage Index?



# Reporting for Worksheet S-3 Part II

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# Reporting for Wkst S-3 Pt II

## Data sources for Wkst S-3 Pt II:

- General Ledger
- Payroll File
- AP File
- Physician & Patient Related Occupations
- Related Organization/Home Office Summary, if applicable
- WS A-6 Salary Reclassifications



# Reporting for Wkst S-3 Pt II

- Report salaries and wages in Column 2 of the worksheet
  - “Worksheet S-3, Part II, (wage index) data are derived from Worksheet A; therefore, the proper source for costs for the wage index is also the general ledger. A hospital’s current year general ledger includes both costs that are paid during the current year and costs that are expensed in the current year but paid in the subsequent year (current year accruals). Include on Worksheet S-3, Part II, the current year costs incurred from the general ledger; that is, both the current year costs paid and the current year accruals. (Costs that are expensed in the prior year but paid in the current year (prior year accruals) are not included on a hospital’s current year general ledger; do not include on the hospital's current year Worksheet S-3, Part II.)”

# Reporting for Wkst S-3 Pt II

- Several of the lines flow from Worksheet A, Column 1 salaries reported
- Reclassification of Salaries to be reported in Column 3 – flows automatically for the applicable lines based on Worksheet A-6 entries
- Column 4 - calculated

# Worksheet S-3 Part II

4090 (Cont.)

FORM CMS-2552-10

04-20

HOSPITAL WAGE INDEX INFORMATION

PROVIDER CCN:

PERIOD

FROM \_\_\_\_\_

TO \_\_\_\_\_

WORKSHEET S-3

PART II

Part II - Wage Data

	Wkst. A Line Number	Amount Reported	Reclassification of Salaries (from Wkst. A-6)	Adjusted Salaries (col. 2 ± col. 3)	Paid Hours Related to Salaries in column 4	Average Hourly Wage (col. 4 ÷ col. 5)	
	1	2	3	4	5	6	
<b>SALARIES</b>							
<b>1</b>	Total salaries (see instructions)						1
2	Non-physician anesthetist Part A						2
3	Non-physician anesthetist Part B						3
4	Physician-Part A - Administrative						4
4.01	Physician-Part A - Teaching						4.01
5	Physician and Non Physician-Part B						5
6	Non-physician-Part B for hospital-based RHC and FQHC services						6
<b>7</b>	Interns & residents (in an approved program)						7
7.01	Contracted interns & residents (in an approved program)						7.01
8	Home office and/or related organization personnel						8
<b>9</b>	SNF						<b>9</b>
<b>10</b>	Excluded area salaries (see instructions)						<b>10</b>

# Reporting for Wkst S-3 Pt II

## Line 2 – Non-physician anesthetist part A

- Enter salaries AND/OR contracted dollars
- Only applicable for rural hospitals that have been granted CRNA pass through
- Exclude expenses incurred not related to labor, e.g., equipment, supplies, travel expenses

## Line 3 – Non-physician anesthetist part B

- Report any salaries included on line 1 where the services were subject to the fee schedule and paid under Part B by the contractor

# Reporting for Wkst S-3 Pt II

## Line 4 – Physician-Part A - Administrative

- Enter Part A administrative salaries, including Medical Director administrative salaries
- Reasonable ER physician availability cost

## Line 4.01 – Physician-Part A - Teaching

## Line 5 – Physician and Non-Physician Part B

- Report salaries for physician, physician assistant, nurse practitioner and clinical nurse specialist on-call salaries – any salaries associated with services that are billable under Part B
- Include physician salaries for patient care services reported for rural health clinics (RHC) and FQHCs included on lines 88 and/or 89

## Line 6 – Non-physician – Part B for hospital-based RHC and FQHC Services

# Reporting for Wkst S-3 Pt II

## Line 7 – Interns & Residents (in an approved program)

- Salaries flow from Worksheet A column 1

## Line 7.01 – Contracted Interns & Residents (in an approved program)

- Report only the personnel costs associated with these contracts (i.e., exclude the cost of supplies, travel expense, etc.)

