

Columns 22 and 23.--The average number of employees (full-time equivalent) for the period may be determined either on a quarterly or semiannual basis. When quarterly data are used, add the total number of hours worked by all employees on the first week of a payroll for the beginning of each quarter and divide the sum by 160 (four times the number of hours in the standard work week). When semiannual data are used, add the total number of hours worked by all employees on the first week of a payroll period for the first and seventh months of the period, and divide the sum by 80 (two times the number of hours in the standard work week). Enter the average number of paid employees in column 22 and the average number of non-paid worker's in column 23 for each component, as applicable.

4105.1 Part II - SNF Wage Index Information – Direct Salaries.--This part provides for the collection of skilled nursing facility and nursing facility data to develop a SNF wage index in accordance with the Social Security Act Amendments of 1994 (P.L. 103-432). In order to collect the data necessary to develop a SNF wage index, CMS has developed an SNF wage index form, as part of the cost report, to be completed by all SNFs.

**NOTE:** Any line reference for Worksheets A and A-6 includes all subscripts of that line.

Line 1.--Enter the wages and salaries paid to employees from Worksheet A, column 1, line 100.

Line 2.--Enter physician salaries paid to employees which are included on Worksheet A, column 1, line 100.

Line 3.--Enter the total physician and physician assistant salaries and wage related costs that are related to patient care and are included on line 1. Under Medicare, these services are billed separately under Part B.

Line 4.--If you are a member of a chain or other related organization, as defined in CMS Pub. 15-1, §2150, enter the allowable wages and salaries and wage related costs for home office personnel from your records that are included in line 1.

Line 5.--Enter the sum of lines 2 through 4.

Line 6.--Subtract line 5 from line 1 and enter the result.

Line 7.--Enter the total of Worksheet A, column 1, line 33. This amount represents other long term care.

Line 8.--Enter the total of Worksheet A, column 1, line 70. If this line is subscripted to accommodate more than one HHA, also enter the total of the subscripted lines.

Line 9.--Enter the amount from Worksheet A, column 1, line 73.

Line 10.--Enter the amount from Worksheet A, column 1, line 83.

Line 11.--Enter the amount from Worksheet A, column 1, lines 14, 72, 74, 84, and lines 90 through 95.

Line 12.--Enter the sum of lines 7 through 11.

Line 13.--Line 6 minus line 12 and enter the result.

Line 14.--Enter the amount paid (include only those costs attributable to services rendered in the SNF and/or NF), rounded to the nearest dollar, for contracted direct patient care services, i.e., nursing, therapeutic, rehabilitative, or diagnostic services furnished under contract rather than by employees and management contract services as defined below. For example, you have a contract with a nursing service to supply nurses for the general routine service area on weekends. Report only those personnel costs associated with these contracts. Eliminate all supplies and other miscellaneous items. Do not apply the guidelines for contracted therapy services under §1861(v)(5) of the Act and 42 CFR 413.106. Contracted labor for purposes of this worksheet does **NOT** include the following services: consultant contracts, billing services, legal and accounting services, Part A CRNA services, clinical psychologists and clinical social worker services, housekeeping services, planning contracts, independent financial audits, or any other service not directly related to patient care.

Include the amount paid (rounded to the nearest dollar) for contract management services, as defined below, furnished under contract rather than by employees. Report only those personnel costs associated with the contract. Eliminate all supplies, travel expenses, and other miscellaneous items. Contract management is limited to the personnel costs for those individuals who are working at the facility in the capacity of chief executive officer, chief operating officer, chief financial officer, or nursing administrator. The titles given to these individuals may vary from the titles indicated above. However, the individual should be performing those duties customarily given these positions.

For purposes of this worksheet, contract labor does **NOT** include the following services: other management or administrative services, consultative services, unmet physician guarantees, physician services, clinical personnel, security personnel, housekeeping services, planning contracts, independent financial audits, or any other services not related to the overall management and operation of the facility.

In addition, if you have no contracted labor as defined above or management contract services; enter a zero in column 1. If you are unable to accurately determine the number of hours associated with contracted labor, enter a zero in column 1.

Line 15.--Enter from your records the amount paid under contract for physician services for Part A only related directly to the SNF and/or NF. This includes Part A physician services from the home office allocation and/or from related organizations.

Line 16.--Enter the salaries and wage related costs (as defined on lines 17 and 18 below) paid to personnel who are affiliated with a home office and/or related organization, who provide services to the SNF and/or NF, and whose salaries are not included on Worksheet A, column 1. In addition, add the home office salaries excluded on line 4. This figure is based on recognized methods of allocating an individual's home office salary to the SNF and/or NF. If no home office/related organization exists or if you cannot accurately determine the hours associated with the home office/related organization salaries that are allocated to the SNF and/or NF, then enter a zero in column 1. All costs for any related organization must be shown as the cost to the related organization.

