

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

[HCFA-1060-NC]

RIN 0938-AJ57

Medicare Program; Schedules of Per-Visit and Per-Beneficiary Limitations on Home Health Agency Costs for Cost Reporting Periods Beginning on or After October 1, 1999 and Portions of Cost Reporting Periods Beginning Before October 1, 2000

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

ACTION: Notice with comment period.

SUMMARY: This notice with comment period sets forth revised schedules of limitations on home health agency costs that may be paid under the Medicare program for cost reporting periods beginning on or after October 1, 1999 and portions of cost reporting periods beginning before October 1, 2000. These limitations replace the limitations that were set forth in our August 11, 1998 notice with comment period (63 FR 42912).

DATES: *Effective Date:* These schedules of limitations are effective for cost reporting periods beginning on or after October 1, 1999 and portions of cost reporting periods beginning before October 1, 2000.

Comment Date: Written comments will be considered if we receive them at the appropriate address, as provided below, no later than 5 p. m. on October 4, 1999.

ADDRESSES: Mail written comments (one original and three copies) to the following address:

Health Care Financing Administration,
Department of Health and Human Services, Attention: HCFA-1060-NC,
P.O. Box 31850, Baltimore, Maryland
21207-8850

If you prefer, you may deliver your written comments (one original and three copies) to one of the following addresses:

Room 443-G, Hubert H. Humphrey Building, 200 Independence Avenue, SW., Washington, D.C. 20201, or
Room C5-16-03, Central Building, 7500 Security Boulevard, Baltimore, Maryland 21244-1850.

Comments may also be submitted electronically to the following E-mail address: HCFA1060NC@hcfa.gov. E-mail comments must include the full name and address of the sender and must be submitted to the referenced address in order to be considered. All

comments must be incorporated in the E-mail message because we may not be able to access attachments.

Because of staffing and resource limitations, we cannot accept comments by facsimile (FAX) transmission. In commenting, please refer to file code HCFA-1060-NC. Comments received timely will be available for public inspection as they are received, generally beginning approximately 3 weeks after publication of a document, in Room 443/G of the Department's offices at 200 Independence Avenue, SW, Washington, DC, on Monday through Friday of each week from 8:30 a.m. to 5 p.m. (Phone: (202) 690-7890).

FOR FURTHER INFORMATION CONTACT: Michael Bussacca, (410) 786-4602.

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I. Background

Section 1861(v)(1)(A) of the Social Security Act (the Act) authorizes the Secretary to establish limitations on allowable costs incurred by a provider of services that may be paid under the Medicare program, based on estimates

of the costs necessary for the efficient delivery of needed health services. Under this authority, we have maintained limitations on home health agency (HHA) costs since 1979. Additional statutory provisions specifically governing the limitations applicable to HHAs are contained at section 1861(v)(1)(L) of the Act.

On October 21, 1998, the Omnibus Consolidated and Emergency Supplemental Appropriations Act (OCESAA), 1999 (Public Law 105-277) was signed into law. Section 5101 of OCESAA amended section 1861(v)(1)(L) of the Act by providing for adjustments to the per-beneficiary and per-visit limitations for cost reporting periods beginning on or after October 1, 1998. Program Memoranda (Transmittal) Nos. A-98-38 and A-99-1 were issued in November 1998 and January 1999, respectively, outlining the specific provisions affecting the Interim Payment System (IPS). We had published a notice with comment period establishing the cost limitations for cost reporting periods beginning on or after October 1, 1998 in the **Federal Register** that was entitled "Medicare Program; Schedules of Per-Visit and Per-Beneficiary Limitations on Home Health Agency Costs for Cost Reporting Periods Beginning On or After October 1, 1998" (HCFA-1035-NC) on August 11, 1998 (63 FR 42912). OCESAA made the following adjustments to these limitations:

Providers with a 12-month cost reporting period ending during Fiscal Year (FY) 1994, whose per-beneficiary limitations were less than the national median, which is to be set at 100 percent for comparison purposes, will get their current per-beneficiary limitation plus 1/3 of the difference between their rate and the adjusted national median per-beneficiary limitation. New providers or providers without a 12-month cost reporting period ending in Federal Fiscal Year (Federal FY) 1994 whose first cost reporting period begins before October 1, 1998 will receive 100 percent of the national median per-beneficiary limitation.

New providers whose first cost reporting periods begin during Federal FY 1999 will receive 75 percent of the national median per-beneficiary limitation as published in the August 11, 1998 notice. In the case of a new provider or a provider that did not have a 12-month cost reporting period ending during Federal FY 1994 that filed an application for HHA provider status before September 15, 1998 or that was approved as a branch of its parent agency before that date and becomes a

subunit of the parent agency or a separate freestanding agency on or after that date, the per-beneficiary limitation will be set at 100 percent of the national median. The per-visit limitation effective for costreporting periods beginning on or after October 1, 1998 is set at 106 percent of the median instead of 105 percent of the median, as previously required in the Balanced Budget Act of 1997 (BBA) (Public Law 105-33), enacted on August 5, 1997.

There is contingency language for the home health prospective payment system (PPS) provided in the BBA that was also amended by section 5101 of OCESAA. If the Secretary for any reason does not establish and implement the PPS for home health services, the Secretary will provide for a reduction by 15 percent to the per-visit cost limits and per-beneficiary limits, as those limits would otherwise be in effect on September 30, 2000.

Section 1861(v)(1)(L)(i)(V) of the Act specifies that the per-visit limits shall not exceed 106 percent of the median of the labor-related and nonlabor per-visit costs for freestanding HHAs. The reasonable costs used in the per-visit calculations will be updated by the home health market basket reduced by 1.1 percentage points as required by section 1861(v)(1)(L)(ix) of the Act and excluding any change in the home health market basket with respect to cost reporting periods that began on or after July 1, 1994 and before July 1, 1996 as required by section 1861(v)(1)(L)(iv) of the Act.

Section 1861(v)(1)(L)(v)(I) of the Act requires the per-beneficiary annual limitation be a blend of (1) an agency-specific per-beneficiary limitation based on 75 percent of 98 percent of the reasonable costs (including nonroutine medical supplies) for the agency's 12-month cost reporting period ending during Federal FY 1994, and (2) a census region division per-beneficiary limitation based on 25 percent of 98 percent of the regional average of these costs for the agency's census division for cost reporting periods ending during FY 1994, standardized by the hospital wage index. However, section 1861(v)(1)(L)(viii)(I) of the Act provides that if the per-beneficiary limitation imposed under this section of the Act is less than the median described under section 1861(v)(1)(L)(vi)(I) of the Act (but determined as if any reference under section 1861(v)(1)(L)(v) of the Act to "98 percent" were a reference to "100 percent"), the per-beneficiary limitation imposed under section 1861(v)(1)(L)(v) will be increased by $\frac{1}{3}$ of this difference. The reasonable costs used in the per-beneficiary limitation

calculations in (1) and (2) above will be updated by the home health market basket reduced by 1.1 percentage points and excluding any changes in the home health market basket with respect to cost reporting periods that began on or after July 1, 1994 and before July 1, 1996 as required by sections 1861(v)(1)(L)(ix) and (iv) of the Act respectively. This per-beneficiary limitation based on the blend of the agency-specific and census region division per-beneficiary limitations will then be multiplied by the agency's unduplicated census count of beneficiaries (entitled to benefits under Medicare) to calculate the HHA's aggregate per-beneficiary limitation for the cost reporting period or portion of cost reporting period subject to the limitation.

Section 1861(v)(1)(L)(viii)(II) provides that for new providers and providers without a 12-month cost reporting period ending in Federal FY 1994 but for which the first cost reporting period begins before Federal FY 1999, the per-beneficiary limitation will be a national per-beneficiary limitation that will be determined as if any reference to 98 percent were a reference to 100 percent. The national per-beneficiary limitation is defined in section 1861(v)(1)(L)(vi) of the Act.

For new providers for which the first cost reporting period begins during or after Federal FY 1999 as defined in section 1861(v)(1)(L)(viii)(III) of the Act, the per-beneficiary limitation will be equal to 75 percent of the national per-beneficiary limitation.

In the case of a new provider or a provider without a 12-month cost reporting period ending in FY 1994, section 1861(v)(1)(L)(viii)(II) shall apply to an HHA that filed an application for HHA provider status under Medicare before September 15, 1998 or that was approved as a branch of its parent agency before that date and becomes a subunit of the parent agency or a separate agency on or after that date.

Payments by Medicare under this system of payment limitations must be the lower of an HHA's actual reasonable allowable costs, per-visit limitations in the aggregate, or a per-beneficiary limitation in the aggregate.

Section 1895(a) of the Act, as amended by OCESAA, requires the Secretary to provide for payments for home health services in accordance with a PPS for cost reporting periods and portions of cost reporting periods beginning on or after October 1, 2000. This, in effect, will result in a dual payment system for agencies with cost reporting periods spanning both Federal FY 2000 and Federal FY 2001. Section 5101(e) of OCESAA also amended the

contingency clause in section 4603(e) of the BBA, whereby, if the Secretary does not establish and implement the home health PPS, the per-visit and per-beneficiary limitations in effect on September 30, 2000 will be reduced by 15 percent and applied to portions of cost reporting periods beginning on or after October 1, 2000.

Whether there is a home health PPS or a continuation of the IPS on or after October 1, 2000, agencies will need to separately aggregate visits and the unduplicated census count for services furnished before and after October 1, 2000. These statistics will be needed in order to recalculate the appropriate Medicare liability on the Medicare cost report. The visits and unduplicated census counts for home health services furnished on or after October 1, 1999 and before October 1, 2000 will have the per-visit and per-beneficiary limitations updated to the end of the agency's cost reporting period applied. For services furnished after October 1, 2000, the agency will be paid either under the home health PPS or the per-visit and per-beneficiary limitations set forth in this notice less 15 percent. We will be modifying our Provider Statistical and Reimbursement Report (PS & R), which is used by our contractors for verifying statistical data used for the payment of Medicare services, to accommodate the change from IPS to PPS or IPS to a reduced IPS effective October 1, 2000.

This notice with comment period sets forth cost limitations for cost reporting periods beginning on or after October 1, 1999 and portions of cost reporting periods beginning before October 1, 2000. As required by section 1861(v)(1)(L)(iii) of the Act, we are using the area wage index applicable under section 1886(d)(3)(E) of the Act determined using the survey of the most recent available wages and wage-related costs of hospitals located in the geographic area in which the home health service is furnished. For purposes of this notice, the HHA wage index is based on the most recent available final hospital wage index, that is, the preclassified hospital wage index effective for hospital discharges on or after March 1, 1999, which uses data from Medicare cost reports for cost reporting periods beginning in FY 1995. As the statute also specifies, in applying the hospital wage index to HHAs, no adjustments are to be made to account for hospital reclassifications under section 1886(d)(8)(B) of the Act, decisions of the Medicare Geographic Classification Board (MGCRCB) under section 1886(d)(10) of the Act, or decisions by the Secretary.

II. Analysis of and Responses to Public Comments to the August 11, 1998 Per-Visit and Per-Beneficiary Limitations Notice

We received nine items of timely correspondence on the August 11, 1998 notice. The comments pertaining to the per-visit and per-beneficiary limitations and our responses are discussed below.

