



Payroll Based Journal and the Power of Precision: Your Path to 5-Star Success

Kansas Health Care Association

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Payroll Based Journal & the Power of Precision: Your Path to 5-Star Success Session Overview

Payroll-Based Journal (PBJ) reporting is more than a regulatory requirement—it's a critical driver of public perception, facility ratings, and operational integrity in skilled nursing. This session empowers finance and operations professionals to navigate the complexities of PBJ reporting with confidence, precision, and strategic foresight.



Payroll Based Journal and the Power of Precision: Your Path to 5-Star Success

Meet the Team



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Director



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Agenda

1. Understand the purpose and regulatory requirements of Payroll-Based Journal (PBJ) reporting for skilled nursing facilities.
2. Identify the key data elements required for accurate PBJ submissions, including staffing hours, job codes, and pay types.
3. Recognize common challenges and compliance risks associated with PBJ reporting and how to avoid them.
4. Explore how technology and automation can streamline PBJ data collection, validation, and submission processes.
5. Interpret PBJ data in the context of Five-Star Ratings and understand its impact on facility performance and public perception.
6. Develop strategies for improving data accuracy and audit readiness through internal controls and best practices.



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Understanding PBJ Reporting for Skilled Nursing Facilities

Purpose of PBJ Reporting:

- Ensure transparency in staffing data
- Promote accountability in care delivery
- Support CMS quality monitoring and ratings

Regulatory Requirements:

- Quarterly submissions to CMS
- Include direct care staff hours by job category
- Maintain auditable records and documentation
- Comply with federal standards for accuracy and timeliness

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Key Data Elements for Accurate PBJ Submissions

- Staffing Hours: Total hours worked by each staff member per day.
- Job Codes: CMS-defined 40 codes that classify staff roles (e.g., RN, LPN, CNA).
- Pay Types: Differentiation between exempt, non-exempt, and contract staff.
- Employee Identifiers: Unique IDs to track staff consistently across submissions.
- Shift Details: Accurate start and end times for each shift.
- Department Assignments: Proper categorization of staff by department.

PBJ Reporting: Challenges and Compliance Risks

Understanding key obstacles and
regulatory adherence requirements



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Understanding PBJ Reporting



Mandatory PBJ Reporting

- PBJ reporting is required for skilled nursing facilities regulated by CMS.



Staffing Data Submission

- Facilities must submit detailed quarterly data on hours, roles, and pay types.



Data Accuracy and Auditability

- Submitted data must be accurate and auditable reflecting true staffing patterns.



Impact on Ratings and Funding

- Compliance affects CMS star ratings and can influence funding and certification.

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Common Challenges in PBJ Reporting

Misclassification of Roles

Incorrect job roles and hours cause inaccurate PBJ data submissions and discrepancies.

Incomplete Data Issues

Missing or incomplete data undermines the integrity of PBJ reports from facilities.

CMS Requirement Challenges

Difficulty understanding and applying updated CMS reporting standards affects compliance.

Turnover Misreporting

Job title changes not documented properly cause false turnover flags in systems.

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Compliance Risks and Avoidance Strategies

Risks of Non-Compliance

Non-compliance can cause penalties and damage CMS star ratings affecting reputation and competitiveness.

Data Validation Importance

Implement robust data validation processes to ensure accuracy before submitting PBJ reports.

Staff Training Necessity

Train staff on PBJ requirements including job codes and pay types for proper reporting.

Proactive Audits and Reviews

Conduct regular internal audits and reviews to identify and correct compliance issues early.



Leveraging Technology & Automation for PBJ Reporting

Enhancing efficiency and accuracy
in data management



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Leveraging Technology & Automation for PBJ Reporting

Integrated Data Collection

Automation of Data Imports

Digital tools automatically import data, reducing manual entry and human error significantly.

