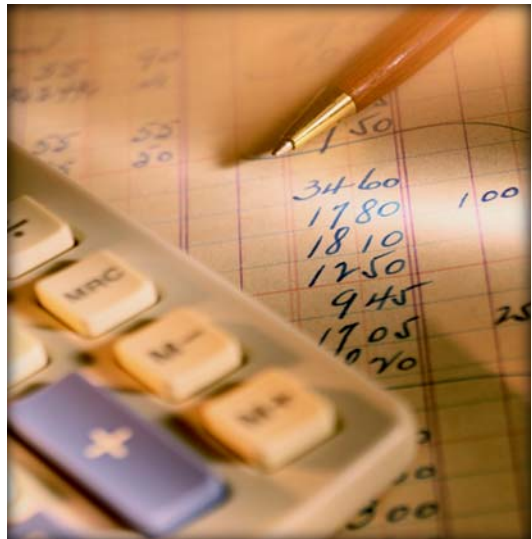


Facility-Group Cost Comparison Reports USER GUIDE

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2009





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Introduction

The ***Facility-Group Cost Comparison*** reports offered by the New York State Health Facilities Association (NYSHFA) is a series of six separate modules each of which allow you to compare financial and statistical information about your facility to the financial and statistical information for a group of other similar facilities in your area. These comparative reports use data that all residential health care facilities report annually to the New York State Department of Health (form RHCF-4). The most current of this data is for the calendar year 2006 and has been obtained by NYSHFA from the Health Department by means of the Freedom of Information Law (FOIL). The report modules help you identify areas where your facility deviates from the group average, thus allowing you to take corrective action if needed. A listing of the six modules available is shown below.

- Total Cost Profile Report
- Salary Profile Report
- Expense Profile Report
- Staffing Profile Report
- Statistical Profile Report
- Census Profile Report



Financial Profiles

The financial profiles primarily use RHCF-4, Part IV data including salaries and other types of operational costs. The reports include a departmental analysis (e.g., Housekeeping) as well as an analysis of expenses by natural classification (e.g., Employee Benefits, FICA). The actual costs used are grouped into three basic operational categories: direct, indirect and non-comparable. These centers are defined in the RUGs II Medicaid Reimbursement System and are outlined below.

DIRECT COST CENTERS	INDIRECT COST CENTERS	NON-COMPARABLE COST CTRS.
13 Nursing Administration	04 Fiscal Services	17 Medical Directors Office
14 Activities Program	05 Administrative Svcs.	20 Utilization review
21 Social Services	06 Plant Operations	31 Laboratory Services
22 Transportation	07 Grounds	32 Electrocardiology
39 Physical Therapy	08 Security	33 Electroencephalogy
40 Occupational Therapy	09 Laundry & Linen	34 Radiology
41 Speech/Hearing Therapy	10 Housekeeping	35 Inhalation Therapy
42 Pharmacy	11 Patient Food Service	36 Podiatry
43 Central Service Supply	12 Cafeteria	37 Dental
51 Residential Health Care Fac.	15 Non-Physician Education	38 Psychiatric
	16 Medical Education	44 Medical Staff Services
	18 Housing	45-47 Other Ancillary
	19 Medical Records	

The reported costs and wages for each of the allowable Medicaid reimbursement cost centers above are compared in the profiling system. It should be noted, however, that only the costs attributable to the RHCF program service area are used in the profile analysis. The cost for each non-revenue support service department (e.g., 5 Administrative Services) from the RHCF-4 are reported in aggregate and as a result include costs that are not attributable solely to the RHCF program service area (e.g., Home Health Care Program Service). The stepdown/traceback method of cost allocation has been incorporated into the profile analysis so that only those costs that are incurred for the operation of the RHCF Program Service are used for comparison.



