

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS-1211-N]

RIN 0938-AL41

Medicare Program; Hospice Wage Index Fiscal Year 2003

AGENCY: Centers for Medicare & Medicaid Services (CMS), HHS.

ACTION: Notice.

SUMMARY: This notice announces the annual update to the hospice wage index as required by statute. This update is effective October 1, 2002 through September 30, 2003. The wage index is used to reflect local differences in wage levels. The hospice wage index methodology and values are based on recommendations of a negotiated rulemaking advisory committee and were originally published in the **Federal Register** on August 8, 1997.

EFFECTIVE DATE: October 1, 2002.

FOR FURTHER INFORMATION CONTACT: Lynn Riley, (410) 786-1286.

SUPPLEMENTARY INFORMATION

I. Background

A. Statute and Regulations

Hospice care is an approach to treatment that recognizes that the impending death of an individual warrants a change in the focus from curative care to palliative care (relief of pain and other uncomfortable symptoms). The goal of hospice care is to help terminally ill individuals continue life with minimal disruption to normal activities while remaining primarily in the home environment. A hospice uses an interdisciplinary approach to deliver medical, social, psychological, emotional, and spiritual services through use of a broad spectrum of professional and other caregivers, with the goal of making the individual as physically and emotionally comfortable as possible. Counseling and inpatient respite services are available to the family of the hospice patient. Hospice programs consider both the patient and the family as a unit of care.

Section 1861(dd) of the Social Security Act (the Act) provides for coverage of hospice care for terminally ill Medicare beneficiaries who elect to receive care from a participating hospice. The statutory authority for payment to hospices participating in the Medicare program is contained in section 1814(i) of the Act.

Our existing regulations under 42 CFR part 418 establish eligibility requirements and payment standards and procedures, define covered services, and delineate the conditions a hospice must meet to be approved for participation in the Medicare program. Subpart G of part 418 provides for payment to hospices based on one of four prospectively determined rates for each day in which a qualified Medicare beneficiary is under the care of a hospice. The four rate categories are routine home care, continuous home care, inpatient respite care, and general inpatient care. Payment rates are established for each category.

The regulations at § 418.306(c), which require the rates to be adjusted by a wage index, were revised in the August 8, 1997 final rule published in the **Federal Register** (62 FR 42860). This rule implemented a new methodology for calculating the hospice wage index based on the recommendations of a negotiated rulemaking committee. The committee reached consensus on the methodology. We included the resulting committee statement, describing that consensus, as an appendix to the August 8, 1997 final rule (62 FR 42883). The provisions of the final hospice wage index rule are as follows:

- The revised hospice wage index will be calculated using the most current available hospital wage data.
- The revised hospice wage index was phased in over a 3-year transition period. For the first year of the transition period, October 1, 1997 through September 30, 1998, a blended index was calculated by adding two-thirds of the 1983 index value for an area to one-third of the revised wage index value for that area. During the second year of the transition period, October 1, 1998 through September 30, 1999, the calculation was similar, except that the blend was one-third of the 1983 index value and two-thirds of the revised wage index value for that area. We fully implemented the revised wage index during the third transition period, October 1, 1999 through September 30, 2000.
- All hospice wage index values of 0.8 or greater are subject to a budget-neutrality adjustment to ensure that we do not pay more in the aggregate than we would have paid under the original 1983 wage index. The budget-neutrality adjustment is calculated by multiplying the hospice wage index for a given area by the budget-neutrality adjustment factor. The budget-neutrality adjustment is to be applied annually, both during and after the transition period.
- All hospice wage index values below 0.8 receive the greater of the

following adjustments: the wage index floor, a 15-percent increase, subject to a maximum wage index value of 0.8; or the budget-neutrality adjustment.

- The wage index is to be updated annually, in the **Federal Register**, based on the most current available hospital wage data. These data will include any changes to the definitions of Metropolitan Statistical Areas (MSA).

Section 4441(a) of the Balanced Budget Act of 1997 (BBA) amended section 1814(i)(1)(C)(ii) of the Act to establish updates to hospice rates for fiscal years (FYs) 1998 through 2002. Hospice rates were to be updated by a factor equal to the market basket index, minus 1 percentage point. However, section 131(a) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (BBRA) changed the payment rates for FYs 2001 and 2002 by increasing the FY 2001 rate by 0.5 percent and the FY 2002 rate by 0.75 percent. Section 131(b) of the BBRA states that any additional payments made under section 131(a) of the BBRA shall not be included in updating the hospice rates after those 2 years.

Section 321(a) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) amended section 1814(i)(1)(C)(ii)(VI) of the Act by increasing Medicare hospice rates for FY 2001 by 5 percentage points. This amendment was applicable to hospice care furnished on or after April 1, 2001. Section 321(b) of the BIPA further stipulated that the 5-percent increase in Medicare hospice rates during the period beginning on April 1, 2001 through September 30, 2001 were to be treated as the payment rates in effect during FY 2001. This means that the 5-percent increase was made to the base that is updated annually according to a statutorily dictated percentage of the market basket update, as provided in section 1814(i) of the Act. The new Medicare rates for this time period were announced through HCFA Program Memorandum (PM) A-01-04 on January 16, 2001.

Also, section 321(d) of the BIPA specified that the Secretary of Health and Human Services use 1.0043 as the hospice wage index value for the Wichita, Kansas MSA in calculating payments for a hospice program providing hospice care in this MSA during FY 2000.

Payment rates for FY 2003 will be updated according to section 1814(i) of the Act. The FY 2003 rates will be the full market basket percentage increase for the FY. This rate update will be implemented through a separate PM and is not part of this notice.

B. Update to the Hospice Wage Index

This annual update is effective October 1, 2002 through September 30, 2003. In accordance with the agreement we signed with other members of the Hospice Wage Index Negotiated Rulemaking Committee, we are using the most current hospital data available to us, including any changes to the definitions of MSAs. The FY 2002 hospital wage index was the most current hospital wage data available when the FY 2003 wage index values were calculated. We used the pre-reclassified and pre-floor hospital area wage index data.

All wage index values are adjusted by a budget-neutrality factor of 1.063422 and are subject to the wage index floor adjustment, if applicable. We have completed all of the calculations described above and have included

them in the wage index values reflected in both Tables A and B below. A detailed description of the method used to compute the hospice wage index is contained in both the September 4, 1996 proposed rule published in the **Federal Register** (61 FR 46579) and the August 8, 1997 final rule published in the **Federal Register** (62 FR 42860).

1. Metropolitan Statistical Areas

As explained in the September 4, 1996 hospice wage index proposed rule, each hospice's labor market area would be established by the MSA definitions issued by the Office of Management and Budget (OMB) on December 28, 1992 based on the 1990 census, and updated by OMB based on the decennial census. Any changes to the MSA definitions would be effective annually and announced in the final rule updating the hospice wage index.

2. MSA Wage Index Values Lower Than Rural Values

As explained above, any area not included in an MSA is considered to be nonurban and receives the statewide rural rate. We are aware that in the past, a number of MSAs have had wage index values that were lower than their rural statewide value. This difference is due to variations in local wage data as compared to national wage data. The hospice wage index is computed by dividing the hourly wage rate for an MSA or nonurban area by a national hourly wage rate. Nonurban areas could receive a higher wage index value than urban areas in the same State if the hourly wage rate in the nonurban area increased at a greater rate.

