

Tennessee HFMA Preparing Your Occupational Mix Survey



Presented by:

R-C Healthcare Management
Services, Inc.

K. Michael Webdale Jr., CPA – President & CEO

Agenda

- **General Overview**
 - Occupational Mix background
 - Importance of Occupational Mix
 - Who has to participate in Occupational Mix Survey?
 - Survey due dates
- **Discuss the categories for data input**
 - Gathering data
- **How occupational mix adjustment factor is calculated**
- **The impact on wage index**
- **Strategy for completion**

Occupational Mix Background

- Section 304(c) of Public Law 106-544 amended section 1886(d)(3)(E) of the Social Security Act requires Centers of Medicare and Medicaid (CMS) to collect data every 3 years on the occupational mix of employees for each short-term, acute care hospital participating in the Medicare program.
- CMS estimates that it takes more than 480 hours to complete the occupational mix survey, including the time to review instructions, search existing data sources, gather the data needed, and complete and review the information collection.

Why is Occupational Mix Important?

- “The purpose of occupational mix is to control for the effect of the hospitals’ employment choices on the wage index”
- “The varying labor cost associated with these choices reflect hospital management decisions rather than geographical differences in the costs of labor”
- To standardize skill mix across markets so that the wage index reflects only the pure price difference between markets and the nation
- If you decide to staff with higher RN levels your wage index is higher so Occupational Mix controls that effect

Why is Occupational Mix Important?

- Markets with an expensive mix of employees and contract labor have their AHW adjusted downward; those with a cheaper mix of employees and contract labor have their AHW increased
- The most important factor is RN hours to total nursing hours. The national percent from the previous survey was 71.5%, so if your RN percentage was greater than that, you received a negative occupational mix adjustment (OMA). If it was less than 71.5%, then the adjustment was a positive OMA

Why is it Needed?

- The Occupational Mix Survey is an integral part of the wage index
 - Nursing salaries as a percentage of total salaries are the portion of the wage index adjusted by the Occupational Mix Adjustment Factor
- The purpose of the data collection is to construct a Occupational Mix Adjustment Factor (OMAF) that will be applied to the FFY 2019, 2020 and 2021 wage index

What Has Been the Effect of the Occupational Mix?

- Small and rural hospitals that need to hire a certain number of RNs end up with a higher percentage of RN to total nursing hours
- These hospitals often receive a negative OMA due to this higher percentage
- The hospitals that the OMA was designed to help, or at least even the playing field, are the ones most often hurt by it

Who Must Participate?

- Any hospital that is subject to the Inpatient Prospective Payment System (IPPS) or any hospital that would be subject to IPPS if not granted a waiver
 - Excluded from the survey
 - Critical Access Hospitals
 - Any hospital that terminated participation in the Medicare program before January 1, 2016

Participation Rate

- Prior survey 94% Response Rate Nationally

State	Response
Tennessee	96%

- No Penalty for non-response in the past. CMS reserves the right to apply a penalty for non-response. Currently a non-responding hospital receives its areas average occupational mix

Important Dates

- The Occupational Mix Survey is due July 1, 2017 and will be applied to the FFY 2019
 - Completed Occupational Mix Survey must be submitted to your fiscal intermediaries, on the Excel reporting form.
 - Form CMS – 10079 OMS
 - The Excel version of the occupational mix survey can be downloaded from CMS website

Important Dates

- The fifth and most recent Occupational Mix survey was conducted from 1/1/13 to 12/31/13. Third and final year of impact begins October 1, 2017
- This filing is for calendar year 2016 (pay periods ending between January 1, 2016 and December 31, 2016)
 - They are looking for 26 pay periods without accruals or other adjustments
- Due July 1, 2017

Occupational Categories

- The occupational categories derive directly from the BLS employee categories
- Include employees, directly hired and acquired under contract
 - RNs
 - LPNs and Surgical Technologists
 - Nursing Assistants and Orderlies
 - Medical Assistants
 - All Other Occupations

Occupational Categories

Occupational Category	Paid Salaries	Paid Hours	Average Hourly Wage (Salaries/Hours)
Nursing Occupation			
RNs			
LPNs and Surgical Technologists			
Nursing Assistants and Orderlies			
Medical Assistants			
Total Nursing			
All Other Occupations			
Total (Nursing and All Other)			

Cost Centers to be Used for Occupational Categories – from Worksheet A

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
Delivery Room and Labor Room		52
Electrocardiology		66
Renal Dialysis		71
Ambulatory Surgical Center (Non-Distinct Part)		72
Other Ancillary		73
Clinics		90
Emergency		91
Observation Beds		92
Note: Subscripted cost centers that would normally fall into one of these cost centers should be included on the survey.		

