

Supporting Statement Part A
Hospital Wage Index Occupational Mix Survey
(CMS-10079; OMB 0938-0907)

A. Background

Section 304(c) of Public Law 106-554 amended section 1886(d) (3) (E) of the Social Security Act to require CMS to collect data every 3 years on the occupational mix of employees for each short-term, acute care hospital participating in the Medicare program, in order to construct an occupational mix adjustment to the wage index, for application beginning October 1, 2004 (the FY 2005 wage index). The purpose of the occupational mix adjustment is to control for the effect of hospitals' employment choices on the wage index. For example, hospitals may choose to employ different combinations of registered nurses, licensed practical nurses, nursing aides, and medical assistants for the purpose of providing nursing care to their patients. The varying labor costs associated with these choices reflect hospital management decisions rather than geographic differences in the costs of labor.

On April 4 and September 19, 2003, respectively, a proposed and final notice appeared in the *Federal Register* (68 FR 16516 and 54905) of CMS's intent to begin collecting occupational mix data from hospitals using the Medicare Wage Index Occupational Mix Survey, Form CMS-10079 (the 2003 survey). In the FY 2005 hospital inpatient prospective payment system final rule (IPPS, 69 FR 49034, August 11, 2004), CMS provided a full discussion of the 2003 survey and the application of the occupational mix adjustment to the FY 2005 wage index. This survey was applied to the FY 2005 wage index.

CMS published subsequent occupational mix surveys as follows:

- The 2006 survey provided for the collection of hospital-specific wages and hours data for a 6-month prospective reporting period (that is from January 1, 2006 through June 30, 2006). This survey was applied beginning with the FY 2007 wage index. (71 FR 7047, February 10, 2006).
- The 2007/2008 survey provided for the collection of hospital-specific wages and hours data for a 1-year prospective reporting period (that is from July 1, 2007 through June 30, 2008). This survey was applied beginning with the FY 2010 wage index. (72 FR 52568, September 14, 2007)
- The 2010 survey provided for the collection of hospital-specific wages and hours data for calendar year 2010 (that is, payroll periods ending between January 1, 2010 and December 31, 2010). This survey was applied

beginning with the FY 2013 wage index, and expired with the FY 2015 wage index. (75 FR 2548, January 15, 2010).

- The FY 2013 survey provided for the collection of hospital-specific wages and hours data for calendar year 2013 (that is, payroll periods ending between January 1, 2013 and December 31, 2013). The 2013 Medicare occupational mix survey was applied beginning with the FY 2016 wage index, and expired with the FY 2018 wage index. (78 FR 13679, February 28, 2013).
- The FY 2016 survey provided for the collection of hospital-specific wages and hours data for calendar year 2016 (that is, payroll periods ending between January 1, 2016 and December 31, 2016). The 2016 Medicare occupational mix survey was applied beginning with the FY 2019 wage index and will expire with the FY 2021 wage index (80 FR 80771, December 28, 2015).
- The FY 2019 survey provided for the collection of hospital-specific wages and hours data for calendar year 2019 (that is, payroll periods ending between January 1, 2019 and December 31, 2019). The 2019 Medicare occupational mix survey will be applied beginning with the FY 2022 wage index.
- The FY 2022 survey provided for the collection of hospital-specific wages and hours data for calendar year 2022 (that is, payroll periods ending between January 1, 2022 and December 31, 2022). The 2022 Medicare occupational mix survey will be applied beginning with the FY 2025 wage index.
- The FY 2025 survey will provide for the collection of hospital-specific wages and hours data for calendar year 2025 (that is, payroll periods ending between January 1, 2025 and December 31, 2025). The 2025 Medicare occupational mix survey will be applied beginning with the FY 2028 wage index.

We are requesting an extension of PRA CMS-10079; OMB 0938-0907 as we are not making any changes to this package's requirements or any of the information collection/reporting instruments or instructions.

B. Justification

1. Need and Legal Basis

Section 304(c) of Public Law 106-554 mandates an occupational mix adjustment to the wage index, requiring the collection of data every 3 years on the occupational mix of employees for each short-term, acute care hospital

participating in the Medicare program. The proposed data collection that is included in this submission complies with this statutory requirement.

2. Information Users

CMS takes the data collected from the approximately 3,100 IPPS providers participating in the Medicare program and runs the data through mathematical formulas to create the occupational mix adjustment to the wage index. CMS informs hospitals of the occupational mix adjusted wage indexes through notice and comment rulemaking each year.

3. Use of Information Technology

The Medicare contractors will be required to forward the survey, an electronic spreadsheet, to each IPPS provider via email. Once the provider has completed the survey, the provider will transmit the survey back to the Medicare contractors, who in turn will forward the survey to CMS.

4. Duplication of Efforts

There is no duplication of efforts.

5. Small Businesses

A majority of short-term acute care hospitals are not small businesses. For the small portion of the 3,100 hospitals that employ less than 50 employees, the data we are requesting is basic payroll information. Every hospital has a payroll system. We have made our instructions and forms as clear and concise as possible to minimize the burden for all hospitals so they can easily take the data from their payroll system and fill out the occupational mix survey.