## Line 8 – Home office and/or related organization personnel

- Only report salaries that are included on Line 1

## Line 9 – SNF

- Salaries flow from Worksheet A column 1

# Reporting for Wkst S-3 Pt II

## Line 10 – Excluded Area Salaries

20	Nursing School
23	Paramedic Education Program
40-42	Subproviders
45	Nursing Facility
45.01	ICF
46	Other Long-Term Care
94	Home Program Dialysis
95	Ambulance Services
98	Other Non-reimbursable
99	CMHC
99.10	CORF
100	I&R Services Not Approved Program
101	Home Health Agency
105-112	Organ Acquisition
114	Utilization Review SNF
115	Ambulatory Surgery Center
116	Hospice
190-194	Non-reimbursable Cost Centers

# Worksheet S-3 Part II

11-16

FORM CMS-2552-10

4090 (Cont.)

HOSPITAL WAGE INDEX INFORMATION

PROVIDER CCN: \_\_\_\_\_

PERIOD  
FROM \_\_\_\_\_  
TO \_\_\_\_\_

WORKSHEET S-3  
PART II & III

Part II - Wage Data

	Worksheet A Line Number	Amount Reported	Reclassification of Salaries (from Worksheet A-6)	Adjusted Salaries (column 2 ± column 3)	Paid Hours Related to Salaries in column 4	Average Hourly Wage (column 4 ÷ column 5)	
<b>OVERHEAD COSTS - DIRECT SALARIES</b>							
26	Employee Benefits Department						26
27	Administrative & General						27
28	Administrative & General under contract (see instructions)						28
29	Maintenance & Repairs						29
30	Operation of Plant						30
31	Laundry & Linen Service						31
32	Housekeeping						32
33	Housekeeping under contract (see instructions)						33
34	Dietary						34
35	Dietary under contract (see instructions)						35
36	Cafeteria						36
37	Maintenance of Personnel						37
38	Nursing Administration						38
39	Central Services and Supply						39
40	Pharmacy						40
41	Medical Records & Medical Records Library						41
42	Social Service						42
43	Other General Service						43



# Reporting for Wkst S-3 Pt II

- Report paid hours in Column 5 of the worksheet
  - “The source for paid hours on Worksheet S-3, Part II is the provider’s payroll report. Hours are included on the payroll report in the period the associated expense is paid. Include on Worksheet S-3, Part II, the hours from the current year payroll report, including hours associated with costs expensed in the prior year but paid in the current year. The payroll report time period must cover the weeks that best match the provider’s cost reporting period. (Hours associated with costs expensed in the current year but not paid until the subsequent year (current year accrual) are not included on the current year payroll report; do not include on the hospital’s current year Worksheet S-3, Part II.). Although this methodology does not provide a perfect match between paid costs and paid hours for a given year, it approximates a match between costs and hours.”

# Reporting for Wkst S-3 Pt II

- Payroll report based on pay date (if bi-weekly should have 26 periods)
- Perform an analysis of Worksheet A Salaries vs Payroll Salaries
- Calculate a reclass of hours for any areas with Wkst A-6 salary reclasses
- Any line with salaries reported should have hours reported
- Utilize earn code / pay code to identify paid hours in the payroll report
  - Assign all codes as include or exclude, i.e., no “unknown” codes

# Reporting for Wkst S-3 Pt II

## INCLUDE:

- Regular Hours
- Overtime Hours (counted at 1x)
- Holiday Hours
- Vacation / Sick Leave
- PTO Hours
- Jury Duty
- Bereavement
- Hours associated with Severance Pay

# Reporting for Wkst S-3 Pt II

## EXCLUDE:

- Bonus Hours
- Shift Differential Hours
- Overtime Hours at 1.5x or 2x (i.e., remove the time in excess of 1 hour)
- On-call hours
- PTO buy-out / buy-back hours
- Hours associated with capitalized salaries
- Unpaid medical leave