Stepdown/Traceback Cost Allocation

The stepdown/traceback cost allocation methodology uses departmental statistics contained in Exhibits J, J Supplemental and K of the RHCF-4 to allocate non-revenue support service costs to program service areas. Any income generated from a program service is used to offset the cost of a non-revenue department that provides services to that program area prior to the stepdown calculation. For example, a facility that operates a gift shop occupying 1,000 square feet within the facility will periodically require housekeeping staff time to clean the area. The square footage statistic is used to allocate a small percentage of the total housekeeping cost to the gift shop by adjusting this cost by the ratio of the gift shop square feet to the total facility square feet. The stepdown/traceback method of cost allocation is a complex algorithm but is necessary in order to get an "apples to apples" comparison of your RHCF to the comparison group's RHCF program area. The profile comparison system incorporates this method for allocating costs for all facilities that have program service areas other than the RHCF program service.

Cost Reclassification and Ceilings

The Medicaid Reimbursement System incorporates several reclassifications of expenses for rate setting purposes. The **Facility-Group Cost Comparison** reports use only the stepdown/traceback method to adjust reported costs and do not apply any reimbursement related changes to these reported costs. If these adjustments had been made, you could potentially get a distorted picture of how you compare to your peers and where to take corrective action. It is important, however, to be aware of these adjustments if you were to compare your current cost with your trended 1983 cost used in your Medicaid rate. The following is an outline of most of the systematic adjustments that is employed by the Medicaid reimbursement methodology.

COST CENTER MOVED FROM	COST CENTER MOVED TO
Real estate taxes moved from Indirect, 6 Plant Operations	Non-comparable, 6 Plant Operations
Occupancy taxes moved from Indirect, 6 Plant Operations	Non-comparable, 6 Plant Operations
Utilities moved from Indirect, 6 Plant Operations	Non-comparable, 6 Plant Operations
Ambulance Fees	Added to Direct, Transportation
Administrative Salaries over the allowable ceiling	Not Allowed and deducted from 5 Administrative
Related company costs (if applicable)	Adjusted throughout cost centers
Property Cost Reclassification	Adjusted throughout cost centers



It is particularly important for proprietary facilities to be aware of the fact that some facilities from the comparison group do not pay real estate taxes (i.e., Public facilities). Thus, the Plant Operation and Maintenance departmental cost per day for your facility may be higher, if you operate a proprietary facility. The real estate taxes are normally reported in the "Other Direct Expense" column of Exhibit H of the cost report for this department. Please refer to the "Other Direct Expense" section of the *Total Cost Profile* to review the Plant Operation and Maintenance department. The *Total Cost Profile Report* breaks down each column from Exhibit H by department for comparison.

Handling of Contracted Services

An accurate comparison of facilities that contract out Laundry and Linen or any other support service is difficult since there is no finite area in the RHCF-4 Cost Report that indicates that these services are not performed in-house. However, certain reporting differences do exist that would indicate whether or not facilities within the comparison group contract out these services. The first indication is that salaries and wages for facilities who contract out these services may not be reported at all since they are typically part of the contract with the outside party. The *Salary Profile*, which compares hourly wages, and the *Staffing Profile Report*, which compares hours paid per bed, will reflect this.

A second indication that causes concern with contracted services is evidenced in the *Total Cost Profile Report* which shows a detailed cost breakdown (e.g., salaries, benefits, contracted services, etc.) for each department. In the Laundry and Linen Department as well as any other contracted service department, a facility that contracts out these services will have an extraordinarily high cost per day figure for the Contract Services line of the department and will raise the average of all facilities in the comparison group for this line.

There is no real way to resolve this reporting problem for contracted services. The only way to eliminate this problem from the comparison reports is to select facilities for your group that you know do (or do not) contract out Laundry and Linen or any other service. Since this may be an impossible task, we suggest that you be aware of the problem and try work around it by focusing on the other cost areas and the total cost within these departments.