C. Tables

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|--|-------------------------|
| 0040 | Abilene, TX | 0.8470 |
| | Taylor, TX | |
| 0060 | Aguadilla, PR | 0.5385 |
| | Aguada, PR | |
| | Aguadilla, PR | |
| | Moca, PR | |
| 0080 | Akron, OH | 1.0502 |
| | Portage, OH | |
| | Summit, OH | |
| 0120 | Albany, GA | 1.1315 |
| | Dougherty, GA | |
| | Lee, GA | |
| 0160 | Albany-Schenectady-Troy, NY | 0.9039 |
| | Albany, NY | |
| | Montgomery, NY | |
| | Rensselaer, NY | |
| | Saratoga, NY | |
| | Schenectady, NY | |
| | Schoharie, NY | |
| 0200 | Albuquerque, NM | 1.0378 |
| | Bernalillo, NM | |
| | Sandoval, NM | |
| | Valencia, NM | |
| 0220 | Alexandria, LA | 0.8538 |
| | Rapides, LA | |
| 0240 | Allentown-Bethlehem-Easton, PA | 1.0716 |
| | Carbon, PA | |
| | Lehigh, PA | |
| | Northampton, PA | |
| 0280 | Altoona, PA | 0.9705 |
| | Blair, PA | |
| 0320 | Amarillo, TX | 0.9263 |
| | Potter, TX | |
| | Randall, TX | |
| 0380 | Anchorage, AK | 1.3367 |
| | Anchorage, AK | |
| 0440 | Ann Arbor, MI | 1.1802 |
| | Lenawee, MI | |
| | Livingston, MI | |
| | Washtenaw, MI | |
| 0450 | Anniston, AL | 0.8801 |
| | Calhoun, AL | |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|--|-------------------------|
| 0460 | Appleton-Oshkosh-Neenah, WI Calumet, WI Outagamie, WI Winnebago, WI | 0.9827 |
| 0470 | Arecibo, PR Arecibo, PR Camuy, PR Hatillo, PR | 0.8507 |
| 0480 | Asheville, NC Buncombe, NC Madison, NC | 0.9783 |
| 0500 | Athens, GA Clarke, GA Madison, GA Oconee, GA | 1.0466 |
| 0520 | Atlanta, GA Barrow, GA Bartow, GA Carroll, GA Cherokee, GA Clayton, GA Cobb, GA Coweta, GA DeKalb, GA Douglas, GA Fayette, GA Forsyth, GA Fulton, GA Gwinnett, GA Henry, GA Newton, GA Paulding, GA Pickens, GA Rockdale, GA Spalding, GA Walton, GA | 1.0696 |
| 0560 | Atlantic-Cape May, NJ Atlantic, NJ Cape May, NJ | 1.2009 |
| 0580 | Auburn-Opelika, AL Lee, AL | 0.8752 |
| 0600 | Augusta-Aiken, GA-SC Columbia, GA McDuffie, GA Richmond, GA Aiken, SC Edgefield, SC | 1.0602 |
| 0640 | Austin-San Marcos, TX Bastrop, TX Caldwell, TX Hays, TX Travis, TX Williamson, TX | 1.0241 |
| 0680 | Bakersfield, CA Kern, CA | 1.0123 |
| 0720 | Baltimore, MD Anne Arundel, MD Baltimore, MD Baltimore City, MD Carroll, MD Harford, MD Howard, MD Queen Anne's, MD | 1.0481 |
| 0733 | Bangor, ME Penobscot, ME | 1.0201 |
| 0743 | Barnstable-Yarmouth, MA Barnstable, MA | 1.4490 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|--|-------------------------|
| 0760 | Baton Rouge, LA Ascension, LA East Baton Rouge, LA Livingston, LA West Baton Rouge, LA | 0.8666 |
| 0840 | Beaumont-Port Arthur, TX Hardin, TX Jefferson, TX Orange, TX | 0.8977 |
| 0860 | Bellingham, WA Whatcom, WA | 1.2576 |
| 0870 | Benton Harbor, MI Berrien, MI | 0.9451 |
| 0875 | Bergen-Passaic, NJ Bergen, NJ Passaic, NJ | 1.2430 |
| 0880 | Billings, MT Yellowstone, MT | 0.9945 |
| 0920 | Biloxi-Gulfport-Pascagoula, MS Hancock, MS Harrison, MS Jackson, MS | 0.8975 |
| 0960 | Binghamton, NY Broome, NY Tioga, NY | 0.8982 |
| 1000 | Birmingham, AL Blount, AL Jefferson, AL St. Clair, AL Shelby, AL | 0.9367 |
| 1010 | Bismarck, ND Burleigh, ND Morton, ND | 0.8490 |
| 1020 | Bloomington, IN Monroe, IN | 0.9403 |
| 1040 | Bloomington-Normal, IL McLean, IL | 0.9611 |
| 1080 | Boise City, ID Ada, ID Canyon, ID | 0.9624 |
| 1123 | Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH Bristol, MA Essex, MA Middlesex, MA Norfolk, MA Plymouth, MA Suffolk, MA Worcester, MA Hillsborough, NH Merrimack, NH Rockingham, NH Strafford, NH | 1.2105 |
| 1125 | Boulder-Longmont, CO Boulder, CO | 1.0420 |
| 1145 | Brazoria, TX Brazoria, TX | 0.8730 |
| 1150 | Bremerton, WA Kitsap, WA | 1.1440 |
| 1240 | Brownsville-Harlingen-San Benito, TX Cameron, TX | 0.9584 |
| 1260 | Bryan-College Station, TX Brazos, TX | 0.9920 |
| 1280 | Buffalo-Niagara Falls, NY Erie, NY Niagara, NY | 1.0059 |
| 1303 | Burlington, VT Chittenden, VT Franklin, VT Grand Isle, VT | 1.0510 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|--|-------------------------|
| 1310 | Caguas, PR Caguas, PR Cayey, PR Cidra, PR Gurabo, PR San Lorenzo, PR | 0.5404 |
| 1320 | Canton-Massillon, OH Carroll, OH Stark, OH | 0.9524 |
| 1350 | Casper, WY Natrona, WY | 1.0098 |
| 1360 | Cedar Rapids, IA Linn, IA | 0.9251 |
| 1400 | Champaign-Urbana, IL Champaign, IL | 0.9896 |
| 1440 | Charleston-North Charleston, SC Berkeley, SC Charleston, SC Dorchester, SC | 0.9790 |
| 1480 | Charleston, WV Kanawha, WV Putnam, WV | 0.9852 |
| 1520 | Charlotte-Gastonia-Rock Hill, NC-SC Cabarrus, NC Gaston, NC Lincoln, NC Mecklenburg, NC Rowan, NC Stanly, NC Union, NC York, SC | 0.9928 |
| 1540 | Charlottesville, VA Albermale, VA Charlottesville City, VA Fluvanna, VA Greene, VA | 1.1236 |
| 1560 | Chattanooga, TN-GA Catoosa, GA Dade, GA Walker, GA Hamilton, TN Marion, TN | 0.9963 |
| 1580 | Cheyenne, WY Laramie, WY | 0.8814 |
| 1600 | Chicago, IL Cook, IL DeKalb, IL Du Page, IL Grundy, IL Kane, IL Kendall, IL Lake, IL McHenry, IL Will, IL | 1.1747 |
| 1620 | Chico-Paradise, CA Butte, CA | 1.0481 |
