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Preparing for the 2025 Occupational Mix Survey

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Brian Restivo, Director, Baker Tilly

Meet the presenters



Brian Restivo, MBA, CHFP

Principal, Healthcare Advisory

(380) 799-5057

brian.restivo@bakertilly.com

- Co-manages wage index and occupational mix services for Baker Tilly US
- Over 15 years working with 3 different large Health Systems prior to coming to Baker Tilly
- Works with hospitals for MGCRB reclassifications and to assist hospitals in applying for Rural reclassification

Agenda



01 OCCUPATIONAL MIX SURVEY BACKGROUND

02 STATISTICS & TRENDS

03 PREPARING NOW FOR SURVEY

04 OCCUPATIONAL MIX JOB CATEGORIES

05 BEST PRACTICES & CHALLENGES

06 OCCUPATIONAL MIX EXAMPLES

07 QUESTIONS & COMPLIMENTARY ANALYSIS

08 Resources



Occupational Mix Survey Background

Occupational Mix Background

- Section 304 of Public Law 106-554 requires CMS to collect data every 3 years from each short-term, acute care hospital.
- **Purpose**: To adjust the Medicare Wage Index factor by removing the variable impact of nursing staff skill mix
  - Intended to remove the impact of staffing mix decisions, so hospitals especially rural ones aren't penalized or rewarded just because of different hiring practices.
  - Data is used to adjust the Medicare Wage Index factor
- Effective beginning Federal Fiscal Year 2028 (10/1/2027)
- Survey uses job categories from the U.S. Bureau of Labor Statistics' (BLS) to remain consistent with other federal reporting

Required Submitters

Hospitals Required to Submit Surveys

- PPS Acute Care Hospitals
- Sole Community Hospitals (SCH)
- Medicare Dependent Hospitals (MDH)

Hospitals Not Required to Submit Surveys

- Critical Access Hospitals
- No/Low Utilization Medicare providers
- Hospitals that terminated participation in the Medicare program before January 1, 2025, or terminated after January 1, 2025, but before December 2025, resulting in less than 11 months of data
  - Including hospitals that merged into another provider agreement

Timeline & Key Considerations

- Anticipated due date based on CMS Request to OMB: **June 30, 2026**
  - Occupational Mix data can be corrected during annual wage index audit period, if necessary
- Surveys are submitted via email
- CMS estimates that completing the survey will take roughly 60 working days per hospital.
  - Large burden on hospitals to obtain the data needed to complete that is not readily available
- **Failure to file:**
  - Historically CMS will assign the average value for that region (CBSA).That may help or hurt depending on the hospital's own numbers.

National Statistics & Trends

National Survey Results: 2022 vs. 2019

2026 National Average Hourly Wage (2022 Occ Mix Survey)

- Unadjusted for Occupational Mix: $57.92
- Adjusted for Occupational Mix: $57.86

2022 National Average Hourly Wage (2019 Occ Mix Survey)

- Unadjusted for Occupational Mix: $45.62
- Adjusted for Occupational Mix: $46.47

National Survey Results: 2022 vs. 2019

	2022 Survey	2019 Survey	Change ($)	Change (%)
RN	$60.47	$44.45	$16.02/	36.0%
LPN & Surgical Technician	$35.05	$26.83	$8.22	30.6%
Nurse Aide	$23.53	$18.53	$5.00	27.0%
Medical Assistant	$23.16	$19.50	$3.66	18.8%
Total Nurse Category	$50.12	$37.42	$12.70	33.9%

	2022 Survey	2019 Survey	Change (#)
Hospital Employees in the Nurse Category	45%	42%	3%
All Other Occupations	55%	58%	(3%)

2022 Occupational Mix Survey Results

National	Increasing	Decreasing
CBSA Urban Areas Wage Index	248	163
Rural CBSA Areas Wage Index	28	19
Largest Impact for an Urban Area	8.43%	(6.16%)
Largest Impact for a Rural Area	3.85%	(-4.17%)

