

February 27, 2006

Final 2006 Occupational Mix Survey

AT A GLANCE

The Issue:

On February 10, the Centers for Medicare & Medicaid Services (CMS) published in the *Federal Register* an information collection notice finalizing the revised survey instrument for the occupational mix adjustment to the area wage index (AWI) of the Medicare inpatient prospective payment system (PPS). CMS will use this data to adjust the fiscal year (FY) 2008 AWI.

CMS revised the survey to reflect many of the AHA's comments, including reducing the number of occupational categories collected and adding wages to the data collected. CMS also removed the proposed functional subcategories for licensed practical nurses and altered the functional subcategories for registered nurses, as recommended by the AHA. Hospitals must collect the hours and wages for employees from January 1 through June 30. While the AHA recommended a 90-day period to compile and submit the data, CMS will allow just one month, or until July 31.

Our Take:

CMS responded to many of the AHA's concerns in revising the survey. However, we remain concerned about the lack of notice prior to the commencement of the period and the short turnaround time for hospitals to prepare their submissions after the close of the collection period.

What You Can Do:

- Share this Advisory with your chief financial officer and occupational mix survey team (likely to include key staff in human resources, payroll and information services).
- Download the survey and supporting documents from the CMS Web site at www.cms.hhs.gov/AcuteInpatientPPS/WIF/list.asp.
- Carefully review the survey in preparation for submission in July, paying close attention to contract labor and staff who work in more than one area of the hospital.

Further Questions:

Contact Danielle Lloyd, AHA senior associate director of policy, at (202) 626-2340 or dlloyd@aha.org.

February 27, 2006

Final 2006 Occupational Mix Survey

BACKGROUND

The Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 requires the Centers for Medicare & Medicaid Services (CMS) to collect data every three years on the occupational mix of employees from hospitals subject to the Medicare inpatient prospective payment system (PPS) in order to construct an occupational mix adjustment to the area wage index (AWI). This adjustment is used to control for the effects of hospitals' employment choices – such as the use of registered nurses versus licensed practical nurses – rather than geographic differences in the costs of labor.

On February 10, CMS published in the *Federal Register* an information collection notice finalizing a revised survey instrument for the occupational mix adjustment to the AWI of the Medicare inpatient PPS. CMS will use this data to adjust the fiscal year (FY) 2008 AWI.

2003/2004 Collection Instrument

Hospitals first collected these data either retrospectively for calendar year 2003, or prospectively for a four-week period that began between December 28, 2003 and January 11, 2004, and ended no later than February 7, 2004. CMS first adjusted the inpatient AWI for occupational mix using these data in FY 2005, and will continue to use this adjustment for FY 2006. CMS is expected to do the same in FY 2007. However, due to concerns about the quality of the data and the potential negative financial impact on hospitals, CMS has implemented only 10 percent of the adjustment; thus, 10 percent of the current AWI is based on an average hourly wage adjusted for occupational mix, while 90 percent is based on an average hourly wage unadjusted for occupational mix.

The 2003/2004 occupational mix survey used the occupational categories and definitions from the 2001 U.S. Bureau of Labor Statistics (BLS) Occupational Employment Statistics survey, based on its standard occupational categories (SOCs). The survey collected data on the following seven categories, broken down into 19 subcategories, plus an “all other” category:

Nursing and Medical Assistant Services

- Registered nurses
- Licensed practical nurses
- Nursing aides, orderlies and attendants
- Medical assistants

Physical Therapy Services

- Physical therapists
- Physical therapist assistants
- Physical therapist aides

Occupational Therapy Services

- Occupational therapists
- Occupational therapist assistants
- Occupational therapist aides

Respiratory Therapy Services

- Respiratory therapists
- Respiratory therapy technicians

Pharmacy Services

- Pharmacists
- Pharmacy technicians
- Pharmacy aides

Dietary Services

- Dieticians and nutritionists
- Dietetic technicians

Medical and Clinical Lab Services

- Medical and clinical lab technologists
- Medical and clinical lab technicians

All Other Occupations

Currently, CMS determines an adjustment for each of the seven general occupational categories and applies each adjustment separately to the wage index. CMS has not yet indicated how the changes to the survey may affect the adjustment calculation other than to assure hospitals that the “all other” category will not be used to adjust the wage index. The full methodology will be released as part of the inpatient PPS proposed rule in spring 2007.