| 1640 | Cincinnati, OH-KY-IN Brown, OH Clermont, OH Hamilton, OH Warren, OH Boone, KY Campbell, KY Gallatin, KY Grant, KY Kenton, KY Pendleton, KY Dearborn, IN Ohio, IN | 1.0074 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|---|-------------------------|
| 1660 | Clarksville-Hopkinsville, TN-KY Christian, KY Montgomery, TN | 0.8866 |
| 1680 | Cleveland-Lorain-Elyria, OH Ashtabula, OH Cuyahoga, OH Geauga, OH Lake, OH Lorain, OH Medina, OH | 1.0057 |
| 1720 | Colorado Springs, CO El Paso, CO | 1.0362 |
| 1740 | Columbia, MO Boone, MO | 0.9237 |
| 1760 | Columbia, SC Lexington, SC Richland, SC | 1.0094 |
| 1800 | Columbus, GA-AL Chattahoochee, GA Harris, GA Muscogee, GA Russell, AL | 0.8975 |
| 1840 | Columbus, OH Delaware, OH Fairfield, OH Franklin, OH Licking, OH Madison, OH Pickaway, OH | 1.0172 |
| 1880 | Corpus Christi, TX Nueces, TX San Patricio, TX | 0.8870 |
| 1890 | Corvallis, Oregon Benton, OR | 1.2385 |
| 1900 | Cumberland, MD-WV Allegany, MD Mineral, WV | 0.8833 |
| 1920 | Dallas, TX Collin, TX Dallas, TX Denton, TX Ellis, TX Henderson, TX Hunt, TX Kaufman, TX Rockwall, TX | 1.0566 |
| 1950 | Danville, VA Danville City, VA Pittsylvania, VA | 0.9159 |
| 1960 | Davenport-Moline-Rock Island, IA-IL Scott, IA Henry, IL Rock Island, IL | 0.9186 |
| 2000 | Dayton-Springfield, OH Clark, OH Greene, OH Miami, OH Montgomery, OH | 0.9810 |
| 2020 | Daytona Beach, FL Flagler, FL Volusia, FL | 0.9541 |
| 2030 | Decatur, AL Lawrence, AL Morgan, AL | 0.9332 |
| 2040 | Decatur, IL Macon, IL | 0.8494 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|--|-------------------------|
| 2080 | Denver, CO Adams, CO Arapahoe, CO Denver, CO Douglas, CO Jefferson, CO | 1.0983 |
| 2120 | Des Moines, IA Dallas, IA Polk, IA Warren, IA | 0.9336 |
| 2160 | Detroit, MI Lapeer, MI Macomb, MI Monroe, MI Oakland, MI St. Clair, MI Wayne, MI | 1.1152 |
| 2180 | Dothan, AL Dale, AL Houston, AL | 0.8452 |
| 2190 | Dover, DE Kent, DE | 1.0949 |
| 2200 | Dubuque, IA Dubuque, IA | 0.9059 |
| 2240 | Duluth-Superior, MN-WI St. Louis, MN Douglas, WI | 1.0936 |
| 2281 | Dutchess County, NY Dutchess, NY | 1.1200 |
| 2290 | Eau Claire, WI Chippewa, WI Eau Claire, WI | 0.9463 |
| 2320 | El Paso, TX El Paso, TX | 0.9799 |
| 2330 | Elkhart-Goshen, IN Elkhart, IN | 1.0249 |
| 2335 | Elmira, NY Chemung, NY | 0.8949 |
| 2340 | Enid, OK Garfield, OK | 0.8887 |
| 2360 | Erie, PA Erie, PA | 0.9269 |
| 2400 | Eugene-Springfield, OR Lane, OR | 1.2199 |
| 2440 | Evansville-Henderson, IN-KY Posey, IN Vanderburgh, IN Warrick, IN Henderson, KY | 0.9054 |
| 2520 | Fargo-Moorhead, ND-MN Clay, MN Cass, ND | 0.9855 |
| 2560 | Fayetteville, NC Cumberland, NC | 0.9600 |
| 2580 | Fayetteville-Springdale-Rogers, AR Benton, AR Washington, AR | 0.8981 |
| 2620 | Flagstaff, AZ-UT Coconino, AZ Kane, UT | 1.1225 |
| 2640 | Flint, MI Genesee, MI | 1.1605 |
| 2650 | Florence, AL Colbert, AL Lauderdale, AL | 0.8343 |
| 2655 | Florence, SC Florence, SC | 0.9275 |
| 2670 | Fort Collins-Loveland, CO Larimer, CO | 1.0682 |
| 2680 | Ft. Lauderdale, FL Broward, FL | 1.0946 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|---|-------------------------|
| 2700 | Fort Myers-Cape Coral, FL Lee, FL | 0.9969 |
| 2710 | Fort Pierce-Port St. Lucie, FL Martin, FL St. Lucie, FL | 1.0862 |
| 2720 | Fort Smith, AR-OK Crawford, AR Sebastian, AR Sequoyah, OK | 0.8564 |
| 2750 | Fort Walton Beach, FL Okaloosa, FL | 0.9573 |
| 2760 | Fort Wayne, IN Adams, IN Allen, IN De Kalb, IN Huntington, IN Wells, IN Whitley, IN | 0.9787 |
| 2800 | Fort Worth-Arlington, TX Hood, TX Johnson, TX Parker, TX Tarrant, TX | 0.9990 |
| 2840 | Fresno, CA Fresno, CA Madera, CA | 1.0617 |
| 2880 | Gadsden, AL Etowah, AL | 0.9350 |
| 2900 | Gainesville, FL Alachua, FL | 1.0082 |
| 2920 | Galveston-Texas City, TX Galveston, TX | 1.0967 |
| 2960 | Gary, IN Lake, IN Porter, IN | 1.0134 |
| 2975 | Glens Falls, NY Warren, NY Washington, NY | 0.8865 |
| 2980 | Goldsboro, NC Wayne, NC | 0.9261 |
| 2985 | Grand Forks, ND-MN Grand Forks, ND Polk, MN | 0.9644 |
| 2995 | Grand Junction, CO Mesa, CO | 1.0176 |
| 3000 | Grand Rapids-Muskegon-Holland, MI Allegan, MI Kent, MI Muskegon, MI Ottawa, MI | 1.0685 |
| 3040 | Great Falls, MT Cascade, MT | 0.9433 |
| 3060 | Greeley, CO Weld, CO | 1.0097 |
| 3080 | Green Bay, WI Brown, WI | 0.9792 |
| 3120 | Greensboro-Winston-Salem-High Point, NC Alamance, NC Davidson, NC Davie, NC Forsyth, NC Guilford, NC Randolph, NC Stokes, NC Yadkin, NC | 1.0144 |
| 3150 | Greenville, NC Pitt, NC | 0.9878 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|---|-------------------------|
| 3160 | Greenville-Spartanburg-Anderson, SC Anderson, SC Cherokee, SC Greenville, SC Pickens, SC Spartanburg, SC | 0.9802 |
| 3180 | Hagerstown, MD Washington, MD | 0.8896 |
| 3200 | Hamilton-Middletown, OH Butler, OH | 0.9876 |
| 3240 | Harrisburg-Lebanon-Carlisle, PA Cumberland, PA Dauphin, PA Lebanon, PA Perry, PA | 1.0023 |
| 3283 | Hartford, CT Hartford, CT Litchfield, CT Middlesex, CT Tolland, CT | 1.2264 |
| 3285 | Hattiesburg, MS Forrest, MS Lamar, MS | 0.8000 |
| 3290 | Hickory-Morganton-Lenoir, NC Alexander, NC Burke, NC Caldwell, NC Catawba, NC | 0.9961 |
| 3320 | Honolulu, HI Honolulu, HI | 1.2271 |
