

be included in registration applications. This guidance will be implemented in October 1999.

This guidance represents the agency's current thinking on characteristics for consideration during the validation of the analytical procedures included as part of applications. It does not create or confer any rights for or on any person and will not operate to bind FDA or the public. An alternate approach may be used if it satisfies the requirements of applicable statutes, regulations, or both.

As with all of FDA's guidance, the public is encouraged to submit written comments with new data or other new information pertinent to this guidance. The comments in the docket will be periodically reviewed and, where appropriate, the guidance will be amended. The public will be notified of any such amendments through a notice in the **Federal Register**.

Dated: July 28, 1999.

Margaret M. Dotzel,

Acting Associate Commissioner for Policy.

[FR Doc. 99-19977 Filed 8-3-99; 8:45 am]

BILLING CODE 4160-01-F

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

[HCFA-1054-N]

RIN 0938-AJ62

Medicare Program; Hospice Wage Index

AGENCY: Health Care Financing Administration (HCFA), 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, 1999. 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. This update is the third year of a 3-year transition period. The third transition year begins October 1, 1999 and ends September 30, 2000.

EFFECTIVE DATE: This notice is effective on October 1, 1999.

FOR FURTHER INFORMATION CONTACT: Carol Blackford, (410) 786-5909

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 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 regulations at 42 CFR part 418 (issued on December 16, 1983, effective for hospice services furnished on or after November 1, 1983) established eligibility requirements and payment standards and procedures, defined covered services, and delineated 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.

Section 4442 of the Balanced Budget Act of 1997, Public Law 105-C3, amended section 1814 (i)(2) of the Act to require payment for routine and continuous home care to be made based on the geographic location at which the service is furnished. The site of service provision was effective October 1, 1997 and was implemented through a Program Memorandum (transmittal A-97-11) issued in September of 1997.

Section 418.306(c), that requires the rates to be adjusted by a wage index,

was revised on August 8, 1997, through publication of a final rule in the **Federal Register** (62 FR 42860). This rule implemented a new methodology for calculating the hospice wage index that was based on the recommendations of a negotiated rulemaking committee. The committee reached consensus on a methodology and the resulting committee statement, describing that consensus, was included as an attachment to the August 8, 1997 hospice wage index final rule. The provisions of the final hospice wage index rule are as follows:

- The revised hospice wage index will be phased in over a 3-year transition period. For the first year of the transition period, 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, 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. During the third transition year, the revised wage index will be fully implemented. The first transition year occurred October 1, 1997 through September 30, 1998. The second transition year occurred October 1, 1998 through September 30, 1999.

- All hospice wage index values of 0.8 or greater are subject to a budget neutrality adjustment to ensure that Medicare does not pay any more in the aggregate than it would have paid with the previous 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.

B. Update to the Hospice Wage Index

The third year of the 3-year transition period begins October 1, 1999 and ends September 30, 2000. In accordance with the agreement signed by members of the Hospice Wage Index Negotiated Rulemaking Committee, we are using 1998 hospital area wage index data, including any changes to the definitions of Metropolitan Statistical Areas

(MSAs), that allow us to publish this notice at least 4 months in advance of the October 1, 1999 effective date.

Additionally, the wage index value for hospices in counties that are no longer in the same MSA as they were in 1983 will no longer be blended with the wage index for the original MSA designation. These hospices will receive the full wage index for their current MSA designation. All wage index values are adjusted by a budget neutrality factor of 1.065982 and are subject to the wage index floor adjustment, if applicable. All of the calculations described above have been completed by us and are built into 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 (61 FR 46579) hospice wage index proposed rule and the August 8, 1997 (62 FR 42860) hospice wage index final rule.

Because the hospice wage index is calculated using the pre-reclassified hospital wage index, it is important to note that the method for calculating the Puerto Rico hospital wage index was changed with the publication of the Hospital Inpatient Prospective Payment System (PPS) and Fiscal Year 1998 Rates final rule in August 29, 1997 (62 FR 45984 and 45986). The Puerto Rico hospital wage index is calculated in the same manner as the national wage index, but is based solely on Puerto Rico's wage data. As explained in the PPS final rule, the total adjusted salaries are added to fringe benefits for all hospitals in Puerto Rico and then divided by the sum by the total hours for Puerto Rico to arrive at an overall average hourly wage. For each labor market area in Puerto Rico, the hospital wage index is calculated by dividing the area average hourly wage by the overall Puerto Rico average hourly wage.

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	0.8508
0060 ...	Taylor, TX Aguadilla, PR	0.5436
0080 ...	Aguada, PR Moca, PR Akron, OH	1.0553
0120 ...	Portage, OH Summit, OH Albany, GA	0.8501
	Dougherty, GA	

TABLE A—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
0160 ...	Lee, GA Albany-Schenectady-Troy, NY Albany, NY Montgomery, NY Rensselaer, NY Saratoga, NY Schenectady, NY Schoharie, NY	0.9178
0200 ...	Albuquerque, NM Bernalillo, NM Sandoval, NM Valencia, NM	0.9181
0220 ...	Alexandria, LA	0.9089
0240 ...	Rapides, LA Allentown-Bethlehem-Easton, PA Carbon, PA Lehigh, PA Northampton, PA Altoona, PA	1.0877
0280 ...	Blair, PA	0.9951
0320 ...	Amarillo, TX	0.9033
0380 ...	Potter, TX Randall, TX Anchorage, AK	1.3664
0440 ...	Anchorage, AK Ann Arbor, MI	1.1761
0450 ...	Lenawee, MI Livingston, MI Washtenaw, MI Anniston, AL	0.9229
0460 ...	Calhoun, AL Appleton-Oshkosh-Neenah, WI Calumet, WI Outagamie, WI Winnebago, WI	0.9407
0470 ...	Arecibo, PR	0.5597
0480 ...	Arecibo, PR Camuy, PR Hatillo, PR Asheville, NC	0.9530
0500 ...	Buncombe, NC Madison, NC Athens, GA	0.9245
0520	Clarke, GA Madison, GA Oconee, GA Atlanta, GA	1.0569
	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	