Comment: Commenters recommended that we explain specifically and provide an example of how we envision prorating the unduplicated census count between agencies for a beneficiary that receives services from multiple agencies with different fiscal year ends.

Response: In the final rule with comment period entitled "Schedule of Per-Beneficiary Limitations on Home Health Agency Costs for Cost Reporting Periods Beginning on or After October 1, 1997" published in the **Federal Register** on March 31, 1998 (63 FR 15718), we specifically stated, "The per-beneficiary limitation will be prorated based on a ratio of the number of visits furnished to the individual beneficiary by the HHA during its cost reporting period to the total number of visits furnished by all HHAs to that individual beneficiary during the same period." (63 FR 15727) The number of agencies providing visits to the beneficiary is irrelevant. It is the total number of visits the beneficiary receives by all agencies during the specified agency's cost reporting period that triggers whether proration is required. What point the other agencies are in their cost reporting period does not enter into the computation. However, the total number of visits could be different for each agency because of their individual cost reporting periods.

Comment: Commenters encouraged us to explain how the data needed for proration will be gathered and made available to intermediaries and providers.

Response: The requirement to prorate the per-beneficiary limitation when a beneficiary receives home health services from multiple agencies is statutory. Due to other systems priorities for compliance with Y2K, we are unable to make the necessary changes in our systems to accommodate the data needed to do proration at a national level. That does not, however, preclude contractors from making the necessary adjustments for proration within their current operating systems.

Comment: Commenters stated that it is unclear in the **Federal Register** when and under what circumstances the intermediaries are to apply the Offset Adjustment for the Implementation of the Home Health Outcome Assessment

Information (OASIS) adjustment factor. Commenters questioned whether the intermediaries should apply the adjustment factor immediately and across the board to all agencies that request the adjustment factor, or upon instructions from HCFA.

Response: In the August 11, 1998 **Federal Register** (63 FR 42916), we specifically state that the OASIS adjustment will only apply to the labor component of the specified per-visit limitations in the first year of implementation of a new assessment tool. See section III.F of this notice with comment period regarding our overall application of the OASIS adjustment.

Comment: Commenters recommended that we clarify whether the option for being classified as an "old" or "new" provider applies to merged providers whose per-beneficiary limitation is based on a weight-average. Commenters also recommend that we clarify whether the option will be extended to HHAs that undergo similar mergers or consolidations, including changes in status and ownership, after the October 1, 1998 notification deadline.

Response: Agencies that experienced certain changes in status were given the option to apply the provisions in the March 31, 1998 **Federal Register** or the provisions in the August 11, 1998 **Federal Register** up to the October 1, 1998 notification deadline. The option mainly impacted those agencies that may have been classified as new providers subject to the national per-beneficiary limitation. However, old providers that merged after the cost reporting period ending during Federal FY 1994 will be treated the same under this August 11, 1998 provision. That is, the surviving provider number will dictate the per-beneficiary limitation that will be applied to the merged agencies for all mergers after October 1, 1998.

Comment: Commenters stated that some intermediaries for hospital-based agencies have yet to notify providers of their per-beneficiary amounts or unduplicated census counts. The per-beneficiary amount and unduplicated census count are important factors that enable providers to make informed decisions regarding the providers' requests to change their provider status. Therefore, commenters recommended that we consider extending the deadline for HCFA notifying providers of their decision to its end of the comment period (October 13, 1998).

Response: We do not believe it is necessary to extend the notification deadline. Considering the importance of the per-beneficiary limitations on an agency's financial needs, the

notification deadline of October 1, 1998 provided agencies adequate time to assess the impact of the earlier provisions relating to new provider status and make the election if warranted.

Comment: Commenters disagreed with our position that providers may not request exceptions to their per-beneficiary amounts. Commenters believed that we acknowledge that there will be valid circumstances not anticipated by the per-visit limitation methodology that will cause an agency to incur cost in excess of that allowed by the per-visit limitation. Commenters stated that we provide "atypical" home health service exceptions for those unique situations through 42 CFR 413.30(f)(1). Therefore, it appears that, since the statute is silent on the matter of exceptions, we have the discretion to extend authorization for exceptions of the per-beneficiary limitations.

Response: We do not agree. Section 1861(v)(1)(L)(ii) of the Act specifically provides for exemptions and exceptions to the per-visit limitations so deemed by the Secretary. As we stated in the March 31, 1998 **Federal Register**, we do not believe that the Congress intended the general rules at § 413.30 to apply to the establishment of the per-beneficiary limitations. The statute does not provide any such exceptions or exemptions to the per-beneficiary limitations.

Comment: A commenter stated that the limits as published used the wrong wage indices. Section 1861(v)(1)(L)(iii) of the Act requires the use of the most recently published hospital wage index, which would be the hospital wage indices published in the final rule entitled "Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 1999 Rates" **Federal Register** on July 31, 1998 (63 FR 40954).

Response: The statute requires us to use the most recent available area wage indices applicable under section 1886(d)(3)(E) of the Act to establish the limitations, which will be those indices that have been published and in effect for hospitals. The wage indices published in the **Federal Register** on July 31, 1998 were not effective under section 1886(d)(3)(E) of the Act until October 1, 1998. Therefore, when the home health limitations were published, the wage indices in effect for hospitals were those published in August, 1997 and effective October 1, 1997. Therefore, we believe the wage indices published for HHAs are in accordance with the statute.

Comment: Commenters recommended that the Medicare cost report and the Payment Statistical and Reimbursement report should be changed to

accommodate the requirement to use the wage index that corresponds to the location where the home health service is furnished.

Response: Both the Medicare cost report and the Payment Statistical and Reimbursement report have been modified to accommodate the site-of-service requirement for applying the wage index.

Comment: Commenters believed it is our intent to allow retroactive application of the August 11, 1998 new and old agency provisions to both Federal FY 1998 and 1999 cost reports.

Response: Before October 1, 1998, providers will have the option of being paid as either an "old" or "new" agency when the surviving provider number had a 12-month cost reporting period ending in Federal FY 1994. After October 1, 1998, providers will be paid on the basis of being an "old" provider only if the surviving provider number had a 12-month cost reporting period ending in Federal FY 1994. Providers will no longer have the option of being "old" or "new" after October 1, 1998.

Comment: Commenters stated that the failure to consider the effects of proration on the calculation on the per-beneficiary limitations is questionable. If proration of the per-beneficiary limitation is to be applied to cost reporting periods covered by the interim payment system, proration must be considered in the calculation of the per-beneficiary limitation.

Response: During the period used for establishing the per-beneficiary limitations, proration of the unduplicated census count was not required. As we stated in the August 11, 1998 **Federal Register**, the proration as specified in the statute applies to the application of the per-beneficiary limitation and not the calculation of the per-beneficiary limitation. The methodology for establishing the per-beneficiary limitations in the statute could have specifically incorporated a proration provision in the methodology, but it did not.

Comment: Commenters stated that an HHA that was required to file two partial year cost reports during Federal FY 1994 solely due to the fact that it was located in a State where it was forced to change fiscal intermediaries should be considered an "old clause v" provider. For example, an HHA operating for several years as a hospital-based HHA has the hospital cease operations during Federal FY 1994. The HHA continues operations under the same ownership as a freestanding entity and later experiences a change in ownership. Due to the State where the HHA is located, the HHA was required to change to a

new fiscal intermediary and the partial year cost reports were required to be filed. If the HHA were located in a different State, a change in fiscal intermediary would not have occurred.

Response: Section 1861(v)(1)(L)(vi)(I) of the Act requires that for new providers and those providers without a 12-month cost reporting period ending in FY 1994, the per-beneficiary shall equal the median of those limitations applied to old providers. The situation described in the comment is a provider with less than a 12-month cost reporting period. The provider does not meet the statutory requirements for treatment as an "old clause v" provider.

Comment: Commenters believed that the OASIS adjustment should not be phased out after 1 year. They recommended that we should clarify the start and end dates for the OASIS adjustment and consider extending the adjustment until cost limits can adequately account for the costs associated with complying with OASIS requirements.

Response: We recognize there are various costs associated with complying with OASIS reporting requirements. There are one-time costs as described in the August 11, 1998 **Federal Register** that include training of data entry staff, telephone installation, and other costs associated with setting up OASIS. There are also ongoing OASIS costs that include audits to ensure data accuracy, data entry, editing and auditing, supplies, and telephone costs. We have broken these costs down to the various elements and have grouped the costs into various categories. See section III. F of this notice on how these costs are broken down and the various time frames associated with adjusting the per-visit limitations for these costs.

Comment: The commenters believed that the OASIS adjustment should encompass the full range of costs associated with OASIS implementation.

Response: We agree that any adjustment derived for OASIS should encompass the full range of reasonable costs associated with each necessary expenditure. Section III. F of this notice, fully explains the adjustments to the per-visit limitations for the costs associated with the OASIS requirement.

Comment: The commenters believed that the OASIS adjustment should apply to both the per-visit and per-beneficiary limitations. This adjustment could possibly be included in the market basket index used to update the per-beneficiary limitations for new and old providers.

Response: As we stated in the **Federal Register** dated August 11, 1998 (63 FR 42920), the statute requires the per-

beneficiary limitations to be based upon the costs incurred during a particular base year, the Federal FY 1994, and does not contemplate adjustments due to costs incurred subsequent to the base year.

III. Update of Per-Visit Limitations

The methodology used to develop the schedule of per-visit limitations in this notice is the same as that used in setting the limitations effective October 1, 1998. We are using the latest settled cost report data from freestanding HHAs to develop the per-visit cost limitations. We have updated the per-visit cost limitations to reflect the expected cost increases between the cost reporting periods in the database and September 30, 2000 by the home health market basket reduced by 1.1 percentage points as required by section 1861(v)(1)(L)(ix) of the Act, and excluding any changes in the home health market basket with respect to cost reporting periods that began on or after July 1, 1994 and before July 1, 1996 as required by section 1861(v)(1)(L)(iv) of the Act.

A. Data Used

To develop the schedule of per-visit limitations effective for cost reporting periods beginning on or after October 1, 1999, we extracted actual cost per-visit data from the most recent settled Medicare cost reports for periods beginning on or after October 1, 1994 and settled by March 1999. The majority of the cost reports were from Federal FY 1996. We then adjusted the data using the latest available market basket indices to reflect expected cost increases occurring between the cost reporting periods contained in our database and September 30, 2000, reduced by 1.1 percentage points as required by section 1861(v)(1)(L)(ix) of the Act and excluding any changes in the home health market basket with respect to cost reporting periods that began on or after July 1, 1994 and before July 1, 1996 as required by section 1861(v)(1)(L)(iv) of the Act.

B. Wage Index

A wage index is used to adjust the labor-related portion of the per-visit limitation to reflect differing wage levels among areas. In establishing the per-visit limitation, we used the FY 1999 hospital wage index effective for hospital discharges on or after March 1, 1999, which is based on 1995 hospital wage data.