Profile Data Edits

Each facility that you choose for your comparison group is checked to ensure that the data required for the profile is present. Each line of all six profile reports will include only those facilities with valid



data for that line. For instance, the clerical employee hourly wage line in the ***Salary Profile Report*** for the Administration Department will contain only those facilities in the comparison group who have reported both Salaries and Hours Paid for this line. The "Count" column contained on all six profile reports represents the number of facilities in the comparison group you have chosen that have meaningful data reported for that line item of the report. The number of facilities included for each line of all the reports varies based on reported data. A facility that may have been omitted from the group for one particular line because there was no data reported, may very well be included on another line where data is present. This variation of the comparison group provides you with a meaningful average and is not skewed by facilities that do not report any data.

Total Weighted Averages

The group total line for all the profile reports for each department is a weighted average of only those facilities that have reported valid information on the other lines of the report for that department. For example, the comparison group's total cost for the Housekeeping Department is accumulated facility by facility for only those having reported housekeeping cost. In other words if 20 of the 25 facilities you choose have reported Housekeeping costs, only the cost reported by these twenty facilities are aggregated and the respective patient days for these twenty are used to determine the cost per patient day. For each department's report, the number of facilities in the group may vary for each line on the page. Therefore, the lines that contain a large number of facilities that were included in the group will have much more of an effect on the group total line than a line with only a few facilities in the group. Simply put, a department that shows one line containing \$1.00 per day for twenty facilities and another line that shows \$.01 a day for only one facility will produce a total weighted average for that department that is very close to \$1.00 per day. This weighting of each department for each profile report maximizes the integrity of the comparison contained within.

Your Comparison Group Selection

The stepdown/traceback method of allocating costs to the RHCF program service allows you to select facilities for your comparison group that offer different program services than those offered by your facility. Only the cost that is allocated to the RHCF area is included in the profile comparisons for both your facility and every facility in the group.

Size of Each Group Member

All of the profile reports compare costs, salaries and staff time by first dividing the department total (or total of a category within the department) by either, patient days, hours paid or total beds. The



only exception to this is the comparison within the *Census Profile Report* which shows occupancy statistics, admission statistics and discharge statistics as percentages. The use of these methods of comparison allows you to include facilities that are larger or smaller than your own without sacrificing the integrity of the comparison data. The RUGs reimbursement methodology applies a higher indirect mean price per day for facilities that have over 300 beds. This implies that some indirect costs per day increase as you increase the size of the facility. This phenomenon existed in the 1983 base year and appears to be true even with more current cost report data. Therefore, including a facility that is much larger than your own (e.g., 80 beds vs. 500 beds) in the comparison group may increase the group average disproportionately for certain indirect cost centers. It should be noted, however, that this disparity becomes much less significant if your comparison group includes a large number of facilities.

Former HRF and SNF Areas

In October 1990, the SNF and HRF levels of care were eliminated in New York State as a result of the Federal Omnibus Budget Reconciliation Act (OBRA). These areas were replaced in the RHCF-4 Cost Report by the "RHCF" program service area and reported as such for the years 1990 and forward. Former combined (SNF and HRF) facilities had the option of admitting patients in their former HRF units that were typical SNF type patients. Some of these facilities opted to increase their staffing and case mix in these former HRF units in order to level out their patient mix throughout the entire facility. Other former combined facilities kept their former HRF levels as is by keeping their mix of patients relatively light care and keeping staffing levels the same. It is evident in the RHCF-4 Cost Report data that the costs per day for formerly combined facilities are starting to level off between the two former units. This balancing of costs has made the comparison of former freestanding SNFs and former combined facilities more meaningful. However, if you operate a facility that was formerly a freestanding SNF you may choose to omit any former freestanding HRFs from your comparison group to avoid disparity due to the issue.



Total Cost Profile Report

The *Total Cost Profile Report* offered by the New York State Health Facilities Association provides an in-depth look at your total departmental costs as compared to the total departmental costs of a group of other facilities that you select. The data used in the report includes total patient days extracted from Part I, Statistical Data of the RHCF-4, salaries extracted from Part IV, Schedule 4 of the RHCF-4 and all other non-salary cost columns extracted from Part IV, Exhibit H of the RHCF-4. Each page of the *Total Cost Profile Report* consists of one department and the cost comparison for that department. The salary and cost categories extracted from the RHCF-4 cost report data include the following.

