

# Nebraska HFMA - Wage Index Initiative

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March 19, 2021

**BKD**  
CPAs & Advisors

# Agenda

- › Review status of the FFY 2022 wage index
- › Starting point on as-filed FFY 2023
- ▶ › Major components of the wage index
- › Other
  - Specially Designated Hospitals and Reclassifications
  - COVID-19 impacts to wage index
  - OMB recommended CBSA changes

# FFY 2022

Cost reports beginning during FFY 2018  
(9/30/18, 12/31/18, 3/31/19, 5/31/19,  
6/30/19)

# Wage Index FFY 2022

FEDERAL FISCAL YEAR (FFY)	Rural Nebraska	Omaha-Council Bluffs	Lincoln	Grand Island
FFY 2021	0.8735	0.9392	0.9548	0.9504
FFY 2022 as-filed AHW increase (decrease)	1.2%	1.7%	5.3%	2.2%
FFY 2022 January 29, 2021 PUF AHW increase (decrease)	(0.03%)	3.5%	4.9%	2.5%
FFY 2022 based on the January 29, 2021 PUF 2.20% National AHW increase—ESTIMATE likely final will be lower due to appeals	0.8545	0.9514	0.9796	0.9527

# WHAT IS THE IMPACT OF A CHANGE?

- › \$0.46 is 0.01 wage index → change approximately

CBSA	Impact
Grand Island	\$375,000
Omaha-Council Bluffs	\$4.5 Million
Rural Nebraska	\$1.5 Million
Lincoln	\$2.1 Million

# FFY 2023

Cost reports beginning during FFY 2019

# FFY 2023

CBSA	As-filed Adjusted AHW Increase (Decrease)
Rural Nebraska (3)	4.7% increase
Omaha-Council Bluffs	3.5% increase
Lincoln	1.3% increase
Grand Island	Not in HCRIS

# Impact of Wage Index to Specially Designated Hospitals

- Sole Community Hospitals
- Medicare Dependent Hospitals
- Reclassified Hospitals
- Re-designated Rural Nebraska Hospitals





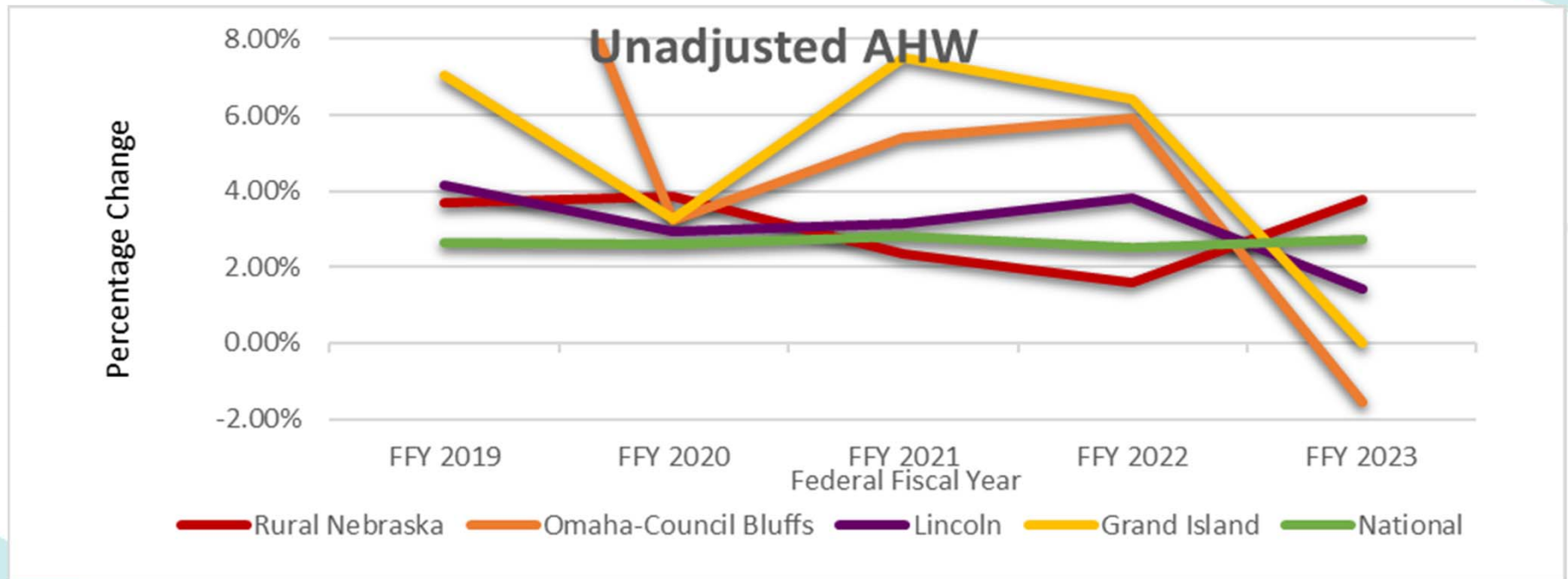
# Major Components of Wage index

- Salaries
- Hours
- Wage Related Costs
- Contract Labor
- Physicians
- Home office

