

Draffin & Tucker, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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March 14, 2007

*Centers for Medicare and Medicaid Services
Office of Strategic Operations and Regulatory Affairs
Division of Regulations Development-C
Attention: Ms. Bonnie L. Harkless
Room C4-26-05
7500 Security Boulevard
Baltimore, Maryland 21244-1850*

Dear Ms. Harkless:

The following comments are in response to the proposed rule issued February 2, 2007 regarding occupational mix surveys required to be completed by hospitals reimbursed under the Medicare Inpatient Prospective Payment System. The proposed rule was issued with the following Document Identifier: CMS-10079 and CMS-R-245.

Our Firm works closely with healthcare providers through the preparation of cost reports, reporting of wage index data including data reported on the Occupational Mix Survey (Survey). We appreciate the opportunity to provide comment regarding the data gathering process for the occupational mix adjustment to wage index data used in the Medicare rate setting process. The Medicare wage index and accompanying occupational mix adjustments rely upon consistent reporting by all participating providers. We believe the consideration of the following comments would serve to enhance that consistency. Please consider the following comments regarding the proposed Survey.

Allocating Overhead Departments

The instructions state that "hospitals should apply the allocation methodology that is used in the wage index calculation for allocating general service salaries and hours to excluded areas (See 70 FR 47373, August 12, 2005, Step 4)". As you are aware, the allocating methodology described in the 2005 Federal Register is not computed on the actual Medicare cost reporting forms for acute care hospitals (Form 2252-96). As a result, the calculation may be unfamiliar to individuals charged with the responsibility of completing the Survey. If a formal methodology could be developed and issued to providers through a CMS issued form, consistency among Survey preparers could be improved.

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Multi-Discipline Employees

The occupational mix survey requires identification of employees who provide services to IPPS areas. To the extent services are provided in the routine area of an excluded unit (i.e., inpatient rehabilitation), the identification of these employees is not typically readily available.

Difficulties in segregating personnel costs often arise when ancillary services are provided by one employee (or department) to both IPPS and IPPS-excluded areas. A common example is the provision of therapy services by one ancillary department. Oftentimes, the therapy ancillary department provides services to patients in the inpatient rehabilitation unit and also to general inpatient and outpatient areas of the hospitals.

For wage data reporting purposes on Worksheet S-3 II, there is no mechanism to segregate these ancillary services between excluded units and IPPS services. Guidance should be provided regarding the treatment of this scenario for completion of the Survey.

Home Office, Related Organizations, and General Service Cost Centers

The Survey instructions address the treatment of "employees in the home office, related organizations, or general service cost centers". The instructions are not clear regarding the amount of home office or related organization personnel wages and hours to be reported on the Survey. For example, it would seem the intent of the Survey would be that wages and hours reported for home office personnel should be reduced in accordance with the percentage allocated to the hospital. In addition, must the wages and hours paid to personnel employed by a related organization be reduced to the costs associated with services provided to the reporting hospital in accordance with cost finding principles applied on the hospital cost report (CMS 2552-96).

Supporting Documentation

The instructions to the Survey state "it is important for hospitals to ensure that the data reported on the survey are accurate and verifiable through supporting documentation". Communication throughout the provider community indicates that many providers and intermediaries remain unsure what "supporting documentation" would be necessary to support data reported on the Survey. While it would seem that each provider could make a determination specific to their entity, the consistency desired through the wage index reporting process requires consistent documentation available for intermediary review. Guidelines regarding the appropriate methodologies addressing the above allocations and other necessary calculations should be developed and disseminated through the Survey instructions. The use of these guidelines by providers should provide for improved consistency in the documentation maintained by providers and a stronger basis for consistent interpretation of data and application of regulations by all providers and their intermediaries.

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Again, we appreciate the opportunity to submit these comments regarding the proposed Survey. We believe that consideration of the above comments will provide for the greatest consistency throughout the occupational mix data gathering process.

If you have any questions, please contact me at (229) 883-7878.

Sincerely,

Jeffrey S. Wright
JEFFREY S. WRIGHT

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