Real-Time Staffing Data

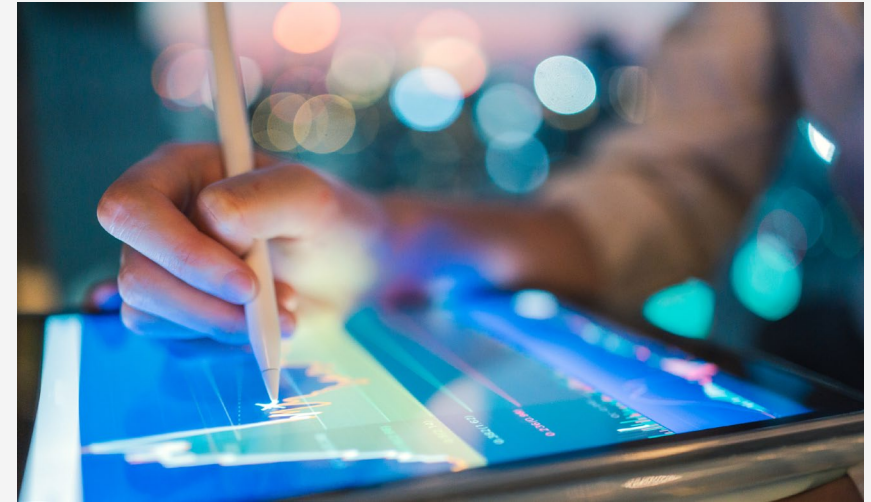
Integrated systems provide up-to-date staffing data essential for compliance.

Compliance Assurance

Consistent data availability ensures compliance with CMS requirements for PBJ reporting.

Operational Efficiency

Automated data collection streamlines operations, saving time and improving accuracy.



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Leveraging Technology & Automation for PBJ Reporting

Automation for Accuracy

Real-Time Validation

Automation checks staffing data instantly against PBJ rules to ensure compliance.

Error Reduction

Automated systems detect inconsistencies and missing data to minimize human errors.

Enhanced Data Integrity

Automation improves data reliability, supporting high star ratings and compliance.

Continuous Improvement

Automation fosters ongoing enhancements in data management and accountability.

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Leveraging Technology & Automation for PBJ Reporting

Real-time Monitoring

Continuous Staffing Oversight

Real-time systems continuously monitor staffing levels for accurate PBJ reporting and compliance.

Instant Compliance Visibility

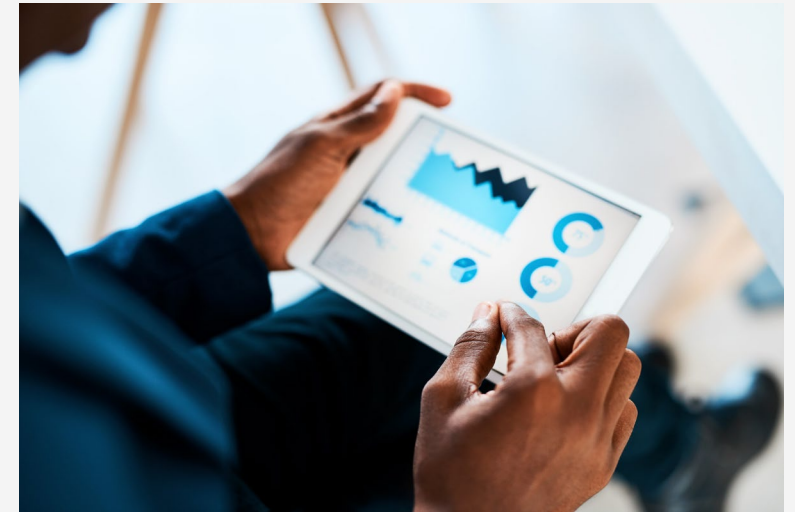
Dashboards provide immediate insights into compliance readiness to support quick decision making.

Alert Notifications

Configured alerts notify staff of anomalies for proactive management and timely issue resolution.

