



# Medicare Hospital Wage and Occupational Mix Index Data Analysis

Revised Data for the Development of the FFY 2027 Wage Index |Version 1

## Analysis Description

The Medicare Hospital Wage Index Analysis – Revised Data (January 30, 2026 update) is intended to provide hospitals with a comparative review of the wage data that will be used to develop the federal fiscal year (FFY) 2027 Medicare hospital wage index.

The data analyzed is revised and is the second of three public use files (PUFs) that the Centers for Medicare and Medicaid Services (CMS) will issue to develop the hospital wage index for FFY 2027. Due to data being subject to revision, this analysis is not intended to be used to calculate hospital wage indexes. This analysis should only be used as a way to review the most recent wage data published by CMS.

**It is extremely important that hospitals review these wage data. Under CMS' hospital wage index development timetable, hospitals have until February 17, 2026 to submit requests for either corrections to errors in the January PUFs due to CMS or Medicare Administrative Contractor (MAC) mishandling of the data or for revisions of desk review adjustments to wage index data as included in the PUFs. Since this is the second release, there is not enough time for MACs to process new data, therefore no new data requests will be addressed. Requests and supporting documentation for revision requests must be submitted to the hospital's MAC.**

## Data Sources

This data comparison utilizes the wage and occupational mix PUFs provided by CMS. For the calculation of the FFY 2027 wage index, preliminary FFY 2023 wage and calendar year (CY) 2022 occupational mix data are from the May 23, 2025 PUF while revised FFY 2023 wage and CY 2022 occupational mix data are from the January 30, 2026 PUF. "Final" FFY 2022 wage and CY 2022 occupational mix data used to calculate the FFY 2026 wage index are from the April 30, 2025 PUF and are included for comparison purposes. The percent change displayed in this analysis is calculated to compare preliminary FFY 2027 data to the revised FFY 2027 data.

CMS' wage index/occupational mix PUFs and hospital wage index development timetable for the 2027 wage index are available at <https://www.cms.gov/files/document/fy-2027-hospital-wage-index-development-time-table.pdf>

PUFs used for calculating the FFY 2027 wage index can be found at <https://www.cms.gov/medicare/payment/prospective-payment-systems/acute-inpatient-pps/wage-index-files/fy-2027-wage-index-home-page>

Core-based statistical area (CBSA) delineations used in these reports are from the FFY 2026 IPPS final rule.

The revised wage data PUF contains Worksheet S-3 wage data from FFY 2023 Cost Reports (FFY begin dates from October 1, 2022 to September 30, 2023) submitted to the Healthcare Cost Report Information System through approximately May 20, 2025.

The hospitals analyzed include all hospitals that were included in the FFY 2027 preliminary and FFY 2027 revised wage data and occupational mix. This analysis will only show available data. If a hospital is missing FFY 2027 preliminary and/or FFY 2027 revised data only the columns with available data will appear. If a hospital is missing all data for either wage or occupational mix, the associated table will be blank.

## Wage Data – Table 1

Table 1 includes all lines from Worksheet S-3 Part II of the cost report. This report is intended to provide a comparison of the preliminary 2023 and revised 2023 wage data that each hospital submitted to CMS. This report can be used to review the revised 2023 data release and highlight any errors in the reporting of the Worksheet S-3 data. The summary of wage-related costs at the bottom of the table is intended to show how total salaries compare to wage-related costs.

## Wage Data – Table 2

Table 2 includes only lines relevant to the wage index calculation from cost report Worksheet S-3 Part II. This report is intended to provide a comparison of the revised 2023 wage data for the hospital, its core-based statistical area (CBSA), state, and the nation. This report will help in the review of the revised 2023 data release, allowing focus on areas where the average hourly wage (AHW) or ratio of fringe benefits to salaries are significantly different from the CBSA, state, or nation.

The last lines of the report include a comparison of the preliminary 2023 and revised 2023 AHWs for the hospital, its CBSA, state, and the nation. The AHW provided on these lines is calculated using CMS' methodology of total salaries and hours adjusted to remove teaching, Certified Registered Nurse Anesthetists, Part B, and excluded areas. This AHW calculation does not take the final steps in CMS' methodology to allocate overhead costs and overhead wage-related costs to areas excluded from the AHW calculation and does not incorporate the common period adjustment.

Please note that Wage Table 1 shows the changes to all lines from Worksheet S-3 Part II of the cost report, while Wage Table 2 looks specifically at Worksheet S-3 Part II lines used in CMS' wage index calculation. Therefore, the percentage change in AHW shown on Line 1 of Table 1 may not be comparable to the percentage change in the AHW calculated on Table 2 due to the addition or subtraction of individual cost report lines.

## Occupational Mix – Table 1

The Occ-Table 1 report is intended to provide a review of the occupational mix survey data that was submitted to CMS and to provide a comparison of the preliminary occupational mix data used for the FFY 2027 wage index and revised occupational mix data to be used for the FFY 2027 wage index. This report can be used to review and highlight any errors in the reporting.

This table also provides CBSA and national benchmarks to give hospitals an indication of how their AHW by occupational mix category compares these two groups. Hospitals should focus their benchmark review on the "Total Nursing Reported" line. In general, if the hospital AHW reported on this line is greater than the CBSA

amount, the hospital's data may cause the CBSA to be disadvantaged when calculating the occupational mix adjustment.

## Table 2 – Occupational Mix

The Occ-Table 2 report is intended to provide estimates of how the occupational mix data, as currently reported, could affect a hospital when compared to the nation. While the occupational mix adjustment is made on a CBSA level, a hospital-specific factor is provided to show how the hospital's occupational mix data compares to the nation. A hospital-specific occupational mix factor greater than 1.0 indicates that the hospital has a less expensive mix of employees than the U.S. If the occupational mix factor at the CBSA level (reflecting data from all hospitals in the CBSA) is greater than 1.0, the occupational mix adjustment will increase the CBSA wage index. A comparison to the current hospital-specific occupational mix factor is also provided.

Please note that the Registered Nurse (RN) occupational mix categories tend to drive the occupational mix calculation and hospitals should ensure that data reported in these categories are correct. In general, hospitals that report RN AHW at a level lower than the nation tend to receive a positive occupational mix adjustment. RN hours as a percentage of total nursing hours is provided to support review of the RN occupational mix category.