- **Pennsylvania Results**
  - 8 out of 18 CBSA had a negative impact
  - 1 CBSA remained neutral
  - 9 out of 18 CBSA had a positive impact

2022 Occupational Mix Survey Results

CBSA	Occupational Mix Factor	Wage Index Prior to Occupational Mix	Wage Index After Occupational Mix	Impact of Occupational Mix
Montgomery County-Bucks County-Chester County, PA	0.93910	0.965	0.9389	-2.70%
Philadelphia, PA	0.95104	1.0395	1.0193	-1.94%
Johnstown, PA	0.96925	0.7951	0.7814	-1.72%
State College, PA	**0.97075**	**1.1099**	**1.0973**	**-1.14%**
Altoona, PA	0.97929	0.8674	0.86	-0.85%
Harrisburg-Carlisle, PA	**0.98371**	**1.0088**	**1.0023**	**-0.64%**
Pittsburgh, PA	0.98623	0.8496	0.8454	-0.49%
Scranton--Wilkes-Barre, PA	0.99405	0.883	0.8811	-0.22%
Lebanon, PA	0.99702	1.0076	1.0076	0.00%
Gettysburg, PA	**1.01416**	**1.0109**	**1.0177**	**0.67%**
Rural PA	**1.01849**	**0.853**	**0.8575**	**0.53%**
Reading, PA	1.01891	1.0244	1.033	0.84%
Erie, PA	1.02036	0.8482	0.8572	1.06%
Lancaster, PA	1.02516	0.861	0.8725	1.34%
Williamsport, PA	**1.03064**	**0.8107**	**0.8206**	**1.22%**
York-Hanover, PA	**1.03362**	**0.9411**	**0.9563**	**1.62%**
Chambersburg, PA	1.04460	0.9797	1.0009	2.16%
Allentown-Bethlehem-Easton, PA-NJ	1.04635	1.0016	1.0229	2.13%



Preparing Now for Survey

Hidden Complexity Behind the Occupational Mix Survey

The submission form can give hospitals the impression that the survey is neither time- nor labor-intensive, which reduces recognition of its critical nature.

MEDICARE WAGE INDEX
OCCUPATIONAL MIX SURVEY

Date: / /
Provider Number:
Provider Contact Name:
Provider Contact Phone Number:
Reporting Period: **Pay Periods Ending Between 01/01/2022 and 12/31/2022**

Occupational Category	Paid Salaries	Paid Hours	Average Hourly Wage (Salaries/Hours)
Nursing Occupations			
RNs			
LPNs, LVNs, and Surgical Technologists			
Nursing Assistants and Orderlies			
Medical Assistants			
Total Nursing			
All Other Occupations			
Total (Nursing and All Other)			

Note: Do not mark in shaded areas.

Occupational Mix Survey Reporting Guidelines

- Pay periods ending between January 1st and December 31st 2025
  - Survey's begin date cannot be earlier than December 17, 2025, and the survey's end date cannot end later than December 31, 2025.
  - Full year of data based on payroll period not an accrual basis
- Follows similar rules to Medicare Wage Index Reporting some exceptions
  - Similarities
    - Includes contract labor
    - Hours reported based on same methodology (e.g.: Excluding premium pay hours)
  - Exceptions
    - Does not include wage-related expense/employee benefits
    - Does not follow accrual-based accounting for wages

Occupational Mix Survey Reporting Guidelines

Paid Salaries:	• Total paid wages and salaries, including overtime, vacation, sick time, personal leave, PTO, holiday pay, severance, bonuses, stipends, differential pay, jury duty, and on-call pay
Paid Hours:	• Should include regular hours, overtime, paid holidays, vacation, sick time, and all other paid-time-off hours. Hours associated with severance pay must also be included.
Excluded Hours:	• Exclude any hours that would otherwise be removed for wage index reporting purposes, such as hours related to on-call, PTO payouts, bonuses, or shift differentials.