AT ISSUE

All hospitals subject to the inpatient PPS, or any hospital that would be subject to the inpatient PPS if not granted a waiver, must respond to the survey. Critical access hospitals (CAHs) are not paid under the inpatient PPS and are therefore not required to complete the survey. In addition, hospitals that terminated participation in the Medicare program before calendar year 2006 are not required to complete the survey.

New 2006 Collection Period

Affected hospitals must collect data for a six-month period, beginning January 1 and concluding June 30. CMS noted in the survey instructions that it will provide some flexibility in the reporting period to accommodate hospitals' bi-weekly payroll and reporting systems. Specifically, the collection must begin on or after January 1 and before January 9, and must end on or after June 30 and before July 9.

The AHA had requested hospitals be given 90 days to compile the data before making their submission to the fiscal intermediaries. However, hospitals will have only 30 days to do so. **Survey responses are due by July 31 via e-mail attachment or overnight delivery to the intermediaries.** An Excel version of the survey may be downloaded from CMS' Web site at www.cms.hhs.gov/AcuteInpatientPPS/WIF/list.asp. It is important that hospitals ensure data reported on the survey are accurate and verifiable through supporting documentation.

Collection of Salaries and Hours

The final survey requires hospitals to include both the paid hours associated with the employees in question and the wages paid. The 2003/2004 survey collected only the paid hours associated with these employees. CMS included the following definitions of paid salaries and hours in the supporting documents for the *Federal Register* notice:

Paid Salaries – Include the total of **paid** wages and salaries for the specified category of hospital employees including overtime, vacation, holiday, sick, lunch, and other paid-time-off, severance and bonuses. Do not include fringe benefits or wage-related costs as defined in Provider Reimbursement Manual, Part I, Section 3605.2.

Paid Hours – Include the total **paid** hours for the specified category of hospital employees. Paid hours include regular hours, overtime hours, paid holiday, vacation, sick, and other paid-time-off hours, and hours associated with severance pay. Do not include non-paid lunch periods and on-call hours in the total paid hours. Overtime hours must be calculated as one hour when an employee is paid time and a half. No hours are required for bonus pay. The hours reported for salaried employees who are paid a fixed rate must be recorded based on 40 hours per week or the number of hours in the hospital's standard workweek.

Categories for 2006 Collection

Rather than use the seven categories and 19 subcategories from the previous survey, the revised survey includes a subset of the occupational categories from the 2001 BLS Occupational Employment Statistics survey based on its SOCs. According to CMS, the additional occupational categories collected under the 2003/2004 survey instrument had only a minimal affect on the adjustment. The 2006 survey includes the following categories and subcategories:

- Registered nurses
 - Management personnel
 - Staff nurse/clinician
- Licensed practical nurses
- Nursing aides, orderlies and attendants
- Medical assistants

- All other occupations

CMS had proposed nursing administrator/director, nurse supervisor/head nurse and staff nurse/clinician subcategories within the registered nurse and licensed practical nurse categories. However, as suggested by the AHA, CMS dropped these subcategories from the licensed practical nurse category because such roles are generally beyond their scope of practice. In addition, CMS altered the subcategories under registered nurse to include only management personnel and staff nurse/clinician. The AHA argued that the more detailed proposed breakdown would have led to confusion over where to place employees and would not have greatly affected the adjustment. CMS also clarified that charge nurses are to be included in the staff nurse/clinician subcategory.

The survey instructions also clarified the definition of medical assistants to avoid overly broad interpretation of the category. The definition specifies that phlebotomists, information technology personnel, health information management personnel, and general business office personnel who are non-nursing personnel should be excluded from this category.

CMS will use the associated BLS definitions that are included in Attachment 1 of this Advisory. A copy of the survey itself is included in Attachment 2. However, providers will need to submit the document as an Excel file to fiscal intermediaries by July 31.

Employees to Include in the Collection

Hospitals should complete the survey for employees who are full-time and part-time, directly hired and acquired under contract. Employees who serve more than one function should be classified under the occupation that requires the highest level of skill. If there is no measurable skill difference, workers should be included in the occupation where they spend the majority of their time.