Salaries

Management & Supervision
Technicians & Specialists
Registered Nurses
Licensed Practical Nurses
Aides, Orderlies & Assistants
Clerical & Other Administrative
Environment, Hotel & Food Service
Interns, Residents & Fellows

Other Costs

Physicians Remuneration
Employee Benefits
Fees
Supplies & Materials
Purchased & Contracted Services
Depreciation, Lease & Rentals
Other Direct Expenses
Assessments

The departments printed are identified as direct, indirect or non-comparable cost centers as defined by the Medicaid RUGs II reimbursement system employed by the State. Each line details the cost per patient day for your facility and compares this result to the cost per patient day of the group. A line by line variance (your facility result minus the group result for the line) is calculated along with the percentage of that variance. Negative variances represent a favorable position (lower cost) for your facility as compared to the group. Conversely, positive variances show areas where your facility's cost is higher than the group. The "Count" field (see Profile Data Edits Section) is given for each line item (e.g., management & supervision) indicating the number of facilities that were included in the group for that particular line. The salaries and costs for your facility and the salaries and costs for the group are accumulated for the entire department and divided out by your patient days and the group's patient days respectively. The results are printed on the "Total" line for each department. The group total is weighted based on the facilities used for each line item in the department. This weighting provides the most accurate picture of the group's cost per day rather than simply summing the group results for each line. A complete explanation of the weighting process is outlined in the "Total Weighted Averages" section of this guide.



As the *Total Cost Profile Report* prints, the salaries, costs and patient days used in each departmental analysis are accumulated into direct, indirect and non-comparable cost centers (See "Financial Profiles" section for a listing of departments in each cost center). These centers are then summarized and printed at the end of the report enabling you to easily compare your 2006 costs per day to your Medicaid rate sheet.

The *Total Cost Profile* is closely associated with the *Expense Profile* which further details your costs, not by department, but by the natural classification of expenses (e.g., Employee Benefits, FICA). A Description of the *Expense Profile* as well as a description of each of the other profile reports is included in this guide. We hope that the *Total Cost Profile Report* will provide you with a useful tool to continue the efficient operation of your facility.

Salary Profile Report

The *Salary Profile Report* offered by the New York State Health Facilities Association provides an in-depth comparison of your hourly salaries to the hourly salaries of a group of other facilities that you select. The specific data used in the report includes the hours paid by department extracted from Part IV, Schedule 5 of the RHCF-4 cost report and the departmental salaries extracted from Part IV, Schedule 4 of the RHCF-4. Each page of the *Salary Profile Report* compares the hourly wages of one of your departments (e.g., Housekeeping) to the hourly wages for the same department of the comparison group. The salaries used from the RHCF-4 cost report include the following employee categories.

- Management & Supervision
- Technicians & Specialists
- Registered Nurses
- Licensed Practical Nurses
- Aides, Orderlies & Assistants
- Clerical & Other Administrative
- Environment, Hotel & Food Service
- Interns, Residents & Fellows

Each department printed is clearly identified as a direct, an indirect or a non-comparable cost consistent with the Medicaid RUGs II reimbursement system employed by the State. Each individual line for every department compares the hourly salaries based on the above employee categories to the same respective hourly salaries of the comparison group. A line by line variance (your facility result minus the group result for the line) is calculated along with the percentage of that variance.



Negative variances represent a favorable position (lower salary cost) for your facility as compared to the group. Conversely, positive variances show areas where your facility's salary cost is higher than the group. A "Count" entry is given for each line item (e.g., management & supervision) indicating the number of facilities that were included in the group for that particular line (See "Profile Data Edits" section). The salaries for your facility and the salaries for the group are accumulated for the entire department and divided by your hours paid and the group hours paid respectively. The results are printed on the "Total" line for each department. The group total is weighted based on the facilities used for each line item in the department. This weighting provides a true picture of the group's salary cost per hours paid rather than simply summing the group results for each line. A further description of the weighted total line may be found in the "Total Weighted Averages" section of this guide.