Each HHA's labor market area is determined based on the definitions of

Metropolitan Statistical Areas (MSAs) issued by the Office of Management and Budget (OMB). Section 1861(v)(1)(L)(iii) of the Act requires us to use the most recently published hospital wage index (that is, the FY 1999 hospital wage index, which was published in the **Federal Register** on February 25, 1999 (63 FR 9378)) without regard to whether those hospitals have been reclassified to a new geographic area, to establish the HHA cost limitations. Therefore, the schedule of per-visit limitations reflects the MSA definitions that are currently in effect under the hospital PPS.

We are continuing to incorporate exceptions to the MSA classification system for certain New England counties that were identified in the July 1, 1992 notice entitled "Schedule of Limits on Home Health Agency Costs Per Visit" (57 FR 29410). These exceptions have been recognized in setting hospital cost limitations for cost reporting periods beginning on and after July 1, 1979 (45 FR 41218) and were authorized under section 601(g) of the Social Security Amendments of 1983 (Public Law 98-21). Section 601(g) of Public Law 98-21 requires that any hospital in New England that was classified as being in an urban area under the classification system in effect in 1979 will be considered urban for purposes of the hospital PPS. This provision is intended to ensure equitable treatment under the hospital PPS. Under this authority, the following counties have been deemed to be urban areas for purposes of payment under the inpatient hospital prospective system:

- Litchfield County, CT in the Hartford, CT MSA.
- York County, ME and Sagadahoc County, ME in the Portland, ME MSA.
- Merrimack County, NH in the Boston-Brockton-Nashua, MA-NH MSA.
- Newport County, RI in the Providence Fall-Warwick, RI MSA

We are continuing to grant these urban exceptions for the purpose of applying the Medicare hospital wage index to the HHA per-visit limitations. These exceptions result in the same New England County Metropolitan Area (NECMA) definitions for hospitals, skilled nursing facilities, and HHAs. In New England, MSAs are defined on town boundaries rather than on county lines but exclude parts of the four counties cited above that would be

considered urban under the MSA definition. Under this notice, these four counties are urban under either definition, NECMA or MSA.

Section 1861(v)(1)(L)(iii) requires the use of the area wage index applicable under section 1886(d)(3)(E) of the Act and determined using the survey of the most recent available wages and wage-related costs of hospitals located in the geographic area in which the home health service is furnished without regard to whether these hospitals have been reclassified to a new geographic area under section 1886(d)(8)(B) of the Act. The wage-index, as applied to the labor portion of the per-visit limitation, must be based on the geographic location in which the home health service is actually furnished rather than the physical location of the HHA itself.

C. Standardization for Wage Levels

After adjustment by the market basket index reduced by 1.1 percentage points, as required by section 1861(v)(1)(L)(ix) of the Act, and excluding any changes in the home health market basket with respect to cost reporting periods that began on or after July 1, 1994 and before July 1, 1996, as required by section 1861(v)(1)(L)(iv) of the Act, we divided each HHA's per-visit costs into labor and nonlabor portions. The labor portion of cost (77.668 percent as determined by the market basket) represents the employee wage and benefit factor plus the contract services factor from the market basket. We then divided the labor portion of per-visit cost by the wage index applicable to the HHA's location to arrive at an adjusted labor cost.

D. Adjustment for "Outliers"

We transformed all per-visit cost data into their natural logarithms and grouped them by type of service and MSA, NECMA, or non-MSA location, in order to determine the median cost and standard deviation for each group. We then eliminated all "outlier" costs, which were all per-visit costs less than \$10 and per-visit costs more than \$800, retaining only those per-visit costs within two standard deviations of the median in each service.

E. Basic Service Limitation

We calculate a basic service limitation to 106 percent of the median labor and nonlabor portions of the per-visit costs

of freestanding HHAs for each type of service. (See Table 6a in section VIII.)

F. Offset Adjustment for the Implementation of the Home Health Outcome Assessment Information

In the August 11, 1998 per-visit and per-beneficiary limitations notice (63 FR 42912), we discussed a proposed adjustment for HHAs for the agency collection of OASIS data. Collecting and reporting OASIS is a condition of participation for HHAs who bill Medicare. As we stated in the August 11, 1998 notice, we believe there will be no permanent ongoing incremental costs associated with OASIS collection. We do, however, believe both one-time and ongoing costs are associated with reporting OASIS data. Our proposed OASIS adjustment is based on information from the Medicare Quality and Improvement Demonstration as well as OASIS demonstration data. We assume, for purposes of deriving the OASIS proposed adjustment, that the typical HHA has 486 admissions and 30,000 visits per year and an 18-person staff. OASIS reporting adjustments are unlike the one-time OASIS collection adjustments published in the August 11, 1998 **Federal Register**, which were based only on the number of skilled visits. These reporting adjustments are based on total Medicare visits. This adjustment factor was calculated by including the estimated OASIS costs in the baseline costs used to determine the median of the per-visit costs. The per-beneficiary limitation cannot be adjusted for OASIS.

The three tables below reflect our estimates of the costs to an HHA for OASIS reporting for a typical agency and form the basis for the per-visit OASIS reporting adjustment. Those agencies that exceed the per-visit limit may use the tables in this notice and in our August 11, 1998 notice to calculate an additional adjustment, over the limit, to account for their recurring and nonrecurring costs for OASIS collection and reporting. No adjustment is available for the per-beneficiary limit, which is set explicitly in the statute. Once the OASIS reporting system is fully implemented and we have gathered sufficient data, we plan to review the ongoing cost and time components that constitute the tables below.

TABLE 1.—CONTINUOUS OASIS ADJUSTMENT: BASE
[For data reporting]

Type of adjustment	Source	Formula	Cost per visit
Audits to ensure data accuracy	University of Colorado (CHPR), BLS Occupational Employment Survey (1996), 1994 & 1995 HCFA Cost Report Data.	(((10 records per month * 12 months)) * .25 hrs) * \$25.42/30,000 avg visits)...professional staff.	\$.02542
Data entry, editing, & auditing	University of Colorado(CHPR), Estimated average salary for clerical staff 1994 & 1995 HCFA Cost Report Data.	(((8.5 hrs per month * 12) + (5 hrs per month * 12) + (1 hr per month * 12) + (5 hrs per year)) * \$10 per hour) / 30,000 avg visits).	.06
Supplies	HCFA-3006-IFC OASIS Reporting (64 FR 3748), 1994 & 1995 HCFA Cost Report Data.	\$250 avg cost/30,000 avg visits .....	.008333
Ongoing telephone costs	Bell Atlantic 1994 & 1995 HCFA Cost Report Data (for average size HHA).	((((\$13.14 per month, per line) + (\$ 6.38 per month subscriber fee)) * 12 months)/30,000 avg visits).	.007808
Total			\$.101561

TABLE 2.—CONTINUOUS OASIS ADJUSTMENT: 5-YEAR DEPRECIATION AVERAGING
[For data reporting]

Type of adjustment	Source	Formula	Cost per visit
Computer Hardware	American Hospital Association's Health Data & Coding Standards Group's "Estimated Useful Lives of Depreciable Hospital Assets {revised 1998}		
—Computer	Average cost for PC with minimal acceptable standards 1994 & 1995 HCFA Cost Report Data	\$2050 computer depreciated over 3 years ((2050/3)/30,000 avg visits	\$.022777
—Printer	Average cost for printer with minimal acceptable standards 1994 & 1995 HCFA Cost Report Data	\$600 printer cost depreciated over 5 years ((600/5)/30,000 avg visits	.004
	First 3 Year's Adjustment	* Note: computer & printer depreciation ...	.026777
	Next 2 Year's Adjustment	* Note: printer ONLY depreciation .....	.004
	5-Year Average Adjustment	(((.026777 * 3) + (.004 * 2))/5) .....	.01766

PERSONAL COMPUTER MINIMAL SPECIFICATIONS

Description	Minimal specifications
Warranty	Minimum 3 year.
Processor	Pentium II Processor running at 400Mhz w/512 Cache.
Operating System	32-bit operating system with Graphical User Interface.
Hard Drive	3 Gb Hard drive minimum.
Memory	32Mb minimum.
CD ROM	14-32X, IDE, integrated sound.
Floppy Drive	3.5" 1.44Mb diskette drive.
Fax Modem	56K v.90 Data/Fax.
Monitor	17" Color Monitor.
Graphics	8Mb AGP.
Mouse	Wheel mouse.
Keyboard	104 key ergonomic keyboard.
Anti Virus	Anti Virus Software.
Management Software	System management client software/license.
Printer	600 dpi Laser printer with cable.

TABLE 3.—OASIS ADJUSTMENT: "ONE-TIME"
[For data reporting]

Type of adjustment	Source	Formula	Cost per visit
Training of Data Entry Staff	BLS Employer Provided Training (Hrs of Training [1995] & an estimated average salary for clerical personnel 1994 & 1995 HCFA Cost Report Data.	(24 hrs * \$10)/30,000 avg visits	\$.008

TABLE 3.—OASIS ADJUSTMENT: “ONE-TIME”—Continued
[For data reporting]

Type of adjustment	Source	Formula	Cost per visit
Telephone installation	1994 & 1995 HCFA Cost Report Data	(\$28 processing fee) + (\$40 per line connect fee)/30,000 avg visits.	.002266
Total One Time Adjustment .....	.....	.....	\$.010266

Discussion of OASIS Adjustment Tables

These tables reflect our estimates of the costs to an HHA for complying with the requirement to report data using the OASIS data set. We are using three tables based on time parameters. Table 1 shows the continuous OASIS costs for an HHA that include labor costs for the audits that are conducted to ensure data accuracy, labor costs for data entry and the editing and auditing costs associated with it, costs of supplies, and telephone costs. We estimate these continuous OASIS costs to total \$.101561 per visit. Table 2 shows the OASIS personal computer costs for those HHAs that are unable to run OASIS because they lack the requisite hardware needed to support automation of it. We estimate this percentage to be 50 percent as explained in the OASIS reporting regulation (HCFA-3006-IFC 64 FR 3748). These costs consist of a personal computer and printer as described in Table 2. For years 1 through 3, HHAs are able to depreciate both their personal computer and printer. We estimate this OASIS cost to be \$.0267 per visit. For years 4 and 5, HHAs can only depreciate their printer. We estimate this OASIS cost to be \$.004 per visit.

In order for HHAs to keep pace with ever evolving computing standards, to include enhancements to computer hardware and software, as well as future versions of HAVEN's OASIS software, this process of the depreciation of computer hardware is one that would repeat itself every 5 years. In that vein, a yearly average computer hardware depreciation adjustment was computed so as to yield a continuous OASIS adjustment for each year. This was accomplished by multiplying the first 3 years' computer hardware depreciation adjustment of \$.026777 by 3, multiplying the following 2 years' computer hardware depreciation adjustment of \$.004 by 2, summing those two factors, and dividing that sum by the total number of depreciable years (5) to get a yearly average for the computer hardware depreciation adjustment of \$.01766. This yearly average computer hardware depreciation adjustments (\$.01766),

when added to the base continuous OASIS adjustment (\$.10156), results in a total continuous OASIS adjustment of \$.11916.

Table 3 shows one-time OASIS costs (year 1) for an HHA that include training of data entry staff and telephone installation. We estimate these one-time OASIS costs to total \$.0103 per visit. Any OASIS costs recognized under the revised per-visit limits established by this notice will be reflected in the budget neutral baseline for computing HHA prospective rates when we convert to that payment system.