TABLE A—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
0560 ...	Rockdale, GA Spalding, GA Walton, GA Atlantic-Cape May, NJ Atlantic, NJ Cape May, NJ	1.2297
0600 ...	Augusta-Aiken, GA-SC Columbia, GA McDuffie, GA Richmond, GA Aiken, SC Edgefield, SC	0.9842
0640 ...	Austin-San Marcos, TX Bastrop, TX Caldwell, TX Hays, TX Travis, TX Williamson, TX	0.9361
0680 ...	Bakersfield, CA	1.0160
0720 ...	Kern, CA Baltimore, MD	1.0278
0733 ...	Anne Arundel, MD Baltimore, MD Baltimore City, MD Carroll, MD Harford, MD Howard, MD Queen Anne's, MD Bangor, ME	1.0099
0743 ...	Penobscot, ME Barnstable-Yarmouth, MA Barnstable, MA	1.6397
0760 ...	Baton Rouge, LA Ascension, LA East Baton Rouge, LA Livingston, LA West Baton Rouge, LA	0.9457
0840 ...	Beaumont-Port Arthur, TX Hardin, TX Jefferson, TX Orange, TX	0.9230
0860 ...	Bellingham, WA ...	1.2188
0870 ...	Whatcom, WA Benton Harbor, MI Berrien, MI	0.9094
0875 ...	Bergen-Passaic, NJ Bergen, NJ Passaic, NJ	1.2990
0880 ...	Billings, MT	0.9746
0920 ...	Yellowstone, MT Biloxi-Gulfport-Pascagoula, MS Hancock, MS Harrison, MS Jackson, MS	0.8822
0960 ...	Binghamton, NY ... Broome, NY Tioga, NY	0.9657
1000 ...	Birmingham, AL ... Blount, AL	0.9672

TABLE A—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

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1010 ...	Jefferson, AL St. Clair, AL Shelby, AL <i>Bismarck, ND</i>	0.8555	1440 ...	<i>Charleston-North Charleston, SC</i> Berkeley, SC Charleston, SC Dorchester, SC	0.9715	1720 ...	Cuyahoga, OH Geauga, OH Lake, OH Lorain, OH Medina, OH	1.0010
1020 ...	Morton, ND <i>Bloomington, IN</i> Monroe, IN	0.9557	1480 ...	<i>Charleston, WV</i> Kanawha, WV Putnam, WV	0.9583	1740 ...	<i>Colorado Springs, CO</i> El Paso, CO <i>Columbia, MO</i>	0.9532
1040 ...	<i>Bloomington-Normal, IL</i> McLean, IL	0.9435	1520 ...	<i>Charlotte-Gastonia-Rock Hill, NC-SC</i> Cabarrus, NC Gaston, NC Lincoln, NC Mecklenburg, NC Rowan, NC Stanly, NC Union, NC York, SC	1.0325	1760 ...	<i>Columbia, SC</i>	0.9903
1080 ...	<i>Boise City, ID</i>	0.9764				1800 ...	Lexington, SC Richland, SC <i>Columbus, GA-AL</i> Chattahoochee, GA Harris, GA Muscogee, GA Russell, AL	0.9073
1123 ...	<i>Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH</i> Bristol, MA Essex, MA Middlesex, MA Norfolk, MA Plymouth, MA Suffolk, MA Worcester, MA Hillsborough, NH Merrimack, NH Rockingham, NH Strafford, NH	1.2013	1540 ...	<i>Charlottesville, VA</i> Albemarle, VA Charlottesville City, VA Fluvanna, VA Greene, VA	1.0950	1840 ...	<i>Columbus, OH</i> Delaware, OH Fairfield, OH Franklin, OH Licking, OH Madison, OH Pickaway, OH	1.0426
1125 ...	<i>Boulder-Longmont, CO</i> Boulder, CO	1.0700	1560 ...	<i>Chattanooga, TN-GA</i> Catoosa, GA Dade, GA Walker, GA Hamilton, TN Marion, TN	0.9673	1880 ...	<i>Corpus Christi, TX</i> Nueces, TX San Patricio, TX	0.9075
1145 ...	<i>Brazoria, TX</i>	0.9494	1580 ...	<i>Cheyanne, WY</i> Laramie, WY	0.8687	1900 ...	<i>Cumberland, MD-WV</i> Allegany, MD Mineral, WV	0.8786
1150 ...	<i>Bremerton, WA</i> Kitsap, WA	1.1784	1600 ...	<i>Chicago, IL</i>	1.1151	1920 ...	<i>Dallas, TX</i>	0.9987
1240 ...	<i>Brownsville-Harlingen-San Benito, TX</i> Cameron, TX	0.8780					Collin, TX Dallas, TX Denton, TX Ellis, TX Henderson, TX Hunt, TX Kaufman, TX Rockwall, TX	
1260 ...	<i>Bryan-College Station, TX</i> Brazos, TX	0.8336	1620 ...	<i>Chico-Paradise, CA</i> Butte, CA	1.0814	1950 ...	<i>Danville, VA</i>	0.9641
1280 ...	<i>Buffalo-Niagara Falls, NY</i> Erie, NY Niagara, NY	1.0220	1640 ...	<i>Cincinnati, OH-KY-IN</i> Brown, OH Clermont, OH Hamilton, OH Warren, OH Boone, KY Campbell, KY Gallatin, KY Grant, KY Kenton, KY Pendleton, KY Dearborn, IN Ohio, IN	1.0228	2000 ...	<i>Danville City, VA</i> Pittsylvania, VA <i>Davenport-Moline-Rock Island, IA-IL</i> Scott, IA Henry, IL Rock Island, IL	0.8968
1303 ...	<i>Burlington, VT</i>	1.0209				2020 ...	<i>Dayton-Springfield, OH</i> Clark, OH Greene, OH Miami, OH Montgomery, OH	1.0239
1310 ...	<i>Caguas, PR</i>	0.5060					Daytona Beach, FL Flagler, FL Volusia, FL	
1320 ...	<i>Canton-Massillon, OH</i> Carroll, OH Stark, OH	0.9394	1660 ...	<i>Clarksville-Hopkinsville, TN-KY</i> Christian, KY Montgomery, TN	0.8570	2030 ...	<i>Decatur, AL</i>	0.9737
1350 ...	<i>Casper, WY</i>	0.9275				2040 ...	<i>Decatur, IL</i>	0.8776
1360 ...	<i>Cedar Rapids, IA</i> Linn, IA	0.9396	1680 ...	<i>Cleveland-Lorain-Elyria, OH</i> Ashtabula, OH	1.0538	2080 ...	Macon, IL <i>Denver, CO</i>	0.8565
1400 ...	<i>Champaign-Urbana, IL</i> Champaign, IL	0.9299					Adams, CO Arapahoe, CO	1.1013