Strategic Planning Support

Real-time insights aid resource allocation and improve operational efficiency in facilities.



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Leveraging Technology & Automation for PBJ Reporting

Improved Audit Readiness

Centralized Digital Records

Centralized digital records provide quick access to staffing data during audits.

Comprehensive Audit Trails

Audit trails ensure transparency and accountability for regulatory compliance.

Faster Audit Response

Organized data enables quicker responses to audit requests, reducing delays.

Enhanced Compliance Reputation

Technology-driven solutions improve reliability and ongoing regulatory adherence.

Success Story: PBJ Audit Recovery

Demonstrating effective solutions
for audit challenges



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Success Story: PBJ Audit Recovery

Background

Profile

A Continuing Care Retirement Community offering multiple care levels for aging individuals.

Regulatory Challenges

Meticulous documentation and reporting make the community vulnerable to audits and regulatory scrutiny.

Audit Experience

The community faced significant challenges during a Payroll-Based Journal audit assessing staffing levels.



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Success Story: PBJ Audit Recovery

Challenge

Audit Impact

A PBJ audit led to a one-star rating, severely affecting facility reputation and operations.

Staffing Misallocation

Incorrect nursing hour allocation caused inaccurate staffing reports affecting PBJ evaluations.

Job Title Classification

Administrator's job title triggered turnover classification, further lowering the rating.

Consequences and Response

Low rating risks reimbursements and credibility, requiring strategic corrective measures.

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Success Story: PBJ Audit Recovery

Solution

Collaborative Leadership Approach

Partnered with facility leadership to develop effective nursing hour allocation strategies.

Clear Allocation Methods

Reviewed roles and schedules to standardize nursing hour reporting and eliminate uncertainties.

Census-Based Allocation Model

Used monthly census data to allocate nursing hours aligned with bed occupancy.

Ongoing PBJ Support

Provided submission and audit support to ensure compliance and accurate reporting.

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Success Story: PBJ Audit Recovery

Outcome and Continued Engagement

Successful Audit Outcome

Targeted solutions led to a smooth PBJ audit the next time with no issues.

Ongoing Compliance Services

Facility continues receiving PBJ services since Q4 2022 for compliance. Facility is currently a Five-Star for 2+years!

Improved Staffing Reporting

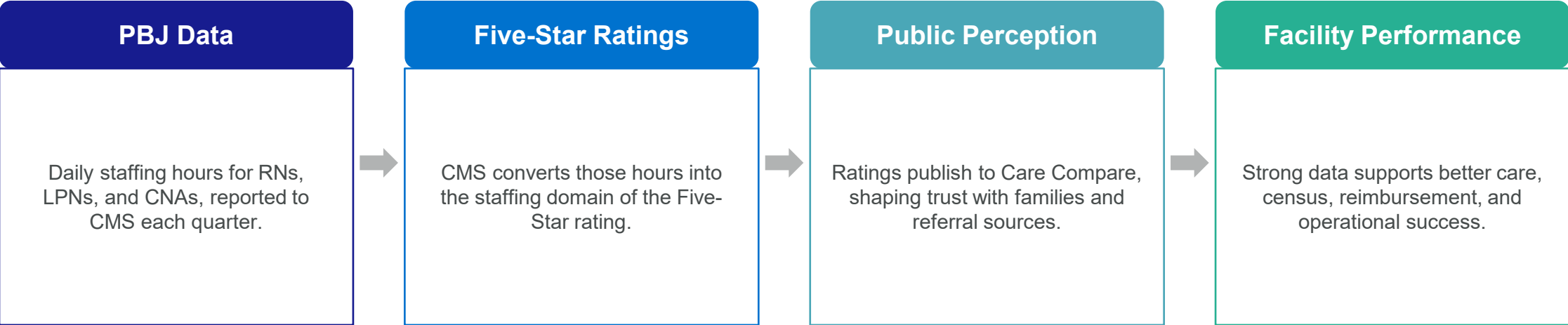
Clear staffing roles improve reporting accuracy and protect reputation.