# Home Office Reporting for S-3 Pt II

Salary	Benefits
Line 14: Home office and/or related organization salaries and wage-related costs	Do not use this line for cost report periods beginning on or after 10/1/2015
Line 14.01: Home office salaries	Line 25.50: Home office wage-related (core)
Line 14.02: Related organization salaries	Line 25.51: Related organization wage-related (core)
Line 15: Home office: Physician Part A - Administrative <i>(include salary + contracted)</i>	Line 25.52: Home office: Physician Part A - Administrative - wage-related (core)
Line 16: Home office & Contract Physicians Part A - Teaching	Do not use this line for cost report periods beginning on or after 10/1/2017
Line 16.01: Home office Physicians Part A - Teaching	Line 25.53: Home office: Physicians Part A - Teaching - wage-related (core)
Line 16.02: Home office contract Physicians Part A - Teaching	N/A

# Contract Labor



# Contract Labor

- Only contract labor costs reported on the hospital's trial balance and, therefore, on Worksheet A, column 2
- Must be grouped on the corresponding cost center line on Worksheet A
- Report only personnel costs associated with the contract, exclude cost for equipment, supplies, travel expenses, and other miscellaneous or overhead items (non-labor costs)
- Contract labor in SNF and excluded areas should be excluded from reporting

# Contract Labor

- The minimum requirement for supporting documentation is the contract itself; attestations or declarations from the vendor or hospital are not acceptable
- If the wage costs, hours, and non-labor costs are not clearly specified in the contract, other supporting documentation is required, such as a representative sample of invoices that specify the wage costs, hours, and non-labor costs
- If hours cannot be accurately determined, the contract labor costs must not be included in the wage index



# Contract Labor Lines for S-3 Pt II

OTHER WAGES AND RELATED COSTS	
11	Contract labor: Direct Patient Care
12	Contract labor: Top level management and other management and administrative services
13	Contract labor: Physician-Part A - Administrative
14	Home office and/or related organization salaries and wage-related costs
14.01	Home office salaries
14.02	Related organization salaries
15	Home office: Physician Part A - Administrative
16	Home office & Contract Physicians Part A - Teaching
16.01	Home office Physicians Part A - Teaching
16.02	Home office contract Physicians Part A - Teaching

OVERHEAD COSTS - DIRECT SALARIES		
26	Employee Benefits Department	4
27	Administrative & General	5
28	Administrative & General under contract (see instructions)	
29	Maintenance & Repairs	6
30	Operation of Plant	7
31	Laundry & Linen Service	8
32	Housekeeping	9
33	Housekeeping under contract (see instructions)	
34	Dietary	10
35	Dietary under contract (see instructions)	
36	Cafeteria	11
37	Maintenance of Personnel	12
38	Nursing Administration	13
39	Central Services and Supply	14
40	Pharmacy	15
41	Medical Records & Medical Records Library	16
42	Social Service	17
43	Other General Service	18

# Contract Labor

## Line 11 – Contract Labor: Direct Patient Care

- Services under contract for direct patient care
- Typically includes nursing under contract/agency, RT/PT/OT, pharmacy and lab, clinic lines, etc.
- Exclude Part B services
- Exclude costs associated with overhead areas (e.g. clinical social worker services)
- Include costs for contract CRNA and intern and resident services (these costs are also to be reported on lines 2 and 7.01, respectively)

# Contract Labor

**Line 12** – Contract Labor: Top level management and other management and administrative services

- Top level management – CEO, CFO, COO, CNO
- Examples of other M&A – department directors, administrators, managers, ward clerks, medical secretaries

**Line 13** – Contract Labor: Physician Part A - Administrative

- Part A Physician services under contract, excluding Teaching
- Reasonable ER physician availability cost
- Reported dollars and hours must be supported by the contract and/or time studies
- Exclude costs associated with services for excluded areas

# Contract Labor

## Line 28 – Administrative & General under contract

- Report contract services included on Worksheet A, Line 5 (and subscripts)
- Examples of services to include:
  - Legal
  - Accounting
  - Consulting
  - Purchasing Services
  - Information Technology
  - Data Processing

## Line 33 – Housekeeping under contract

## Line 35 – Dietary under contract

# POLL QUESTION

True or False: Medicare cost report preparers should rely on FTE columns in payroll reports rather than examining earn codes.