TABLE A—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

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2120 ...	Denver, CO Douglas, CO Jefferson, CO Des Moines, IA	0.9005	2655 ...	Lauderdale, AL Florence, SC	0.9062	3040 ...	Great Falls, MT	0.9457
2160 ...	Dallas, IA Polk, IA Warren, IA Detroit, MI	1.1240	2670 ...	Florence, SC	1.1481	3060 ...	Cascade, MT Greeley, CO	1.0081
2180 ...	Lapeer, MI Macomb, MI Monroe, MI Oakland, MI St. Clair, MI Wayne, MI	0.8413	2680 ...	Fort Collins- Loveland, CO Larimer, CO	1.0454	3080 ...	Weld, CO Green Bay, WI	0.9760
2190 ...	Dothan, AL	0.9981	2700 ...	Ft. Lauderdale, FL Broward, FL Fort Myers-Cape Coral, FL	0.9532	3120 ...	Brown, WI Greensboro-Win- ston-Salem-High Point, NC	1.0177
2200 ...	Dover, DE	0.8765	2710 ...	Lee, FL Fort Pierce-Port St. Lucie, FL Martin, FL	1.0917	3150 ...	Alamance, NC Davidson, NC Davie, NC Forsyth, NC Guilford, NC Randolph, NC Stokes, NC Yadkin, NC	1.0056
2240 ...	Dubuque, IA	1.0619	2720 ...	Fort Pierce-Port St. Lucie, FL Fort Smith, AR- OK	0.8126	3160 ...	Greenville, NC	0.9830
2281 ...	Duluth-Superior, MN-WI St. Louis, MN Douglas, WI	1.1225	2750 ...	Crawford, AR Sebastian, AR Sequoyah, OK Fort Walton Beach, FL Okaloosa, FL	0.9183	3180 ...	Greenville- Spartanburg-An- derson, SC Anderson, SC Cherokee, SC Greenville, SC Pickens, SC Spartanburg, SC	1.0855
2290 ...	Dutchess County, NY Dutchess, NY	0.9139	2760 ...	Fort Walton Beach, FL Okaloosa, FL Fort Wayne, IN	0.9644	3200 ...	Hamilton-Middle- town, OH Butler, OH	0.9842
2320 ...	Eau Claire, WI	0.9823	2800 ...	Adams, IN Allen, IN De Kalb, IN Huntington, IN Wells, IN Whitley, IN Fort Worth-Arling- ton, TX	1.0360	3240 ...	Hagerstown, MD .. Washington, MD Hamilton-Middle- town, OH Butler, OH	1.0724
2330 ...	El Paso, TX	0.9919	2840 ...	Hood, TX Johnson, TX Parker, TX Tarrant, TX Fresno, CA	1.1406	3283 ...	Harrisburg-Leb- anon-Carlisle, PA Cumberland, PA Dauphin, PA Lebanon, PA Perry, PA	1.2612
2335 ...	Elkhart, IN Elkhart, IN	0.8997	2880 ...	Fresno, CA Madera, CA Gadsden, AL	0.9358	3285 ...	Hartford, CT	1.2612
2340 ...	Elmira, NY	0.8510	2900 ...	Gadsden, AL	1.0077	3285 ...	Hartford, CT Litchfield, CT Middlesex, CT Tolland, CT	0.8000
2360 ...	Chemung, NY Enid, OK	0.9883	2920 ...	Etowah, AL Gainesville, FL	1.1613	3290 ...	Hattiesburg, MS ... Forrest, MS Lamar, MS	0.9492
2400 ...	Garfield, OK Erie, PA	1.1932	2960 ...	Alachua, FL Galveston-Texas City, TX Galveston, TX Gary, IN	1.0058	3290 ...	Hickory-Mor- gantton-Lenoir, NC	Alexander, NC Burke, NC Caldwell, NC Catawba, NC
2440 ...	Erie, PA Eugene-Spring- field, OR Lane, OR	0.9091	2975 ...	Galveston, TX Gary, IN	0.9050	3320 ...	Honolulu, HI	1.2269
2520 ...	Evansville-Hender- son, IN-KY Posey, IN Vanderburgh, IN Warrick, IN Henderson, KY Fargo-Moorhead, ND-MN	1.0148	2980 ...	Lake, IN Porter, IN Glens Falls, NY	0.9093	3350 ...	Honolulu, HI	0.8738
2560 ...	Clay, MN Cass, ND Fayetteville, NC Cumberland, NC	0.8943	2985 ...	Warren, NY Washington, NY Goldsboro, NC	0.9419	3360 ...	Houma, LA	Lafourche, LA Terrebonne, LA
2580 ...	Fayetteville- Springdale-Rog- gers, AR Benton, AR Washington, AR Flagstaff, AZ-UT ..	0.9182	3000 ...	Wayne, NC Grand Forks, ND- MN Grand Forks, ND Polk, MN Grand Junction, CO Mesa, CO	1.0629		Houston, TX	1.0541
2620 ...	Coconino, AZ Kane, UT	1.0109		Grand Rapids- Muskegon-Hol- land, MI Allegan, MI Kent, MI Muskegon, MI Ottawa, MI				Chambers, TX Fort Bend, TX Harris, TX Liberty, TX Montgomery, TX Waller, TX
2640 ...	Flint, MI	1.1759						
2650 ...	Genesee, MI Florence, AL	0.8182						
	Colbert, AL							