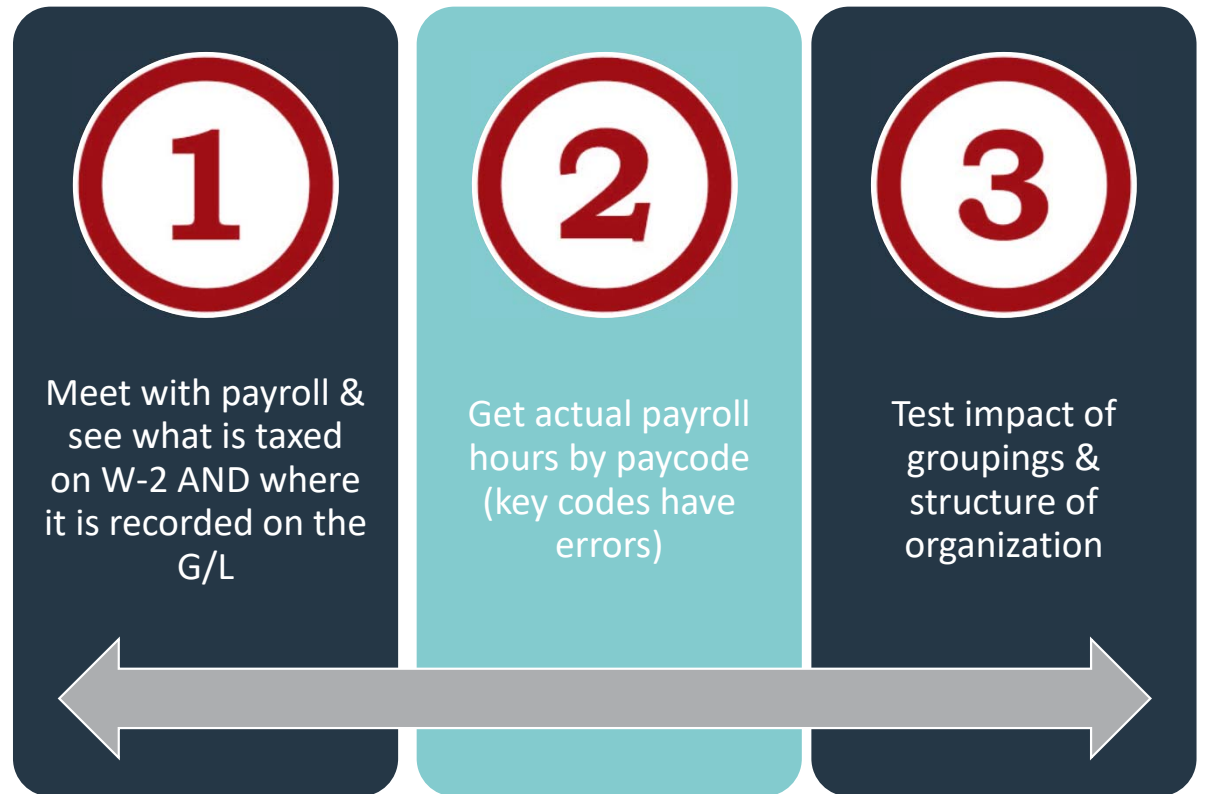
# Source of Comparison Data

- › FFY 2019 through 2021: Final IPPS rules
  - 6/30/16, 6/30/17 & 6/30/18
  - 12/31/15, 12/31/16 & 12/31/17
- › FFY 2022: January 29, 2021 PUF file
  - 6/30/19
  - 12/31/18
- › FFY 2023: As-filed HCRIS data
  - 6/30/20 (not all cost reports applicable to this period are publicly available)
  - 12/31/19