Strengthened Trust

Ongoing support enhances trust between facility and service provider.

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Interpreting PBJ Data in the Context of Five-Star Ratings

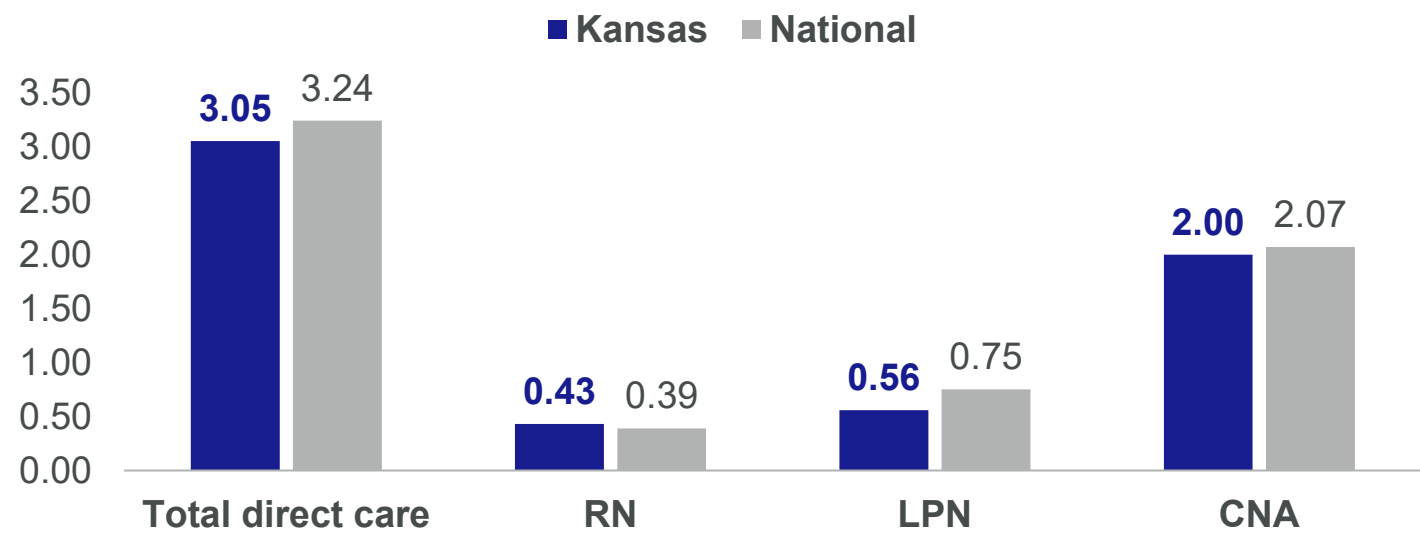


Higher, well-documented staffing levels drive higher star ratings — and accurate PBJ data protects reputation, referrals, and reimbursement.

Kansas PBJ Staffing Snapshot

How Kansas Compares Nationally

MEDIAN HOURS PER RESIDENT DAY (HPRD) BY POSITION



3.05 HPRD total
5.9% below the national median of 3.24

RN 10.0% above median
Kansas 0.43 vs. the 0.39 national median — a real strength

LPN 26.0% below median
The single largest driver of the total gap; CNA trails by 3.2%

Kansas sits above the national median on RN coverage but below it on LPN and CNA — so accurate PBJ reporting of every licensed and certified hour is where Kansas facilities gain the most ground.

Source: Q1 2026 PBJ data, 13,897 facilities across all 50 states, DC and Puerto Rico. Facility-level medians, unweighted. Total direct care = RN + LPN + CNA.