# Wage-Related Costs Review/Assessment



# Wage-Related Costs Review

- Wage-Related Costs (i.e. employee benefits) are reported on itemized lines on Worksheet S-3, Part IV
- “Core” costs are reported on lines 1-24
- For cost reporting periods beginning or after October 1, 2015 do not report “Other than Core” wage-related costs on Line 25
- The total of the itemized lines is added into the “Wage-Related Costs” section of Part II and included in the AHW calculation

# Wkst S-3 Pt IV Wage Related Costs

4090 (Cont.)		FORM CMS-2552-10		11-16
HOSPITAL WAGE RELATED COSTS		PROVIDER CCN:	PERIOD FROM _____ TO _____	WORKSHEET S-3 PART IV
<b>Part IV - Wage Related Cost</b>				
<b>Part A - Core List</b>				
			Amount Reported	
<b>RETIREMENT COST</b>				
1	401k Employer Contributions			1
2	Tax Sheltered Annuity (TSA) Employer Contribution			2
3	Nonqualified Defined Benefit Plan Cost (see instructions)			3
4	Qualified Defined Benefit Plan Cost (see instructions)			4
<b>PLAN ADMINISTRATIVE COSTS (Paid to External Organization):</b>				
5	401k/TSA Plan Administration fees			5
6	Legal/Accounting/Management Fees-Pension Plan			6
7	Employee Managed Care Program Administration Fees			7
<b>HEALTH AND INSURANCE COST</b>				
8	Health Insurance (Purchased or Self Funded)			8
8.01	Health Insurance (Self Funded without a Third Party Administrator)			8.01
8.02	Health Insurance (Self Funded with a Third Party Administrator)			8.02
8.03	Health Insurance (Purchased)			8.03
9	Prescription Drug Plan			9
10	Dental, Hearing and Vision Plan			10
11	Life Insurance (If employee is owner or beneficiary)			11
12	Accident Insurance (If employee is owner or beneficiary)			12
13	Disability Insurance (If employee is owner or beneficiary)			13
14	Long-Term Care Insurance (If employee is owner or beneficiary)			14
15	Workers' Compensation Insurance			15
16	Retirement Health Care Cost (Only current year, not the extraordinary accrual required by FASB 106. Non cumulative portion)			16
<b>TAXES</b>				
17	FICA-Employers Portion Only			17
18	Medicare Taxes - Employers Portion Only			18
19	Unemployment Insurance			19
20	State or Federal Unemployment Taxes			20
<b>OTHER</b>				
21	Executive Deferred Compensation (Other Than Retirement Cost Reported on lines 1 through 4 above)(see instructions)			21
22	Day Care Cost and Allowances			22
23	Tuition Reimbursement			23
24	<b>Total Wage Related cost (Sum of lines 1 through 23)</b>			<b>24</b>
<b>Part B - Other than Core Related Cost</b>				
25	Other Wage Related Costs (specify)			25



# Wage-Related Costs Review

**Line 4** – Defined Benefit Plan / Pension generally requires additional adjustment to the GL amounts

- Pension cost must be reported on a cash basis of contributions made under the plan
- Average annual contributions for a 3-year period: current cost reporting year plus the two prior cost reporting years
- Prefunding installment costs for FFY 2013 – 2022
- Worksheets are provided by CMS for proper calculation of pension cost and prefunding, as applicable

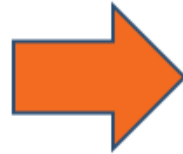
# Wage-Related Costs Review

Allowable health insurance costs include:

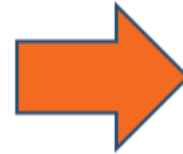
- **Line 8.01** Self Funded without a TPA
  - Costs the hospital incurs in providing services to employees (reduce charges to cost)
  - Costs associated with patient care for employees at other, unrelated health providers
- **Line 8.02** Self Funded WITH a TPA
  - Costs incurred by the administrator for patient care delivered to employees either at the hospital or other, unrelated health providers
  - For domestic claims (employee visits employer hospital), payments made must be discounted from full charges and must not exceed what the hospital receives from commercial insurers
  - “Hospitals cannot claim additional net wage-related costs for employee claims not fully reimbursed by the TPA payment”
- **Line 8.03** Purchased Health Insurance
  - Cost of premiums paid on behalf of employees
- Health-Related Services – employee physicals, flu shots, etc.