Hospitals should not include employees in areas excluded from the inpatient PPS, such as skilled-nursing facilities, home health agencies, and psychiatric or rehabilitation units or facilities. This exclusion applies to directly hired and contracted employees who provide direct or indirect patient care services in inpatient PPS-excluded areas. Also, employees whose services are excluded from the inpatient PPS, like Part B physicians and residents, should not be included in the survey.

Hospitals should, however, include employees who are allocated from the home office or related organizations to inpatient PPS-reimbursable and outpatient departments included in the wage index. CMS indicated that hospitals should use the allocation methodology used for the wage index calculation when allocating general service salaries and hours to excluded areas.

CMS also incorporated an AHA-supported recommendation further clarifying which nursing personnel to include in the “all other” category. CMS expects nursing personnel working in the following cost centers, as used for Medicare cost-reporting purposes, to be included in the general nursing categories and subcategories:

COST CENTER DESCRIPTIONS

COST CENTERS

14	Nursing Administration
25	Adults and Pediatrics (General Routine Care)
26	Intensive Care Unit
27	Coronary Care Unit
28	Burn Intensive Care Unit
29	Surgical Intensive Care Unit
30	Other Special Care (specify)
33	Nursery
37	Operating Room
38	Recovery Room
39	Delivery Room and Labor Room
60	Clinics
61	Emergency
62	Observation Beds

Note: Subscripted cost centers that would normally fall into one of these cost centers would be included in the survey.

Hospitals should include only nursing personnel who provide direct patient care, or who supervise such care, in the nursing categories and subcategories. Nursing personnel working outside these cost centers, but in areas of the hospital covered by the collection (reimbursable under the inpatient or outpatient PPSs), who perform solely administrative functions should be included in the “all other” category. This should minimize uncertainty regarding where to place nurses who work in medical records, information systems and technology, quality or revenue integrity departments or as case managers, compliance officers, clinical resource managers or internal research board nurses without introducing additional burden.

NEXT STEPS

Prepare for Submission

We recommend that you share this Advisory with your chief financial officer and occupational mix survey team (likely to include key staff in human resources, payroll, information services and contract employee companies). We also suggest that you download the survey and supporting documents from the CMS Web site at www.cms.hhs.gov/AcuteInpatientPPS and carefully review them in preparation for the July submission, paying close attention to contract labor and staff who work in more than one area of the hospital.

Data Audit Process

CMS will release an occupational mix data public use file (PUF) in October 2006, along with the wage data PUF. Following the wage index timetable, hospitals will have until December to make corrections. Fiscal intermediaries will then conduct desk audits of the data and will have until mid-February to submit the data to CMS. Finally, CMS will post another PUF in late February 2007. Hospitals will have a brief period to review the PUF for any CMS or intermediary errors. These data will be used to adjust the FY 2008 inpatient PPS wage index.



Occupational Categories:

[Note: The general occupational categories and definitions included in this survey derive directly from the U. S. Bureau of Labor Statistics (BLS), 2001 Occupational Employment Statistics survey. The numbers in parentheses are the BLS standard occupational categories (SOCs). As with the BLS survey, workers should be classified in the occupation that requires their highest level of skill. If no measurable difference in skills, workers are to be included in the occupation that they spend the most time.]

Registered Nurses (RNs, SOC 29-1111) - Assess patient health problems and needs, develop and implement nursing care plans, and maintain medical records. Administer nursing care to ill, injured, convalescent, or disabled patients. May advise patients on health maintenance and disease prevention or provide case management. Licensing or registration required. RNs who have specialized formal, post-basic education and who function in highly autonomous and specialized roles, maybe assigned a variety of roles such as staff nurse, advanced practice nurse, case manager, nursing educator, infection control nurse, performance improvement nurse, and community health nurse. **Exclude from the survey advance practice nurses (nurse practitioners, clinical nurse specialists, certified nurse midwives, and certified registered nurse anesthetists) that are paid under a Part B fee schedule and not the IPPS.**

Functional Subcategories:

Management Personnel – Direct nursing activities. Act in administrative, leadership, or supervisory role, but also provide supervision to staff nurses that are involved in direct patient care, and/or provide direct patient care him/herself. Assist in the coordination of medical and nursing services. Assign duties to professional and ancillary nursing personnel based on resident needs, available staff and unit needs. Plan work schedules and assign duties to nurses and aides, provide or arrange for training, and visit patients to observe nurses and to ensure that the patients receive proper care. May ensure that records are maintained and equipment and supplies are ordered.