CMS Occupational Mix Job Coding Overview

- Job codes for the Occupational Mix Survey are grouped into two primary categories:
  - Nursing
  - All Other Occupations
- Although excluded categories are not reported on the survey, it is critical to track them for reconciliation and audit purposes.
- The Nursing category is further divided into four subcategories:
  - Registered Nurses (RN)
  - LPNs/LVNs & Surgical Technologists
  - Nursing Assistants & Orderlies
  - Medical Assistants

Understanding Nursing Cost Reporting for the Occupational Mix Survey



Hospitals must report data for the Nursing category only when those associated salary costs are reported on specific Medicare Cost Report lines.



In other words, not all nursing-related costs are eligible to be included in the Nursing category for the Occupational Mix Survey.

These costs may be reported as all other or excluded from the survey all together

Medicare Cost Report Lines for Nursing Category

Overhead Cost Centers	Inpatient Cost Centers	Ancillary Cost Centers	Outpatient Cost Centers
• Line 13: Nursing Administration	• Line 30: Adults and Pediatrics (General Routine Care) • Line 31: Intensive Care Unit • Line 32: Coronary Care Unit • Line 33: Burn Intensive Care Unit • Line 34: Surgical Intensive Care Unit • Line 35: Other Special Care (specify) • Line 43: Nursery	• Line 50: Operating Room • Line 51: Recovery Room • Line 52: Labor Room and Delivery Room • Line 69: EKG • Line 74: Renal Dialysis • Line 75: Ambulatory Surgical Center • Line 76: Other Ancillary	• Line 90: Clinics • Line 91: Emergency • Line 92: Observation Beds

*Including subscripted lines of noted cost centers

Other Items to be factored into Occupational Mix Survey

Worksheet A-6 reclassifications performed consistently year over year on the cost report

Home office and regional office allocations to the reporting hospital(s)

Other related-party costs reported on Worksheet A-8-1

Contract labor reported on:

- Line 11: Direct patient care
- Line 12: Top-level management and other administrative services
- Line 13: Part A physician administrative services
- Line 28: Administration and General
- Line 33: Housekeeping
- Line 35: Dietary

Contract Labor



Contract labor must be reported and supported in a manner consistent with Medicare wage index requirements. Contracts should be available for audit



All contracts should be readily available for audit review.



Invoices must include documented hours to allow for accurate compilation and audit support.



Contracted labor must be traceable to the appropriate cost centers where the related costs would be reported.



Like wage index, non-wage expenses—such as travel, meals, lodging, and similar costs—must be excluded from reported wages.

Excluded Personnel for the Occupational Mix Survey

Regardless of the cost report line where their costs are recorded, the following employees must be excluded from the Occupational Mix Survey when they are reported as excluded from IPPS on Worksheet S-3 Part II of the Medicare Cost Report:

- Line 3: Part B CRNAs
- Line 5: Part B physician wages and Part B non-physician wages
- Lines 7 & 7.01: Interns and residents
- Line 9: Skilled Nursing Facilities (SNF)
- Line 10: Excluded areas, including
  - Nursing and Allied Health programs (including Nursing Schools)
  - Inpatient Psychiatric Facilities (IPF)
  - Inpatient Rehabilitation Facilities (IRF)Nursing Facilities
  - Long-Term Care Facilities
  - Organ Transplant units
  - Home Health Agencies
  - Hospice
  - Non-reimbursable cost centers

Overhead Exclusions



Hospitals must manually exclude overhead cost center salaries and hours that are attributable to excluded areas of the hospital.



Wages related to General Service Cost Centers (Worksheet A, lines 3–22), whether direct or contracted, must be allocated to non-IPPS areas and excluded from the Occupational Mix Survey.



Apply the same allocation methodology CMS uses in the wage index calculation to distribute general service salaries and hours to excluded areas.