| 3350 | Houma, LA Lafourche, LA Terrebonne, LA | 0.8481 |
| 3360 | Houston, TX Chambers, TX Fort Bend, TX Harris, TX Liberty, TX Montgomery, TX Waller, TX | 1.0242 |
| 3400 | Huntington-Ashland, WV-KY-OH Boyd, KY Carter, KY Greenup, KY Lawrence, OH Cabell, WV Wayne, WV | 1.0226 |
| 3440 | Huntsville, AL Limestone, AL Madison, AL | 0.9446 |
| 3480 | Indianapolis, IN Boone, IN Hamilton, IN Hancock, IN Hendricks, IN Johnson, IN Madison, IN Marion, IN Morgan, IN Shelby, IN | 1.0313 |
| 3500 | Iowa City, IA Johnson, IA | 1.0484 |
| 3520 | Jackson, MI Jackson, MI | 0.9844 |
| 3560 | Jackson, MS Hinds, MS Madison, MS Rankin, MS | 0.9030 |
| 3580 | Jackson, TN Madison, TN Chester, TN | 0.9585 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|--|-------------------------|
| 3600 | Jacksonville, FL Clay, FL Duval, FL Nassau, FL St. Johns, FL | 0.9808 |
| 3605 | Jacksonville, NC Onslow, NC | 0.8105 |
| 3610 | Jamestown, NY Chautauqua, NY | 0.8561 |
| 3620 | Janesville-Beloit, WI Rock, WI | 1.0357 |
| 3640 | Jersey City, NJ Hudson, NJ | 1.1887 |
| 3660 | Johnson City-Kingsport-Bristol, TN-VA Carter, TN Hawkins, TN Sullivan, TN Unicoi, TN Washington, TN Bristol City, VA Scott, VA Washington, VA | 0.9164 |
| 3680 | Johnstown, PA Cambria, PA Somerset, PA | 0.9276 |
| 3700 | Jonesboro, AR Craighead, AR | 0.8959 |
| 3710 | Joplin, MO Jasper, MO Newton, MO | 0.9280 |
| 3720 | Kalamazoo-Battlecreek, MI Calhoun, MI Kalamazoo, MI Van Buren, MI | 1.1314 |
| 3740 | Kankakee, IL Kankakee, IL | 1.0516 |
| 3760 | Kansas City, KS-MO Johnson, KS Leavenworth, KS Miami, KS Wyandotte, KS Cass, MO Clay, MO Clinton, MO Jackson, MO Lafayette, MO Platte, MO Ray, MO | 1.0141 |
| 3800 | Kenosha, WI Kenosha, WI | 1.0175 |
| 3810 | Killeen-Temple, TX Bell, TX Coryell, TX | 0.9008 |
| 3840 | Knoxville, TN Anderson, TN Blount, TN Knox, TN Loudon, TN Sevier, TN Union, TN | 0.9454 |
| 3850 | Kokomo, IN Howard, IN Tipton, IN | 0.9705 |
| 3870 | La Crosse, WI-MN Houston, MN La Crosse, WI | 0.9837 |
| 3880 | Lafayette, LA Acadia, LA Lafayette, LA St. Landry, LA St. Martin, LA | 0.9086 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|--|-------------------------|
| 3920 | Lafayette, IN Clinton, IN Tippecanoe, IN | 0.9700 |
| 3960 | Lake Charles, LA Calcasieu, LA | 0.8257 |
| 3980 | Lakeland-Winter Haven, FL Polk, FL | 0.9642 |
| 4000 | Lancaster, PA Lancaster, PA | 0.9886 |
| 4040 | Lansing-East Lansing, MI Clinton, MI Eaton, MI Ingham, MI | 1.0265 |
| 4080 | Laredo, TX Webb, TX | 0.8347 |
| 4100 | Las Cruces, NM Dona Ana, NM | 0.9168 |
| 4120 | Las Vegas, NV-AZ Mohave, AZ Clarke, NV Nye, NV | 1.1891 |
| 4150 | Lawrence, KS Douglas, KS | 0.8307 |
| 4200 | Lawton, OK Comanche, OK | 0.9233 |
| 4243 | Lewiston-Auburn, ME Androscoggin, ME | 0.9876 |
| 4280 | Lexington, KY Bourbon, KY Clark, KY Fayette, KY Jessamine, KY Madison, KY Scott, KY Woodford, KY | 0.9349 |
| 4320 | Lima, OH Allen, OH Auglaize, OH | 1.0071 |
| 4360 | Lincoln, NE Lancaster, NE | 1.0818 |
| 4400 | Little Rock-North Little Rock, AR Faulkner, AR Lonoke, AR Pulaski, AR Saline, AR | 0.9523 |
| 4420 | Longview-Marshall, TX Gregg, TX Harrison, TX Upshur, TX | 0.9115 |
| 4480 | Los Angeles-Long Beach, CA Los Angeles, CA | 1.2706 |
| 4520 | Louisville, KY-IN Clark, IN Floyd, IN Harrison, IN Scott, IN Bullitt, KY Jefferson, KY Oldham, KY | 1.0133 |
| 4600 | Lubbock, TX Lubbock, TX | 0.8985 |
| 4640 | Lynchburg, VA Amherst, VA Bedford, VA Bedford City, VA Campbell, VA Lynchburg City, VA | 0.9680 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|--|-------------------------|
| 4680 | Macon, GA Bibb, GA Houston, GA Jones, GA Peach, GA Twiggs, GA | 0.9525 |
| 4720 | Madison, WI Dane, WI | 1.0993 |
| 4800 | Mansfield, OH Crawford, OH Richland, OH | 0.9260 |
| 4840 | Mayaguez, PR Anasco, PR Cabo Rojo, PR Hormigueros, PR Mayaguez, PR Sabana Grande, PR San German, PR | 0.5589 |
| 4880 | McAllen-Edinburg-Mission, TX Hidalgo, TX | 0.8909 |
| 4890 | Medford-Ashland, OR Jackson, OR | 1.0968 |
| 4900 | Melbourne-Titusville-Palm Bay, FL Brevard, FL | 1.0542 |
| 4920 | Memphis, TN-AR-MS Crittenden, AR DeSoto, MS Fayette, TN Shelby, TN Tipton, TN | 0.9547 |
| 4940 | Merced, CA Merced, CA | 1.0578 |
| 5000 | Miami, FL Dade, FL | 1.0581 |
| 5015 | Middlesex-Somerset-Hunterdon, NJ Hunterdon, NJ Middlesex, NJ Somerset, NJ | 1.2196 |
| 5080 | Milwaukee-Waukesha, WI Milwaukee, WI Ozaukee, WI Washington, WI Waukesha, WI | 1.0603 |
| 5120 | Minneapolis-St. Paul, MN-WI Anoka, MN Carver, MN Chisago, MN Dakota, MN Hennepin, MN Isanti, MN Ramsey, MN Scott, MN Sherburne, MN Washington, MN Wright, MN Pierce, WI St. Croix, WI | 1.1623 |
| 5140 | Missoula, MT Missoula, MT | 0.9958 |
| 5160 | Mobile, AL Baldwin, AL Mobile, AL | 0.8595 |
| 5170 | Modesto, CA Stanislaus, CA | 1.1506 |
| 5190 | Monmouth-Ocean, NJ Monmouth, NJ Ocean, NJ | 1.1539 |
| 5200 | Monroe, LA Ouachita, LA | 0.8721 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|---|-------------------------|
| 5240 | Montgomery, AL Autauga, AL Elmore, AL Montgomery, AL | 0.8000 |
| 5280 | Muncie, IN Delaware, IN | 1.0569 |
| 5330 | Myrtle Beach, SC Horry, SC | 0.9327 |