IV. Updating the Wage Index on a Budget-Neutral Basis

Section 4207(d)(2) of the Omnibus Budget Reconciliation Act of 1990 (OBRA '90) (Public Law 101-508) requires that, in updating the wage index, aggregate payments to HHAs will remain the same as they would have been if the wage index had not been updated. Therefore, overall payments to HHAs are not affected by changes in the wage index values.

To comply with the requirements of section 4207(d)(2) of OBRA '90 that updating the wage indices be budget neutral, we determined that it is necessary to apply a budget neutrality adjustment factor of 1.039 to the labor-related portions of the per-visit and per-beneficiary limitations for cost reporting periods beginning on or after October 1, 1999. This is the first year for which the per-beneficiary limitations have been in place long enough to be affected by an update in the wage indices. Because aggregate payments to HHAs encompass both the per-visit and the per-beneficiary limitations, the budget neutrality adjustment factor had to be determined using both per-visit and per-beneficiary limitations in order to comply with the OBRA '90 budget neutrality requirement. Therefore, overall payments to HHAs are not affected by changes in the wage index values as applied to the labor-related portions of both limitations.

To determine the budget neutrality adjustment factor, we used the data obtained from the 574 providers in the audited cost report data set developed

for home health prospective payment. This sample was extrapolated to reflect a national total of HHAs. We believe this is the most current and accurate data we can obtain to reflect the effects of both the per-visit limits and the per-beneficiary limits. This data set includes a count of the number of beneficiaries served by each agency. This information is not available on the data set used to calculate the per-visit limitations. For each agency in the per-visit limitation database, we replaced its current wage index with the one corresponding to the 1982 hospital wage index. For each agency in the per-beneficiary limitation database, we replaced their current wage index with one corresponding to the 1994 hospital wage index. Some MSAs that currently exist did not exist at the time this index was created and therefore have no matching 1982 or 1994 wage index. Since the unmatchable MSAs represented a small percentage of the total visits in the databases, we deleted these agencies from the analysis. We then determined what Medicare program payments would be using the 1982 and 1994 wage indices. We determined payments using the new wage index and adjusted the labor portion of the payment by the factor necessary to match program payments if the 1982 and 1994 wage indices were used with respect to both limitations. (See the examples in section VIII. of this notice regarding the adjustment of the per-visit and per-beneficiary limitations by the wage index and the budget neutrality adjustment factor.)

V. Update of the Per-Beneficiary Limitations

The methodologies and data used to develop the schedule of per-beneficiary limitations set forth in this notice are the same as those used in setting the per-beneficiary limitations that were effective for cost reporting periods beginning on or after October 1, 1998. We have updated the per-beneficiary limitations to reflect the expected cost increases occurring between the cost reporting periods ended during FY 1994 and September 30, 2000, reduced by 1.1 percentage points and excluding any changes in the home health market

basket with respect to cost reporting periods that began on or after July 1, 1994 and before July 1, 1996.

A. Data Used

The cost report data used to develop the schedule of per-beneficiary limitations set forth in this notice are for cost reporting periods ending in Federal FY 1994, as required by section 1861(v)(1)(L) of the Act. We have updated the per-beneficiary limitations to reflect the expected cost increases occurring between the cost reporting periods for the data contained in the database and September 30, 2000 reduced by 1.1 percentage points and excluding any changes in the home health market basket for cost reporting periods beginning on or after July 1, 1994 and before July 1, 1996.

The interim payment system sets limitations according to two different methodologies. For agencies with cost reporting periods ending during FY 1994, the limitation is based on 75 percent of 98 percent of the agencies' own reasonable costs and 25 percent of 98 percent of the average census region division costs. At the end of the agency's cost reporting period subject to the per-beneficiary limitations, the labor component of the census region division per-beneficiary limitation is adjusted by a wage index based on where the home health services are furnished.

For new providers and providers without a cost reporting period ending during FY 1994, the per-beneficiary limitation is based on the standardized national median of the blended agency-specific and census region division per-beneficiary limitations described above. See section C. below, which further defines how these limitations are effectuated for new providers and providers without a 12-month cost reporting period ending during FY 1994. This is done by arraying the agencies' per-beneficiary limitations and selecting the median case. The national per-beneficiary limitation is then standardized for the effect of the wage index. The wage index is applied to the labor component of the national per-beneficiary limitation at the end of the cost reporting period beginning on or after October 1, 1999 and is based on where the home health services are furnished.

B. Wage Index

A wage index is used to adjust the labor-related portion of the standardized regional average per-beneficiary limitation and the national per-beneficiary limitation to reflect differing

wage levels among areas. In establishing the regional average per-beneficiary limitation and national per-beneficiary limitation, we used the FY 1999 hospital wage index effective with discharges on or after March 1, 1999, which is based on 1995 hospital wage data.

Each HHA's labor market area is determined based on the definitions of MSAs issued by OMB. Section 1861(v)(1)(L)(iii) of the Act requires us to use the current hospital wage index (that is, the FY 1999 hospital wage index, which was published in the **Federal Register** on February 25, 1999 (63 FR 9378)), without regard to whether these hospitals have been reclassified to a new geographic area, to establish the HHA cost limitations. Therefore, the schedules of standardized regional average per-beneficiary limitations and the national per-beneficiary limitation reflect the MSA definitions that are currently in effect under the hospital PPS.

As we did for the per-visit limitations, we are continuing to incorporate exceptions to the MSA classification system for certain New England counties that were identified in the July 1, 1992 notice (57 FR 29410). These exceptions have been recognized in setting hospital cost limitations for cost reporting periods beginning on and after July 1, 1979 (45 FR 41218), and were authorized under section 601(g) of the Social Security Amendments of 1983 (Public Law 98-21). Section 601(g) of Public Law 98-21 requires that any hospital in New England that was classified as being in an urban area under the classification system in effect in 1979 will be considered urban for purposes of the hospital PPS. This provision is intended to ensure equitable treatment under the hospital PPS. Under this authority, the following counties have been deemed to be urban areas for purposes of payment under the inpatient hospital prospective system:

- Litchfield County, CT in the Hartford, CT MSA.
- York County, ME and Sagadahoc County, ME in the Portland, ME MSA.
- Merrimack County, NH in the Boston-Brockton-Nashua, MA-NH MSA.
- Newport County, RI in the Providence Fall-Warwick, RI MSA.

We are continuing to grant these urban exceptions for the purpose of applying the Medicare hospital wage index to the HHA standardized regional average per-beneficiary limitations and the national per-beneficiary limitation. These exceptions result in the same

NECMA definitions for hospitals, skilled nursing facilities, and HHAs. In New England, MSAs are defined on town boundaries rather than on county lines but exclude parts of the four counties cited above that would be considered urban under the MSA definition. Under this notice, these four counties are urban under either definition, NECMA or MSA.

Section 1861(v)(1)(L)(iii) of the Act requires the use of the area wage index applicable under section 1886(d)(3)(E) of the Act and determined using the survey of the most recent available wages and wage-related costs of hospitals located in the geographic area in which the home health service is furnished without regard to whether these hospitals have been reclassified to a new geographic area under section 1886(d)(8)(B) of the Act. The wage index, as applied to the labor portion of the regional per-beneficiary limitation and the labor portion of the national per-beneficiary limitation, must be based on the geographic location in which the home health service is actually furnished.

C. New Providers and Providers Without a 12-Month Cost Reporting Period Ending During Federal Fiscal Year 1994

For a new provider or a provider without a 12-month cost reporting period ending in FY 1994 but for which the first cost reporting period began before October 1, 1998, the per-beneficiary limitation will be a national per-beneficiary limitation, that will be equal to the median of these limitations applied to other HHAs without the 2 percent reduction.

For a new provider whose first cost reporting period begins on or after October 1, 1998, the per-beneficiary limitation will be 75 percent of the national per-beneficiary limitation including the 2 percent reduction.

A new provider or a provider without a 12-month cost reporting period ending in FY 1994, which filed an application for HHA provider status before September 15, 1998, or which was approved as a branch of its parent agency before that date and becomes a subunit of the parent agency or a separate agency on or after that date, will be subject to the national per-beneficiary limitation (without the 2 percent reduction).

VI. Market Basket

The 1993-based cost categories and weights are listed in Table 4 below.

TABLE 4.—1993-BASED COST CATEGORIES, BASKET WEIGHTS, AND PRICE PROXIES

Compensation including allocated Contract Services' Labor	77.668	
Wages and Salaries including allocated Contract Services' Labor.	64.226	HHA Occupational Wage Index.
Employee benefits, including allocated Contract Services' Labor.	13.442	HHA Occupational Benefits Index.
Operations & Maintenance	0.832	CPI-U Fuel & Other Utilities.
Administrative & General, including allocated Contract Services' Non-labor.	9.569	
Telephone	0.725	CPI-U Telephone.
Paper & Printing	0.529	CPI-U Household Paper, Paper Products & Stationery Supplies.
Postage	0.724	CPI-U Postage.
Other Administrative & General, including allocated Contract Services Non-Labor.	7.591	CPI-Services.
Transportation	3.405	CPI-U Private Transportation.
Capital-Related	3.204	
Insurance	0.560	CPI-U Household Insurance.
Fixed Capital	1.764	CPI-U Owner's Equivalent.
Movable Capital	0.880	PPI Machinery & Equipment.
Other Expenses, including allocated Contract Services' Non-Labor.	5.322	CPI-U All Items Less Food & Energy.
Total	100.000	

VII. Update of Database

The data used to develop the cost per-visit limitations, the census region per-beneficiary limitations, and the national per-beneficiary limitation were adjusted using the latest available market basket factors to reflect expected cost increases

occurring between the cost reporting periods contained in our database and September 30, 2000, reduced by 1.1 percentage points as required by section 1861(v)(1)(L)(ix) of the Act and excluding any changes in the home health market basket with respect to cost reporting periods that began on or

after July 1, 1994 and before July 1, 1996 as required by section 1861(v)(1)(L)(iv) of the Act. The following inflation factors were used in calculating the per-visit limitations, the census region per-beneficiary limitations, and national per-beneficiary limitations:

TABLE 5.—FACTORS FOR INFLATING DATABASE DOLLARS TO SEPTEMBER 30, 1999 [Inflation adjustment factors ¹]

FY end	1993	1994	1995	1996	1997	1998
October 31	1.13775	1.10901	1.10487	1.10291	1.07843	1.04734
November 30	1.13492	1.10771	1.10487	1.10193	1.07571	1.04500
December 31	1.13210	1.10652	1.10487	1.10076	1.07305	1.04272
January 31 .....	.....	1.12929	1.10568	1.10487	1.09935	1.07042
February 28 .....	.....	1.12650	1.10519	1.10487	1.09771	1.06782
March 31 .....	.....	1.12374	1.10503	1.10487	1.09585	1.06524
April 30 .....	.....	1.12107	1.10492	1.10487	1.09381	1.06263
May 31 .....	.....	1.11850	1.10487	1.10487	1.09162	1.05999
June 30 .....	.....	1.11604	1.10487	1.10487	1.08926	1.05732
July 31 .....	.....	1.11388	1.10487	1.10468	1.08674	1.05472
August 31 .....	.....	1.11202	1.10487	1.10428	1.08405	1.05219
September 30 .....	.....	1.11045	1.10487	1.10369	1.08121	1.04974

¹Source: The HHA Price Index, produced by HCFA. The forecasts are from Standard and Poor's DRI HCC 1st QTR 1999;@USSIM/TREND25YR0299@CISSIM/Control 1991 forecast exercise which has historical data through 1999:1.

