

# Worth the Labor: Annual Wage Index Reviews Maximize Reimbursements

BY LAURA TUMA

**One goal of the Dallas-Fort Worth Hospital Council is to provide accurate, timely and comprehensive information that helps members improve their decision-making and operations. For nearly two decades, that has included conducting wage index reviews, a key component of cost reporting for Medicare, Medicaid and other managed care reimbursement, annually.**

“We feel that it is very important that the wage index be looked at on a regular basis,” said Steve Love, DFWHC president and chief executive officer. “We do it on an annual basis because it provides economy of scale and consistency in data collection and reporting.”

DFWHC conducts these annual studies with the help of *CampbellWilson*. *CampbellWilson* provides a range of consulting services tailored to provider reimbursement and overall hospital operational improvement.

“*CampbellWilson* has done an excellent job of looking at our hospitals and providing meaningful data,” Love said.

The annual review kicks off with an organizational meeting to establish strategies and goals, followed by *CampbellWilson* staff working one-on-one with each participating facility. In an average year, *CampbellWilson* works with 35-40 North Texas hospitals through DFWHC.

“The great thing about working with the Dallas-Fort Worth Hospital Council is that DFWHC is keyed in with all the North Texas hospitals,” said Heather Stuart, *CampbellWilson*’s manager of reimbursement. “We have one point of contact who can pull together resources from all the hospitals. Getting representatives from so many hospitals together without DFWHC would be logistically very challenging.”

*CampbellWilson* reviews all the wage index data hospitals use to file Medicare cost reports and seeks out additional data to make sure all allowable expenses are being reported. This extensive review is necessary because complex rules govern wage index reporting, which plays a significant role in determining Medicare reimbursement rates.

“The rules that affect wage index tend to be very particular and focused. Someone who completes the cost report may not have experience focusing on the intricacies, so it is good to have a second set of eyes reviewing the data to make sure you are picking up everything you should,” said Stuart.

For example, hospitals may not properly report some physician costs, such as administrative time, that are allowable under wage index guidelines. Failure to account for all allowable expenses

can result in lower reimbursement rates. Participating in the wage index review helps hospitals ascertain whether they are including all reportable expenses that affect reimbursement.

“Some of the recent changes are related to the incorporation of contract labor costs. Hospitals have not had the time or resources to review what kind of contract labor costs they incur that could be reported,” Stuart said.

Although there is no way of knowing how much additional reimbursement the hospitals have received as a result of the wage index review, Love praises *CampbellWilson* for “doing a great job in appropriately maximizing reimbursement for our members.”

In addition, every three years, *CampbellWilson* provides North Texas hospitals the opportunity to obtain assistance with the filing of the occupational mix data required by the Centers for Medicare & Medicaid Services as part of the calculation of the wage index. This data has a direct impact on the wage index and consequently impacts Medicare reimbursement rates. Review of this data helps hospitals stay in compliance with all applicable regulations and receive the proper occupational mix adjustment to their wage data.

Last year, *CampbellWilson* also assisted DFWHC with an application for Medicare Geographic Reclassification to protect reimbursement rates for Tarrant County hospitals. *CampbellWilson* worked with the hospitals to compile and obtain affidavits and filed the application with the review board.

Love attributes the smooth and successful geographic reclassification process to the consistent data collection and review process already in place. “It’s one example of how consistency adds value,” he said.

“*CampbellWilson* has great expertise, good customer service, competitive pricing and good follow-up to any questions or outstanding issues that arise,” Love said. “We are very pleased.”

For more information about *CampbellWilson*, contact Manie Campbell at [mcampbell@campbellwilson.com](mailto:mcampbell@campbellwilson.com) or 214/373-7077 or go to [www.campbellwilson.com](http://www.campbellwilson.com). \*