TABLE A—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

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3400 ...	Huntington-Ashland, WV-KY-OH	1.0284	3720 ...	Kalamazoo-Battlecreek, MI	Jasper, MO Newton, MO 1.2079	4150 ...	Mohave, AZ Clarke, NV Nye, NV Lawrence, KS	0.9226
		Boyd, KY Carter, KY Greenup, KY Lawrence, OH Cabell, WV Wayne, WV	3740 ...	Kankakee, IL	Calhoun, MI Kalamazoo, MI Van Buren, MI 1.0039	4200 ...	Douglas, KS Lawton, OK	0.271
3440 ...	Huntsville, AL	0.8938	3760 ...	Kansas City, KS-MO	Kankakee, IL 1.0281	4243 ...	Comanche, OK Lewiston-Auburn, ME	0.9753
3480 ...	Indianapolis, IN ...	1.0480			Johnson, KS Leavenworth, KS Miami, KS Wyandotte, KS Cass, MO Clay, MO	4280 ...	Androscoggin, ME Lexington, KY	0.9067
		Boone, IN Hamilton, IN Hancock, IN Hendricks, IN Johnson, IN Madison, IN Marion, IN Morgan, IN Shelby, IN			Clinton, MO Jackson, MO Lafayette, MO Platte, MO Ray, MO 0.9731	4320 ...	Bourbon, KY Clark, KY Fayette, KY Jessamine, KY Madison, KY Scott, KY Woodford, KY Lima, OH	0.9539
3500 ...	Iowa City, IA	1.0107	3800 ...	Kenosha, WI	Jackson, MO Lafayette, MO 0.9731	4360 ...	Allen, OH Auglaize, OH Lincoln, NE	0.9917
3520 ...	Jackson, MI	0.9833	3810 ...	Killeen-Temple, TX	Kenosha, WI 1.0776	4400 ...	Lancaster, NE Little Rock-North Little Rock, AR	0.9064
3560 ...	Jackson, MS	0.8839			Bell, TX Coryell, TX 0.9506	4420 ...	Faulkner, AR Lonoke, AR Pulaski, AR Saline, AR	0.9272
		Hinds, MS Madison, MS Rankin, MS 0.9125	3840 ...	Knoxville, TN	Anderson, TN Blount, TN Knox, TN Loudon, TN Sevier, TN Union, TN 0.9887	4480 ...	Longview-Marshall, TX Gregg, TX Harrison, TX Upshur, TX Los Angeles-Long Beach, CA	1.2882
3580 ...	Jackson, TN	0.9125			Howard, IN Tipton, IN 0.9501	4520 ...	Los Angeles, CA Louisville, KY-IN ..	0.9693
3600 ...	Jacksonville, FL ...	0.9487	3870 ...	La Crosse, WI-MN	Houston, MN La Crosse, WI 0.8800		Clark, IN Floyd, IN Harrison, IN Scott, IN Bullitt, KY Jefferson, KY Oldham, KY	0.9057
		Clay, FL Duval, FL Nassau, FL St. Johns, FL 0.8055	3880 ...	Lafayette, LA	Acadia, LA Lafayette, LA St. Landry, LA St. Martin, LA 0.9424	4600 ...	Lubbock, TX	0.9057
3605 ...	Jacksonville, NC ..	0.8055			Clinton, IN Tippecanoe, IN 0.818	4640 ...	Lubbock, TX Lynchburg, VA	0.9487
3610 ...	Jamestown, NY	0.8165	3920 ...	Lafayette, IN	Calcasieu, LA 0.9529		Amherst, VA Bedford, VA Bedford City, VA Campbell, VA Lynchburg City, VA	0.9487
3620 ...	Janesville-Beloit, WI	0.9648			Polk, FL 1.0192	4680 ...	Macon, GA	0.9573
3640 ...	Jersey City, NJ	1.2363	3960 ...	Lake Charles, LA	Lancaster, PA 1.0756		Bibb, GA Houston, GA Jones, GA Peach, GA Twiggs, GA	1.0679
3660 ...	Johnson City-Kingsport-Bristol, TN-VA	0.9352	3980 ...	Lakeland-Winter Haven, FL	Clinton, MI Eaton, MI Ingham, MI 0.8000	4720 ...	Madison, WI	1.0679
		Rock, WI Hudson, NJ 0.9352	4000 ...	Lancaster, PA	Webb, TX 0.9455	4800 ...	Mansfield, OH	0.9097
		Carter, TN Hawkins, TN Sullivan, TN Unicoi, TN Washington, TN Bristol City, VA Scott, VA Washington, VA 0.9188	4080 ...	Laredo, TX	Dona Ana, NM 1.2166	4840 ...	Crawford, OH Richland, OH Mayaguez, PR	0.5061
3680 ...	Johnstown, PA	0.9188	4100 ...	Las Cruces, NM ...			Anasco, PR Cabo Rojo, PR	0.5061
3700 ...	Jonesboro, AR	0.8000	4120 ...	Las Vegas, NV-AZ				
3710 ...	Joplin, MO	0.8392						

TABLE A—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

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4880 ...	Hormigueros, PR Mayaguez, PR Sabana Grande, PR San German, PR McAllen-Edinburg-Mission, TX	0.9480	5280 ...	Elmore, AL Montgomery, AL Muncie, IN	1.0035	5775 ...	Isle of Wight, VA Mathews, VA Newport News City, VA	
4890 ...	Hidalgo, TX Medford-Ashland, OR	1.0681	5330 ...	Delaware, IN Myrtle Beach, SC	0.8719	5790 ...	Norfolk City, VA Poquoson City, VA Portsmouth City, VA	
4900 ...	Jackson, OR Melbourne-Titusville-Palm Bay, FL	0.9824	5345 ...	Horry, SC Naples, FL	1.0848	5800 ...	Suffolk City, VA Virginia Beach City VA	
4920 ...	Brevard, FL Memphis, TN-AR-MS	0.8913	5360 ...	Collier, FL Nashville, TN	1.0106	5880 ...	Williamsburg City, VA York, VA Oakland, CA	1.5982
4940 ...	Crittenden, AR DeSoto, MS Fayette, TN Shelby, TN Tipton, TN	1.0695	5380 ...	Cheatham, TN Davidson, TN Dickson, TN Robertson, TN Rutherford TN Sumner, TN	1.4490	5910 ...	Alameda, CA Contra Costa, CA Ocala, FL	0.9756
5000 ...	Merced, CA	1.0678	5483 ...	Williamson, TN Wilson, TN Nassau-Suffolk, NY	1.3141	5920 ...	Marion, FL Odessa-Midland, TX	0.9227
5015 ...	Miami, FL	1.1888	5523 ...	Suffolk, NY New Haven-Bridgeport-Stamford-Waterbury-Danbury, CT	1.2382	5945 ...	Ector, TX Midland, TX Oklahoma City, OK	0.9283
5080 ...	Dade, FL Middlesex-Somerset-Hunterdon, NJ Hunterdon, NJ Middlesex, NJ Somerset, NJ Milwaukee-Waukesha, WI	0.9973	5560 ...	Fairfield, CT New Haven, CT New London-Norwich, CT New London, CT New Orleans, LA ..	0.9924	5960 ...	Canadian, OK Cleveland, OK Logan, OK McClain, OK Oklahoma, OK Pottawatomie, OK Olympia, WA	1.2282
5120 ...	Milwaukee-Waukesha, WI Ozaukee, WI Washington, WI Waukesha, WI Minneapolis-St. Paul, MN-WI	1.1570	5600 ...	Jefferson, LA Orleans, LA Plaquemines, LA St. Bernard, LA St. Charles, LA St. James, LA St. John The Baptist, LA St. Tammany, LA New York, NY	1.5415	6015 ...	Thurston, WA	1.0630
5140 ...	Anoka, MN Carver, MN Chisago, MN Dakota, MN Hennepin, MN Isanti, MN Ramsey, MN Scott, MN Sherburne, MN Washington, MN Wright, MN	0.9795	5640 ...	Bronx, NY Kings, NY New York, NY Putnam, NY Queens, NY Richmond, NY Rockland, NY Westchester, NY Newark, NJ	1.2649	6020 ...	Cass, NE Douglas, NE Sarpy, NE Washington, NE Orange County, CA	1.2282
5160 ...	Pierce, WI St. Croix, WI Missoula, MT	0.8930	5660 ...	Essex, NJ Morris, NJ Sussex, NJ Union, NJ Warren, NJ Newburgh, NY-PA Orange, NY Pike, PA	1.1891	6080 ...	Orange, CA Orlando, FL	1.0460
5170 ...	Missoula, MT Mobile, AL	1.1029	5720 ...	New York, NY Queens, NY Richmond, NY Rockland, NY Westchester, NY Newark, NJ	0.8821	6120 ...	Lake, FL Orange, FL Osceola, FL Seminole, FL Owensboro, KY	0.8284
5190 ...	Baldwin, AL Mobile, AL Modesto, CA	1.2064		Essex, NJ Morris, NJ Sussex, NJ Union, NJ Warren, NJ Newburgh, NY-PA Orange, NY Pike, PA		6160 ...	Daviess, KY Panama City, FL .. Bay, FL Parkersburg-Marietta, WV-OH. Washington, OH Wood, WV	0.9068
5200 ...	Stanislaus, CA Monmouth-Ocean, NJ Monmouth, NJ Ocean, NJ	0.8761		Essex, NJ Morris, NJ Sussex, NJ Union, NJ Warren, NJ Newburgh, NY-PA Orange, NY Pike, PA			Pensacola, FL	0.8790
5240 ...	Monroe, LA	0.8337		Essex, NJ Morris, NJ Sussex, NJ Union, NJ Warren, NJ Newburgh, NY-PA Orange, NY Pike, PA			Escambia, FL Santa Rosa, FL Peoria-Pekin, IL ...	0.8590
	Ouachita, LA Montgomery, AL .. Autauga, AL			Essex, NJ Morris, NJ Sussex, NJ Union, NJ Warren, NJ Newburgh, NY-PA Orange, NY Pike, PA			Peoria, IL Tazewell, IL Woodford, IL Philadelphia, PA-NJ Burlington, NJ Camden, NJ Gloucester, NJ Salem, NJ	1.2120