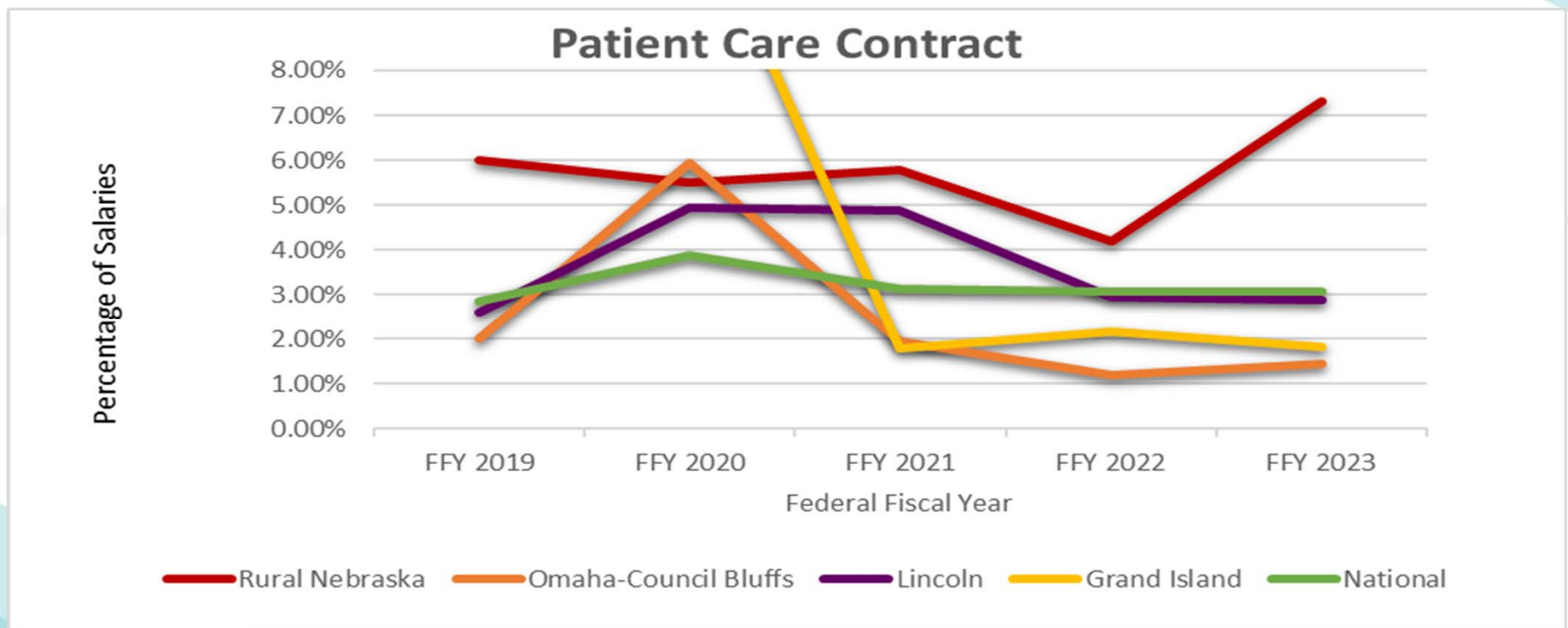
# Total Unadjusted Salaries & Hours (Total Salaries/Total Hours)