Multiplying nominal dollars for a given FY end by their respective inflation adjustment factor will express those dollars in the dollar levels for the FY ending September 30, 1999.

The procedure followed to develop these tables, based on requirements from BBA, was to hold the June 1994 level for input price index constant through June 1996. From July 1996 forward, we trended the revised index forward using the percentage gain each month from the HCFA Home Health Agency Input Price Index reduced by

1.1 percentage points for cost reporting periods beginning in Federal FY 2000.

A. Short Period Adjustment Factors for Cost Reporting Periods Consisting of Less Than 12 Months

HHA's with cost reporting periods beginning on or after October 1, 1999 may have cost reporting periods that are less than 12 months in length. This may happen, for example, when a new provider enters the Medicare program after its selected FY has already begun or when a provider experiences a

change of ownership before the end of the cost reporting period. The data used in calculating the limitations were updated to September 30, 2000. Therefore, the cost limitations published in this notice are for a 12-month cost reporting period beginning October 1, 1999 and ending September 30, 2000. For 12-month cost reporting periods beginning after October 1, 1999 and before October 1, 2000, cost reporting period adjustment factors are provided in Addendum 2. However, when a cost reporting period consists of

fewer than 12 months, adjustments must be made to the data that have been developed for use with 12-month cost reporting periods. To promote the efficient dissemination of cost limitations to agencies with cost reporting periods of fewer than 12 months, we are publishing an example and tables to enable intermediaries to calculate the applicable adjustment factors.

Cost reporting periods of fewer than 12 months may not necessarily begin on the first of the month or end on the last day of the month. In order to simplify the process in calculating "short period" adjustment factors, if the short cost reporting period begins before the 16th of the month, we will consider the period to have begun on the 1st of that month. If the start of the cost reporting period begins on or after the 16th of the month, it will be considered to have begun at the beginning of the next month. Also, if the short period ends before the 16th of the month, we will consider the period to have ended at the end of the preceding month; if the short period ends on or after the 16th of the month, it will be considered to have ended at the end of that month.

Example: 1. After approval by its intermediary, an HHA that had a 1994 base year changed its FY end from June 30 to December 31. Due to this change, the HHA had a short cost reporting period beginning on July 1, 2000 and ending on December 31, 2000. The cost reporting period ending during FY 1994 was the cost reporting period ending on June 30, 1994. The limitations that apply to this short period must be adjusted as follows:

Step 1—From Addendum 3, sum the index levels for the months of July 2000 through December 2000: 6.89916

Step 2—Divide the results from Step 1 by the number of months in short period: $6.89916 \div 6 = 1.14986$

Step 3—From Addendum 3, sum the index levels for the months in the common period of October 1999 through September 2000: 13.6905

Step 4—Divide the results in Step 3 by the number of months in the common period: $13.6905 \times 12 = 1.140875$

Step 5—Divide the results from Step 2 by the results from Step 4. This is the adjustment factor to be applied to the published per-visit and per-beneficiary limitations: $1.14986 \times 1.140875 = 1.00788$

Step 6—Apply the results from Step 5 to the published limitations. For example:

a. Urban skilled nursing per-visit labor portion

$$\$78.07 \times 1.00788 = \$78.69$$

b. Urban skilled nursing per-visit nonlabor portion

$$\$22.45 \times 1.00788 = \$22.63$$

c. West South Central Census region division labor portion per-beneficiary limitation

$$\$4,667.91 \times 1.00788 = \$4,704.69$$

d. West South Central Census region division nonlabor portion per-beneficiary limitation

$$\$1,342.17 \times 1.00788 = \$1,447.93$$

Step 7—Also apply the results from Step 5 to the calculated agency-specific per-beneficiary amount that has been updated to September 30, 2000 using Table 2.

B. Adjustment Factor for Reporting Year Beginning After October 1, 1999 and Before October 1, 2000

If an HHA has a 12-month cost reporting period beginning on or after November 1, 1999, the per-visit limitation and the adjusted census region division per-beneficiary limitation and the agency-specific per-beneficiary limitation or the adjusted national per-beneficiary limitations are again revised by an adjustment factor from Addendum 2 that corresponds to the month and year in which the cost reporting period begins. Each factor represents the compounded rate of monthly increase derived from the projected annual increase in the market basket index reduced by 1.1 percentage points as required by section 1861(v)(1)(L)(ix) of the Act and excluding any changes in the home health market basket with respect to cost reporting periods that began on or after July 1, 1994 and before July 1, 1996 as required by section 1861(v)(1)(L)(iv) of the Act and is used to account for inflation in costs that will occur after the date on which the per-beneficiary limitations become effective.

In adjusting the agency-specific per-beneficiary limitation for the market basket increases since the end of the cost reporting period ending during Federal FY 1994, the intermediary will increase the agency-specific per-beneficiary limitation to September 30, 2000. That way when the limitations need to be further adjusted for the cost reporting period, all elements of the limitation calculations can be adjusted by the same factor. For example, if an HHA is providing services in the Dallas MSA only and has a cost reporting period beginning January 1, 2000, its occupational therapy per-visit limitation and its per-beneficiary limitation would be further adjusted as follows:

COMPUTATION OF REVISED PER-VISIT LIMITATIONS FOR OCCUPATIONAL THERAPY

Adjusted per-visit limitation	\$113.24
Adjustment factor from Addendum 2	1.00394
Revised per-visit limitation	\$113.69

¹ Adjusted by appropriate wage index applicable to the Dallas MSA and the budget neutrality adjustment factor of 1.039.

COMPUTATION OF REVISED PER-BENEFICIARY LIMITATIONS FOR AN HHA WITH A 1994 BASE PERIOD

Agency-specific component inflated through December 31, 2000: $\$5,560.00 \times .98 \times .75$	\$4,086.60
West south central division component: $\$5,886.10^1 \times .98 \times .25$	¹ \$1,442.091
Blended per-beneficiary limitation for Dallas-MSA	\$5,528.69
Adjustment factor from Addendum 2	1.00394
Adjusted blended per-beneficiary limitation for Dallas MSA	\$5,550.47

¹ Adjusted by the appropriate wage index applicable to the Dallas MSA and the budget neutrality factor of 1.039.

COMPUTATION OF REVISED PER-BENEFICIARY LIMITATION FOR A NEW PROVIDER WHOSE FIRST COST REPORTING PERIOD BEGAN BEFORE OCTOBER 1, 1997 IN THE DALLAS MSA

National per-beneficiary limitation for Dallas MSA ¹	¹ \$3,513.73
Adjustment factor from Addendum 2	1.00394
Adjusted national per-beneficiary limitation	\$3,527.57

¹ From Table 6C Adjusted by the appropriate wage index applicable to the Dallas MSA and the budget neutrality factor of 1.039.

VIII. Schedules of Per-Visit and Per-Beneficiary Limitations

The schedules of limitations set forth below apply to cost reporting periods beginning on or after October 1, 1999. The intermediaries will compute the adjusted limitations using the wage indices published in Addenda 1a and 1b for each MSA and non-MSA for which the HHA provides services to Medicare beneficiaries. The intermediary will notify each HHA it services of its applicable limitations for the area(s) where the HHA furnishes HHA services to Medicare beneficiaries. Each HHA's aggregate limitations cannot be determined prospectively but depend on each HHA's Medicare utilization (visits and unduplicated

census count) by location of the HHA services furnished for the cost reporting periods subject to this document.

Section 1861(v)(1)(L)(vi)(II) of the Act requires the per-beneficiary limitations to be prorated among HHAs for Medicare beneficiaries who use services furnished by more than one HHA. The per-beneficiary limitation will be prorated based on a ratio of the number of visits furnished to the individual beneficiary by the HHA during its cost reporting period to the total number of visits furnished by all HHAs to that individual beneficiary during the same period.

The proration of the per-beneficiary limitation will be done based on the fraction of services the beneficiary received from the HHA. For example, if an HHA furnished 100 visits to an individual beneficiary during its cost reporting period ending September 30, 2000, and that same individual received a total of 400 visits during that same period from that and other agencies, the HHA would count the beneficiary as a .25 unduplicated census count of Medicare patients for the cost reporting period ending September 30, 2000.

The HHA costs that are subject to the per-visit limitations include the cost of medical supplies routinely furnished in conjunction with patient care. Durable medical equipment, orthotic, prosthetic, and other medical supplies directly identifiable as services to an individual patient are excluded from the per-visit costs and are paid without regard to the per-visit schedule of limitations. (See Chapter IV of the Home Health Agency Manual (HCFA Pub. II).)

The HHA costs that are subject to the per-beneficiary limitations include the costs of medical supplies routinely furnished and nonroutine medical supplies furnished in conjunction with patient care. Durable medical equipment directly identifiable as services to an individual patient is excluded from the per-beneficiary limitations and is paid without regard to this schedule of per-beneficiary limitations.

The intermediary will determine the aggregate limitations for each HHA according to the location where the services are furnished by the HHA. Medicare payment is based on the lower of the HHA's total allowable Medicare

costs plus the allowable Medicare costs of nonroutine medical supplies, the aggregate per-visit limitation plus the allowable Medicare costs of nonroutine medical supplies, or the aggregate per-beneficiary limitation. An example of how the aggregate limitations are computed for an HHA providing HHA service to Medicare beneficiaries in both Dallas, Texas, and rural Texas is as follows:

Example: HHA X, an HHA located in Dallas, TX, has 11,550 skilled nursing visits, 4,300 physical therapy visits, 8,900 home health aide visits and an unduplicated census count of 400 Medicare beneficiaries in the Dallas MSA and 5,000 skilled nursing visits, 2,300 physical therapy visits, 4,300 home health aide visits, and an unduplicated census count of 200 Medicare beneficiaries in rural Texas during its 12-month cost reporting period ending September 30, 2000. The unadjusted agency-specific per-beneficiary amount for the base period (cost reporting period ending September 30, 1994) is \$4,825.00. The aggregate limitations are calculated as follows:

DETERMINING THE AGGREGATE PER-BENEFICIARY LIMITATION

MSA/Non-MSA area	Per-beneficiary limitation	Unduplicated census count of Medicare beneficiaries	Total per-beneficiary limitation
Dallas, TX	$(\$4,825.00 \times 1.11045 \times .98 \times .75)$ plus $(\$4,667.91 \times .9369 \times 1.039)$ plus $\$1,342.17$ $\times .98 \times .25$.	400	\$2,152,064
Rural, TX	$(\$4,825.00 \times 1.11045 \times .98 \times .75)$ plus $(\$4,667.91 \times .7565 \times 1.039)$ plus $1,342.17$ $\times .98 \times .25$.	200	1,033,162
Aggregate Limitation .....	.....	.....	3,185,226

DETERMINING THE AGGREGATE PER-VISIT LIMITATION

Area/Type of visit	Number of visits	Per-visit limit ¹	Total limit
Dallas-MSA:			
Skilled nursing	11,550	\$ 98.45	\$1,137,098
Physical therapy	4,300	112.84	485,212
Home health aide	8,900	45.36	403,704
Rural Texas:			
Skilled nursing	5,000	92.33	461,650
Physical therapy	2,300	105.71	243,133
Home health aide	4,300	38.80	166,840
Aggregate limitation .....	.....	.....	\$2,897,637

¹ The per-visit has been adjusted by the appropriate wage index and the budget neutrality adjustment factor of 1.039.