Gathering the Data

- **Paid Salaries**

- Regular, overtime, vacation, holiday, sick, lunch, other paid time off, severance and bonuses

- **Paid Hours**

- Regular, overtime, vacation, paid holiday, sick, lunch, other paid time-off and severance hours
- Overtime hours paid at time and a half should be recorded as one hour
- Salaried employees paid a fixed rate should be 40 hours per week or hours actually worked
- Do not include non-paid lunch periods, and on-call hours in the total paid hours
- No hours are required for bonus pay

Who May be Involved in the Process

- **Chief Nursing Officer**
- **Payroll**
- **Human Resources**

Registered Nurse Wage Data

- May 2015 U.S. BLS wage data:
 - Highest – California \$48.68 AHW \$101,260 annual
 - Lowest – Iowa \$26.46 AHW \$ 55,040 annual

- RN wage data for Tennessee:
 - AHW - \$27.67
 - Annual - \$57,560

Contract Labor

- Include all contract labor included on Worksheet S-3
 - Line 11 – Direct Patient Care
 - Lines 28, 33 and 35 – Contracted A&G, Dietary & Housekeeping
 - Use amounts paid in calendar year 2016

What is Not Included

- Employees in areas excluded from IPPS
 - Skilled-nursing facilities, psychiatric, or rehabilitation units
 - Worksheet S-3, Part II, Lines 9 and 10
 - Part A Teaching Physician, Physician Part B, and CRNAs
 - Worksheet S-3, Part II, Lines 3, 4.01, 5, & 6
 - Interns and Residents
 - Worksheet S-3, Part II, Lines 7

Occupational Mix Adjustment Factor

- CMS calculator at CMS Website
- <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Wage-Index-Files-Items/FY-2016-Wage-Index-Home-Page.html>
 - Then scroll down for FY 2016 Final Rule AHW Calculator

OMA Calculator

Spreadsheet for Final FY 2016 Calculation of Provider Occupational Mix AHW

You Must Fill Out the AHW Calculator Tab Before Filling Out the Occupational Mix Calculator

Fields in **PINK** are filled in by the provider from the provider's occupational mix spreadsheet

Fields in **GREEN** are filled in from IPPS wage index Web Site or Federal Registers

Fields in **BOLD and/or Blue** are calculated fields--DO NOT ENTER any information here

Provider Information

Provider Number

MAC #

Occ Mix Begin Date

Occ Mix End Date

			step 1	step 2	step 3	step 5	step 6	in step 7
	Provider Occ Mix Hours	Provider Occ Mix Salaries	Provider % by Subcategory	FY 2015 Final National AHWs by Subcategory	Provider Adjusted AHW	Final FY 2015 National Adjusted Nurse AHW	Nurse Occ Mix Adjustment Factor	Provider % by Total
RN	0	0	0.00%	\$38.823902202	0			
LPN and Surgical Technicians	0	0	0.00%	\$22.767361175	0			
Nursing Assistants and Orderlies	0	0	0.00%	\$15.955866208	0			
Medical Assistants	0	0	0.00%	\$18.006207097	0			
Total Nurse Hours and Salaries	0	0			0	\$32.875956041	0.0000	0.00%
ALLOTHER	0	0			step 4			0.00%
TOTAL	0	0						

Wage Data from Cost Report

Wages (From S-3, Parts II and III)	\$0	(These are inflated wages, from cell B97 from AHW calculator).	THESE 3 LINES, 24, 25, 26, MUST ALSO BE LINKED TO THE 2552-10 SPREADSHEET!!
Hours (From S-3, Parts II and III)	0	(Revised hours from cell B98 from AHW calculator).	
Unadjusted AHW	0	(Should match AHW in cell B100 from AHW calculator).	