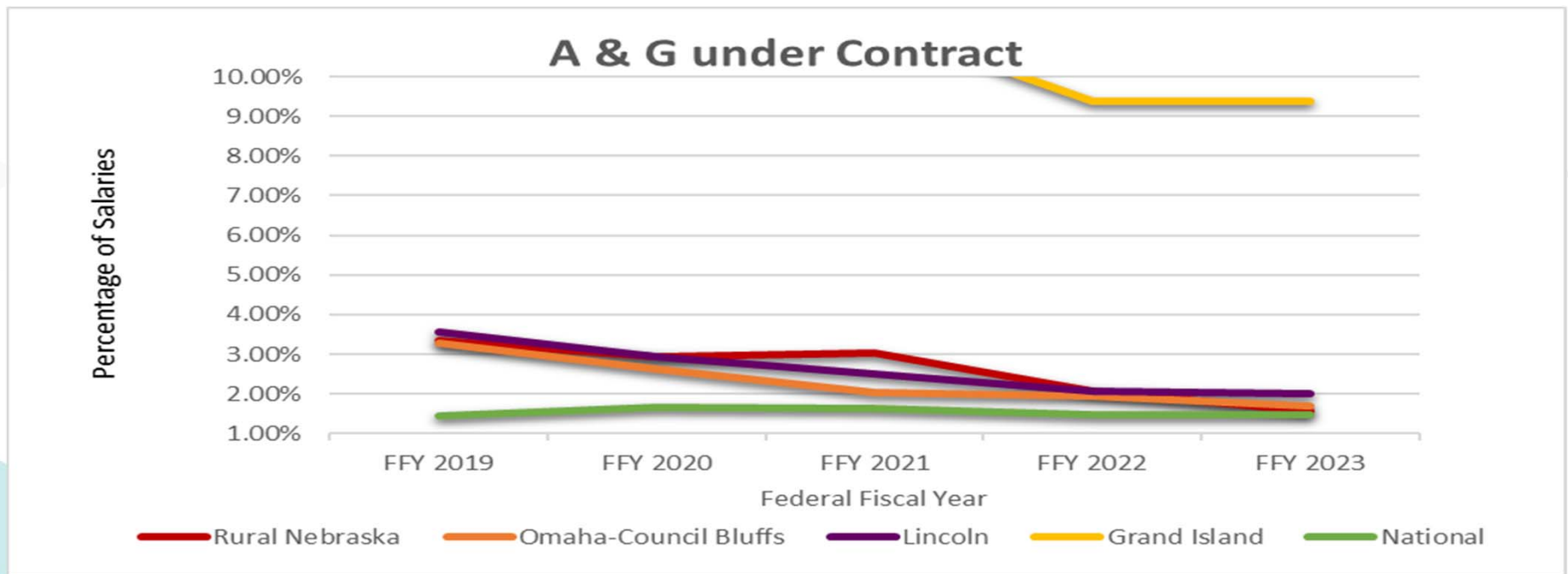
# Tips: Salaries & Hours



# Patient Care Contract Labor (As a Percentage of Salaries)



# A&G Contract Labor (As a Percentage of Salaries)

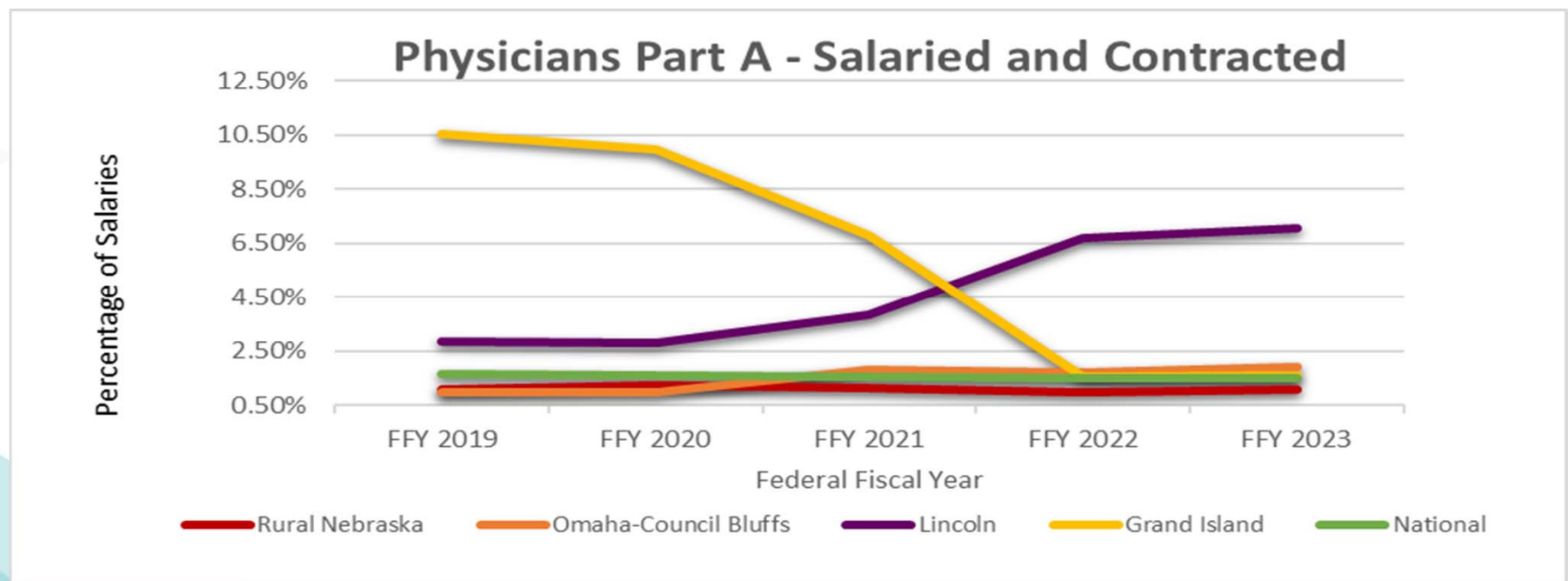


# Tips: Contract Labor

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# Part A Physician Time (Salaries & Contracted Part A/Total Salaries)