**NOTE:** All wage-related costs, including amounts related to excluded areas and physician services should be included on lines 17 and 18.

Line 17.--Enter the total core wage related costs as described in Part IV. Only the total cost of the wage related costs that are considered fringe benefits may be directly charged to each cost center provided the costs are reported in column 2 and not column 1 of Worksheet A. For purposes of determining the wage related costs for the wage index, a facility must use generally accepted accounting principles (GAAP). Continue to use Medicare payment principles on all other areas to determine allowable fringe benefits.

Line 18.--Enter the total of all wage related costs that are considered an exception to the core list. A detailed list of each additional wage related core must be shown in Part IV. In order for a wage related cost to be considered an exception, it must meet the following tests:

- a. The costs are not listed on Part IV,
- b. The cost is reasonable and prudent,
- c. The individual wage related cost exceeds 1 percent of total salaries after the direct excluded salaries are removed,
- d. The wage related cost is a fringe benefit and has not been furnished for the convenience of the provider, and
- e. The wage related costs that are fringe benefits, where required, have been reported as wages to Internal Revenue Service, (e.g., the unrecovered cost of employee meals, education costs, auto allowances).

Wage related cost exceptions are not to include those wage related costs that are required to be reported to the Internal Revenue Service, since they are considered as salary or wages, i.e., loan forgiveness, sick pay accruals. Include these costs in total salaries reported on line 1 of this worksheet. The total wage related costs listed on this line must agree with the total of all other wage related costs listed in Part IV.

Line 19.--Enter the total (core and other) wage-related costs applicable to the excluded areas reported on line 12.

Line 20.-- Enter the total wage-related costs applicable to Part A Physicians. Do not include wage-related costs for excluded areas reported on line 19.

Line 21.-- Enter the total wage-related costs applicable to Part B Physicians. Do not include wage-related costs for excluded areas reported on line 19.

Line 22.--Enter the total adjusted wage related costs, line 17 plus line 18, minus lines 19 through 21.

Column 2.--Enter on each line, as appropriate, the **salary** portion of any reclassification made on Worksheet A-6.

Column 3.--Enter the result of column 1 plus or minus column 2.

Column 4.--Enter on each line the number of **paid** hours corresponding to the amount reported in column 3.

**NOTE:** The hours must reflect any change reported in column 2. On call hours are not included in the total paid hours. Overtime hours are calculated as one hour when an employee is paid time and a half.

Column 5.--Enter on line 1 through line 16 the average hourly wage resulting from dividing column 3 by column 4.

**4105.2 Part III - SNF Wage Index Information - Overhead Cost - Direct Salaries.**--This part provides for the collection of SNF and/or NF wage data for overhead costs to properly allocate the salary portion of the overhead costs to the appropriate service areas for excluded units. This form is completed by all SNFs and/or NFs.

**NOTE:** Any line reference for Worksheets A and A-6 includes all subscripts of that line.

**Column 1.**--Enter the direct wages and salaries paid on lines 1 through 13, from Worksheet A, column 1, respectively.

**Column 2.**--Enter on the line, as appropriate, the salary portion of any reclassification made on Worksheet A-6.

**Column 3.**--Enter the result of column 1 plus or minus column 2.

**Column 4.**--Enter on each line the number of paid hours corresponding to the amount reported in column 3.

**Column 5.**--Enter on each line the average hourly wage resulting from dividing column 3 by column 4.

**4105.3 Part IV - SNF Wage Related Costs.**--The SNF must provide the contractor with a complete list of all core wage related costs included in Part II, lines 17 and 19 through 21. This worksheet provides for the identification of such costs.

The provider must determine whether each wage related cost “other than core”, reported on line 25, exceeds one (1) percent of the total adjusted salaries net of excluded salaries and meets all of the following criteria:

- The costs are not listed on lines 1 through 23, “Wage Related Costs Core”
- If any of the additional wage related cost applies to the excluded areas of the SNF, the cost associated with the excluded areas has been removed prior to applying the 1 percent threshold test.
- The wage related cost has been reported to the IRS, as a fringe benefit if so required by the IRS.
- The individual wage related cost is not included in salaries reported on Worksheet S-3, Part II, column 3, line 17.
- The wage related cost is not being furnished for the convenience of the employer.

For wage related costs not covered by Medicare reasonable cost principles, a SNF shall use GAAP in reporting wage related costs. In addition, some costs such as payroll taxes, which are reported as a wage related cost(s) on Worksheet S-3, Part IV, are not considered fringe benefits for Medicare cost finding.

Enter on each line as applicable the corresponding amount from you accounting books and/or records.