Job Category Details

CMS Occupational Mix Job Coding Overview

Nursing Category

- Registered Nurses (RN)
- LPNs/LVNs & Surgical Technologists
- Nursing Assistants & Orderlies
- Medical Assistants

All Other

CMS Occupational Mix Job Coding Overview

- The Occupational Mix Survey uses the Standard Occupational Classification (SOC) system As defined by the U.S. Bureau of Labor Statistics (BLS)
  - Employees must be classified according to the occupation requiring their highest level of skill.
  - If no measurable difference in skill exists, classify based on the occupation in which the employee spends most of their time.
  - Cross-trained staff should be assigned to the category that reflects the duties performed most consistently.
  - RN administrative roles should be evaluated to determine whether duties qualify for Nursing vs. All Other Occupations categories.
- Link to BLS Page:
  - http://www.bls.gov/soc/home.htm#classification

Registered Nurses (RN): (SOC 29-1141)

Registered Nurses Licensed nursing professionals who provide direct patient care, or directly supervising staff delivering patient care

- Must be licensed RN

Roles Include

- Registered Nurse (RN)
- Staff Nurse
- Case Manager
- Nursing Educator
- Infection Control Nurse
- Performance Improvement Nurse
- Community Health Nurse

Roles Exclude advanced practice nurses (APNs)

- Nurse practitioners (NP), clinical nurse specialists (CNS), certified nurse midwives (CNM), and certified registered nurse anesthetists (CRNA)
- Nurse intern without RN license

Licensed Practical and Licensed Vocational Nurses (LPNs, SOC 29-2061) and Surgical Technologists (SOC 29-2055)

LPN/LVN:

- Care for ill, injured, convalescent, or disabled persons in hospitals
- Must be licensed

Surgical Technologists

- Assist in operations, under the supervision of surgeons, registered nurses, or other surgical personnel. May help set up operating room, prepare and transport patients for surgery, adjust lights and equipment, pass instruments and other supplies to surgeons and surgeons' assistants, hold retractors, cut sutures, and help count sponges, needles, supplies, and instruments.

Nursing Aides/Nursing Assistants and Orderlies

Nursing Assistants (SOC 31-1131)

- Provide or assist with basic care or support under the direction of onsite licensed nursing staff. Perform duties such as monitoring of health status, feeding, bathing, dressing, grooming, toileting, or ambulation of patients in a health or nursing facility. May include medication administration and other health-related tasks. Includes nursing care attendants, nursing aides, and nursing attendants.

Orderlies (31-1132)

- Transport patients to areas such as operating rooms or x-ray rooms using wheelchairs, stretchers, or moveable beds. May maintain stocks of supplies or clean and transport equipment.

Examples of possible jobs that could be reported as Orderlies

- Patient transporters
- Patient care technicians
- ED techs
- OB tech
- Telemetry techs
- Patient sitters
- Safety attendants/care companions
- Child life specialists
- Lactation consultants
- Cross trained unit/ward clerks if the majority of their time are spent on clinical duties

Medical Assistants (SOC 31-9092):

Medical Assistants

- Performs administrative and certain clinical duties under the direction of a physician. Administrative duties may include scheduling appointments, maintaining medical records, billing, and coding information 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.
- 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 listed above. Do not include phlebotomists, information technology personnel, health information management personnel, medical secretaries, ward clerks, and general business office personnel.

All Other Occupations

Includes:

- Includes
  - Non-nursing employees (directly hired and under contract) in IPPS reimbursable cost centers and outpatient departments that are included in the wage index
  - Nursing Staff that
    - Do not provide any direct patient care themselves.
    - Do not directly supervise staff nurses who provide patient care
    - APN/PAs that function solely in administrative or leadership roles
  - Home Office personnel
  - Related party personnel

Excludes

- Physician and non physician Part B services
- Interns and Residents
- Other areas excluded form the wage index

Examples

- 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 as the all-other occupations