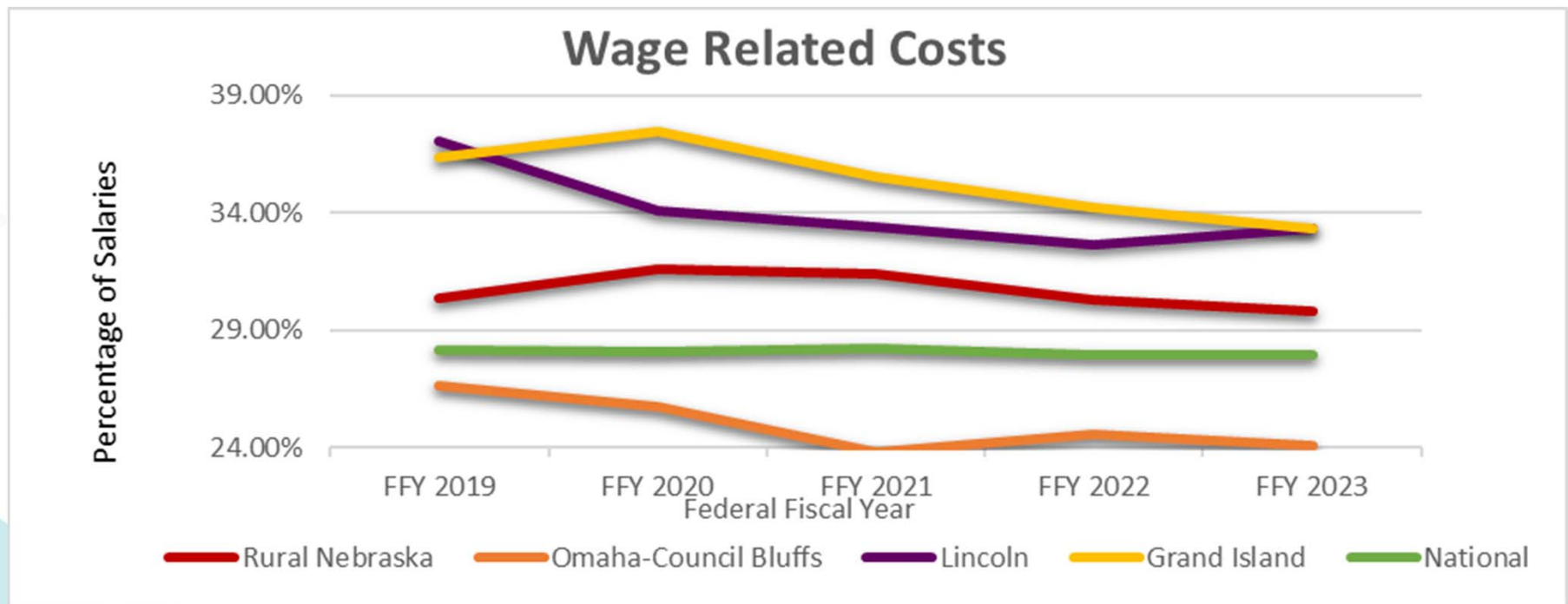




# Tips: Physician Part A Time



# Wage Related Costs (As a Percentage of Total Salaries)



# FFY 2023

CBSA	Health Insurance Costs per FTE
National	\$9,514
Rural Nebraska	\$12,093
Omaha-Council Bluffs	\$8,415
Lincoln	\$9,175
Grand Island	\$10,575

# Tips: Wage- Related Costs



# Miscellaneous

# Wage Index - Reclassifications

## › Reclassification criteria

- Urban versus Rural hospital
- Mileage
- 3-year average hourly wage
- Rural Referral Centers and Sole Community Hospitals
- Data sources
- Effective dates
- MGCRB
- Nebraska reclassifications

# COVID-19 Impacts on Wage Index

› Wage index calculations/AHW could swing based on the following factors:

- Increase or decrease in contract labor relative to National trends
- Furloughs of employees or unpaid leave—how are hours reported?
- Bonus programs for nurses/clinical staff
- Recording of personnel in overhead versus routine/ancillary cost centers
- Physician downtime treatment with consideration to wage index rules

# COVID-19 Impacts on Wage Index

CMS has not addressed this area in any rule making so we are unsure of the approach they will take

Hospitals should evaluate self-insured benefits for potential wage index impacts (health insurance, unemployment, etc.)