TABLE A—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

TABLE A—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

TABLE A—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²	MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²	MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²																												
6200 ...	Bucks, PA	1.0224	6690 ...	Redding, CA	1.2640	7080 ...	Franklin, MO	1.0557																												
	Chester, PA		6720 ...	Shasta, CA	1.1827		Jefferson, MO																													
	Delaware, PA		6740 ...	Reno, NV	1.0966		Lincoln, MO																													
	Montgomery, PA		6760 ...	Washoe, NV	0.9819		St. Charles, MO																													
	Philadelphia, PA			Richland-			St. Louis, MO																													
	Phoenix-Mesa, AZ			Kennewick-			St. Louis City, MO																													
	Maricopa, AZ			Pasco, WA			Warren, MO																													
	Pinal, AZ			Benton, WA			Clinton, IL																													
	Pine Bluff, AR			Franklin, WA			Jersey, IL																													
	Jefferson, AR			Richmond-Peters-			Madison, IL																													
Pittsburgh, PA	burg, VA	Monroe, IL																																		
Allegheny, PA	Charles City Coun-	St. Clair, IL																																		
Beaver, PA	ty, VA	Salem, OR																																		
Butler, PA	Chesterfield, VA	Marion, OR																																		
Fayette, PA	Colonial Heights	Polk, OR																																		
Washington, PA	City, VA	7120 ...	Salinas, CA	1.6141																																
Westmoreland, PA	Dinwiddie, VA	7160 ...	Monterey, CA	1.0018																																
Pittsfield, MA	Goochland, VA	7200 ...	Salt Lake City-																																	
Berkshire, MA	Hanover, VA	7240 ...	Ogden, UT	0.8150																																
Pocatello, ID	Henrico, VA	7320 ...	Davis, UT																																	
Bannock, ID	Hopewell City, VA	7360 ...	Salt Lake, UT																																	
6360 ...	New Kent, VA	7400 ...	Weber, UT																																	
Ponce, PR	Petersburg City,	7440 ...	San Angelo, TX ...		0.8634																															
Guayanilla, PR	VA	6780 ...	Tom Green, TX		0.8634																															
Juana Diaz, PR	Powhatan, VA		7320 ...			San Antonio, TX ..																														
Penuelas, PR	Prince George, VA		7360 ...			Bexar, TX																														
Ponce, PR	Richmond City, VA		7400 ...			Comal, TX																														
Villalba, PR	Rivee-San		7440 ...			Guadalupe, TX																														
Yauco, PR	Bernardino, CA		6800 ...	Wilson, TX		1.3074																														
Portland, ME	San Bernardino,			7320 ...			San Diego, CA																													
Cumberland, ME	CA			7360 ...			San Diego, CA																													
Sagadahoc, ME	Roanoke, VA			7400 ...			San Francisco, CA	1.4878																												
York, ME	Botetourt, VA			7440 ...			Marin, CA																													
6440 ...	Roanoke, VA	6820 ...		San Francisco, CA	1.4739																															
Portland-Van-	Roanoke City, VA			7400 ...			San Mateo, CA																													
couver, OR-WA	Salem City, VA			7440 ...			San Jose, CA																													
Clackamas, OR	Rocheater, MN			6840 ...			Santa Clara, CA																													
Columbia, OR	Olmsted, MN						6880 ...	San Juan-Baya-																												
Multnomah, OR	Rocheater, NY		6895 ...			mon, PR																														
Washington, OR	Genesee, NY					6920 ...		Aguas Buenas, PR																												
Yamhill, OR	Livingston, NY							6960 ...	Barceloneta, PR																											
Clark, WA	Ontario, NY								6980 ...	Bayamon, PR																										
6483 ...	Orleans, NY									7000 ...	Canovanas, PR																									
Providence-War-	Wayne NY	7040 ...			Carolina, PR																															
wick-Pawtucket,	Rockford, IL				7080 ...						Catano, PR																									
RI	Boone, IL										7120 ...	Ceiba, PR																								
Bristol, RI	Ogle, IL			7160 ...								Comerio, PR																								
Kent, RI	Winnebago, IL						7200 ...					Corozal, PR																								
Newport, RI	Rocky Mount, NC		7240 ...									Dorado, PR																								
Providence, RI	Edgecombe, NC					7280 ...						Fajardo, PR																								
Washington, RI	Nash, NC							7320 ...				Florida, PR																								
6520 ...	Sacramento, CA ..								7360 ...			Guaynabo, PR																								
Provo-Orem, UT ...	El Dorado, CA									7400 ...		Humacao, PR																								
Utah, UT	Placer, CA	7440 ...										Juncos, PR																								
6560 ...	Sacramento, CA				7480 ...							Los Piedras, PR																								
Pueblo, CO	Saginaw-Bay City-										7520 ...	Loiza, PR																								
Pueblo, CO	Midland, MI			7560 ...								Luguillo, PR																								
6580 ...	Bay, MI						7600 ...					Manati, PR																								
Punta Gorda, FL ..	Midland, MI		7640 ...									Morovis, PR																								
Charlotte, FL	Saginaw, MI					7680 ...						Naguabo, PR																								
6600 ...	St. Cloud, MN							7720 ...				Naranjito, PR																								
Racine, WI	Benton, MN								7760 ...			Rio Grande, PR																								
Racine, WI	Stearns, MN									7800 ...		San Juan, PR																								
6640 ...	St. Joseph, MO	7840 ...										Toa Alta, PR																								
Raleigh-Durham-	Andrew, MO				7880 ...							Toa Baja, PR																								
Chapel Hill, NC	Buchanan, MO										7920 ...	Trujillo Alto, PR																								
Chatham, NC	St. Louis, MO-IL ..			7960 ...								Vega Alta, PR																								
Durham, NC	7000 ...						0.9755					Vega Baja, PR																								
Franklin, NC			7040 ...									0.9755	7000 ...	1.0541																						
Johnston, NC						7080 ...									0.9755	7040 ...	1.0541																			
Orange, NC								7120 ...										0.9755	7080 ...	1.0541																
Wake, NC									7160 ...												0.9755	7120 ...	1.0541													
6660 ...										7200 ...														0.9755	7160 ...	1.0541										
Rapid City, SD		7240 ...																									0.9755	7200 ...	1.0541							
Pennington, SD					7280 ...																									0.9755	7240 ...	1.0541				
6680 ...											7320 ...																						0.9755	7280 ...	1.0541	
Reading, PA				7360 ...																																0.9755
Berks, PA	7400 ...						0.9755																													
			7440 ...									0.9755	7400 ...	1.0541																						
						7480 ...									0.9755	7440 ...	1.0541																			
								7520 ...										0.9755	7480 ...	1.0541																
									7560 ...												0.9755	7520 ...	1.0541													
										7600 ...														0.9755	7560 ...	1.0541										
		7640 ...																									0.9755	7600 ...	1.0541							
					7680 ...																									0.9755	7640 ...	1.0541				
											7720 ...																						0.9755	7680 ...	1.0541	
				7760 ...																																0.9755
	7800 ...						0.9755																													
			7840 ...									0.9755	7800 ...	1.0541																						
						7880 ...									0.9755	7840 ...	1.0541																			
								7920 ...										0.9755	7880 ...	1.0541																
									7960 ...												0.9755	7920 ...	1.0541													
										8000 ...														0.9755	7960 ...	1.0541										