| 5345 | Naples, FL Collier, FL | 1.0314 |
| 5360 | Nashville, TN Cheatham, TN Davidson, TN Dickson, TN Robertson, TN Rutherford TN Sumner, TN Williamson, TN Wilson, TN | 1.0373 |
| 5380 | Nassau-Suffolk, NY Nassau, NY Suffolk, NY | 1.4508 |
| 5483 | New Haven-Bridgeport-Stamford-Waterbury-Danbury, CT Fairfield, CT New Haven, CT | 1.3014 |
| 5523 | New London-Norwich, CT New London, CT | 1.2257 |
| 5560 | New Orleans, LA Jefferson, LA Orleans, LA Plaquemines, LA St. Bernard, LA St. Charles, LA St. James, LA St. John The Baptist, LA St. Tammany, LA | 0.9609 |
| 5600 | New York, NY Bronx, NY Kings, NY New York, NY Putnam, NY Queens, NY Richmond, NY Rockland, NY Westchester, NY | 1.5342 |
| 5640 | Newark, NJ Essex, NJ Morris, NJ Sussex, NJ Union, NJ Warren, NJ | 1.2359 |
| 5660 | Newburgh, NY-PA Orange, NY Pike, PA | 1.1818 |
| 5720 | Norfolk-Virginia Beach-Newport News, VA-NC Currituck, NC Chesapeake City, VA Gloucester, VA Hampton City, VA Isle of Wight, VA James City, VA Mathews, VA Newport News City, VA Norfolk City, VA Poquoson City, VA Portsmouth City, VA Suffolk City, VA Virginia Beach City, VA Williamsburg City, VA York, VA | 0.9123 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|--|-------------------------|
| 5775 | Oakland, CA Alameda, CA Contra Costa, CA | 1.6291 |
| 5790 | Ocala, FL Marion, FL | 1.0162 |
| 5800 | Odessa-Midland, TX Ector, TX Midland, TX | 1.0745 |
| 5880 | Oklahoma City, OK Canadian, OK Cleveland, OK Logan, OK McClain, OK Oklahoma, OK Pottawatomie, OK | 0.9245 |
| 5910 | Olympia, WA Thurston, WA | 1.2070 |
| 5920 | Omaha, NE-IA Pottawattamie, IA Cass, NE Douglas, NE Sarpy, NE Washington, NE | 1.0328 |
| 5945 | Orange County, CA Orange, CA | 1.1828 |
| 5960 | Orlando, FL Lake, FL Orange, FL Osceola, FL Seminole, FL | 1.0254 |
| 5990 | Owensboro, KY Davies, KY | 0.8863 |
| 6015 | Panama City, FL Bay, FL | 0.9636 |
| 6020 | Parkersburg-Marietta, WV-OH Washington, OH Wood, WV | 0.8649 |
| 6080 | Pensacola, FL Escambia, FL Santa Rosa, FL | 0.8891 |
| 6120 | Peoria-Pekin, IL Peoria, IL Tazewell, IL Woodford, IL | 0.9329 |
| 6160 | Philadelphia, PA-NJ Burlington, NJ Camden, NJ Gloucester, NJ Salem, NJ Bucks, PA Chester, PA Delaware, PA Montgomery, PA Philadelphia, PA | 1.1641 |
| 6200 | Phoenix-Mesa, AZ Maricopa, AZ Pinal, AZ | 1.0249 |
| 6240 | Pine Bluff, AR Jefferson, AR | 0.8396 |
| 6280 | Pittsburgh, PA Allegheny, PA Beaver, PA Butler, PA Fayette, PA Washington, PA Westmoreland, PA | 1.0166 |
| 6323 | Pittsfield, MA Berkshire, MA | 1.0930 |
| 6340 | Pocatello, ID Bannock, ID | 1.0047 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|---|-------------------------|
| 6360 | Ponce, PR Guayanilla, PR Juana Diaz, PR Penuelas, PR Ponce, PR Villalba, PR Yauco, PR | 0.6001 |
| 6403 | Portland, ME Cumberland, ME Sagadahoc, ME York, ME | 1.0025 |
| 6440 | Portland-Vancouver, OR--WA Clackamas, OR Columbia, OR Multnomah, OR Washington, OR Yamhill, OR Clark, WA | 1.1816 |
| 6483 | Providence-Warwick-Pawtucket, RI Bristol, RI Kent, RI Newport, RI Providence, RI Washington, RI | 1.1490 |
| 6520 | Provo-Orem, UT Utah, UT | 1.0467 |
| 6560 | Pueblo, CO Pueblo, CO | 0.9150 |
| 6580 | Punta Gorda, FL Charlotte, FL | 0.9587 |
| 6600 | Racine, WI Racine, WI | 0.9925 |
| 6640 | Raleigh-Durham-Chapel Hill, NC Chatham, NC Durham, NC Franklin, NC Johnston, NC Orange, NC Wake, NC | 1.0441 |
| 6660 | Rapid City, SD Pennington, SD | 0.9431 |
| 6680 | Reading, PA Berks, PA | 1.0191 |
| 6690 | Redding, CA Shasta, CA | 1.1862 |
| 6720 | Reno, NV Washoe, NV | 1.1082 |
| 6740 | Richland-Kennewick-Pasco, WA Benton, WA Franklin, WA | 1.1655 |
| 6760 | Richmond-Petersburg, VA Charles City County, VA Chesterfield, VA Colonial Heights City, VA Dinwiddie, VA Goochland, VA Hanover, VA Henrico, VA Hopewell City, VA New Kent, VA Petersburg City, VA Powhatan, VA Prince George, VA Richmond City, VA | 1.0292 |
| 6780 | Riverside-San Bernardino, CA Riverside, CA San Bernardino, CA | 1.1817 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|---|-------------------------|
| 6800 | Roanoke, VA Botetourt, VA Roanoke, VA Roanoke City, VA Salem City, VA | 0.8902 |
| 6820 | Rochester, MN Olmsted, MN | 1.2189 |
| 6840 | Rochester, NY Genesee, NY Livingston, NY Monroe, NY Ontario, NY Orleans, NY Wayne, NY | 0.9940 |
| 6880 | Rockford, IL Boone, IL Ogle, IL Winnebago, IL | 0.9788 |
| 6895 | Rocky Mount, NC Edgecombe, NC Nash, NC | 0.9687 |
| 6920 | Sacramento, CA El Dorado, CA Placer, CA Sacramento, CA | 1.2581 |
| 6960 | Saginaw-Bay City-Midland, MI Bay, MI Midland, MI Saginaw, MI | 1.0198 |
| 6980 | St. Cloud, MN Benton, MN Stearns, MN | 1.0476 |
| 7000 | St. Joseph, MO Andrew, MO Buchanan, MO | 0.8391 |
| 7040 | St. Louis, MO-IL Franklin, MO Jefferson, MO Lincoln, MO St. Charles, MO St. Louis, MO St. Louis City, MO Warren, MO Clinton, IL Jersey, IL Madison, IL Monroe, IL St. Clair, IL | 0.9497 |
| 7080 | Salem, OR Marion, OR Polk, OR | 1.0646 |
| 7120 | Salinas, CA Monterey, CA | 1.5615 |
| 7160 | Salt Lake City-Ogden, UT Davis, UT Salt Lake, UT Weber, UT | 1.0489 |
| 7200 | San Angelo, TX Tom Green, TX | 0.8713 |