Nurse Occ Mix Wages	\$0	step 7
All Other Unadjusted Occ Mix Wages	\$0	step 7
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Occupational Mix Adjustment Factor

- Calculate Impact on AHW
 - Step 1 - Determine % of each subcategory by hours
 - Step 2 - Multiply each subcategory by National AHW
 - Step 3 - Determines AHW by subcategory
 - Step 4 - Sum for Hospital Nursing AHW
 - Step 5 - Compare Hospital Nursing AHW to National
 - Step 6 - Calculates Nurse Occ Mix factor
 - Step 7 - Multiply this by Nursing % to total
 - Step 8 - Add to "All Other" %

Positive Occupational Mix Adjustment

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Provider Information	
Provider Number	
FI #	
Occ Mix Begin Date	1/1/2009
Occ Mix End Date	12/31/2009

			step 1	step 2	step 3	step 5	step 6	in step 7
	Provider Occ Mix Hours	Provider Occ Mix Salaries	Provider % by Subcategory	FY 2011 Final National AHWs by Subcategory	Provider Adjusted AHW	Final FY 2011 National Adjusted Nurse AHW	Nurse Occ Mix Adjustment Factor	Provider % by Total
RN	2,500,000	74,000,000	67.92%	\$37.435806262	25.425025			
LPN and Surgical Technicians	169,000	3,200,000	4.59%	\$21.779745192	0.9999394			
Nursing Assistants and Orderlies	1,000,000	14,000,000	27.17%	\$15.334363984	4.1658147			
Medical Assistants	12,000	150,000	0.33%	\$17.232523608	0.0561777			
Total Nurse Hours and Salaries	3,681,000	91,350,000			30.646956	\$31.852574284	1.0393	47.74%
ALLOTHER	4,500,000	100,000,000			step 4			52.26%
TOTAL	8,181,000	191,350,000						

Wage Data from Cost Report

Wages (From S-3, Parts II and III)	\$146,433,337	(These are inflated wages, from cell B99 from AHW calculator).
Hours (From S-3, Parts II and III)	3,125,000	(Revised hours from cell B100 from AHW calculator).
Unadjusted AHW	46.85866784	(Should match AHW in cell B103 from AHW calculator).

Nurse Occ Mix Wages	\$72,656,961	step 7
All Other Unadjusted Occ Mix Wages	\$76,526,437	step 7
Total Occ Mix Wages	\$149,183,398	step 8
Final Occ Mix Adjusted AHW	47.73868738	step 8

Occupational Mix Adjustment

1.9%



Medicare Reimbursement Experts Since 1990

Positive Occupational Mix Adjustment

Spreadsheet for Final FY 2013 Calculation of Provider Occupational Mix AHW

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	step 1	step 2	step 3	step 4
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step 1
Provider % by Subcategory
67.92%
4.59%
27.17%
0.33%

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	step 1	step 2	step 3	Final Adju
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ALLOTHER	4,500,000	100,000,000		step 4
TOTAL	8,181,000	191,350,000		

step 2
FY 2011 Final National AHWs by Subcategory
\$37.435806262
\$21.779745192
\$15.334363984
\$17.232523608

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Occupational Mix Adjustment

1.9%



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			step 1	step 2	step 3	
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RN	2,500,000	74,000,000	67.92%	\$37.435806262	25.425025	
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Occupational Mix Adjustment

1.9%

step 3
Provider Adjusted AHW
25.425025
0.9999394
4.1658147
0.0561777
30.646956
step 4

Positive Occupational Mix Adjustment

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Total Occ Mix Wages	\$149,183,398	ste

Final Occ Mix Adjusted AHW	47.73868738	step o
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step 5

Final FY 2011 National Adjusted Nurse AHW

\$31.852574284

step 3	step 5	step 6	in step 7
Provider Adjusted HW	Final FY 2011 National Adjusted Nurse AHW	Nurse Occ Mix Adjustment Factor	Provider % by Total
425025			
999394			
658147			
561777			
6956	\$31.852574284	1.0393	47.74%
step 4			52.26%

Occupational Mix Adjustment

1.9%

Positive Occupational Mix Adjustment

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Final Occ Mix Adjusted AHW	47.73868738
-----------------------------------	--------------------

step 6

Nurse Occ Mix Adjustment Factor

1.0393

step 2	step 3	step 5	step 6	in step 7
2011 Final national AHWs by category	Provider Adjusted AHW	Final FY 2011 National Adjusted Nurse AHW	Nurse Occ Mix Adjustment Factor	Provider % by Total
\$37.435806262	25.425025			
\$21.779745192	0.9999394			
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	30.646956	\$31.852574284	1.0393	47.74%
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Occupational Mix Adjustment