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Improving Data Accuracy and Audit Readiness

- Establish robust internal controls to monitor data entry and reporting.
- Conduct regular audits and reconciliations to identify discrepancies.
- Train staff on data management best practices and compliance requirements.
- Implement automated systems to reduce manual errors.
- Maintain clear documentation and audit trails for transparency.
- Use dashboards and analytics to track data quality metrics.
- Encourage a culture of accountability and continuous improvement.

PBJ Audit Story



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Overview of Audit Situation

Facility Profile

Facility is a Payroll-Based Journal user undergoing their first PBJ audit for Q2 2025 payroll data.

Audit Process

Audit conducted by a specialized firm requiring submission of documentation and completed questionnaires.

Need for Guidance

Facility unfamiliar with PBJ audit procedures sought expert help to ensure compliance and accurate reporting.



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Assistance Provided and Lessons Learned

Audit Portal Setup

Team guided the facility to set up and navigate the audit portal successfully.

Documentation and Questionnaire

Assisted facility in gathering documents and completing the audit questionnaire accurately.

Time Clock System Issue

Audit revealed time clock system did not deduct meal breaks, causing hour overreporting.

Lessons from Audit

Facility learned PBJ guidelines and importance of accurate timekeeping configuration.



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Ongoing Support and Future Strategies

Proactive Support Strategy

Quarterly calls review PBJ results and address file discrepancies promptly.

Predictive Five-Star Ratings

Predictive ratings help facilities understand staffing impact on public performance.

Ensuring Compliance and Accuracy

Ongoing engagement improves PBJ compliance, data accuracy, and audit readiness.

Continuous Improvement Culture

Fostering accountability enhances transparency and strengthens public perception.



What's New for 2026

Recent CMS updates to the PBJ Manual (Version 2.7, released June/July 2025) introduce several key changes that affect staffing reporting going into 2026



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What's New for 2026

1. Updated Work-Hour Limits

- PBJ now *prohibits reporting more than 22.5 hours per individual per day*—this enforces required meal-break deductions.

2. Mandatory Meal-Break Deduction Enforcement

- *A minimum 30-minute meal break must be deducted for every 8 hours worked*, even if the employee takes a shorter break.

3. On-Site Work Requirement for Nursing Staff

- *Only on-site nursing hours may be reported*. Remote nursing or administrative hours cannot be included.

4. Heightened Census Reporting Requirements

- Facilities must run and verify census reports before every submission.
- CMS stresses *rigorous accuracy verification* to ensure staffing ratios reflect the true resident population.

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What's New for 2026 (continued)

5. Audit-Related Clarifications

- New FAQs clarify:
 - Triggers for PBJ audit failures
 - Appeal and reconsideration processes
 - Distinction between CMS communications vs. audit contractors

6. RN Coverage Rules Reinforced

- Surveyors will not cite facilities if they can prove 8 consecutive hours of RN on-site coverage daily.
- Facilities with RN waivers must notify CMS to avoid automatic one-star downgrades.

7. Consultant & Contract Staff Reporting Guidance

- Consultants (e.g., nurse consultants) may be reported **only** if:
 - Paid by the facility
 - Working *onsite*, and
 - Available for direct resident care

8. Reinforced Requirements for Quality Controls

- CMS highlights enhanced internal review processes, including:
 - Running census accuracy audits
 - Strengthening data-validation workflows
- Implementing quality-control checks before submission

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Financial Impact of PBJ and VBP

CMS Payment Withholding

CMS withholds 2% of Medicare Part A payments from Skilled Nursing Facilities as part of VBP.

Incentive Redistribution

60% of the withheld pool is redistributed as incentives based on facility performance.

Performance Impact

Poor staffing metrics may lead to loss of withheld funds, while high performers can earn more.

Financial Incentive to Improve

Facilities are motivated to improve staffing and data accuracy to maximize reimbursements.





Questions?

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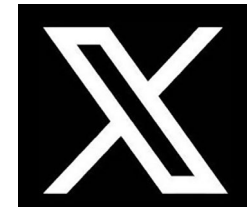
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Thank you!

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