| 7240 | San Antonio, TX Bexar, TX Comal, TX Guadalupe, TX Wilson, TX | 0.9128 |
| 7320 | San Diego, CA San Diego, CA | 1.1979 |
| 7360 | San Francisco, CA Marin, CA San Francisco, CA San Mateo, CA | 1.5037 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|--|-------------------------|
| 7400 | San Jose, CA | 1.5093 |
| | Santa Clara, CA | |
| 7440 | San Juan-Bayamon, PR | 0.5476 |
| | Aguas Buenas, PR | |
| | Barceloneta, PR | |
| | Bayamon, PR | |
| | Canovanas, PR | |
| | Carolina, PR | |
| | Catano, PR | |
| | Ceiba, PR | |
| | Comerio, PR | |
| | Corozal, PR | |
| | Dorado, PR | |
| | Fajardo, PR | |
| | Florida, PR | |
| | Guaynabo, PR | |
| | Humacao, PR | |
| | Juncos, PR | |
| | Los Piedras, PR | |
| | Loiza, PR | |
| | Luguillo, PR | |
| | Manati, PR | |
| | Morovis, PR | |
| | Naguabo, PR | |
| | Naranjito, PR | |
| | Rio Grande, PR | |
| | San Juan, PR | |
| | Toa Alta, PR | |
| | Toa Baja, PR | |
| | Trujillo Alto, PR | |
| | Vega Alta, PR | |
| | Vega Baja, PR | |
| | Yabucoa, PR | |
| 7460 | San Luis Obispo-Atascadero-Paso Robles, CA | 1.1687 |
| | San Luis Obispo, CA | |
| 7480 | Santa Barbara-Santa Maria-Lompoc, CA | 1.1487 |
| | Santa Barbara, CA | |
| 7485 | Santa Cruz-Watsonville, CA | 1.4856 |
| | Santa Cruz, CA | |
| 7490 | Santa Fe, NM | 1.0841 |
| | Los Alamos, NM | |
| | Santa Fe, NM | |
| 7500 | Santa Rosa, CA | 1.3861 |
| | Sonoma, CA | |
| 7510 | Sarasota-Bradenton, FL | 1.0730 |
| | Manatee, FL | |
| | Sarasota, FL | |
| 7520 | Savannah, GA | 1.0653 |
| | Bryan, GA | |
| | Chatham, GA | |
| | Effingham, GA | |
| 7560 | Scranton-Wilkes-Barre-Hazleton, PA | 0.9234 |
| | Columbia, PA | |
| | Lackawanna, PA | |
| | Luzerne, PA | |
| | Wyoming, PA | |
| 7600 | Seattle-Bellevue-Everett, WA | 1.2082 |
| | Island, WA | |
| | King, WA | |
| | Snohomish, WA | |
| 7610 | Sharon, PA | 0.8429 |
| | Mercer, PA | |
| 7620 | Sheboygan, WI | 0.8961 |
| | Sheboygan, WI | |
| 7640 | Sherman-Denison, TX | 0.9967 |
| | Grayson, TX | |
| 7680 | Shreveport-Bossier City, LA | 0.9624 |
| | Bossier, LA | |
| | Caddo, LA | |
| | Webster, LA | |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|--|-------------------------|
| 7720 | Sioux City, IA—NE Woodbury, IA Dakota, NE | 0.9323 |
| 7760 | Sioux Falls, SD Lincoln, SD Minnehaha, SD | 0.9719 |
| 7800 | South Bend, IN St. Joseph, IN | 1.0627 |
| 7840 | Spokane, WA Spokane, WA | 1.1345 |
| 7880 | Springfield, IL Menard, IL Sangamon, IL | 0.9226 |
| 7920 | Springfield, MO Christian, MO Greene, MO Webster, MO | 0.9110 |
| 8003 | Springfield, MA Hampden, MA Hampshire, MA | 1.1571 |
| 8050 | State College, PA Centre, PA | 0.9712 |
| 8080 | Steubenville-Weirton, OH—WV Jefferson, OH Brooke, WV Hancock, WV | 0.9185 |
| 8120 | Stockton-Lodi, CA San Joaquin, CA | 1.1501 |
| 8140 | Sumter, SC Sumter, SC | 0.8288 |
| 8160 | Syracuse, NY Cayuga, NY Madison, NY Onondaga, NY Oswego, NY | 1.0231 |
| 8200 | Tacoma, WA Pierce, WA | 1.2353 |
| 8240 | Tallahassee, FL Gadsden, FL Leon, FL | 0.9068 |
| 8280 | Tampa-St. Petersburg-Clearwater, FL Hernando, FL Hillsborough, FL Pasco, FL Pinellas, FL | 0.9491 |
| 8320 | Terre Haute, IN Clay, IN Vermillion, IN Vigo, IN | 0.9073 |
| 8360 | Texarkana, AR—Texarkana, TX Miller, AR Bowie, TX | 0.8855 |
| 8400 | Toledo, OH Fulton, OH Lucas, OH Wood, OH | 1.0431 |
| 8440 | Topeka, KS Shawnee, KS | 0.9477 |
| 8480 | Trenton, NJ Mercer, NJ | 1.1077 |
| 8520 | Tucson, AZ Pima, AZ | 0.9536 |
| 8560 | Tulsa, OK Creek, OK Osage, OK Rogers, OK Tulsa, OK Wagoner, OK | 0.9467 |
| 8600 | Tuscaloosa, AL Tuscaloosa, AL | 0.8689 |
| 8640 | Tyler, TX Smith, TX | 1.0252 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|---|-------------------------|
| 8680 | Utica-Rome, NY Herkimer, NY Oneida, NY | 0.8857 |
| 8720 | Vallejo-Fairfield-Napa, CA Napa, CA Solano, CA | 1.4422 |
| 8735 | Ventura, CA Ventura, CA | 1.1691 |
| 8750 | Victoria, TX Victoria, TX | 0.8856 |
| 8760 | Vineland-Millville-Bridgeton, NJ Cumberland, NJ | 1.1103 |
| 8780 | Visalia-Tulare-Porterville, CA Tulare, CA | 1.0239 |
| 8800 | Waco, TX McLennan, TX | 0.8645 |
| 8840 | Washington, DC—MD—VA—WV District of Columbia, DC Calvert, MD Charles, MD Frederick, MD Montgomery, MD Prince Georges, MD Alexandria City, VA Arlington, VA Clarke, VA Culpeper, VA Fairfax, VA Fairfax City, VA Falls Church City, VA Fauquier, VA Fredericksburg City, VA King George, VA Loudoun, VA Manassas City, VA Manassas Park City, VA Prince William, VA Spotsylvania, VA Stafford, VA Warren, VA Berkeley, WV Jefferson, WV | 1.1657 |
| 8920 | Waterloo-Cedar Falls, IA Black Hawk, IA | 0.8551 |
| 8940 | Wausau, WI Marathon, WI | 1.0311 |
| 8960 | West Palm Beach-Boca Raton, FL Palm Beach, FL | 1.0397 |
| 9000 | Wheeling, WV—OH Belmont, OH Marshall, WV Ohio, WV | 0.8491 |
| 9040 | Wichita, KS Butler, KS Harvey, KS Sedgwick, KS | 1.0215 |
| 9080 | Wichita Falls, TX Archer, TX Wichita, TX | 0.8366 |
| 9140 | Williamsport, PA Lycoming, PA | 0.9175 |
| 9160 | Wilmington-Newark, DE—MD New Castle, DE Cecil, MD | 1.1567 |
| 9200 | Wilmington, NC Brunswick, NC New Hanover, NC | 1.0006 |
| 9260 | Yakima, WA Yakima, WA | 1.1237 |
| 9270 | Yolo, CA Yolo, CA | 1.0316 |