1.9%



Medicare Reimbursement Experts Since 1990

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Spreadsheet for Final FY 2013 Calculation of Provider Occupational Mix AHW

You Must Fill Out the AHW Calculator Tab Before Filling Out the Occupational Mix Calculator

Fields in **PINK** are filled in by the provider from the provider's occupational mix spreadsheet

Fields in **GREEN** are filled in from IPSS wage index Web Site or Federal Registers

Fields in **BOLD and/or Blue** are calculated fields--DO NOT ENTER any information here

Provider Information	
Provider Number	
FI #	
Occ Mix Begin Date	1/1/2009
Occ Mix End Date	12/31/2009

	Provider Occ Mix Hours	Pro Mix
RN	2,500,000	
LPN and Surgical Technicians	169,000	
Nursing Assistants and Orderlies	1,000,000	
Medical Assistants	12,000	
Total Nurse Hours and Salaries	3,681,000	
ALLOTHER	4,500,000	1
TOTAL	8,181,000	1

	Wages	Step
Wages (From S-3, Parts II and III)	\$146,433,337	(The
Hours (From S-3, Parts II and III)	3,125,000	(Rev
Unadjusted AHW	46.85866784	(Shd
Nurse Occ Mix Wages	\$72,656,961	step
All Other Unadjusted Occ Mix Wages	\$76,526,437	step
Total Occ Mix Wages	\$149,183,398	step
Final Occ Mix Adjusted AHW	47.73868738	step

in step 7				
step 2	step 3	step 5	step 6	in step 7
011 Final al AHWs by category	Provider Adjusted AHW	Final FY 2011 National Adjusted Nurse AHW	Nurse Occ Mix Adjustment Factor	Provider % by Total
37.435806262	25.425025			
21.779745192	0.9999394			
5.334363984	4.1658147			
17.232523608	0.0561777			
	30.646956	\$31.852574284	1.0393	47.74%
	step 4			52.26%
47.74%				
52.26%				

Occupational Mix Adjustment 1.9%



Medicare Reimbursement Experts Since 1990

Positive Occupational Mix Adjustment

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Provider Information	
Provider Number	
FI #	
Occ Mix Begin Date	1/1/2009
Occ Mix End Date	12/31/2009

			step 1	step 2	step 3	step 5	step 6	in step 7
	Provider Occ Mix Hours	Provider Occ Mix Salaries	Provider % by Subcategory	FY 2011 Final National AHWs by Subcategory	Provider Adjusted AHW	Final FY 2011 National Adjusted Nurse AHW	Nurse Occ Mix Adjustment Factor	Provider % by Total
RN	2,500,000	74,000,000	67.92%	\$37.435806262	25.425025			
LPN and Surgical Technicians	169,000	3,200,000	4.59%	\$21.779745192	0.9999394			
Nursing Assistants and Orderlies	1,000,000	14,000,000	27.17%	\$15.334363984	4.1658147			
Medical Assistants	12,000	150,000	0.33%	\$17.232523608	0.0561777			
Total Nurse Hours and Salaries	3,681,000	91,350,000			30.646956	\$31.852574284	1.0393	47.74%
ALLOTHER	4,500,000	100,000,000			step 4			52.26%
TOTAL	8,181,000	191,350,000						

Wage Data from Cost	
Wages (From S-3, Parts II and III)	\$146,433,337 (These are inflated wages)
Hours (From S-3, Parts II and III)	3,125,000 (Revised hours from cost)
Unadjusted AHW	46.85866784 (Should match AHW in spreadsheet)
Nurse Occ Mix Wages	\$72,656,961 step 7
All Other Unadjusted Occ Mix Wages	\$76,526,437 step 7
Total Occ Mix Wages	\$149,183,398 step 8
Final Occ Mix Adjusted AHW	47.73868738 step 8