Hospitals should track additional costs/contracts closely

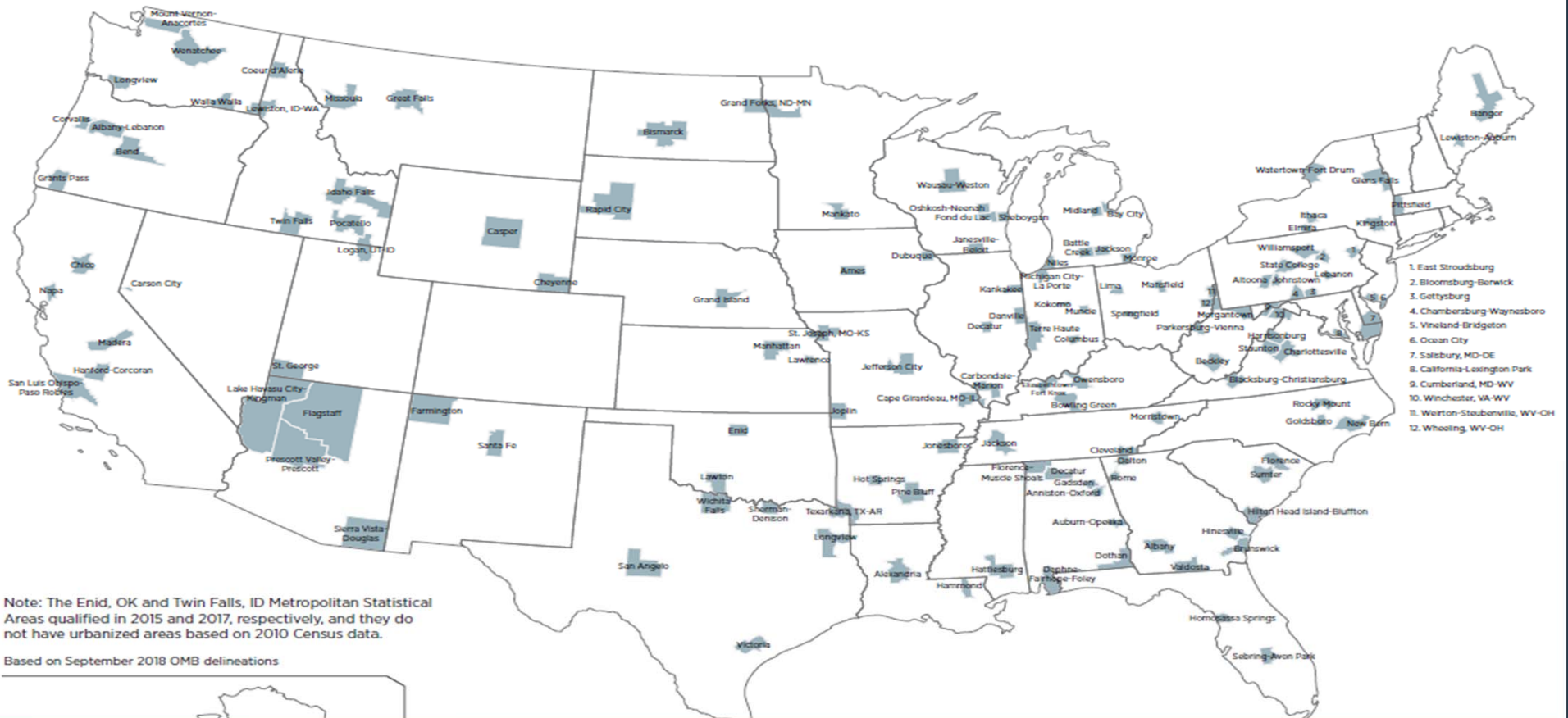
Opportunity for additional legislative and lobbying efforts



# Urban CBSA Population changes

- › Office of Management & Budget (OMB)
  - Recommended changes from Metropolitan and Micropolitan Statistical Area Standards Review Committee
    - 50,000 versus 100,000
    - Areas of impact in Nebraska

## Metropolitan Statistical Areas With a 2010 Urbanized Area Population Between 50,000 and 99,999





# Questions?

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# Thank You!

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