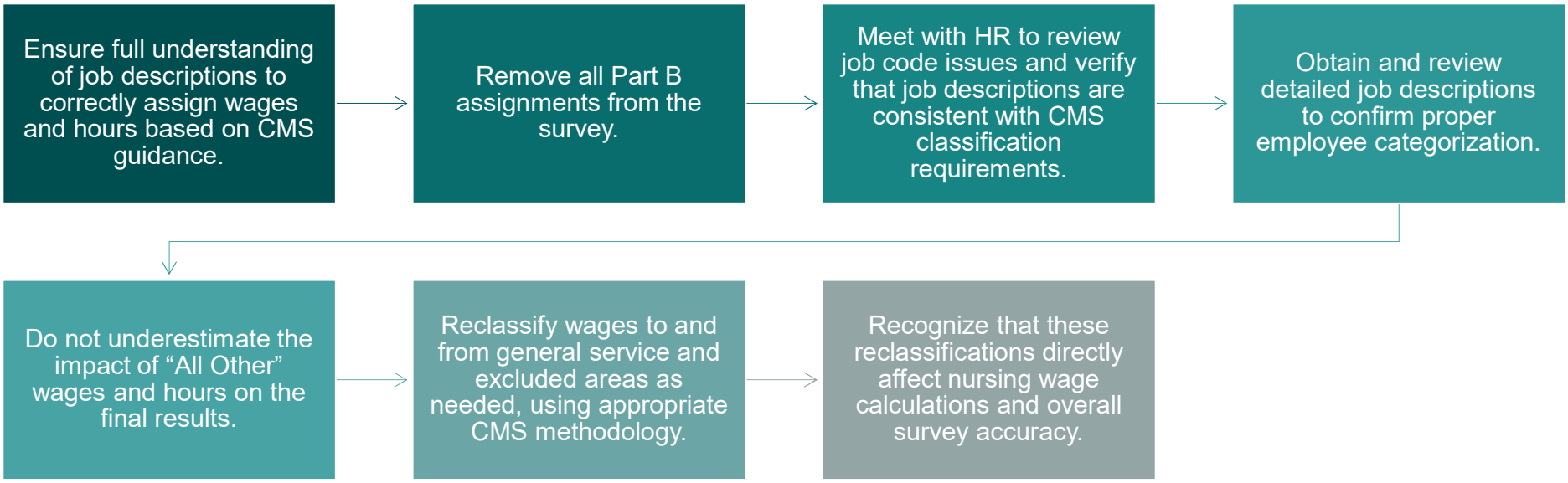


Best Practices & Challenges

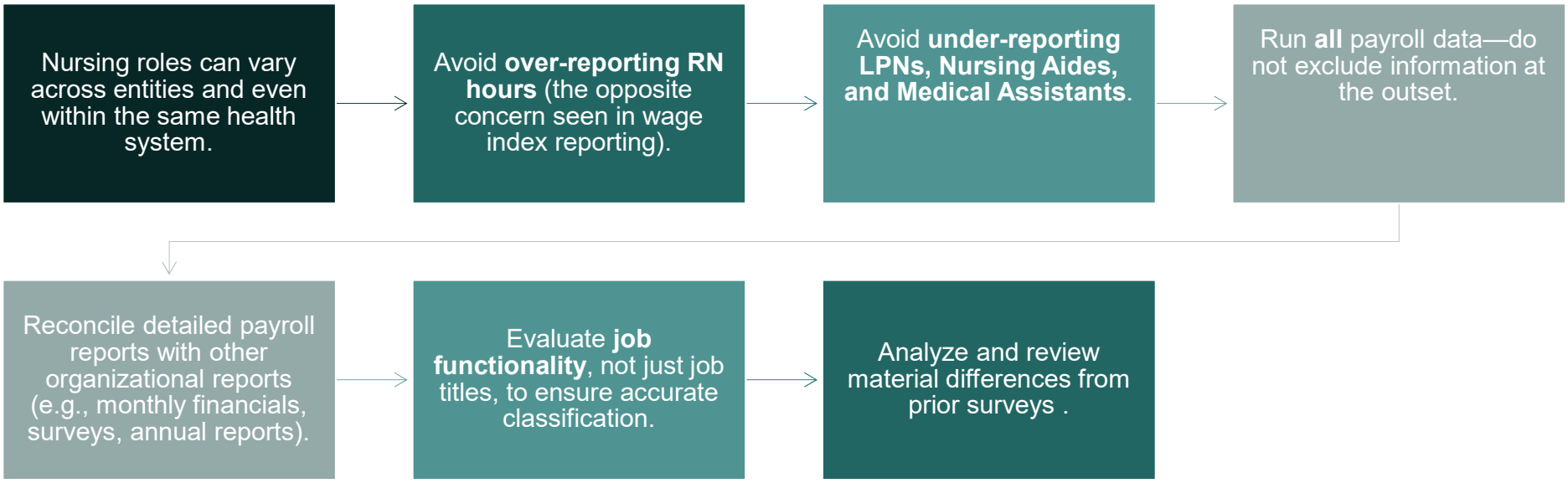
Improving Accuracy in Occupational Mix Classification & Reporting

