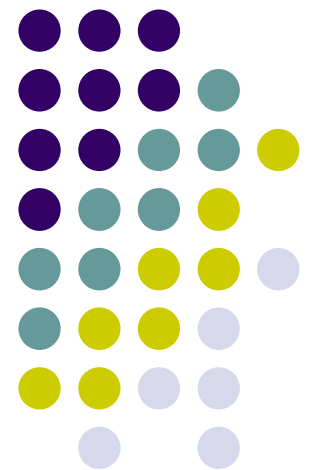


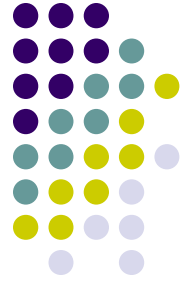
Wage Index

Medicare Update

GA HFMA

10/28/11

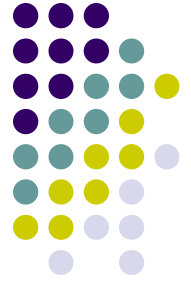




Agenda

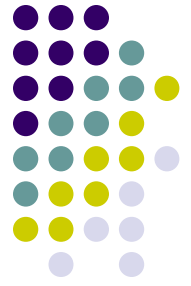
- FFY2013 Hospital Wage Index Timetable
- Data included in FFY2013 Wage Index
- Items to review on your Wage Index
- GA Wage Index Trend
- Wage Index Calculation
- New Cost Report forms related to Wage Index

FFY2013 Hospital Wage Index Time Table



- 10/4/11 – CMS release of preliminary FFY2013 wage index PUF files
- **12/5/11 – Deadline for hospitals to request and support revisions to their S-3 wage data (WI) and occupational mix survey data (OMS) as included in the PUF**
- 2/8/12 – Deadline for FI/MAC to complete desk reviews and transmit revised data

FFY2013 Hospital Wage Index Time Table



- 2/13/12 – Deadline for FI/MAC to notify State hospital associations of the hospitals that failed to respond to issues raised in desk review
- 2/21/12 – Release of the revised FFY2013 WI and OMS PUF files
- 3/5/12 – Deadline for hospitals to submit requests and support for corrections to errors in the 2/21/12 PUF files. No new requests for data revisions will be accepted.

FFY2013 Hospital Wage Index Time Table



- April/May 2012 – Proposed rule will be published
- 4/18/2012 – Deadline for hospitals to appeal FI/MAC determinations and request CMS intervention
- 5/4/12 – Final FFY2013 WI and OMS PUF files released

FFY2013 Hospital Wage Index Time Table



- 6/4/12 – Deadline for hospitals to submit correction requests to both CMS and FI/MAC for mishandling final WI and OMS data.
- 8/1/12 – Approximate date for publication of the FFY2013 final rule.
- 10/1/12 – Effective date of FFY2013 wage index.

Data included in FFY2013 Wage Index

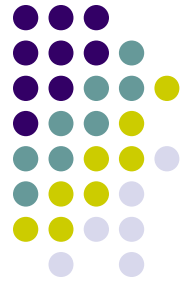


- Cost Reports that start between 10/1/08 and 9/30/09
 - January-December – 1/1/09-12/31/09 cost report
 - July-June – 7/1/09-6/30/10 cost report
- CY 2010 Occupational Mix Survey
 - Pay-periods ending between 1/1/10 and 12/31/10
 - Survey was due 7/1/11
 - *NOTE: CMS may consider penalties for failure to submit. The FY12 IPPS Final Rule indicated an analysis to be conducted of providers that didn't submit a survey.*



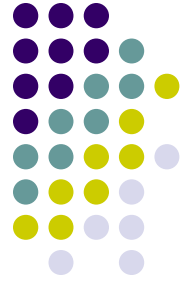
Items to review on your WI

- EVERYTHING on S-3 II and III and all related worksheets
 - ***If it affects a data element on S-3 II and III, review it!***
 - Worksheet A
 - Worksheet A-6
 - Worksheet A-8 series
 - Worksheet B1 FTE statistic
 - 339



Items to review on your WI

- Salaries and Hours
 - Reconcile salary expense to payroll detail
 - Hours – worked, vacation, holiday, sick, paid time off.
 - Evaluate how overtime hours are recorded – should be 1.0 for wage index
 - On Call excluded, called back worked
 - Exclude Bonus hours of all kinds
 - Physician part A



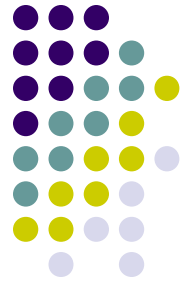
Items to review on your WI

- Contract labor review
 - Check As-Filed for errors – audit ready
 - Review trial balance sub accounts for hidden contract labor
 - Legal
 - Consulting – financial, IT, reimbursement, etc
 - Interpreter services provided to patients
 - Dietary
 - Housekeeping
 - Pharmacy