For the cost reporting period ending September 30, 2000, the HHA incurred \$2,935,500 in Medicare costs for the discipline services and \$335,000 for the costs of Medicare nonroutine medical supplies. Medicare reimbursement for this HHA would be \$3,185,226, which is the lesser of the actual costs of

\$2,935,500 plus the costs of nonroutine medical supplies of \$335,000 or the aggregate per-visit limitation of \$2,897,637 plus the costs of nonroutine medical supplies of \$335,000 or the aggregate per-beneficiary limitation of \$3,185,226.

Before the limitations are applied during settlement of the cost report, the HHA's actual costs are reduced by the amount of individual items of costs (for example, administrative compensation and contract services) that are found to be excessive under the Medicare principles of provider payment. That is,

the intermediary reviews the various reported costs, taking into account all the Medicare payment principles, for

example, the cost guidelines for physical therapy furnished under arrangements (see § 413.106) and the

limitation on costs that are substantially out of line with those of comparable HHAs (see § 413.9).

TABLE 6A.—PER-VISIT LIMITATIONS

Type of visit	Per-Visit limitation	Labor portion	Nonlabor Portion ¹
MSA (NECMA) location:			
Skilled nursing care	\$100.52	\$78.07	\$22.45
Physical therapy	115.22	89.49	25.73
Speech therapy	116.71	90.65	26.06
Occupational therapy	115.63	89.81	25.82
Medical social services	140.99	109.51	31.49
Home health aide	46.32	35.98	10.34
NonMSA location:			
Skilled nursing care	110.74	86.01	24.73
Physical therapy	126.78	98.47	28.31
Speech therapy	132.64	103.02	29.62
Occupational therapy	132.12	102.61	29.50
Medical social services	173.67	134.89	38.78
Home health aides	46.53	36.14	10.39

¹ Nonlabor portion of per-visit limitations for HHAs located in Alaska, Hawaii, Puerto Rico, and the Virgin Islands is increased by multiplying it by the following cost-of-living adjustment factors.

Location	Adjustment factor
Alaska	1.250
Hawaii:	
County of Honolulu	1.250
County of Hawaii	1.150
County of Kauai	1.225
County of Maui	1.225
County of Kalawao	1.225
Puerto Rico	1.100
Virgin Islands	1.200

TABLE 6B.—STANDARDIZED PER-BENEFICIARY LIMITATION BY CENSUS REGION DIVISION, LABOR/NONLABOR

Census region division	Labor component	Nonlabor component
New England (CT, ME, MA, NH, RI, VT)	\$2,797.47	\$804.37
Middle Atlantic (NJ, NY, PA)	2,073.06	596.06
South Atlantic (DE, DC, FL, GA, MD, NC, SC, VA, WV)	3,127.39	899.23
East North Central (IL, IN, MI, OH, WI)	2,535.84	729.14
East South Central (AL, KY, MS, TN)	4,808.31	1,382.55
West North Central (IA, KS, MN, MO, NE, ND, SD)	2,435.65	700.32
West South Central (AR, LA, OK, TX)	4,667.91	1,342.17
Mountain (AZ, CO, ID, MT, NV, NM, UT, WY)	3,076.15	884.49
Pacific (AK, CA, HI, OR, WA)	2,383.02	685.20

TABLE 6C.¹—STANDARDIZED PER-BENEFICIARY LIMITATION FOR NEW AGENCIES AND AGENCIES WITHOUT A 12-MONTH COST REPORT ENDING DURING FY 1994 FOR WHICH THE FIRST COST REPORTING BEGAN BEFORE OCTOBER 1, 1998

	Labor component	Nonlabor component
National	\$2,786.53	\$801.21

¹ This is the national rate set at 100 percent.

TABLE 6D.²—STANDARDIZED PER-BENEFICIARY LIMITATIONS FOR NEW PROVIDERS FOR WHICH THE FIRST COST REPORTING PERIOD BEGINS ON OR AFTER OCTOBER 1, 1998

	Labor component	Nonlabor component
National	\$2,048.10	\$588.89

² This is the national rate set at 75 percent of 98 percent of Table 6c.

TABLE 6E.—STANDARDIZED PER-BENEFICIARY LIMITATIONS FOR PUERTO RICO AND GUAM

	Labor component	Nonlabor component
Puerto Rico	\$2,030.66	\$583.88
Guam	1,962.40	564.25

IX. Regulatory Impact Statement

A. Introduction

We have examined the impacts of this notice with comment as required by Executive Order 12866, the Regulatory Flexibility Act (RFA) (Pub. L. 96-354), and the Unfunded Mandates Reform Act

of 1995 (Pub. L. 104-4). 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).

For purposes of the RFA, small entities include small business as defined under the Small Business Administration, nonprofit organizations, and small governmental jurisdictions. Most HHAs are considered small entities either by nonprofit status or by meeting the Small Business Administration's standard for a small business (annual revenues of \$5 million or less).

Table 7 illustrates the Distribution of HHAs by type participating in Medicare as of April 13, 1999.

TABLE 7.—NUMBER OF HHAS BY PROVIDER TYPE

HHA provider type	Number
Visiting Nurse Association	484
Combination Gov't and Vol- untary	34
Official Health Agency	1067
Rehab Facility-Based	2
Hospital-Based	2486
Skilled Nursing Facility-Based ..	174
Other	4612
Total	8859

Source: HCFA—On Line Survey Certification and Reporting System Standard Report 10—4/13/99

The following RFA analysis, together with the rest of this preamble, explains the rationale for and purposes of this notice, analyzes alternatives, and presents the measures we propose to minimize the burden on small entities.

We anticipate this notice, in total, will not have a significant impact on a substantial number of small entities. The policies set forth in this notice are consistent with those set forth in the "Schedules of Per-Visit and Per-Beneficiary Limitations on Home Health Agency Costs for Cost Reporting Periods Beginning On or After October 1, 1998" (63 FR 42912) as subsequently amended by section 5101 of OCESAA '99, and the financial effect of this notice on HHAs is confined to our rebasing of the per-visit limitations. We estimate that the financial effect of this notice will be a cost to the Medicare program of approximately \$40 million in Federal FY 2000, which amount does not meet

the \$100 million RFA threshold for an economically significant rule.

In addition, we have examined the options for lessening the burden on small entities; however, the statute does not allow for any exceptions to these limitations based on size of entity. Therefore, there are no options to lessen the regulatory burden that are consistent with the statute. Although this notice does not meet the \$100 million threshold for an RFA analysis, we are preparing a voluntary one because this notice with comment is an integral part of the HHA IPS.

Section 202 of the Unfunded Mandates Reform Act requires agencies to prepare an assessment of anticipated costs and benefits before proposing any rule that may result in an annual expenditure by State, local, or tribal governments, in the aggregate, or by private sector, of \$100 million (adjusted annually for inflation). We believe that there are no costs associated with this notice with comment that apply to these governmental and private sectors. Therefore, the law does not apply.

This notice with comment is not a major rule as defined in title 5, United States Code, section 804(2) and is not an economically significant rule under Executive Order 12866. However, we are preparing a regulatory impact statement because this notice with comment is an integral part of the HHA IPS.

1. Background

This notice with comment period sets forth revised schedules of limitations on HHA costs that may be paid under the Medicare program for cost reporting periods beginning on or after October 1, 1999 and portions of cost reporting periods beginning before October 1, 2000. These limitations replace the limitations that were set forth in our August 11, 1998 notice with comment period (63 FR 42912).

The methodology used to develop the schedule of per-visit limitations in this notice is the same as that used in setting the limitations effective October 1, 1998. We are using the latest settled cost report data from freestanding HHAs to develop the per-visit cost limitations. We have updated the per-visit cost limitations to reflect the expected cost increases between the cost reporting periods in the database and September 30, 2000 reduced by 1.1 percentage points as required by section 1861(v)(1)(L)(ix) of the Act and excluding any changes in the home health market basket with respect to cost reporting periods that began on or after July 1, 1994 and before July 1, 1996

as required by section 1861(v)(1)(L)(iv) of the Act.

To develop the schedule of per-visit limitations effective for cost reporting periods beginning on or after October 1, 1999, we extracted actual cost per-visit data from the most recent settled Medicare cost reports for periods beginning on or after October 1, 1994 and settled by March 1999. The majority of the cost reports were from Federal FY 1996. We then adjusted the data using the latest available market basket indices to reflect expected cost increases occurring between the cost reporting periods contained in our database and September 30, 2000, reduced by 1.1 percentage points as required by section 1861(v)(1)(L)(ix) of the Act and excluding any changes in the home health market basket with respect to cost reporting periods that began on or after July 1, 1994 and before July 1, 1996 as required by section 1861(v)(1)(L)(iv) of the Act.

A wage index is used to adjust the labor-related portion of the per-visit limitation to reflect differing wage levels among areas. In establishing the per-visit limitation, we used the FY 1999 hospital wage index, which is based on 1995 hospital wage data.

The methodologies and data used to develop the schedule of per-beneficiary limitations set forth in this notice are the same as those used in setting the per-beneficiary limitations that were effective for cost reporting periods beginning on or after October 1, 1998. We have updated the per-beneficiary limitations to reflect the expected cost increases occurring between the cost reporting periods ended during Federal FY 1994 and September 30, 2000, excluding any changes in the home health market basket with respect to cost reporting periods that began on or after July 1, 1994 and before July 1, 1996 as required by law.

The cost report data used to develop the schedule of per-beneficiary limitations set forth in this notice are for cost reporting periods ending in Federal FY 1994, as required by section 1861(v)(1)(L) of the Act. We have updated the per-beneficiary limitations to reflect the expected cost increases occurring between the cost reporting periods for the data contained in the database and September 30, 2000 (excluding, as required by statute, any changes in the home health market basket for cost reporting periods beginning on or after July 1, 1994 and before July 1, 1996).

A wage index is used to adjust the labor-related portion of the standardized regional average per-beneficiary limitation and the national per-

beneficiary limitation to reflect differing wage levels among areas. In establishing the regional average per-beneficiary limitation and national per-beneficiary limitation, we used the FY 1999 hospital wage index effective with discharges on or after March 1, 1999, which is based on 1995 hospital wage data.

For new providers and providers without a 12-month cost reporting period ending in Federal FY 1994 but for which the first cost reporting period began before October 1, 1998, the per-beneficiary limitation will be a national per-beneficiary limitation that will be equal to the median of these limitations applied to other HHAs without the two percent reduction required in the original BBA legislation.

For new providers for which the first cost reporting period begins on or after October 1, 1998, the per-beneficiary limitation will be the 75 percent of the national per-beneficiary limitations with the 2 percent reduction.