- Review and address any prior Occupational Mix Survey audit adjustments.
- Review and address prior wage index audit adjustments related to reported hours.
- Ensure contract labor reporting is accurate and fully supported.
- Review findings from management letters for potential classification or reporting issues.
- Understand how prior Occupational Mix Survey results affected the hospital's average hourly wage used for the wage index and MGCRB wage index reclassifications.
- Under direction of nursing staff would include direct and indirect supervision

Improving Accuracy in Occupational Mix Classification & Reporting



Improving Accuracy in Occupational Mix Classification & Reporting



Improving Accuracy in Occupational Mix Classification & Reporting

- Review the following nursing leadership job titles carefully to ensure proper classification:
  - RN Directors
  - RN Managers
  - RN Supervisors
  - RN Assistant Managers
  - Charge Nurses
  - Nursing Administration jobs
- Look to involve Nursing Administration in the review process of uncertain job codes.
- Engage HR and Payroll early to confirm job descriptions and coding are consistent with CMS requirements.
- Work to improve job descriptions and HR/payroll data to support more accurate future reporting.

Frequent Challenges in Occupational Mix Reporting

Difficulty obtaining sufficiently detailed reports
Lack of employee-level reporting
Reports not broken out by earning code/pay code
IT system limitations or access challenges
Mid-year payroll system changes that complicate data retrieval
Payroll reports not reconciled with the general ledger
Misclassification of administrative RNs in the RN category
Inclusion of cost centers not able to be included
Cost report reclassifications not reflected in the survey