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

| MSA Code No. | Urban area (constituent counties or county equivalents) ¹ | Wage index ² |
|--------------|---|-------------------------|
| 9280 | York, PA | 1.0040 |
| 9320 | Youngstown-Warren, OH Columbiana, OH Mahoning, OH Trumbull, OH | 1.0170 |
| 9340 | Yuba City, CA Sutter, CA Yuba, CA | 1.1016 |
| 9360 | Yuma, AZ | 0.9559 |

¹ This column lists each MSA area name and each county or county equivalent, in the MSA area. Counties not listed in this Table are considered to be Rural Areas. Wage Index values for these areas are found in Table B.

² Wage index values are based on FY 1998 hospital cost report data before reclassification. This wage index is further adjusted. Wage index values greater than 0.8 are subject to a budget-neutrality adjustment of 1.063422. Wage index values below 0.8 are adjusted to be the greater of a 15-percent increase, subject to a maximum wage index value of 0.8, or an adjustment by multiplying the hospital wage index value for a given area by the budget-neutrality adjustment. We have completed all of these adjustments and included them in the wage index values reflected in this table.

TABLE B.—WAGE INDEX FOR RURAL AREAS

| MSA code No. | Nonurban area | Wage index ³ |
|--------------|---------------------------|-------------------------|
| 9901 | Alabama | 0.8000 |
| 9902 | Alaska | 1.2614 |
| 9903 | Arizona | 0.9232 |
| 9904 | Arkansas | 0.8000 |
| 9905 | California | 1.0272 |
| 9906 | Colorado | 0.9370 |
| 9907 | Connecticut | 1.2843 |
| 9908 | Delaware | 1.0197 |
| 9910 | Florida | 0.9352 |
| 9911 | Georgia | 0.8821 |
| 9912 | Hawaii | 1.1817 |
| 9913 | Idaho | 0.9271 |
| 9914 | Illinois | 0.8564 |
| 9915 | Indiana | 0.9274 |
| 9916 | Iowa | 0.8664 |
| 9917 | Kansas | 0.8307 |
| 9918 | Kentucky | 0.8468 |
| 9919 | Louisiana | 0.8078 |
| 9920 | Maine | 0.9274 |
| 9921 | Maryland | 0.9421 |
| 9922 | Massachusetts | 1.2180 |
| 9923 | Michigan | 0.9571 |
| 9924 | Minnesota | 0.9608 |
| 9925 | Mississippi | 0.8005 |
| 9926 | Missouri | 0.8391 |
| 9927 | Montana | 0.9204 |
| 9928 | Nebraska | 0.8658 |
| 9929 | Nevada | 1.0344 |
| 9930 | New Hampshire | 1.0399 |
| 9931 | New Jersey ⁴ | |
| 9932 | New Mexico | 0.9226 |
| 9933 | New York | 0.9089 |
| 9934 | North Carolina | 0.9076 |
| 9935 | North Dakota | 0.8379 |
| 9936 | Ohio | 0.9218 |
| 9937 | Oklahoma | 0.8046 |
| 9938 | Oregon | 1.0663 |
| 9939 | Pennsylvania | 0.9153 |
| 9940 | Puerto Rico | 0.5520 |
| 9941 | Rhode Island ⁴ | |
| 9942 | South Carolina | 0.9052 |
| 9943 | South Dakota | 0.8360 |
| 9944 | Tennessee | 0.8431 |
| 9945 | Texas | 0.8201 |
| 9946 | Utah | 0.9625 |
| 9947 | Vermont | 1.0066 |
| 9948 | Virgin Islands | 0.7759 |
| 9949 | Virginia | 0.8764 |
| 9950 | Washington | 1.0856 |

TABLE B.—WAGE INDEX FOR RURAL AREAS—Continued

| MSA code No. | Nonurban area | Wage index ³ |
|--------------|---------------------|-------------------------|
| 9951 | West Virginia | 0.8579 |
| 9952 | Wisconsin | 0.9641 |
| 9953 | Wyoming | 0.9302 |
| 9965 | Guam | 1.0221 |

³ Wage index values are based on FY 1998 hospital cost report data before reclassification. This wage index is further adjusted. Wage index values greater than 0.8 are subject to a budget-neutrality adjustment of 1.063422. Wage index values below 0.8 are adjusted to be the greater of a 15-percent increase, subject to a maximum wage index value of 0.8, or an adjustment by multiplying the hospital wage index value for a given area by the budget-neutrality adjustment. We have completed all of these adjustments and have included them in the wage index values reflected in this table.

⁴ All counties within the State are classified as urban.

II. Waiver of Proposed Rulemaking

We ordinarily publish a notice of proposed rulemaking in the **Federal Register** to provide a period for public comment before the provisions of a notice such as this take effect. We can waive this procedure, however, if we find good cause that a notice and comment procedure is impracticable, unnecessary, or contrary to the public interest and incorporate a statement of the finding and its reasons in the notice issued.

We find it unnecessary to undertake notice and comment rulemaking as the statute requires annual updates to the hospice payment rates. The methodologies used to determine the wage index have been previously subject to public comments, and this notice merely reflects the application of those previously established methodologies. Therefore, for good cause, we waive notice and comment procedures.

III. Regulatory Impact Analysis

A. Overall Impact

We have examined the impacts of this notice as required by Executive Order 12866 (September 1993, Regulatory Planning and Review), the Regulatory Flexibility Act (RFA) (September 16, 1980, Pub. L. 96–354), section 1102(b) of the Act, the Unfunded Mandates Reform Act of 1995 (Pub.L. 104–4), and Executive Order 13132. In this notice, we identified the impact on hospices as a result of updating the hospice wage index for FY 2003. The methodology for computing the wage index was determined through a negotiated rulemaking committee and implemented in the August 8, 1997 Final Rule (62 FR 42860). This notice only updates the hospice wage index in accordance with that methodology. We believe these changes to be insignificant. As Table C below indicates, we estimate that total hospice payments will increase from last year by 0.3 percent, or \$12,731,000.

Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). A regulatory impact analysis (RIA) must be prepared for major rules with economically significant effects (\$100 million or more in any 1 year). We have determined that this notice is not an economically significant rule under this Executive Order.

The RFA requires agencies to determine whether a rule will have a significant economic impact on a substantial number of small entities. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and government agencies. Most hospital and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of \$5 million or less annually. (For details, see the Small Business Administration's regulation that set forth size standards for health care industries (65 FR 69432)). For purposes of the RFA, most hospices are small entities. Approximately 73 percent of Medicare certified hospices are identified as voluntary, government, or other agencies, and, therefore, are considered small entities. Because the National Hospice and Palliative Care Organization estimates that approximately 79 percent of hospice patients are Medicare beneficiaries, we have not considered other sources of revenue in this analysis.

As discussed below, the estimated decreases in payment to hospices overall are very slight. The effects of this notice indicate that on a regional basis, urban hospices in the Middle Atlantic, East North Central, West North Central, West South Central, and Pacific regions will experience a slight decrease in payments. The payment decreases range from a minimum of 0.1 percent (East North Central region) to a maximum of

0.5 percent (Middle Atlantic region). The mid-range of the decrease in estimated payments for urban hospices falls within the Pacific urban region with a 0.3-percent decrease. Rural hospices in the Pacific region will also experience a slight decrease in payment of 0.7 percent. Therefore, based on an analysis of the wage index changes for FY 2003, hospices in the urban areas of the North Central (East and West), South Central (West), and Middle Atlantic regions will be impacted the most. This payment decrease to these small entities indicates that this notice will have an impact on a substantial number of small entities. However, nationwide, hospices will receive an overall slight increase in estimated payments. We estimate that total hospice payments will increase by 0.3 percent, or \$12,731,000. Urban hospices will receive an increase in estimated payments of 0.1 percent and rural hospices will receive an increase in estimated payments of 2.1 percent. Rural hospices, with exception of the Pacific region, received the largest increase in payments for FY 2003. We estimate that rural hospice payments overall will increase by \$9,860,000. Specifically, rural hospices in Puerto Rico are estimated to receive a 13.6-percent increase in payments for FY 2003. This anomaly is due to an increase in hospital wage data for FY 2002.

Under the Medicare hospice benefit, hospices can provide four different levels of care days. The majority of the days provided by a hospice are routine home care days. Therefore, the number of routine home care days can be used as a proxy for the size of the hospice, that is, the more days of care provided, the larger the hospice. Using routine home care days as a proxy for size, our analysis indicates that, overall, the impact of the wage index update on small hospices will be positive. For example, the smallest hospices (those that provide only up to 1,754 days of routine home care) will experience an approximately 4.2 percent increase in hospice payments as a result of the wage

update. Overall, hospices will experience a positive increase in payments. Therefore, we certify that this rule will not have a significant impact on a substantial number of small entities, in accordance with the RFA. Furthermore, the wage index methodology was previously determined by consensus through a negotiated rulemaking committee that included representatives of national hospice associations; rural, urban, large and small hospices; multi-site hospices; and consumer groups. Based on all of the options considered, the committee agreed on the methodology described in the committee statement, and it was adopted into regulation in the August 8, 1997 final rule. The committee also agreed that this was favorable for the hospice community, as well as for beneficiaries. In developing the process for updating the wage index in the 1997 final rule, we fully considered the impact of this methodology on small entities and attempted to mitigate any potential negative effects.

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural hospitals. This analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside an MSA and has fewer than 100 beds. We have determined that this rule will not have a significant impact on the operations of a substantial number of small rural hospitals.

Section 202 of the Unfunded Mandates Reform Act of 1995 also requires that agencies assess anticipated costs and benefits before issuing any rule that may result in an expenditure in any 1 year by State, local, and tribal governments, in the aggregate, or by the private sector, of \$110 million or more.

This notice has no consequential effect on State, local, or tribal governments. We believe the private sector costs of this notice fall below the threshold as well. We have determined that this rule will not have a significant impact on the operations of a substantial number of small rural hospitals.

We have reviewed this notice under the threshold criteria of Executive Order 13132, Federalism, and have determined that this notice will not have a negative impact on the rights, roles, and responsibilities of State, local, or tribal governments.