As the *Salary Profile Report* prints, the salaries and hours paid used in each departmental analysis are accumulated into direct, indirect and non-comparable cost centers (See "Financial Profiles" for a listing of the departments in each center). These centers are summarized and printed at the end of the report enabling you to compare your hourly salaries to your Medicaid rate sheet. The *Salary Profile Report* is closely associated with the *Staffing Profile Report* that compares the hours paid per bed for each employee category (mentioned above) for all departments. This profile is particularly useful for determining employee categories that may be over- or under- staffed in your facility as compared to the group. A description of each of the other profile reports is included in this guide.



Expense Profile Report

The *Expense Profile Report* offered by the New York State Health Facilities Association provides you with an in-depth breakdown of your expenses by natural classification as compared to the expenses by natural classification of a group of other facilities that you select. The data used in the report includes total patient days extracted from Part I, Statistical data of the RHCF-4 and expenses by natural classification extracted from Part IV, Schedule 6 of the RHCF-4. Each page of the *Expense Profile Report* contains the detail associated with one expense category. These expense categories, extracted from the RHCF-4 cost report, include the following areas.

- Cost Categories
- Salaries and Wages
- Physicians Remuneration
- Employee Benefits
- Fees
- Supplies & Materials
- Purchased & Contracted Services
- Depreciation, Leases & Rentals
- Other Direct Expenses
- Assessments

The detail associated with each category is itemized on each page of the report. Each line represents a breakdown of the cost per patient day for your facility and compares the result to the respective cost per patient day of the group. A line by line variance (your facility results minus the group results) is calculated along with the percentage of that variance. Negative variances represent a favorable position (lower cost) for your facility as compared to the group. Conversely, positive variances show areas where your facility's cost is higher than the group. A "Count" column is printed indicating the number of facilities that were included in the group for each line item (e.g., Employee Benefits, FICA). The detailed lines for each cost category are summed and the results are printed on the "Total" line on each page. The group total is weighted based on the facilities used for each line item within the cost category. This weighting provides a true picture of the group costs per day rather than simply summing the group results for each line (See Total Weighted Averages section for a complete description of this process).

The *Expense Profile* is closely associated with the *Total Cost Profile* offered by NYSHFA. Any discrepancies between your facility and the comparison group that are identified by the *Total Cost Profile Report* can be scrutinized in more detail using the natural classifications of expenses contained in the *Expense Profile Report*. We hope that the *Expense Profile Report* and all the other



profile reports enclosed will provide you with the needed information to continue the efficient operation of your facility.

Staffing Profile Report

The *Staffing Profile Report* offered by the New York State Health Facilities Association provides you with an in-depth analysis of your staffing patterns, measured by hours paid per bed as compared to the staffing patterns of a group of other facilities that you select. The data used in the report includes the certified beds extracted from Part I of the RHCF-4 and the hours paid for all salary categories extracted from Part IV, Schedule 5 of the RHCF-4. Each page of the *Productivity Profile Report* represents one department and the staffing comparison for that department. The salary categories used are listed below.

- Management & Supervision
- Technicians & Specialists
- Registered Nurses
- Licensed Practical Nurses
- Aides, Orderlies & Assistants
- Clerical & Other Administrative
- Environment, Hotel & Food Service
- Interns, Residents & Fellows

