MEDICARE POST-ACUTE CARE PAYMENT REFORM DEMONSTRATION

Institution/Facility Financial Interview Protocol/Information Request

Acute Hospitals, Long Term Care Hospitals, Inpatient Rehabilitation Facilities & Skilled Nursing Facilities

[Provider Name]
Medicare Provider ID Number: [XXXXXX]

Names and Titles of Interviewee(s):
[Name 1 (Title 1)]; [Name 2 (Title 2)]; etc.

The focus of this study is to understand the variation in patient care resource use and costliness both within a particular setting as well as across settings. Ultimately, the purposes are to better understand the characteristics, care, expense and outcomes of different types of patients seen in different post acute settings; identify the variable cost for providing appropriate, high-quality care to each type of patient, regardless of setting; and identify fixed costs unique to each setting.

The goals of this interview/information collection request are to: (1) understand the factors that influence per day and per stay costs in your facility; (2) obtain information about the fixed and variable cost components of your different service areas, including indirect, routine, and ancillary service departments; (3) obtain salary and information for professional staff and selected job categories; and (4) identify high-cost ancillary services that are not expected to be similarly distributed across all patients or not uniformly distributed during a stay.

This interview questionnaire is divided in two sections. The first section contains questions or requests that we would appreciate if you could send us prior to our visit. The second contains questions we can discuss during our visit.

Section A: Pre-Site Visit Questions

Before our visit, please let us know the following:

1. If your cost accounting system has this capability, please produce a report of the ancillary services (i.e., excluding room and board charges, patient amenities, etc.) provided to patients on each of the units participating in the demonstration for the past six months. In particular, we are interested in: (1) the charge description; (2) UB-92/UB-04 revenue code, HCPCS code, or other uniform code, if available; (3) total charge amount; (4) units of the service provided; and (5) estimated cost of that service, if included in your cost accounting system. For example, the report could resemble:

Charge Description	UB-92/UB-04 or HCPCS Code	Total Charges (All Patients)	Total Service Units (All Patients)	Estimated Total Cost (All Patients)
Service 1				
Service 2				
…	…	…	…	…

So, each line in the resulting report would correspond to individual ancillary services rather than individual patients.

2. Do you have a cost accounting system other than the indirect cost allocations that are done for the Medicare Cost Report? If so, is it more detailed than Medicare Cost Reports? Please provide the detail on how your individual cost centers "roll up" to the Medicare Cost Report cost centers. Also, do you use your internal cost accounting system to automatically populate the Medicare Cost Report?

3. Does your cost accounting system identify or estimate fixed and variable costs for the facility as a whole, and for separate departments or service areas? If so, additional questions will be asked in the face-to-face portion of this interview. Also, what definition of "fixed" do you use for these allocations of fixed and variable cost? In other words, do you define "fixed costs" to be those costs that would remain unchanged with a modest (5% to 10%) increase in volume? Or all costs associated with plant and equipment? Etc.

4. Please provide a copy of your most recently-submitted Medicare Cost Report for discussion during the interview. Please describe if there are any internal or external auditing of your Medicare Cost Reports and the nature of these audits.

Section B: Questions to Discuss During the Site Visit

We will discuss the following questions/requests during our in-person site visit interview. However, you may wish to prepare them in advance.

5. Organizational Questions

    a. Please describe the number and different types of inpatient nursing care units (acute, subacute, and post-acute care) in the facility. Please indicate which Medicare Cost Report lines these units/departments are grouped into.

    b. Which, if any, of these units do **not** care for Medicare-eligible patients (either aged or disabled)?

    c. How are these units grouped and reported on your Medicare cost report?

    d. Among units that are grouped into one line on the Medicare cost report (cost centers that roll up to a single line on the cost report), how much variation is there in unit size and average costs? Can you estimate the range in their average per patient and per patient-day costs?

6. If (and only if) your cost accounting system already incorporates estimates of the percentages of fixed costs in each cost center/department/service line/etc., can you:

   a. Provide us with your facility's estimated fixed cost percentages for the types of services listed below, or for individual cost centers typically included in these types of services? (Note that the cost center descriptions are similar to those on Medicare Cost Reports, but not all facilities would be expected to have all of these services.) For each service category (e.g., Administration) we have included a set of cost centers based on Medicare Cost Report lines. However, the cost centers you use in your facility may differ from those listed below, so we include them only to guide your thinking about your estimates of percentages of costs in each category attributable to fixed versus variable costs. We understand that these may be estimates, rather than known percentages, but we are relying on your knowledge of your facility's cost structure.