Staff Nurse/Clinician – Provide direct patient care based on scientific knowledge and standardized care plans. At the intermediate level, may become more skilled in developing individual care plans to meet patient needs. At the advanced level, may provide care for patients with more complex and unpredictable medical conditions. Includes charge nurses.

Licensed Practical Nurses (LPNs, SOC 29-2061) - Care for ill, injured, convalescent, or disabled persons in hospitals, nursing homes, clinics, private homes, group homes, and similar institutions. Most LPNs provide basic bedside care, such as vital signs as temperature, blood pressure, pulse, and respiration. May work under the supervision of a registered nurse. Some more experienced LPNs supervise nursing assistants and aides. Licensing is required after the completion of a state-approved practical nursing program.

Nursing Aides, Orderlies, & Attendants (SOC 31-1012) - Provide basic patient care under direction of nursing staff. Perform duties, such as feed, bathe, dress, groom, or move patients, or change linens.

Examples: Certified Nursing Assistant; Hospital Aide; Infirmary Attendant.

Medical Assistants (SOC 31-9092) - Performs administrative and certain clinical duties under the direction of physician. Administrative duties may include scheduling appointments, maintaining medical records, billing, and coding for insurance purposes. Clinical duties may include taking and recording vital signs and medical histories, preparing patients for examination, drawing blood, and administering medications as directed by physician. Exclude "Physician Assistants" (29-1071).

Example: Morgue Attendant; Ophthalmic Aide; Physicians Aide. Note: Include only those employees who perform administrative and certain clinical functions under the direction of a physician in the IPPS cost centers and outpatient areas of the hospital that are included in the wage index. Do not include phlebotomists, information technology personnel, health information management personnel, and general business office personnel in the Medical Assistants category.

All Other Occupations – Non-nursing employees (directly hired and under contract) in IPPS reimbursable cost centers and outpatient departments that are included in the wage index (i.e., outpatient clinic, emergency room) must be included in the "All Other Occupations" category. In addition, this category would include the wages and hours of nurses that function solely in administrative or leadership roles, that do not directly supervise staff nurses who provide patient care, and do not provide any direct patient care themselves. This category must not include occupations that are excluded from the wage index (such as physician Part B services, interns, and residents, nurse practitioners, clinical nurse specialists, certified nurse midwives, and certified registered nurse anesthetists). Also, the "All Other Occupations" category must not include employees in areas of the hospital that are excluded from the wage index via Worksheet S-3, Part II, Lines 8 and 8.01, such as skilled nursing, psychiatric, and rehabilitation units and facilities. Therapists and therapy assistants, equipment technologists and technicians, medical and clinical laboratory staff, pharmacists and pharmacy technicians, administrators (other than nursing), computer specialists, dietary, and housekeeping staff are examples of employees who should be reported in the "All Other Occupations" category. Also include the wages and hours of personnel from the home office or related organizations if they perform solely administrative functions and work in IPPS cost centers and outpatient departments that are included in the wage index.



Attachment 2

**MEDICARE WAGE INDEX
OCCUPATIONAL MIX SURVEY**

Date: ___/___/___
 Provider Number: _____
 Provider Contact Name: _____
 Provider Contact Phone Number: _____
 Reporting Period: **01/01/2006 – 06/30/2006**

Report Paid Salaries and Paid Hours in whole numbers. Round Average Hourly Wage to 2 decimal places.

Occupational Category	Paid Salaries	Paid Hours	Average Hourly Wage (Salaries/Hours)
RNs			
Management Personnel			
Staff Nurse/Clinician			
Total RNs			
LPNs			
Total LPNs			
Nursing Aides, Orderlies, & Attendants			
Medical Assistants			
Total Nursing			
All Other Occupations			
Total (Nursing and All Other)			

Note: Do not mark in shaded areas.