# Wage Related Costs - Allocation

TOTAL wage-related costs  
from Wkst S-3 Pt IV Line 24



Allocation:  
Salaries  
Hours  
Direct  
Other



WORKSHEET S-3 Part II LINES:

Line 17. Wage-related costs (core) (see instructions)

Line 18. Wage-related costs (other) **DO NOT USE**

Line 19. Excluded areas

Line 20. Non-physician anesthetist Part A

Line 21. Non-physician anesthetist Part B

Line 22. Physician Part A - Administrative

Line 22.01. Physician Part A - Teaching

Line 23. Physician Part B

Line 24. Wage-related costs (RHC/FQHC)

Line 25. Interns & residents

# Wkst S-3 Part III – Wage Index Summary

HOSPITAL WAGE INDEX INFORMATION				Provider CCN: 4	Period: From 07/01/2018 To 06/30/2019	Worksheet S-3 Part III Date/Time Prepared: 6/28/2022 11:40 am	
	Worksheet A Line Number	Amount Reported	Reclassificati on of Salaries (from Worksheet A-6)	Adjusted Salaries (col.2 ± col. 3)	Paid Hours Related to Salaries in col. 4	Average Hourly Wage (col. 4 ÷ col. 5)	
	1.00	2.00	3.00	4.00	5.00	6.00	
<b>PART III - HOSPITAL WAGE INDEX SUMMARY</b>							
1.00	Net salaries (see instructions)	0	0	0	0.00	0.00	1.00
2.00	Excluded area salaries (see instructions)	0	0	0	0.00	0.00	2.00
3.00	Subtotal salaries (line 1 minus line 2)	0	0	0	0.00	0.00	3.00
4.00	Subtotal other wages & related costs (see inst.)	0	0	0	0.00	0.00	4.00
5.00	Subtotal wage-related costs (see inst.)	0	0	0	0.00	0.00	5.00
6.00	Total (sum of lines 3 thru 5)	0	0	0	0.00	0.00	6.00
7.00	Total overhead cost (see instructions)	0	0	0	0.00	0.00	7.00

# Occupational Mix

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# Occupational Mix

- CMS required to collect occupational mix data from hospitals that are subject to wage index reporting
- Survey must be completed by hospitals every 3 years
  - Most recent survey was for CY 2019
  - CY 2022 survey projected to be due in July 2023
- Purpose is to control for the effect of hospitals' employment choices on the wage index
- The “mix” or “blend” of staffing decisions varies between hospitals and impacts the overall wage index, therefore the occupational mix applies additional adjustment
- Occupational categories derive from the Bureau of Labor Statistics (BLS)

# Occupational Mix

- Payroll data should include Job Code/Description
  - May be necessary to obtain clarification from Nursing Administration or other hospital personnel
- Exclude non-paid hours in the same manner as Wage Index
- Assign wage and hours to the following areas:
  - Registered Nurse
  - LPN's and Surgical Technologists
  - Nursing Assistants
  - Medical Assistants
  - All Other
- Wage data for NRCC's and excluded areas should be maintained separately

# Occupational Mix

- Only wage data associated specifically with patient care cost center lines should be assigned to the four nursing categories:

COST CENTER DESCRIPTIONS	Lines for 2552-10
Nursing Administration	13
Adults and Pediatrics (General Routine Care)	30
Intensive Care Unit	31
Coronary Care Unit	32
Burn Intensive Care Unit	33
Surgical Intensive Care Unit	34
Other Special Care (specify)	35
Nursery	43
Operating Room	50
Recovery Room	51
Labor Room and Delivery Room	52
Electrocardiology	69
Renal Dialysis	74
Ambulatory Surgical Center (Non-Distinct Part)	75
Other Ancillary	76
Clinics	90
Emergency	91
Observation Beds	92