TABLE A—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
7460 ...	Yabucoa, PR San Luis Obispo-Atascadero-Paso Robles, CA San Luis Obispo, CA	1.2007
7480 ...	Santa Barbara-Santa Maria-Lompoc, CA Santa Barbara, CA	1.1933
7485 ...	Santa Cruz-Watsonville, CA Santa Cruz, CA	1.4903
7490 ...	Santa Fe, NM Los Alamos, NM Santa Fe, NM	1.0289
7500 ...	Santa Rosa, CA ... Sonoma, CA	1.4494
7510 ...	Sarasota-Bradenton, FL Manatee, FL Sarasota, FL	1.0161
7520 ...	Savannah, GA Bryan, GA Chatham, GA Effingham, GA	1.0724
7560 ...	Scranton—Wilkes-Barre—Hazleton, PA Columbia, PA Lackawanna, PA Luzerne, PA Wyoming, PA	0.8847
7600 ...	Seattle-Bellevue-Everett, WA Island, WA King, WA Snohomish, WA	1.2287
7610 ...	Sharon, PA	0.9431
7620 ...	Mercer, PA Sheboygan, WI ... Sheboygan, WI	0.8768
7640 ...	Sherman-Denison, TX Grayson, TX	0.9135
7680 ...	Shreveport-Bossier City, LA Bossier, LA Caddo, LA Webster, LA	1.0005
7720 ...	Sioux City, IA-NE Woodbury, IA Dakota, NE	0.9041
7760 ...	Sioux Falls, SD Lincoln, SD Minnehaha, SD	0.9500
7800 ...	South Bend, IN St. Joseph, IN	1.0510
7840 ...	Spokane, WA Spokane, WA	1.1649
7880 ...	Springfield, IL Menard, IL Sangamon, IL	0.9295
7920 ...	Springfield, MO Christian, MO Greene, MO Webster, MO	0.8604

TABLE A—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
8003 ...	Springfield, MA	1.1715
8050 ...	Hampden, MA Hampshire, MA State College, PA Centre, PA	1.0072
8080 ...	Steubenville-Weirton, OH-WV Jefferson, OH Brooke, WV Hancock, WV	0.8984
8120 ...	Stockton-Lodi, CA San Joaquin, CA	1.1806
8140 ...	Sumter, SC	0.8663
8160 ...	Sumter, SC	1.0020
8200 ...	Syracuse, NY Cayuga, NY Madison, NY Onondaga, NY Oswego, NY	1.1065
8240 ...	Tacoma, WA	0.9006
8280 ...	Tallahassee, FL ... Gadsden, FL Leon, FL	0.9714
8320 ...	Tampa-St. Petersburg-Clearwater, FL. Hernando, FL Hillsborough, FL Pasco, FL Pinellas, FL	0.9584
8360 ...	Terre Haute, IN Clay, IN Vermillion, IN Vigo, IN	0.9067
8400 ...	Texarkana, AR-Texarkana, TX Miller, AR Bowie, TX	1.0650
8440 ...	Toledo, OH	1.0459
8480 ...	Fulton, OH Lucas, OH Wood, OH	1.1202
8520 ...	Shawnee, KS Trenton, NJ	0.9624
8560 ...	Mercer, NJ Tucson, AZ	0.9021
8600 ...	Pima, AZ Tulsa, OK	0.8145
8640 ...	Creek, OK Osage, OK Rogers, OK Tulsa, OK Wagoner, OK	0.9400
8680 ...	Tuscaloosa, AL Tuscaloosa, AL	0.8973
8720 ...	Tyler, TX	1.4298
8735 ...	Smith, TX Utica-Rome, NY ... Herkimer, NY Oneida, NY	1.1741
	Vallejo-Fairfield-Napa, CA Napa, CA Solano, CA Ventura, CA	

TABLE A—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
8750 ...	Ventura, CA Victoria, TX	0.8934
8760 ...	Victoria, TX Vineland-Millville-Bridgeton, NJ	1.1129
8780 ...	Cumberland, NJ Visalia-Tulare-Porterville, CA Tulare, CA	1.0748
8800 ...	Waco, TX	0.8923
8840 ...	McLennan, TX Washington, DC-MD-VA-WV District of Columbia, DC	1.1520
	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	
8920 ...	Waterloo-Cedar Falls, IA	0.8483
8940 ...	Black Hawk, IA Wausau, WI	1.0375
8960 ...	Marathon, WI West Palm Beach-Boca Raton, FL Palm Beach, FL	1.0893
9000 ...	Wheeling, WV-OH Belmont, OH Marshall, WV Ohio, WV	0.8130
9040 ...	Wichita, KS	0.9485
9080 ...	Butler, KS Harvey, KS Sedgwick, KS	0.8347
9140 ...	Wichita Falls, TX .. Archer, TX Wichita, TX	0.9121
9160 ...	Williamsport, PA ... Lycoming, PA Wilmington-Newark, DE-MD New Castle, DE	1.2651