B. Anticipated Effects

We have compared estimated payments using the FY 1983 hospice wage index to estimated payments using the FY 2003 wage index and determined the current hospice rates to be budget-neutral. This impact analysis compares hospice payments using the FY 2002 hospice wage index to the estimated payments using the FY 2003 wage index. The data used in developing the quantitative analysis for this notice were obtained from the March 2002 update of the national claims history file of all bills submitted during FY 2001. We deleted bills from hospices that have since closed.

Table C below demonstrates the results of our analysis. In Column 2 of Table C, we indicate the number of routine home care days that were included in our analysis, although the analysis was performed on all types of hospice care. Column 3 of Table C indicates payments that were made using the FY 2002 wage index. Column 4 of Table C is based on FY 2001 claims (for hospices in business during that time period) and estimates payments to be made to hospices using the FY 2003 wage index. The final column, which compares Columns 3 and 4, shows the percent change in estimated hospice payments made based on the category of the hospice.

Table C categorizes hospices by various geographic and provider characteristics. The first row displays the results of the impact analysis for all Medicare certified hospices. The second and third rows of the table categorize hospices according to their geographic location (urban and rural). Our analysis indicated that there are 1,327 hospices located in urban areas and 854 hospices located in rural areas. The next two groupings in the table indicate the number of hospices by census region, also broken down by urban and rural hospices. The sixth grouping shows the impact on hospices based on the size of the hospice's program. We determined that the majority of hospice payments are made at the routine home care rate. Therefore, we based the size of each individual hospice's program on the number of routine home care days provided in 2001. The next grouping shows the impact on hospices by type of ownership. The final grouping shows the impact on hospices defined by whether they are provider-based or freestanding.

The results of our analysis shows that the greatest increases in payment are for rural areas in the West South Central, Mountain and Puerto Rico regions, with a 7.2 percent, 2.5 percent, and 13.6 percent increase, respectively. The greatest decreases in payment are for urban areas in the Middle Atlantic and Pacific regions.

The breakdown by size, type of ownership, and facility base showed an increase in payments to almost all hospice programs. Small hospice programs showed significant increases of about 4 percent, while larger programs experienced only a negligible increase. In terms of hospice base, hospital-based hospices showed the greatest estimated payment increase while hospices affiliated with skilled nursing facilities showed the smallest amount of payment increase.

TABLE C.—IMPACT OF HOSPICE WAGE INDEX CHANGE

| By Geographic Location | Number of Hospices | Number of Routine Home Care Days in Thousands | Payments using FY 2002 Wage Index in Thousands | Estimated Payments using FY 2003 Wage Index in Thousands | Percent Change in Hospice Payments |
|------------------------|--------------------|---|--|--|------------------------------------|
| | (1) | (2) | (3) | (4) | (5) |
| All Hospices | 2,181 | 28,249 | 3,684,027 | 3,696,758 | 0.3 |
| Urban Hospices | 1,327 | 23,705 | 3,207,208 | 3,210,078 | 0.1 |
| Rural Hospices | 854 | 4,545 | 476,820 | 486,680 | 2.1 |
| By Region—Urban: | | | | | |
| New England | 87 | 755 | 116,018 | 116,611 | 0.5 |
| Middle Atlantic | 166 | 2,651 | 380,513 | 378,736 | -0.5 |
| South Atlantic | 184 | 5,216 | 755,293 | 759,251 | 0.5 |

TABLE C.—IMPACT OF HOSPICE WAGE INDEX CHANGE—Continued

| By Geographic Location | Number of Hospices | Number of Routine Home Care Days in Thousands | Payments using FY 2002 Wage Index in Thousands | Estimated Payments using FY 2003 Wage Index in Thousands | Percent Change in Hospice Payments |
|--------------------------------|--------------------|---|--|--|------------------------------------|
| | (1) | (2) | (3) | (4) | (5) |
| East North Central | 224 | 3,861 | 515,761 | 515,007 | -0.1 |
| East South Central | 98 | 1,639 | 191,446 | 192,498 | 0.5 |
| West North Central | 97 | 1,443 | 170,906 | 170,654 | -0.1 |
| West South Central | 183 | 3,337 | 415,324 | 414,764 | -0.1 |
| Mountain | 89 | 1,635 | 230,315 | 231,781 | 0.6 |
| Pacific | 171 | 2,885 | 410,028 | 408,742 | -0.3 |
| Puerto Rico | 28 | 283 | 21,604 | 22,035 | 2.0 |
| By Region—Rural: | | | | | |
| New England | 27 | 84 | 9,942 | 9,995 | 0.5 |
| Middle Atlantic | 34 | 200 | 22,721 | 22,770 | 0.2 |
| South Atlantic | 127 | 932 | 99,489 | 101,282 | 1.8 |
| East North Central | 139 | 675 | 72,904 | 73,109 | 0.3 |
| East South Central | 88 | 792 | 78,897 | 80,363 | 1.9 |
| West North Central | 180 | 499 | 53,251 | 53,931 | 1.3 |
| West South Central | 105 | 707 | 64,846 | 69,525 | 7.2 |
| Mountain | 93 | 336 | 37,037 | 37,954 | 2.5 |
| Pacific | 57 | 293 | 35,822 | 35,580 | -0.7 |
| Puerto Rico | 4 | 28 | 1,911 | 2,171 | 13.6 |
| Routine Home Care Days: | | | | | |
| 0–1,754 Days | 342 | 309 | 35,324 | 36,811 | 4.2 |
| 1,754–4,373 Days | 445 | 1,337 | 149,372 | 151,600 | 1.5 |
| 4,373–9,681 Days | 543 | 3,698 | 433,227 | 437,293 | 0.9 |
| 9,681+Days | 850 | 22,540 | 3,021,406 | 3,026,583 | 0.2 |
| Type of Ownership: | | | | | |
| Voluntary | 1,335 | 17,593 | 2,304,550 | 2,308,749 | 0.2 |
| Proprietary | 626 | 9,872 | 1,286,655 | 1,294,446 | 0.6 |
| Government | 185 | 646 | 76,624 | 77,398 | 1.0 |
| Other | 35 | 139 | 16,199 | 16,164 | -0.2 |
| Hospice Base: | | | | | |
| Freestanding | 960 | 17,736 | 2,336,621 | 2,344,044 | 0.3 |
| Home Health Agency | 661 | 6,184 | 808,876 | 810,740 | 0.2 |
| Hospital | 543 | 4,172 | 514,913 | 518,370 | 0.7 |
| Skilled Nursing Facility | 17 | 158 | 23,617 | 23,604 | -0.1 |

C. Conclusion

Our impact analysis compared hospice payments using the FY 2002 wage index to the estimated payments using the FY 2003 wage index. Through the analysis, we estimate that total hospice payments will increase from last year by 0.3 percent, or \$12,731,000. Additionally, we compared estimated payments using the FY 1983 hospice wage index to estimated payments using the FY 2003 wage index and determined the current hospice wage index to be budget neutral, as required by the negotiated rulemaking committee. We have determined that this rule is not an economically significant rule under

Executive Order 12866. We do believe that this rule will not have a significant economic impact on a substantial number of small entities, but took any negative effects into consideration during the negotiated rulemaking process. We have determined that this rule will not have a significant impact on the operations of a substantial number of small rural hospitals. Finally, this rule will have no consequential effect on State, local, or tribal governments.

OMB Review

In accordance with the provisions of Executive Order 12866, the Office of

Management and Budget reviewed this regulation.

Authority: Section 1814(i) of the Social Security Act (42 U.S.C. 1395f (i)(1))(Catalog of Federal Domestic Assistance Program No. 93.773 Medicare—Hospital Insurance Program; and No. 93.774, Medicare—Supplementary Medical Insurance Program)

Dated: June 20, 2002.

Thomas A. Scully,
Administrator, Centers for Medicare & Medicaid Services.

Dated: July 23, 2002.

Tommy G. Thompson,
Secretary.

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