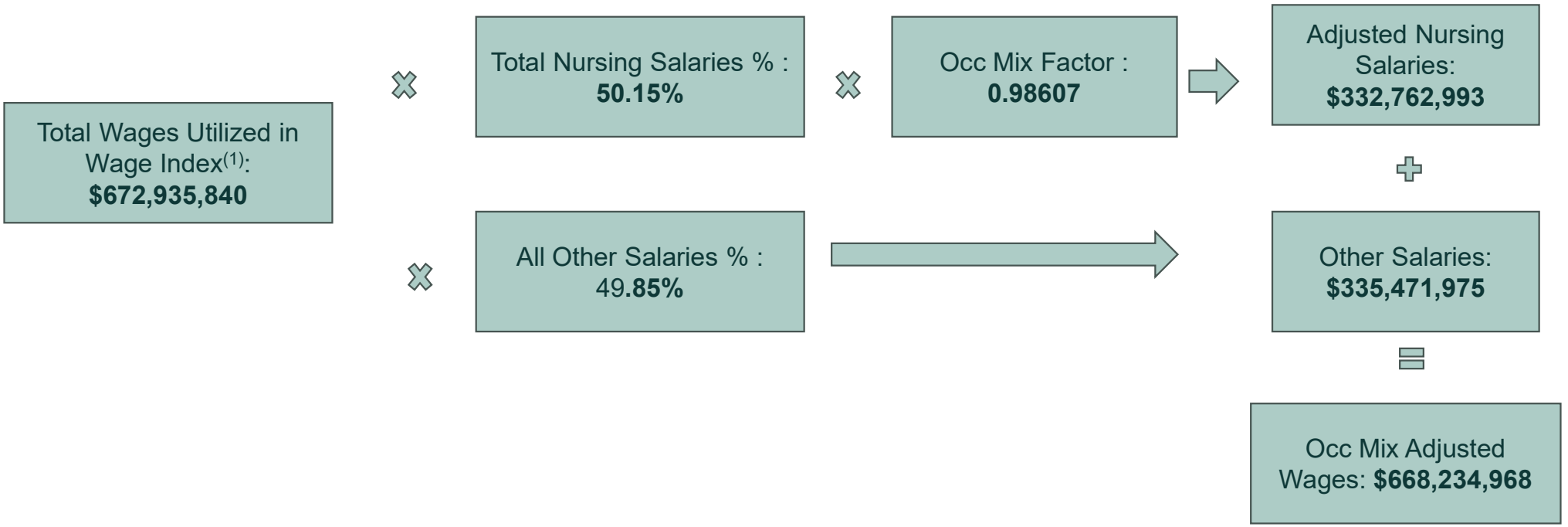
Occupational Mix Examples

Occupational Mix Calculation Negative Example

	(A)	(B)	(C): (A/B)	(D)	(E)	(F): D * E	(G)
Provider Occ Mix Categories	**Wages**	**Hours**	**Average Hourly Wage**	**Provider % by Nursing Subcategory**	**National AHW by Nursing Subcategory**	**Provider Adjusted AHW**	**Provider Salaries % Total**
RN	$194,658,916	2,675,428	$72.76	71.42%	$60.47	$43.19	
LPNs & Surgical Technologists	$8,879,449	303,212	$29.28	8.09%	$35.05	$2.84	
Nursing Aides & Orderlies	$13,456,962	601,898	$22.36	16.07%	$23.53	$3.78	
Medical Assistants	$3,039,222	165,565	$18.36	4.42%	$23.16	$1.02	
Total Nursing Categories	**$220,034,549**	**3,746,103**	**$58.74**	**100.00%**	**50.12**	**$50.83**	**50.15%**
All Other	$218,739,313	6,686,671	$32.71				**49.85%**
Total	**$438,773,862**	**10,432,774**	**$42.06**				

Occupational Mix Adjustment Factor: $50.12 ÷ $50.83 = 0.98607

Occupational Mix Calculation Negative Example



(1) After overhead allocation, and inflation factors applied

Occupational Mix Calculation Negative Example

	Prior To Occupational Mix	After Occupational Mix	Impact
Total Wages	$672,935,840	$668,234,968	($4,700,872)
Total Hours	12,613,178.49	12,613,178.49	-
AHW	$53.35	$52.98	($0.37)