TABLE A—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
9200 ...	Cecil, MD <i>Wilmington, NC</i> ...	0.9959
9260 ...	Brunswick, NC New Hanover, NC <i>Yakima, WA</i> ...	1.0999
9270 ...	Yakima, WA <i>Yolo, CA</i> ...	1.1974
9280 ...	Yolo, CA <i>York, PA</i> ...	1.0031
9320 ...	York, PA <i>Youngstown-Warren, OH</i> Columbiana, OH Mahoning, OH Trumbull, OH	1.0463
9340 ...	<i>Yuba City, CA</i> ... Sutter, CA Yuba, CA	1.1582
9360 ...	<i>Yuma, AZ</i> ... Yuma, AZ	1.0722

¹ This column lists each MSA area name (in italics) 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 prior to reclassification. This wage index is further adjusted. Wage index values greater than 0.8 are subject to a budget neutrality adjustment of 1.065982. 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. All of these adjustments have been completed by HCFA and are built into 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	1.3250
9903 ...	Arizona	0.8516
9904 ...	Arkansas	0.8000
9905 ...	California	1.0637
9906 ...	Colorado	0.8993
9907 ...	Connecticut	1.2871
9908 ...	Delaware	0.9388
9910 ...	Florida	0.9463
9911 ...	Georgia	0.8408
9912 ...	Hawaii	1.1630
9913 ...	Idaho	0.9036
9914 ...	Illinois	0.8438
9915 ...	Indiana	0.8933
9916 ...	Iowa	0.8290
9917 ...	Kansas	0.8000
9918 ...	Kentucky	0.8362
9919 ...	Louisiana	0.8000
9920 ...	Maine	0.9026
9921 ...	Maryland	0.9119
9922 ...	Massachusetts	1.1549

TABLE B.—WAGE INDEX FOR RURAL AREAS—Continued

MSA code No.	Nonurban area	Wage Index ³
9923 ...	Michigan	0.9461
9924 ...	Minnesota	0.9162
9925 ...	Mississippi	0.8000
9926 ...	Missouri	0.8000
9927 ...	Montana	0.8952
9928 ...	Nebraska	0.8180
9929 ...	Nevada	0.9867
9930 ...	New Hampshire	1.0916
9931 ...	New Jersey ⁴	0.8815
9932 ...	New Mexico	0.9155
9933 ...	New York	0.8647
9934 ...	North Carolina	0.8000
9935 ...	North Dakota	0.8000
9936 ...	Ohio	0.9081
9937 ...	Oklahoma	0.8000
9938 ...	Oregon	1.0564
9939 ...	Pennsylvania	0.9236
9940 ...	Puerto Rico	0.4692
9941 ...	Rhode Island ⁴	0.8577
9942 ...	South Carolina	0.8003
9943 ...	South Dakota	0.8000
9944 ...	Tennessee	0.8064
9945 ...	Texas	0.9444
9946 ...	Utah	1.0037
9947 ...	Vermont	0.5276
9948 ...	Virgin Islands	0.8375
9949 ...	Virginia	1.1181
9950 ...	Washington	0.8395
9951 ...	West Virginia	0.9286
9952 ...	Wisconsin	0.9347
9953 ...	Wyoming	0.9611
9965 ...	Guam	0.9611

³ Wage index values are based on FY 1998 hospital cost report data prior to reclassification. This wage index is further adjusted. Wage index values greater than 0.8 are subject to a budget neutrality adjustment of 1.065982. 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. All of these adjustments have been completed by HCFA and are built into the wage index values reflected in this table.

⁴ All counties within the State are classified as urban.

II. Regulatory Impact Statement

A. Background

We have examined the impacts of this notice as required by Executive Order 12866, the Unfunded Mandate Reform Act, and the Regulatory Flexibility Act (RFA) (Pub. L. 96-354). In this notice, we identified an impact on hospices as a result of changes in the way we compute the hospice wage index. The change in 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 describes the effects of those changes in conjunction with the annual update to

the hospice wage index. We believe these changes to be insignificant.

1. Executive Order 12866 and RFA

Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects; distributive impacts; and equity). We have determined that this notice is not an economically significant rule under this Executive Order. The RFA requires agencies to analyze options for regulatory relief for small businesses. For purposes of the RFA, States and individuals are not considered small entities. However, most providers, physicians, and health care suppliers are small entities, either by nonprofit status or by having revenues of \$5 million or less annually. Approximately 73 percent of Medicare certified hospices are identified as being voluntary, government, or other agency, and therefore are considered small entities. Because the National Hospice Organization estimates that approximately 65 percent of hospice patients are Medicare beneficiaries, we have not considered other sources of revenue in this analysis.

As discussed below, both urban and rural areas in Puerto Rico will experience the most significant decrease, 7.6 and 11.6 percent respectively, in payments under this wage index. Looking at the effects of this rule on Puerto Rico, we see that 21 of the 29 hospices in urban Puerto Rico can be considered small entities that will experience a 7.6 percent decrease in Medicare payments. Therefore, we anticipate this rule will have a significant impact on a substantial number of small entities. However, the methodology for the hospice wage index 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 determined that the methodology described in the committee statement, and adopted into the August 8, 1997 final rule, was favorable for the hospice community as a whole, as well as for the beneficiaries that they serve. Therefore, we believe that mitigating the effects of small entities has been taken into consideration.

2. Congressional Review

Section 804(2) of Title 5, United States Code (as added by section 251 of Public Law 104-121 rule of the Public Law), specifies that a "major rule" is any rule that the Office of Management and Budget finds is likely to result in—

- An annual effect on the economy of \$100 million or more;
- A major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or
- Significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.

We estimate that the impact of this notice will not be \$100 million or more; therefore, this rule is not a major rule as defined in Title 5, United States Code, section 804(2) and is not being forwarded to Congress for a 60-day review period.

3. Unfunded Mandate

The Unfunded Mandate Reform Act of 1995 also requires (in section 202) that agencies prepare an assessment of anticipated costs and benefits for any rule that may result in an annual expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more. The notice has no consequential effect on State, local, or tribal governments. We believe the private sector costs of this rule fall below the threshold, as well.

4. Rural Hospital Impact

Section 1102(b) of the Act requires us to prepare a regulatory impact analysis for any notice that may have a significant impact on the operations of a substantial number of small rural hospitals. Such an 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 a Metropolitan Statistical Area and has fewer than 50 beds.

Because this notice has no direct impact on small hospitals, in accordance with 5 U.S.C. 604, the Secretary certifies that this notice will not have a significant impact on the operations of a substantial number of small rural hospitals.