\$72,656,961	step 7
\$76,526,437	step 7
\$149,183,398	step 8
47.73868738	step 8

Occupational Mix Adjustment

1.9%

47.73868738 step 8



Medicare Reimbursement Experts Since 1990

Negative Occupational Mix Adjustment

Spreadsheet for Final FY 2013 Calculation of Provider Occupational Mix AHW

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Provider Information	
Provider Number	
FI #	
Occ Mix Begin Date	1/1/2009
Occ Mix End Date	12/31/2009

			step 1	step 2	step 3	step 5	step 6	in step 7
	Provider Occ Mix Hours	Provider Occ Mix Salaries	Provider % by Subcategory	FY 2011 Final National AHWs by Subcategory	Provider Adjusted AHW	Final FY 2011 National Adjusted Nurse AHW	Nurse Occ Mix Adjustment Factor	Provider % by Total
RN	1,000,000	35,000,000	84.46%	\$37.435806262	31.61808			
LPN and Surgical Technicians	170,000	3,000,000	14.36%	\$21.779745192	3.1271594			
Nursing Assistants and Orderlies	14,000	200,000	1.18%	\$15.334363984	0.1813185			
Medical Assistants	0	0	0.00%	\$17.232523608	0			
Total Nurse Hours and Salaries	1,184,000	38,200,000			34.926557	\$31.852574284	0.9120	32.59%
ALLOTHER	3,800,000	79,000,000			step 4			67.41%
TOTAL	4,984,000	117,200,000						

Wage Data from Cost Report

Wages (From S-3, Parts II and III)	\$146,433,337	(These are inflated wages, from cell B99 from AHW calculator).
Hours (From S-3, Parts II and III)	3,125,000	(Revised hours from cell B100 from AHW calculator).
Unadjusted AHW	46.85866784	(Should match AHW in cell B103 from AHW calculator).

Nurse Occ Mix Wages	\$43,527,574	step 7
All Other Unadjusted Occ Mix Wages	\$98,705,065	step 7
Total Occ Mix Wages	\$142,232,639	step 8
Final Occ Mix Adjusted AHW	45.51444461	step 8

-2.9%

How Significant an Impact on the Wage Index?

- Largest Impact typically occurs in CBSAs where there are few hospitals:
- San Luis Obispo-Paso Robles-Arroyo Grand, CA (42020) – 6.40% decrease
- Lebanon, PA (30140) – 14.20% increase

Impact on Wage Index for Tennessee CBSA's

CBSA	NAME	WI without OCC MIX	OCC MIX Adjustment	FY 2017 WI
44	TENNESSEE	0.7192	0.0044	0.7236
16860	Chattanooga, TN-GA	0.8568	0.0129	0.8697
17300	Clarksville, TN-KY	0.7236	(0.0117)	0.7236*
17420	Cleveland, TN	0.7424	0.0606	0.8030
27180	Jackson, TN	0.7236	(0.0068)	0.7236*
27740	Johnson City, TN	0.7236	(0.0082)	0.7236*
28700	Kingsport-Bristol-Bristol, TN-VA	0.7236	0.0055	0.7236*
28940	Knoxville, TN	0.7236	0.0002	0.7236*
32820	Memphis, TN-MS-AR	0.8721	(0.0035)	0.8686
34100	Morristown, TN	0.7236	(0.0082)	0.7236*
34980	Nashville-Davidson--Murfreesboro-- Franklin, TN	0.9222	(0.0045)	0.9177

*Receiving Rural Floor

Strategy for Optimization

- Minimize the RN percentage and maximize the other three components of the first category
- Your hospital's percentage of RN hours to total nursing hours will be compared to the national average
- If you're above the national average, you get a negative adjustment; below national figures gives a positive adjustment
- The national average in the last survey was 71.5%.

Job Titles & Patient Care

- As you review job titles, ask yourself;

"Are they involved in patient care?"

What Does the RN Do?

- When categorizing RNs, include only those involved with patient care
- Those performing solely administration functions should be included in "ALL OTHER" category
- Also look at RNs on floors that may be solely administrative or educational

Nursing Occupation Categories

- The categories of LPN's, nurse aides, orderlies, attendants and medical assistants need to be scrutinized so that they are included in an effort to dilute the RN impact
- Other departments should be investigated to see if they have any employees who actually do the work of LPN's, aides, orderlies and attendants
- Examples include patient transport and non-excluded clinics

Where to Assign the Data

- Director of Nursing or anyone handling those functions should be in the “All Other” category
- Transportation for surgery
 - Include in LPN’s and Surgical Technologists per the instructions
- Advanced Practice Nurses
 - Exclude if billed under Part B
 - Instructions say to include in “All Other” if included on S-3

What's Next?

- Plan ahead – Data required is this calendar year
 - Who is preparing the form?
- Collecting your data
 - Pay Periods ending between January 1, 2016 – December 31, 2016
 - Contract labor hours
 - Home office
 - Related organization

Questions

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