A new provider or a provider without a 12-month cost reporting period in Federal FY 1994 that filed an application for home HHA provider status before September 15, 1998, or that was approved as a branch of its parent agency before that date and becomes a subunit of the parent agency or a separate agency on or after that date will be subject to the national per-beneficiary limitation without the 2 percent reduction.

The requirements for the per-visit and per-beneficiary limitations are set forth in Section 1861(v)(1)(L) of the Act. (See Section I of this notice for an expanded discussion.) These requirements are numerically explicit and allow us no administrative latitude. Thus, it is not possible to consider other alternatives for these limitations.

2. Effects of This Notice With Comment on HHAs

This notice updates the HHA IPS for Federal FY 2000. As we mentioned earlier in this regulatory impact analysis, we estimate that there will be a cost to the Medicare program of approximately \$40 million in Federal FY 2000. Payments by Medicare under this system of payment limitations must be the lower of an HHA's actual reasonable allowable costs, per-visit limitations in the aggregate, or a per-beneficiary limitation in the aggregate. The settled cost report data that we are using have been adjusted by the most recent market basket factors, reduced by

1.1 percentage points as required by section 1861(v)(1)(l)(ix) of the Act, and excluding market basket increases for cost reporting periods beginning on or after July 1, 1994 and before July 1, 1996, as required by section 1861(v)(1)(L)(iv) of the Act to reflect the expected cost increases occurring between the cost reporting periods for the data contained in the database and September 30, 2000.

The following quantitative analysis presents the projected effects of the statutory changes effective for Federal FY 2000. We are unable to identify the effects of the changes to the cost limits on individual HHAs. However, Table 8 below illustrates the proportion of HHAs that are likely to be affected by the limits. This table is a model of our estimate of the revision in the schedule of the per-visit and per-beneficiary limitations.

Table 8 represents the projected effects of the HHA IPS and is based on the 574 providers in the audited cost report sample developed for HHA PPS extrapolated into a national weighted total of 7,161 HHAs. This sample has been adjusted by the most recent market basket factors to reflect the expected cost increases occurring between the cost reporting periods for the data contained in the database and September 30, 2001. Table 8 reflects cost reporting periods beginning Federal FY 2000 and those portions of cost reporting periods after October 1, 2000 that have a cost reporting period beginning in Federal FY 2000. These portions will be subject to the limits in this notice minus 15 percent.

Column one of this table divides HHAs by a number of characteristics including provider type, region, and urban versus rural location. For purposes of this impact table four regions have been defined: Northeast, South, Midwest, and West. The Northeast Region consists of Connecticut, Massachusetts, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, and the Virgin Islands. The South Region consists of Alabama, Arkansas, the District of Columbia, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. The Midwest Region consists of Iowa, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, North Dakota, Nebraska, Ohio, South Dakota, and Wisconsin. The West Region

consists of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington, and Wyoming.

This table takes into account the behaviors that we believe HHAs will engage in to reduce the adverse effects of section 4602 of the BBA on their allowable costs. We believe these behavioral offsets might include an increase in the number of low-cost beneficiaries served, a general decrease in the number of visits provided, and earlier discharge of patients who are not eligible for Medicare home health benefits because they no longer need skilled services but have only chronic, custodial care needs. We believe that, on average, these behavioral offsets will result in a 65 percent reduction in the effects these limits might otherwise have on an individual HHA for the per-beneficiary limitations and a 50 percent reduction for the per-visit limitations.

Column one of this table divides HHAs by a number of characteristics including their ownership, whether they are old or new agencies, whether they are located in an urban or rural area, and the region in which they are located. Column two shows the number of agencies that fall within each characteristic or group of characteristics. For example, there are 2,549 rural freestanding HHAs in our database. Column three shows the percent of HHAs within a group that are projected to exceed the per-visit limitation (and therefore will not be affected by the per-beneficiary limitation) before the behavioral offsets are taken into account. Column four shows the average percent of costs over the per-visit limitation for an agency in that cell, including behavioral offsets. Column five shows the percent of HHAs within a group that are projected to exceed the per-beneficiary limitation (and therefore will not be affected by the per-visit limitation) before the behavioral offsets are taken into account. Column six shows the average percent of costs over the per-beneficiary limitation for an agency in that category, including behavioral offsets. It is important to note that in determining the expected percentage of an agency's costs exceeding the cost limitations, column four (percent of costs exceeding visit limits) and column six (percent of costs exceeding beneficiary limits) are not to be added together. Either the per-visit limitation or the per-beneficiary limitation is exceeded, but not both.

IMPACT OF TABLE 8.—THE IPS HHA LIMITS, EFFECTIVE 10/1/99

	Number of agencies	Percent of agencies exceeding visit limits	Percent of costs exceeding visit limits	Percent of agencies exceeding beneficiary limits	Percent of costs exceeding beneficiary limits
GEOGRAPHIC AREA					
ALL AGENCIES	7161	14.9	1.3	78.6	12.1
FREESTANDING	4703	6.8	0.3	86.0	14.1
HOSPITAL-BASED	2458	30.4	2.8	64.3	9.1
OLD AGENCIES	4467	17.2	1.6	78.2	10.3
FREESTANDING	2467	7.9	0.4	87.6	11.5
HOSPITAL-BASED	2000	28.8	2.7	66.7	9.1
NEW AGENCIES*	2693	10.9	0.7	79.2	17.2
FREESTANDING	2235	5.5	0.3	84.3	18.4
HOSPITAL-BASED	458	37.2	4.1	54.3	9.4
ALL URBAN	4612	15.2	1.5	79.1	12.0
FREESTANDING	3397	7.1	0.4	85.7	14.0
HOSPITAL BASED	1215	38.0	3.0	60.4	9.1
OLD AGENCIES	2574	16.0	1.7	82.0	10.2
FREESTANDING	1611	8.9	0.5	88.3	11.4
HOSPITAL-BASED	963	37.6	2.9	62.4	9.1
NEW AGENCIES	2038	12.2	0.9	74.8	16.9
FREESTANDING	1786	5.5	0.3	83.4	18.0
HOSPITAL-BASED	252	39.3	4.0	52.9	8.8
ALL RURAL	2549	14.2	0.8	77.7	12.4
FREESTANDING	1306	5.9	0.1	86.7	14.3
HOSPITAL-BASED	1243	23.0	2.1	68.2	9.3
OLD AGENCIES	1894	10.1	1.0	80.2	10.5
FREESTANDING	857	6.0	0.1	86.1	11.6
HOSPITAL-BASED	1037	20.6	2.1	70.6	9.1
NEW AGENCIES	655	10.9	0.2	80.4	18.9
FREESTANDING	449	5.7	0.0	88.0	20.3
HOSPITAL-BASED	206	34.7	1.4	55.9	11.6
BY: REGION					
OLD AGENCIES	4467	17.2	1.6	78.2	10.3
MIDWEST	1298	16.9	2.6	78.6	6.8
NORTHEAST	649	7.4	0.3	89.2	10.3
SOUTH	1857	17.0	1.2	80.1	12.0
WEST	662	28.4	4.1	61.4	8.4
NEW AGENCIES	2693	10.9	0.7	79.2	17.2
MIDWEST	607	15.2	1.0	73.1	10.9
NORTHEAST	247	19.6	2.4	60.2	9.9
SOUTH	1316	7.2	0.4	83.5	21.4
WEST	524	11.3	0.3	84.4	16.2

* New Agencies Are Those Without a 12-Month Cost Reporting Period Beginning in Federal FY 1994.

B. Percent of Costs Exceeding Per-Visit Limitations (Column Four)

Results from this column indicate that, for an HHA that reaches the per-visit limitation first, the average percent of the agency's costs exceeding the per-visit limitation for an HHA in the "all agencies" category is 1.3 percent after the behavioral offset. This relatively low number should not be surprising since the intent of section 4602 of the BBA is to control the soaring expenditures of the Medicare home health benefit that have been driven largely by increased utilization rather than the price per visit. For the all agencies category sorted by provider type, the average percent of freestanding HHAs exceeding the per-visit limitation is 0.3 percent; for hospital-based HHAs, it is 2.8 percent. This also should not be surprising as hospital-based HHAs have historically

had higher overhead costs. All discussion of the analysis of the per-visit limitation is based on the fact that HHAs in these categories reached the per-visit limitation and therefore are not affected by the per-beneficiary limitation. For the overall old agencies category (HHAs that filed a 12-month cost report that ended during Federal FY 1994), the average percent of the agency's costs exceeding the per-visit limitation is 1.6 percent; for freestanding HHAs, it is 0.4 percent; and for hospital-based HHAs, it is 2.7 percent. For the overall new agencies category (such as HHAs that did not have a 12-month cost reporting period ended in Federal FY 1994 or that entered the Medicare program after Federal FY 1994), the average percent of the agency's costs exceeding the per-visit limitation is 0.7 percent, for freestanding HHAs, it is 0.3 percent; and

for hospital-based HHAs, it is 4.1 percent.

For the urban areas HHA category, the average percent of the agency's costs exceeding the per-visit limitation is 1.5 percent. For freestanding HHAs, it is 0.4 percent; and for hospital-based HHAs, it is 3.0 percent. For the rural areas HHA category, the average percent of such agency's cost exceeding the per-visit limitation is 0.8 percent; for freestanding HHAs, it is 0.1 percent; and for hospital-based HHAs, it is 2.1 percent.

For the old agencies urban provider type category, the average percent of the agency's costs exceeding the per-visit limitation for freestanding HHAs is 0.5 percent; and for hospital-based HHAs, it is 2.9 percent. For the old agencies rural provider type, the average percent of the agency's costs exceeding the per-visit limitation for freestanding HHAs is 0.1

percent; and for hospital-based HHAs, is 2.1 percent. For the old agencies region category, the average percent of the agency's costs exceeding the per-visit limitation ranges from a low of 0.3 percent in the Northeast region to a high of 4.1 percent in the West region. The other regions range between 1.2 and 2.6 percent.

For the new agencies urban provider type category, the average percent of the agency's costs exceeding the per-visit limitation for freestanding HHAs is 0.3 percent while for hospital-based HHAs it is 4.0 percent. For the new agencies rural provider type category the average percent; of the agency's costs exceeding the per-visit limitation for freestanding HHAs is 0.0 percent and for hospital based HHAs is 1.4 percent. For the new agencies region category, the average percent of the agency's costs exceeding the per-visit limitation ranges from a low of 0.3 percent in the West region to a high of 2.4 percent in the Northeast region. The other regions range between 0.4 percent and 1.0 percent.

C. Percent of Costs Exceeding Per-Beneficiary Limitation (Column Six)

Results from this column indicate that, for an HHA that reaches the per-beneficiary limitation first, the average percent of the agency's costs exceeding the per-beneficiary limitation for an HHA in the "all agencies" category is 12.1 percent after the behavioral offset; for freestanding HHAs, it is 14.1 percent; and for hospital-based HHAs, it is 9.1 percent. All discussion of the analysis of the per-beneficiary limitation is based on the fact that HHAs in these categories reached the per-beneficiary limitation and therefore are not affected by the per-visit limitation.