# Occupational Mix Calculation

Category	OCC MIX SURVEY DATA		Provider % by Category	National AHW by Category	Provider Adjusted AHW	National Nurse AHW	Occ Mix Factor
	Hours	Wages					
RN	578,002	24,007,113	65.64%	\$ 44.44	\$ 29.17		
LPN and Surgical Technicians	137,316	3,249,656	15.59%	\$ 26.86	\$ 4.19		
National Nurse Aides, Orderlies, and Attendants	158,844	2,663,125	18.04%	\$ 18.54	\$ 3.34		
Medical Assistants	6,400	106,676	0.73%	\$ 19.53	\$ 0.14		
TOTALS	880,562	30,026,570			\$ 36.84	\$ 37.38	1.01466

# POLL QUESTION

Wage Related Costs from S-3 Pt IV Line 24 could be allocated to any of the following lines EXCEPT:



# Recent Updates

# Top 10 AHW Increases for 2023

CBSA	Area Name	FY 2023 AHW	FY 2022 AHW	Inc (Dec) %
21060	Elizabethtown-Fort Knox, KY	\$ 43.25	\$ 36.41	18.8%
15260	Brunswick, GA	\$ 41.97	\$ 36.13	16.2%
49700	Yuba City, CA	\$ 67.35	\$ 59.67	12.9%
30020	Lawton, OK	\$ 37.07	\$ 33.13	11.9%
22540	Fond du Lac, WI	\$ 43.29	\$ 38.82	11.5%
43420	Sierra Vista-Douglas, AZ	\$ 40.89	\$ 36.82	11.0%
46700	Vallejo, CA	\$ 91.13	\$ 82.25	10.8%
29940	Lawrence, KS	\$ 43.99	\$ 39.97	10.1%
38540	Pocatello, ID	\$ 43.70	\$ 39.83	9.7%
45500	Texarkana, TX-AR	\$ 41.91	\$ 38.29	9.5%

# Top 10 AHW Decreases for 2023

CBSA	Area Name	FY 2023	FY 2022	Inc (Dec) %
		AHW	AHW	
14100	Bloomsburg-Berwick, PA	\$ 42.54	\$ 45.06	-5.6%
20740	Eau Claire, WI	\$ 45.07	\$ 47.62	-5.4%
13740	Billings, MT	\$ 42.38	\$ 44.61	-5.0%
49500	Yauco, PR	\$ 14.56	\$ 15.32	-4.9%
39540	Racine, WI	\$ 43.20	\$ 45.41	-4.9%
27	MONTANA	\$ 39.77	\$ 41.75	-4.7%
19340	Davenport-Moline-Rock Island, IA-IL	\$ 36.96	\$ 38.61	-4.3%
35	NORTH DAKOTA	\$ 38.41	\$ 39.98	-3.9%
11500	Anniston-Oxford, AL	\$ 32.25	\$ 33.53	-3.8%
37100	Oxnard-Thousand Oaks-Ventura, CA	\$ 60.62	\$ 62.97	-3.7%

# Recent Updates

## Imputed Floor

- Background: From FY 2005 through FY 2018, CMS calculated and applied an imputed wage floor applicable to hospitals in all-urban states (no rural counties)
- American Rescue Plan Act of 2021 brought back the imputed floor for FY 2022 and subsequent years
- Non-budget neutral

# Recent Updates

## Changes in Rural Floor Calculation

- Background: Beginning in FY 2020, CMS implemented a policy to exclude the wage data of hospitals that had reclassified from urban to rural (under § 412.103), from the calculation of the wage index rural floor
- In light of the district court case *Citrus HMA, LLC, d/b/a Seven Rivers Regional Medical Center v. Becerra*, and other input, CMS finalized a reverse in policy and will INCLUDE the wage data of such hospitals in both the rural wage index and the rural floor

# Recent Updates

## Cap on Wage Index Decreases

- Beginning in FY 2023, CMS will apply a 5% cap on any decrease in a hospital's wage index from the prior year to the current year (i.e. in any given year a hospital's wage index value will not be less than 95% of the prior year wage index)
- Example:

FFY 2022 Wage Index	FFY 2023 Wage Index (before cap)	FFY 2023 Wage Index (after cap)
1.0672	0.9804	1.0138



Questions?





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