

JSM-06412, 04-21-06

MEMORANDUM

DATE: April 21, 2006

FROM: Director, Hospital and Ambulatory Policy Group
Center for Medicare Management

Director, Medicare Contractor Management Group
Center for Medicare Management

SUBJECT: 2006 Occupational Mix Survey -- Interim Data Collection

TO: All Medicare Fiscal Intermediaries (FI), Part A

On April 3, 2006, in Bellevue Hosp. Ctr v. Leavitt, the Court of Appeals for the Second Circuit (“the Court”) ordered the Centers for Medicare & Medicaid Services (CMS) to apply the occupational mix adjustment to 100 percent of the wage index effective for Federal fiscal year (FY) 2007. The Court required CMS to “immediately ... collect data that are sufficiently robust to permit full application of the occupational mix adjustment.” The Court also required that all “data collection and measurement and any other preparations necessary for full application should be complete by September 30, 2006, at which time we instruct the agency to immediately apply the adjustment in full.” 2006 WL 851934 at *13.

In order to carry out the Court’s order, we must collect new occupational mix data from hospitals and determine the occupational mix adjustment by September 30, 2006. The Court’s order requires us to apply that new data in the occupational mix adjustment to the FY 2007 wage index, effective October 1, 2006. To comply with the Court’s order, you must quickly notify hospitals to submit occupational mix data for the first 3 months of the 6-month time frame previously announced for the 2006 survey (see 71 Fed. Reg. 7047, February 10, 2006). We also plan to modify the FY 2007 Inpatient Prospective Payment System (IPPS) proposed rule and propose that the occupational mix adjustment be applied to 100 percent, rather than 10 percent of the FY 2007 wage index.

In order to comply with the Court’s order, CMS is requiring the following from hospitals and FIs:

Hospital Requirements

1. Hospitals shall submit to their FIs, ***no later than June 1, 2006****, the occupational mix data and complete supporting documentation for the first 3 months of the survey period (that is, from January 1, 2006, through March 31, 2006**). This interim survey data will

be used in calculating the occupational mix adjusted wage index that will be implemented on October 1, 2006. Hospitals shall report their occupational mix data on the Hospital Reporting Form, an Excel spreadsheet that was provided to hospitals in January 2006 and is available on CMS' web site, at:

<http://www.cms.hhs.gov/AcuteInpatientPPS/WIFN/list.asp#TopOfPage>. Hospitals must remember to change the reporting period end date on the spreadsheet to March 31, 2006**.

2. The CMS will publish the interim survey data on CMS' web page on or about June 29, 2006. Hospitals shall have approximately 2 weeks, that is, ***no later than July 13, 2006****, to submit requests (including complete supporting documentation) to their FIs for corrections to their interim occupational mix data. Only the following requests will be considered by FIs: 1) Requests to correct errors in the June 29 public use file that resulted from the FIs' or CMS' mishandling of the interim occupational mix data; and 2) Requests to reverse FI adjustments made during the FI desk review.
3. Hospitals shall submit to their FIs, ***no later than August 31, 2006****, the occupational mix data and complete supporting documentation for the second 3 months of the survey period (that is, from April 1, 2006, through June 30, 2006**). (Note that this deadline replaces the July 31, 2006, deadline that is specified on the 2006 survey). We will discuss in a future notice the review, correction process, and application of this data.

FI Requirements

1. FIs shall review hospitals' interim survey data for the period covering January 1, 2006, through March 31, 2006** (according to a desk review program that will soon be sent to FIs in a separate notice), and shall complete their reviews and submit all hospitals' interim survey data to CMS, ***no later than June 22, 2006***. FIs shall compile their hospitals' occupational mix data on the Intermediary Data Collection Form, an Excel spreadsheet that CMS provided in January 2006 and is available on CMS' web site, at: <http://www.cms.hhs.gov/AcuteInpatientPPS/WIFN/list.asp#TopOfPage>. FIs must ensure that the reporting period end date is March 31, 2006**.
2. See Item # 2 above. FIs shall submit corrected interim occupational mix survey data (that is, data that are corrected for the January 1, 2006, through March 31, 2006 period**) to CMS ***no later than July 27, 2006***. FIs may be contacted by CMS after July 27, 2006, as CMS performs edits on the interim survey data.
3. FIs shall submit unaudited occupational mix data for the second 3 months of the survey period (that is, from April 1 through June 30, 2006**) to CMS ***no later than September 7, 2006***. (Note that this deadline replaces the August 31, 2006, deadline that we specified in the February 10, 2006, memorandum to FIs.) As stated in Item # 3 above, CMS will discuss the review, correction process, and application of this data in a future notice.
4. FIs shall, ***immediately upon receipt of this memorandum***, forward the memorandum to all of the hospitals they service.

Notes:

*** FIs must *receive* all data and supporting documentation by this deadline.**

**** As stated in footnote # 1 of the 2006 Medicare Wage Index Occupational Mix Survey, we are allowing some flexibility for the reporting period begin and end dates to accommodate some hospitals' bi-weekly payroll and reporting systems. Therefore, *for the first 3-months interim survey data*, the reporting period must begin on or after December 25, 2005, and before January 9, 2006, and must end on or after March 19, 2006, and before April 2, 2006. *For the second 3-months of survey data*, the reporting period must begin on or after March 19, 2006, and before April 2 2006, and must end on or after June 24, 2006, and before July 9, 2006.**

The CMS will shortly publish a notice in the Federal Register to propose a modification to the FY 2007 IPPS proposed rule displayed April 12, 2006. The notice will announce the methodology CMS proposes to use in calculating the FY 2007 occupational mix adjustment based on the interim survey data and the procedures for hospitals that are reclassifying.

If you have any questions, please contact the CMS Wage Index Team at (410) 786-4548.

/s/

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/s/

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