B. Anticipated Effects

This impact analysis compares hospice payments under the FY 1999 hospice wage index (Column 3 of the table) to the estimated payments using the FY 2000 wage index (Column 4). The wage index blend for the second transition year (FY 1999) was one-third of the 1983 wage index added to two-thirds of the new wage index. The third transition year (FY 2000) fully implements the revised wage index. The data used in developing the quantitative analysis for this notice were obtained from the December 1998 update of the national claims history file of all bills submitted during fiscal year 1998. We deleted bills from hospices that have since closed. In addition to the information contained in Table C below, we have compared estimated payments using the original 1983 hospice wage index to estimated payments using the FY 2000 wage index and determined the new wage index methodology to be budget neutral as required by the negotiated rulemaking committee agreement.

Table C demonstrates the results of our analysis. In Column 2 of the table (below) 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 the table indicates payments that were made using the FY 1999 wage index. Column 4 of Table C is based on FY 1998 claims and estimates payments to be made to hospices using the FY 2000 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). There are 1,375 hospices located in urban areas included in our analysis and 786 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 1998. 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 show that the greatest increases are for urban and rural hospices in the New England region, 3.0 percent and 2.7 percent respectively, and for rural hospices in the Pacific region, with 2.3 percent. The greatest decreases, besides Puerto Rico, are the urban West South Central and urban East North Central regions with 2.7 percent and 2.0 percent respectively. The most dramatic shift occurs in Puerto Rico, where urban payments decrease by 7.6 percent and rural payments decrease by 11.6 percent.

With the FY 99 wage index, Puerto Rico experienced a 11.6 percent decrease for urban areas and a 12.3 percent decrease for rural areas. The total percentage decrease in payments Puerto Rico will experience with the new hospice wage index is 21 percent for urban areas and 26.3 percent for rural areas, which is consistent with the estimated impact information HCFA provided to the negotiated rulemaking committee during their deliberations. Since the wage index values for the Puerto Rico region are more than 15 percent below the 1983 wage index value of 0.8, this region is most affected by the revision to the wage index floor. However, as mentioned above, Puerto Rico's hospital wage index is calculated in the same manner as the national hospital wage index but is based solely on Puerto Rico's wage data. This has an impact on Puerto Rico's hospice wage index in that the hospice wage index is calculated using the pre-reclassified hospital wage index.

Small hospice programs show small increases while larger programs experience only a negligible decrease. Government-based hospices show slight increases in payment due to the wage index change while proprietary hospices show slight decreases. Finally, freestanding hospices show slight decreases in their wage index values while provider-based hospice programs show small increases.

We have reviewed this notice under the threshold criteria of Executive Order 12612. We have determined that it does not significantly affect the rights, roles, and responsibilities of States.

TABLE C.—IMPACT OF HOSPICE WAGE INDEX CHANGE

	Number of hospices	Number of routine home care days in thousands	Payments using FY 1999 wage index in thousands	Estimated payments using FY 2000 wage index in thousands	Percent change in hospice payments
	(1)	(2)	(3)	(4)	(5)
All	2,161	18,455	2,135,750	2,128,347	-0.3
Urban Hospices	1,375	15,717	1,877,146	1,868,228	-0.5
Rural Hospices	786	2,738	258,604	260,118	0.6
Region (Urban):					
New England	98	607	79,780	82,145	3.0
Middle Atlantic	176	1,970	249,012	252,129	1.3
South Atlantic	188	3,509	433,746	433,786	0.0
East North Central	223	2,546	301,352	295,253	-2.0
East South Central	101	890	92,734	91,468	-1.4
West North Central	98	930	97,912	98,233	0.3
West South Central	185	2,090	224,483	218,502	-2.7
Mountain	90	945	125,720	123,558	-1.7
Pacific	187	2,028	257,817	259,665	0.7
Puerto Rico	29	203	14,592	13,489	-7.6
Region (Rural):					
New England	25	69	7,178	7,372	2.7
Middle Atlantic	36	162	16,287	16,306	0.1
South Atlantic	115	601	55,752	55,890	0.2
East North Central	132	490	46,469	46,864	0.9
East South Central	81	376	34,460	34,534	0.2
West North Central	168	358	33,204	33,579	1.1
West South Central	88	279	24,492	24,408	-0.3
Mountain	84	181	17,817	17,872	0.3
Pacific	54	202	21,593	22,098	2.3
Puerto Rico	3	19	1,352	1,195	-11.6
Size (Routine Home Care Days):					
0-1,754 Days	540	457	46,196	46,452	0.6
1,754-4,373 Days	539	1,603	164,904	164,822	0.0
4,372-9,681 Days	541	3,616	385,755	385,020	-0.2
9,681+Days	541	12,778	1,538,895	1,532,054	-0.4
Type of Ownership:					
Voluntary	1,374	12,342	1,427,656	1,427,863	0.0
Proprietary	574	5,535	648,731	640,829	-1.2
Government	180	494	50,974	51,319	0.7
Other	33	83	8,389	8,335	-0.6
Hospice Base:					
Freestanding	841	10,368	1,211,588	1,202,380	-0.8
Home Health Agency	757	4,852	558,520	559,505	0.3
Hospital	542	3,107	349,520	349,793	0.1
Skilled Nursing Facility	21	127	16,597	16,669	0.4

Authority: Section 1814(I) of the Social Security Act (42 U.S.C. 1395f (I)(1)) (Catalog of Federal Domestic Assistance Program No. 93.743 Medicare—Hospital Insurance Program; and No. 93.774, Medicare—Supplementary Medical Insurance Program)

Dated: May 27, 1999.

Nancy-Ann Min DeParle,
Administrator.

Dated: July 2, 1999.

Donna E. Shalala,
Secretary.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration [HCFA-0002-N]

Medicare Program; Year 2000 Readiness Letters

AGENCY: Health Care Financing Administration (HCFA), HHS.

ACTION: Notice.

On May 24, 1999 the Health Care Financing Administration (HCFA) sent the following letters regarding Y2K readiness to physicians, hospitals, managed care organizations and other health care partners that provide services to Medicare beneficiaries. The letters are a follow-up to a January 1999

letter published in the **Federal Register** (64 FR 5667) that had been sent to the over one million providers of Medicare services.

The recent letters include several very important messages regarding Y2K and health care providers. First, HCFA's internal systems and the 75 mission-critical claims processing systems operated by the Medicare carriers and fiscal intermediaries are fully ready to handle all appropriately formatted claims and other data exchanges on January 1, 2000. Second, providers need to be aware that the Y2K computer problem goes beyond the matter of billing and can have a serious impact on the quality of patient care. Finally, the letters provide a list of steps and a number of web site resources that