

# Occupational Mix Survey Webcast



Sue Brammer, CPA  
BKD, LLP  
July 22, 2008



CPA & Advisory Services

## Agenda

- ✓ Why Occupational Mix Survey (OMS)
- ✓ Review CMS guidelines for OMS
- ✓ Occupational Mix Adjustment factor calculations
- ✓ Go forward game plan

## Why Is There An OMS?

---

- ✓ Required under Benefits Improvement & Protection Act (BIPA)
- ✓ Required to be collected at least every 3 years
- ✓ Purpose to control impact on wage survey because of differences in management choices for staffing by type of nurses – RNs, LPNs & aides

## Why Is There An OMS?

---

- ✓ Originally intended to shift dollars from urban hospitals to small, rural community hospitals
- ✓ Expected results of previous OMS
  - Rural would be over 1.0 factor
  - Urban would be under 1.0 factor

## Why Is There An OMS?

---

- ✓ Reality of prior OMS
  - Many rural hospitals negatively impacted
  - Many urban hospitals positively impacted
  
- ✓ Consequently, CMS only implemented prior OMS to have 10% impact on wage index

## Court Case

---

- ✓ Bellevue Hospital Center vs. Leavitt
  - Appeal court ruled CMS must implement occupational mix adjustment with 100% factor
  
- ✓ CMS issued revised proposed regulations
  - April 21, 2006
  - We did 2 surveys in 2006

## Guidelines for FFY 2010 OMS

---

- ✓ Excluded from requirement to file
  - CAHs
  - No utilization
  - Low utilization
  - But, what if others choose not to file?
  
- ✓ Full year of data
  - Payroll periods ended between July 1, 2007 & June 30, 2008

## Guidelines for FFY 2010 OMS

---

- ✓ Nursing
  - Registered nurses
    - No longer RN management vs. RN staff
    - Patient care vs. administrative still relevant
  - LPNs
  - Aides
  - Medical Assistants

## Nursing Cost Centers

---

- ✓ 14 Nursing Admin
- ✓ 25 A&P
- ✓ 26 ICU
- ✓ 27-30 CCU, BICU, SICU, Other special care
- ✓ 33 Nursery
- ✓ 37 Operating Room
- ✓ 38 Recovery Room
- ✓ 39 Labor & Delivery
- ✓ 53 EKG
- ✓ 57 Renal Dialysis
- ✓ 58 ASC
- ✓ 59 Other Ancillary
- ✓ 60 Clinics
- ✓ 61 Emergency
- ✓ 62 Observation Beds
- ✓ Subscripted CCs within above categories

## Guidelines for FFY 2010 OMS

---

- ✓ Excluded from OMS
  - Follow wage index guidelines
- ✓ All other category
  - Remaining cost centers
  - Consider allocations

## Guidelines for FFY 2010 OMS

---

- ✓ Types of salaries
- ✓ Types of hours
- ✓ Contract labor
- ✓ Home office

## Guidelines for FFY 2010 OMS

---

- ✓ Due to MAC/FI by September 1, 2008
- ✓ Website for forms
  - [www.cms.hhs.gov/AcuteInpatientPPS/WIFN](http://www.cms.hhs.gov/AcuteInpatientPPS/WIFN)
  - Click on FYE 2010 for Form CMS-10079
  - Contractor data form listed is for use by MAC/FI

## Occupational Mix Adjustment

---

- ✓ Occupational Mix Adjustment (OMA) factor
  - CMS issues calculator after OMS is due
  - Best source for now – FFY 2008 calculator
    - Same website as OMS form
    - Look within FFY 2008 files for “Calculator”
  
- ✓ OMA factor only applies to nursing percentage of wage index data

## OMA Calculations

---

- ✓ Each nursing category multiplied by national average wage by category
  
- ✓ Divide overall National AHW by hospital’s weighted average wage
  - Positive OMA if hospital’s average below National
  - Negative OMA if hospital’s average above National

## OMA Example

Based on 2008 CMS Calculator

	OMS Hours	OMS Dollars
RN	240,000	6,175,000
LPNs	14,000	280,000
Nurse Aides	45,000	600,000
Medical Assistants	2,000	26,000
<b>Total Nurse Hours &amp; Salaries</b>	<b>301,000</b>	<b>7,081,000</b>
ALL OTHER	581,000	20,000,000
<b>TOTAL</b>	<b>882,000</b>	<b>27,081,000</b>

## OMA Example

✓ Provider % by category \* National AHW by category

▪ Per FFY 2009 proposed inpatient rules

- RN \$38.6341 Mgmt/\$33.4795 Staff/Combined \$33.87
- LPN \$19.2316
- Aide \$13.6954
- Medical Assistant \$15.7714
- Overall Nursing \$28.7291

## OMA Example

	OMS Hours	OMS Dollars	Provider % by Subcategory	National AHWs by Subcategory (FFY 2009 Proposed Rules)	Provider Adjusted AHW
RN Staff	240,000	6,175,000	79.73%	\$33.87	27.00598
LPNs	14,000	280,000	4.65%	\$19.22	0.893993
Nurse Aides	45,000	600,000	14.95%	\$13.69	2.047251
Medical Assistants	2,000	26,000	0.66%	\$15.77	0.104809
<b>Total Nurse Hours &amp; Salaries</b>	<b>301,000</b>	<b>7,081,000</b>		↑	\$30.05203
ALL OTHER	581,000	20,000,000			
<b>TOTAL</b>	<b>882,000</b>	<b>27,081,000</b>			

## OMA Example

- ✓ Providers Nursing AHW      \$30.0520
- ✓ National AHW                      \$28.7291
- ✓  $\$28.7291 / \$30.0520 = 0.9561$  OMA Factor

## OMA Example

- ✓ OMA adjusted by nursing % of OMS dollars
- ✓ Based on our example
  - Nursing \$7,081,000 or 26.15% of total
  - All other \$20,000,000 or 73.85% of total

## OMA Example

Wages (From S-3, Parts II & III)	\$27,000,000
Hours (From S-3, Parts II & III)	883,000
Unadjusted AHW	\$ 30.58
Nurse Occupational Mix Wages	\$ 6,749,925
All Other Unadjusted Occupational Mix Wages	\$19,940,179
Total Occupational Mix Wages	\$26,690,104
<b>Final Occupational Mix Adjusted AHW</b>	<b>\$ 30.23</b>

## OMA Calculations

- ✓ Impact of changes in nursing mix
  - The higher overall nursing AHW the lower the OMA
  - Typically the higher RN hours percentage of nursing hours the lower OMA factor
- ✓ Consider results of prior six-month survey
  - Nursing 42.99% of hours
  - All Other 57.01% of hours

## Impact Equates to \$\$\$

- ✓ Change in RNs by adding just 1% lowers example adjusted AHW
- ✓ If hospital AHW represents average for CBSA & all hospitals within that CBSA are off by 1% in RN category, what is impact on wage index?
  - What if it's 2% off?

## Game Plan

---

- ✓ Coordinate all applicable parties
- ✓ Match data with how your cost report is prepared
- ✓ Consider if overall data is reasonable for your hospital
- ✓ Know estimated OMA before you submit

## Contact Information

---

Sue Brammer, CPA  
BKD, LLP  
Kansas City, MO  
816.221.6300  
[sbrammer@bkd.com](mailto:sbrammer@bkd.com)