Cost Category	**Cost Center Examples**	**Estimated Fixed Cost Percentage**
Facility Costs	Operation of Plant; Maintenance & Repairs	
Administration	General Administrative; Business and Financial; Personnel; Human Resources; Cafeteria; Nursing Administration; Medical Records; Continuing Education	
"Hotel" Services	Laundry & Linen Service; Housekeeping; Dietary	
General Patient Services	Social Service; Discharge Planning; Non-Physician Anesthetists	
Inpatient Nursing Care	Routine Adults & Pediatrics Units; Special Care Units (Intensive or Other Critical Care); Rehabilitation Subprovider Units; Medicare-Certified Skilled Nursing Units; Non-Certified Long-Term Care Units	
Home Care	Skilled Nursing Care; Medical Social Services; Home Health Aide; Home-Based Therapy Services	
Therapy Ancillaries	Respiratory Therapy; Physical Therapy Occupational Therapy; Speech Pathology; Inhalation Therapy	
Resale Ancillaries	Medical Supplies Charged to Patients; Durable Medical Equipment; Drugs Charged to Patients; IV Therapy; Support Surfaces	
Lab, Radiology, and Cardiology Ancillaries	Diagnostic Radiology; Scanning; Therapeutic Radiology; Radioisotopes (Nuclear Medicine); Clinical Laboratory; Blood; Blood Administration; Pathology; Electrocardiology; Other Cardiology; Electroencephalography	
Other Ancillaries & Outpatient Services	Operating Room; Recovery Room Anesthesiology; Delivery & Labor; Renal Dialysis; Ambulatory Surgery Center; Emergency Room; Clinics; Ambulance	

   b. Also, can you describe how you developed these measures of the percentages of each cost center/service line considered fixed? For example, do you consider all capital-related costs to be 100% fixed, supplies and non-managerial labor costs to be 0% fixed (100% variable), etc.? Also, on what basis do you consider costs "fixed"—for example, did you

consider a cost center as “fixed” if you don’t expect them to vary with a 10% change in volume, not to vary over the course of a 2 year period, etc.?

7. Staffing

   a. Do you have professional clinical staff (physicians, non-physician practitioners) who are salaried or contracted by the hospital, whose costs appear on the Medicare cost report? If so, are fringe benefits and other non-wage costs for these staff reported similarly as for regular employees? Are these costs assigned directly to direct patient service (e.g., inpatient routine, ancillary, outpatient, etc.) reimbursable cost centers or are they assigned to overhead (administrative) cost centers? Which patient care areas are directly or indirectly assigned professional clinical costs and on what basis are those assignments made?

   b. Please provide average hourly wages and FTE staff for the following staff categories. Please compute separate averages for each of the unit(s) participating in this study. If possible, please distinguish between salaried and contract staff—otherwise, please report overall averages. Also, for salaried and contract staff, please use the same treatment of fringe benefits—if contract staff costs include fringe benefits, please also include fringe benefits for salaried staff.
   We will use these wages to weight times reported by staff for working with, or on the behalf of, patients on participating units/services.

		Salaried Staff		**Contract Staff**	
Staff Category	**Staff Type**	**Average Hourly Wage**	**FTEs**	**Average Hourly Wage**	**FTEs**
Nursing Staff	RNs				
	LPNs/LVNs				
	Nursing Assistants/Aides				
	Advance Practice Nurses/Nurse Practitioners				
Therapy Staff	Physical Therapists				
	Occupational Therapists				
	Respiratory Therapists				
	Recreation Therapists				
	Speech/Language Pathologists				
	Therapy Assistants				
	Therapy Aides				
Social Work/Case Management	Social Worker				
	Case Manager/Discharge Planner				
	Utilization Review				
Other Professions	Physicians (provider component only, subject to RCE limits)				
	Physician Assistants				
	Pharmacists				
Managerial Staff	Nurse Manager				
	Therapy Staff Manager				
	Discharge Planning Manager				
Other	Unit Secretary/Clerk				
	Nutritionist				
	Dietary Aide				
	Pastoral Care				
	Phlebotomists/Lab Technicians				

c. Do average or median hourly wages differ across units in your facility for the same occupation or job title? If so, how? Are more experienced staff assigned to particular units?

8. Is there anything in particular you would like to comment about in the Medicare Cost Report you provided? Are there any aspects of your cost finding, use of non-standard cost centers, composition of cost centers, etc., that you think we should be aware of when analyzing your Cost Report?