



Medicare Hospital Wage Index Data Analysis

Preliminary Data for the Development of the Federal Fiscal Year 2022 Wage Index

-Version 1-

Analysis Description

The Medicare Hospital Wage Index Data Analysis – Preliminary Data (May 18, 2020 release) is intended to provide hospitals with a comparative review of the wage data that will be used to develop the federal fiscal year (FFY) 2022 Medicare hospital wage index.

The data analyzed is preliminary and is the first of three wage data public use files (PUFs) that the Centers for Medicare and Medicaid Services (CMS) will issue to develop the hospital wage index for FFY 2022. Because this data is subject to revision, this analysis is not intended to be used to calculate hospital wage indexes, but to give hospitals 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 September 3, 2020 to request revisions to this data. This is the only opportunity hospitals will have to request revisions to their data. Subsequent opportunities for correction can only address Medicare Administrative Contractor (MAC) mishandling of data. Requests and supporting documentation for revision requests must be submitted to the hospital's MAC by September 3, 2020.

Hospitals have until August 3, 2020 to complete and submit to their MACs, the Calendar Year (CY) 2019 occupational mix surveys on the Hospital Reporting Form, CMS 10079. The CY 2019 Medicare occupational mix survey and instructions can be found at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Wage-Index-Files>.

Data Sources

This data comparison utilizes wage data files provided as PUFs by CMS. “Final” 2017 data (FFY 2021 wage index) are from the April 30, 2020 wage data PUF while preliminary 2018 data (FFY 2022 wage index) are from the May 18, 2020 PUF.

CMS' wage index PUFs and hospital wage index development timetable are both available online at: <https://www.cms.gov/medicaremedicare-fee-service-paymentacuteinpatientppswage-index-files/fy-2022-wage-index-home-page>.

The preliminary wage data PUF is Worksheet S-3 wage data from Cost Reports for FFY 2018 (FFY being dates from October 1, 2017 to September 30, 2018) submitted to the Healthcare Cost Report Information System (HCRIS) (cost reports submitted through May 13, 2020).

Table 1

The first table includes all lines from Worksheet S-3 Part II of the cost report. This report is intended to provide a comparison of the “final” 2017 and preliminary 2018 wage data that each hospital submitted to CMS. This report can be used to review the preliminary 2018 data release and highlight any errors in the reporting of the Worksheet S-3 data.

The analysis of wage-related costs at the bottom of the table is intended to provide a general idea of how total salaries compare to wage-related costs.

Table 2

The second table includes only lines relevant to the wage index calculation from Worksheet S-3 Part II of the cost report. This report is intended to provide a comparison of the preliminary 2018 wage data for the hospital, its Core-based Statistical Area (CBSA), State, and the Nation. This report will help in the review of the preliminary 2018 data release, allowing focus on the 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 “final” 2017 and preliminary 2018 AHWs for the hospital, its CBSA, State, and the Nation. The AHW provided on these final lines (highlighted) is calculated using CMS’ methodology of total salaries and hours adjusted to remove teaching, Certified Registered Nurse Anesthetists (CRNA), 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.

Notes:

- *Table 1 shows the changes to all lines from Worksheet S-3 Part II of the cost report, while Table 2 looks specifically at the 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.*
- *For FFY 2021, CMS is proposing to update the Core-Based Statistical Areas (CBSA) for all providers based on the delineations published in the Office of Budget and Management (OMB) Bulletin No. 18-04 released on September 14, 2018. Included in this bulletin are new CBSAs, urban counties that become rural, rural counties that become urban, and existing CBSAs which are split apart or otherwise changed. CMS believes that these delineations better represent current rural and urban areas. These CBSA changes are reflected in both the “final” 2017 and the preliminary 2018 data.*