Each department is identified as a direct, an indirect or a non-comparable cost centers as defined by the Medicaid RUGs II reimbursement system. Each line breaks down the hours paid per bed for your facility and compares the result to the hours paid per bed for the group. A line by line variance (your facility results minus the group results) is calculated along with the percentage of that variance. Negative variances represent a favorable position (higher productivity) for your facility as compared to the group. Conversely, positive variances show areas where your facility is higher than the group (implying lesser productivity). A count column shows the number of facilities that were included in the group for each line item (e.g., management & supervision). The hours paid for your facility and the hours paid for the group are accumulated for the entire department and divided by your beds and the group's beds respectively. The results are printed on the "Total" line for each department. **The group total is weighted based on the facilities used for each line item in the department.** This weighting provides a true picture of the group hours paid per bed rather than simply summing the group results for each line. Please refer to "Profile Data Edits" and "Total Weighted Averages" sections for more detail about the weighting process. As the *Staffing Profile Report* prints, the hours paid and beds used in each departmental comparison are accumulated into direct, indirect and non-comparable cost centers. These centers are summarized



and printed at the end of the report. (Refer to the section "Financial Profiles" for a listing of the departments in each cost center). The **Staffing Profile** is closely associated with the **Salary Profile** also offered by NYSHFA. For instance, a department that shows higher salaries per hours paid when compared to the group salaries per hours paid could be justified if that department is highly productive (less hours paid per bed than the group average). We hope that the **Staffing Profile Report** enclosed will provide you with a tool to continue the efficient operation of your facility.

Statistical Profile Report

The **Statistical Profile Report** offered by the New York State Health Facilities Association provides you with an in-depth comparison of your salaries and costs per standard unit of measure by department as compared to the salaries and costs per standard unit of measure of a group of other facilities that you select. In addition, the report provides a further productivity measure by calculating the departmental standard unit of measure per bed and per full time equivalent (FTE) for your facility and compares the results to the respective group results. The data used in the report includes the certified beds extracted from Part I of the RHCF-4, the departmental standard allocation units of measure extracted from Part IV, Exhibit M of the RHCF-4, salaries and total costs extracted from Part IV, Exhibit H of the RHCF-4 and finally, FTEs extracted from Part IV, Schedule 5 of the RHCF-4.

Each page of the **Statistical Profile Report** consists of one department and the statistical comparative analysis for that department. The department standard unit of measure (e.g., pounds of laundry for laundry and linen) is listed at the top of each page and is referred to as the "Statistic" in the column heading. The actual format of each page is slightly different than the format of the other profile reports since the group results are shown below your facility results rather than on the same line. As with the other profile reports, a departmental variance (your facility results minus the group results) is calculated along with the percentage of that variance. **Negative variances in the columns Salaries/Statistic and Total Cost/Statistic represent a favorable position (lower salary and total cost). However, negative variances for the columns Statistic per Bed and Statistic per FTE demonstrate where your facility may be less productive than the group.** For example, a housekeeping staff that services fewer square feet per FTE than the group could indicate a productivity problem. It is important to keep in mind that this report is statistical in nature and should be used as a tool only. Other variables such as case mix intensity, staff experience, facility size and the overlapping of staff responsibilities all could affect the results of this analysis. The **Statistical Profile** is closely associated with the other profile reports offered by NYSHFA. Descriptions of each profile report are included in this manual. We hope that the **Statistical Profile Report** enclosed will provide you with a tool to continue the efficient operation of your facility.



Census Profile Report

The *Census Profile Report* offered by the New York State Health Facilities Association provides you with an in-depth analysis of your current census, your admissions and your discharges as compared to the same respective information for a group of other facilities that you select. The data used in this report is extracted from Part I, Statistical Information of the RHC-4. The profile is broken out into the following sections.

- Patient Days by Primary Payer
- Resident Admissions Sources (e.g., from hospital)
- Resident Discharge Destinations
- Residents by Age Groupings
- Residents by Primary Payer
- Discharges by Primary Payer
- New Admissions by Primary Payer
- Length of Stay of Residents Discharged

The *Census Profile Report* calculates the percentage of each line on a page to the total of the page for your facility and the comparison group. For instance, the total number of Medicaid days for your facility and the group is divided into the total patient days of each to come up with a percentage for a reliable comparison. The variance is calculated by subtracting the group percentage from your facility's percentage for each line. The report is mostly for informational use but can be beneficial for those who are interested in the characteristics of the resident populations in a particular geographic area.