6. Less Frequent Collection

Section 304(c) of Public Law 106-554 amended section 1886(d)(3)(E) of the Social Security Act and requires CMS to collect occupational mix data no less than every three years. The Secretary has determined through rulemaking to collect this data every three years. Failure to collect this data will result in CMS being in default of this mandate.

7. Special Circumstances

There are no special circumstances.

8. Federal Register/Outside Consultation

The 60-day notice published in the Federal Register (90 FR 40831) on 08/21/2025.

No comments were received.

The 30-day notice published in the Federal Register (90 FR 52406) on 11/20/2025.

9. Payments/Gift to Respondents

There are no payments/gifts to respondents.

10. Confidentiality

This collection is public information. CMS does not assure confidentiality.

11. Sensitive Questions

There are no sensitive questions.

12. Burden Estimates (Hours & Wages)

We do not collect survey data for hospitals that become designated as critical access hospitals (CAHs), Rural Emergency Hospitals (REHs), or for hospitals that terminated participation in the Medicare program. Currently, there are approximately 3,100 short-term and acute care hospitals in the Medicare program.

This survey provides for the collection of occupational mix data for a 12-month period, that is, from pay periods ending between January 1, 2025 and December 31, 2025 to be applied to the FY 2028 wage index. Specifically, the survey's begin date cannot be earlier than December 17, 2024, and the survey's end date cannot end later than December 31, 2025. We estimate the time associated with collecting the occupational mix data and submitting the data electronically to the CMS/MAC to be 60 working days (60 days x 8 hours per day= 480 hours). We believe this estimate is reasonable as the information submitted by the hospital is typically information not readily available and requires internal auditing to compile this data.

Additionally, once a hospital submits its survey to the CMS/MAC, its occupational mix is then reviewed by staff at the CMS/MAC which may require additional hours per hospital for answering questions and clarifying information during the CMS/MAC review. We estimate 1,488,000 total burden hours for the 1-year collection period (that is 3,100 hospitals x 480 hours). When computed, assuming a current median salary of \$39.27 per hour (based on data from the Bureau of Labor and Statistics website at <https://data.bls.gov/oesprofile/> for the

position of Accountants and Auditors under the Business and Financial Operations Occupations group) plus 100 percent for fringe benefits (($\$39.27$ per hour $\times$ 480 hours per hospital) $\times$ 2), the estimated cost of burden for the 12-month collection period is $\$37,699.20$ per hospital. The total cost burden to respondents or record-keepers resulting from the collection of this information is $\$116,867,520$ ($\$37,699.20 \times 3,100$ hospitals).

$3,100 \text{ hospitals} \times 480 \text{ hours/hospital} \times \78.54 (wages of $\$39.27/\text{hour} \times 2$ (fringe benefits)) = $\$116,867,520$

13. Capital Costs

There are no capital costs. Other than the costs above, we do not expect hospitals to purchase any additional software or systems as this collection of information is available from a payroll system and software that the hospital has purchased for purposes other than this collection.

14. Cost to Federal Government

The Medicare Administrative Contractors (MACs) will be responsible for reviewing the survey, once received from the hospitals.

An auditor review of each hospital's occupational mix survey data for the 1-year collection period should take approximately 5 hours. When computed, $3,100 \text{ hospitals} \times 5 \text{ hours MAC review per hospital} \times \78.54 (wages of $\$39.27/\text{hour} \times 2$ fringe benefits) (based on data from the Bureau of Labor and Statistics website at <https://data.bls.gov/oesprofile/> for the position of Accountants and Auditors under the Business and Financial Operations Occupations group), the Federal cost is approximately $\$1,217,300$

$3,100 \text{ hospitals} \times 5 \text{ hours/MAC review} \times \78.54 (wages of $\$39.27/\text{hour} \times 2$ (fringe benefits)) = $\$1,217,300$.

15. Changes to Burden

We are not making any changes to this package's requirements or any of the information collection/reporting instruments or instructions. However, the burden estimates reflect a change in the number of IPPS providers from 3,200 IPPS providers to 3,100 IPPS providers. Additionally, the labor rates utilized are updated based on the current information available on the U.S. Bureau of Labor Statistics (BLS) website as detailed above in sections #12 and #14.

For the 2025 occupational mix survey, we estimated that 3,100 IPPS hospitals will complete the survey based on the wage information that we collected at that time for the annual IPPS update. We based this estimate on the number of hospitals that submitted wage index information for the FY 2025 IPPS proposed rule.

The 2025 survey will provide for the collection of hospital-specific wages and hours data for a 1-year reporting period (that is, payroll periods ending between January 1, 2025 and December 31, 2025). The estimated hospital burden hours for the 2025 Occupational Mix survey will decrease from 1,536,000 by 48,000 to 1,488,000 hours because we estimate 100 fewer hospitals will be required to submit the occupational mix survey. We excluded the burden for the MACs since they are not respondents of this collection.

16. Publication/Tabulation Dates

The information provided by the survey will be made public through the CMS public use file website. <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Wage-Index-Files.html>

17. Expiration Date

Upon approval, the expiration date will be updated on the bottom left corner of the form.

18. Certification Statement

There are no exceptions to the certification statement.

C. **Collection of Information Employing Statistical Methods**

There are no statistical methods.