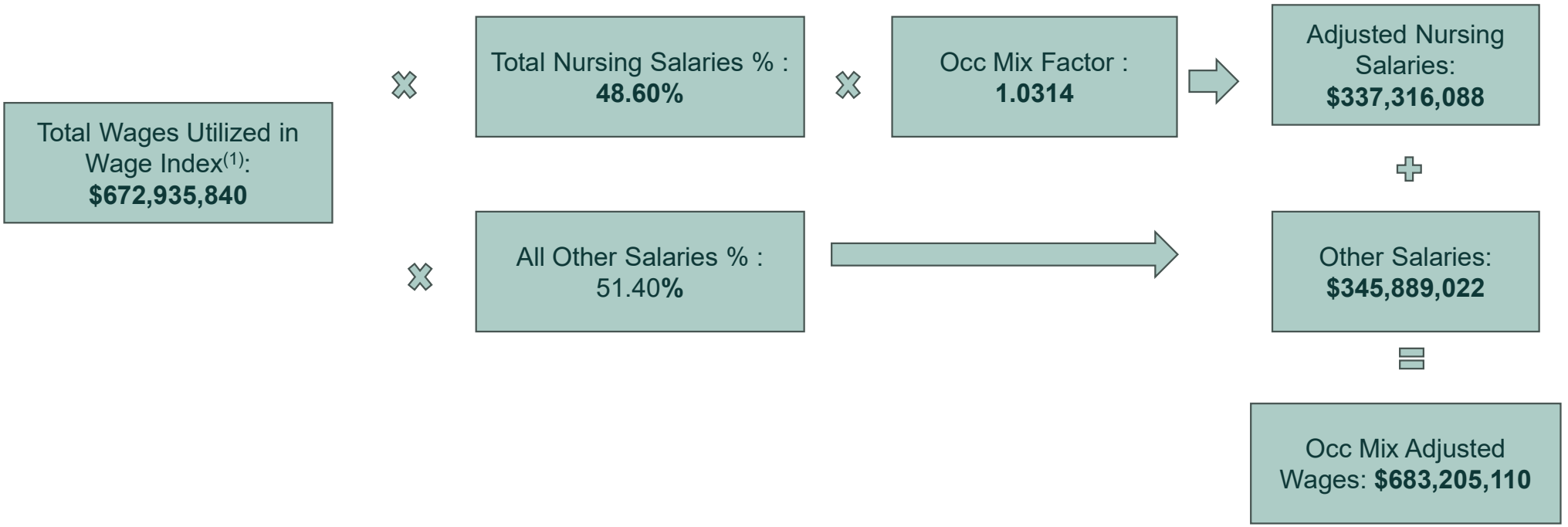
Occupational Mix Calculation Positive Example

10% Reduction in RN hours (267,543) with a shift of those hours split between the other Categories

	(A)	(B)	(C): (A/B)	(D)	(E)	(F): D * E	(G)
Provider Occ Mix Categories	**Wages**	**Hours**	**Average Hourly Wage**	**Provider % by Nursing Subcategory**	**National AHW by Nursing Subcategory**	**Provider Adjusted AHW**	**Provider Salaries % Total**
RN	$175,193,024	2,407,885	$72.76	71.42%	$60.47	$38.87	
LPNs & Surgical Technologists	$12,796,894	436,983	$29.28	8.09%	$35.05	$4.09	
Nursing Aides & Orderlies	$14,938,075	668,783	$22.36	16.07%	$23.53	$4.20	
Medical Assistants	$3,913,735	232,450	$18.36	4.42%	$23.16	$1.44	
Total Nursing Categories	**$206,841,728**	**3,746,103**	**$55.22**	**100.00%**	**50.12**	**$48.59**	**48.60%**
All Other	$218,739,313	6,686,671	$32.71				**51.40%**
Total	**$425,581,041**	**10,432,774**	**$40.79**				

Occupational Mix Adjustment Factor: $50.12 ÷ $48.59 = 1.0314

Occupational Mix Calculation Positive Example



(1) After overhead allocation, and inflation factors applied

Occupational Mix Calculation Positive Example

	Prior To Occupational Mix	After Occupational Mix	Impact
Total Wages	$672,935,840	$683,205,110	$10,269,270
Total Hours	12,613,178.49	12,613,178.49	-
AHW	$53.35	$54.17	$0.82



Questions?

Resources:

- **We invite you to reach out for a complimentary analysis of how the 2022 Occupational Mix Survey affected your hospital's average hourly wage used in the wage index.**

- **A Complete Guide to the Occupational Mix Survey**
- **Prepare for the Medicare Wage Index Reclassification of 2028 Webinar**
- **Explore Changes to Provider-Based Attestation Requirements | Baker Tilly**

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