Items to review on your WI

- Contract labor review
 - Only Personnel costs
 - Copy of the contract
 - Don't include travel expenses, equipment, supplies
- Year to year and As Filed to Audited Analysis
 - Review trending
 - Easy to identify research areas



Items to review on your WI

- Wage Related Costs
 - Reconcile to general ledger and 339
 - All captured?
 - Core Employee benefits (health ins, eye ins, workers comp, etc)
 - Flu shots, physicals, employee assistance program
 - Non Core Employee benefits
 - Each benefit must be > than 1% of total salaries after direct excluded salaries are removed. (S-3 III col 3)



Items to review on your WI

- Pension Reporting

- Hot Topic for FFY2013
- ERISA rules changed in the FFY 2012 IPPS Final Rule. No standard actuarial basis or limit for pension costs now.
- Old Medicare treatment: Allow pension contributions, must be paid within one year to liquidate liability.
- New Medicare treatment: Allow cash contributions, different treatment for wage index and cost report purposes.



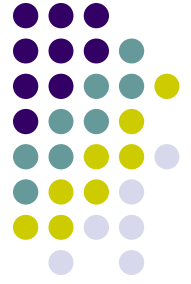
Items to review on your WI

- Pension Reporting – WI
 - Purpose is to measure relative hospital labor costs across areas
 - Effective beginning FFY2013 WI Calculation
 - Use actual pension contributions funded during the reporting period on a cash basis
 - Transition policy for “prefunded” pension plans
 - 10 year transition for cash contributions made in excess of allowable wage index amounts for periods beginning on or after 10/1/02 and prior to 10/1/08
 - Stability of pension costs
 - Use an average of three years’ cash contributions
 - FFY2013 wage index based on FFY2008-2010



Items to review on your WI

- Pension Reporting – WI
 - Suggest to have your Financial and Pension experts complete the Allowable Pension worksheet to be provided by CMS.
 - Will be on the CMS WI website
 - <http://www.cms.gov/AcuteInpatientPPS/WIFN/list.asp>



GA Wage Index Trend

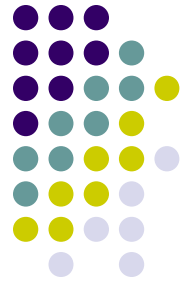
- Is the Wage Index going up or down?
- Does it make sense?

Wage Index Calculation



Federal FY 2012				
CBSA 12060				
Full update				
		Hospital A	Hospital b	diff
DRG Base Rate -- Labor Portion		3,230.04	3,230.04	
Wage Index	(Note 1)	0.9495	0.9495	
Adjusted DRG Labor Portion		3,066.92	3,066.92	
DRG Base Rate -- Non-Labor Portion		1,979.70	1,979.70	
Hospital-Specific DRG Base Rate		5,046.62	5,046.62	
Estimated Case Mix Index	(Note 2)	1.7612	1.7860	
Case Mix Adjusted DRG Base Rate		8,888.11	9,013.27	
Estimated Medicare Acute Discharge	(Note 3)	11,380	2,389	
Projected Medicare DRG Payments		101,146,719	21,532,699	79,614,020
Projected Impact from changes in the Wage Index:				
	1.0 % Increase in Wage Index	\$614,687	\$130,858	
	2.0 % Increase in Wage Index	\$1,229,373	\$261,716	
	6.0 % Increase in Wage Index	\$3,688,120	\$785,148	
Note 1 --	per Federal Register for FY2012, Table 4A			
Note 2 --	per Federal Register for FY2012, Table 2			
Note 3 --	per FY 2010 Costreportdata.com			

New Cost Report Forms related to Wage Index (CMS 2552-10)



- Parts II and III - Clean up of unused lines, renumbering
- Two new “parts” – Part IV and Part V
- Part IV – new version of previous 339 exhibit 6 – Wage Related Costs
 - Total Core WRC line 24 will flow to Part II, new line 17
 - Total Other than Core WRC line 25 will flow to Part II, new line 18
- Part V – Contract Labor and Benefit Cost – NO HOURS
 - Very little instruction.
 - Doesn’t appear to flow to any other worksheets.
 - Instructions:
 - 4005.5 Part V - Contract Labor and Benefit Costs.--This section identifies the contract labor costs and benefit costs for the hospital complex and applicable subproviders and units.
 - Indentify the contract labor costs and benefit costs for each component on the applicable line.