For the overall old agencies category (HHAs that filed a 12-month cost report that ended during Federal FY 1994), the average percent of the agency's costs exceeding the per-beneficiary limitation is 10.3 percent; for freestanding HHAs, it is 11.5 percent; and for hospital-based HHAs it is 9.1 percent. For the overall new agencies category (including HHAs that did not have a 12-month cost reporting period ended in Federal FY 1994 or that entered the Medicare program after Federal FY 1994), the average percent of the agency's costs exceeding the per-beneficiary limitation is 17.2 percent; for freestanding HHAs, it is 18.4 percent; and for hospital-based HHAs, it is 9.4 percent. Old agencies will not be affected as much by the per-beneficiary limitations as the new agencies, on average, because the new agencies have, in general, reported higher costs per patient related to higher levels of utilization. Moreover, the

statutory provision for old providers that bases 75 percent of the limitation on their own cost experience would implicitly result in less of an impact than experienced by the new providers whose limitations are based on a national median that may be higher or lower than their previous costs. Also, we believe the differing impacts of these limits is an inherent result of beginning to draw unexplained variation among providers utilization and cost closer to national norms that existed before the rapid increase in home health expenditures of the post '93 to '94 period.

For the urban areas HHA category, the average percent of the agency's costs exceeding the per-beneficiary limitation is 12.0 percent; for freestanding HHAs, it is 14.0 percent; and for hospital-based HHAs, it is 9.1 percent. For the rural areas HHA category, the average percent of the agency's costs exceeding the per-beneficiary limitation is 12.4 percent; for freestanding HHAs, it is 14.3 percent; and for hospital-based HHAs, it is 9.3 percent. For the old agencies urban provider type category, the average percent of the agency's costs exceeding the per-beneficiary limitation for freestanding HHAs is 11.4 percent; and for hospital-based HHAs is 9.1 percent. For the old agencies rural provider type category, the average percent of the agency's costs exceeding the per-beneficiary limitation for freestanding HHAs is 11.6 percent; and for hospital-based HHAs is 9.1 percent. For the old agencies region category, the average percent of the agency's costs exceeding the per-beneficiary limitation ranges from a low of 6.8 percent in the Midwest region to a high of 12.0 percent in the South region. The other regions range between 8.4 percent and 10.3 percent. The differences between regions reflect the pattern of highly disparate costs that have been reported historically between geographic areas that cannot be explained by differences in patient characteristics but appear more related to patterns of HHA business practices. The impact tracks the pre-HH IPS pattern of regions with highest costs.

For the new agencies urban provider type category, the average percent of the agency's costs exceeding the per-beneficiary limitation for freestanding HHAs is 18.0 percent; and for hospital based HHAs, it is 8.8 percent. For the new agencies rural provider type category the average percent of the agency's costs exceeding the per-beneficiary limitation for freestanding HHAs is 20.3 percent; and for hospital-based HHAs is 11.6 percent. For the new agencies region category, the

average percent of the agency's costs exceeding the per-beneficiary limitation ranges from a low of 9.9 percent in the Northeast region to a high of 21.4 percent in the South region. The other regions range from 10.9 percent to 16.2 percent. In general, newer agencies in regions that have exceptionally high cost histories experience a bigger impact due to their being limited to the national median.

Although there is considerable variation in these limitations, we believe this is a reflection of the wide variation in payments that have been recognized under the present cost reimbursement system. Moreover, we believe the differing impacts of these limitations is an inherent result of beginning to draw unexplained variation among providers closer to which existed before the rapid increase in home health expenditures of the post '93 to '94 period. Because this rule limits payments to HHAs to the lesser of actual cost, the per-visit limitations, or the per-beneficiary limitation, we have estimated the combined impact of these limitations in terms of the number of agencies affected to a greater or lesser extent by both limits.

We estimate that in Federal FY 2000, 15 percent of the HHAs will be limited by the per-visit limitation while 79 percent will be limited to the per-beneficiary limitation. It is important to note again that an HHA is affected either by the per-visit limitation or the per-beneficiary. They will not be affected by both.

Medicare payments to managed care plans are based on fee-for-service Medicare benefits. Although we do not know what home health services are supplied for these payments, we know how much we pay the plans as a result of fee-for-service home health payments. Thus, managed care payments are figured in as part of our cost/savings estimates. Managed care plans are not expected to reduce home health services as a result of this notice. For Federal FY 2000, we estimate that 20 percent of the Medicare cost will be for payments to managed care plans, our estimate for Federal FY 2003 is 26 percent.

We believe that the effect of this notice on State Medicaid programs overall will be small. However, because of the flexibility and variation in State Medicaid policies and service delivery systems as well as differences in provider behavior in reaction to these limits, it is impossible to predict which States will be affected or the magnitude of the impact.

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.

X. Collection of Information Requirements

Under the Paperwork Reduction Act of 1995, agencies are required to provide a 60-day notice in the **Federal Register** and solicit public comments before a collection of information requirement is submitted to the Office of Management and Budget for review and approval. This document does not impose information collection and record keeping requirements. Consequently, it need not be reviewed by the Office of Management and Budget under the authority of the Paperwork Reduction Act of 1995.

XI. Other Required Information

A. Waiver of Proposed Notice

In adopting notices such as this, we ordinarily publish a proposed notice in the **Federal Register** to provide a period for public comment before the provisions of the notice take effect. However, we may waive this procedure if for good cause we find that prior notice and comment are impracticable, unnecessary, or contrary to public interest. (5 USC section 553(b)(B)).

Section 1861(v)(1)(L) of the Act requires that the Secretary establish revised HHA cost limits for cost reporting periods beginning on or after July 1, 1991 and annually thereafter (except for cost reporting periods beginning on or after July 1, 1994 and before July 1, 1996). In accordance with the statute, we have used the same methodology to develop the schedules of limits that were used in setting the limits effective for cost reporting periods beginning on or after October 1, 1997. These cost limits have been updated by the appropriate market basket adjustment factor to reflect the cost increases occurring between the cost reporting periods for the data contained in the database and September 30, 2000 as required by section 1861(v)(1)(L)(ix) of the Act excluding market basket increases, reduced by 1.1 percentage points with respect to cost reporting periods that began on or after July 1, 1994 and before July 1, 1996 as required by section 1861(v)(1)(L)(iv) of the Act. In addition, as required under section 1861(v)(1)(L) of the Act, we have used the most recently published hospital wage index.

Therefore, for good cause we find that it was unnecessary to undertake notice and comment procedures. Generally, the methodology used to develop these schedules of limits is dictated by statute and does not require the exercise of

discretion. These methodologies have also been previously published for public comment. It was also necessary to inform HHAs of their new cost limitations in a timely manner so that HHAs could benefit from the most recently published wage index and updated market basket adjustment factor.

Accordingly, for good cause, we waive prior notice and comment procedures. However, we are providing a 60-day comment period for public comment, as indicated at the beginning of this notice.

B. Public Comments

Because of the large number of items of correspondence we normally receive on a notice with comment period, we are not able to acknowledge or respond to them individually. However, we will consider all comments concerning the provisions of this notice that we receive by the date and time specified in the "DATES" section of this notice, and we will respond to those comments in a subsequent document.

Authority: Section 1861(v)(1)(L) of the Social Security Act (42 U.S.C. 1395x(v)(1)(L)); section 4207(d) of Pub. L. 101-508 (42 U.S.C. 1395x (note)). (Catalog of Federal Domestic Assistance Program No. 93.773 Medicare—Hospital Insurance)

Dated: June 16, 1999.

Nancy-Ann Min DeParle,

Administrator, Health Care Financing Administration.

Dated: June 29, 1999.

Donna E. Shalala,

Secretary.

ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued

Urban area (Constituent counties)	Wage index
Sandoval, NM Valencia, NM	
0220 Alexandria, LA	0.8526
Rapides, LA	
0240 Allentown-Bethlehem-Eas- ton, PA	1.0204
Carbon, PA Lehigh, PA Northampton, PA	
0280 Altoona, PA	0.9335
Blair, PA	
0320 Amarillo, TX. Potter, TX Randall, TX	0.8474
0380 Anchorage, AK	1.2818
Anchorage, AK	
0440 Ann Arbor, MI	1.1033
Lenawee, MI Livingston, MI Washtenaw, MI	
0450 Anniston, AL	0.8658
Calhoun, AL	
0460 Appleton-Oshkosh-Neenah, WI	0.8825
Calumet, WI Outagamie, WI Winnebago, WI	
0470 Arecibo, PR	0.4867
Arecibo, PR Camuy, PR Hatillo, PR	
0480 Asheville, NC	0.8940
Buncombe, NC Madison, NC	
0500Athens, GA	0.8673
Clarke, GA Madison, GA Oconee, GA	
0520 Atlanta, GA	0.9915
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	
0560 Atlantic-Cape May, NJ	1.1536
Atlantic, NJ Cape May, NJ	
0600 Augusta-Aiken, GA—SC	0.9233
Columbia, GA McDuffie, GA Richmond, GA Aiken, SC Edgefield, SC	
0640 Austin-San Marcos, TX	0.8782
Bastrop, TX	

ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS

Urban area (Constituent counties)	Wage index
0040 Abilene, TX	0.7981
Taylor, TX	
0060 Aguadilla, PR	0.4727
Aguada, PR Aguadilla, PR Moca, PR	
0080 Akron, OH	0.9900
Portage, OH Summit, OH	
0120 Albany, GA	0.7975
Dougherty, GA Lee, GA	
0160 Albany-Schenectady-Troy, NY	0.8610
Albany, NY Montgomery, NY Rensselaer, NY Saratoga, NY Schenectady, NY Schoharie, NY	
0200 Albuquerque, NM	0.8613
Bernalillo, NM	

ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued		ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued		ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued	
Urban area (Constituent counties)	Wage index	Urban area (Constituent counties)	Wage index	Urban area (Constituent counties)	Wage index
Caldwell, TX Hays, TX Travis, TX Williamson, TX		Merrimack, NH Rockingham, NH Strafford, NH		DuPage, IL Grundy, IL Kane, IL Kendall, IL	
0680 Bakersfield, CA	0.9531	1125 Boulder-Longmont, CO	1.0038	Lake, IL McHenry, IL Will, IL	
		1145 Brazoria, TX	0.8906	1620 Chico-Paradise, CA	1.0145
0720 Baltimore, MD	0.9642	Brazoria, TX		Butte, CA	
Anne Arundel, MD		1150 Bremerton, WA	1.1055	1640 Cincinnati, OH-KY-IN	0.9595
Baltimore, MD		Kitsap, WA		Dearborn, IN	
Baltimore City, MD		1240 Brownsville-Harlingen-San Benito, TX	0.8237	Ohio, IN	
Carroll, MD		Cameron, TX		Boone, KY	
Harford, MD		1260 Bryan-College Station, TX ..	0.7820	Campbell, KY	
Howard, MD		Brazos, TX		Gallatin, KY	
Queen Anne's, MD		1280 Buffalo-Niagara Falls, NY ...	0.9587	Grant, KY	
0733 Bangor, ME	0.9474	Erie, NY		Kenton, KY	
Penobscot, ME		Niagara, NY		Pendleton, KY	
0743 Barnstable-Yarmouth, MA	1.5382	1303 Burlington, VT	0.9577	Brown, OH	
Barnstable, MA		Chittenden, VT		Clermont, OH	
0760 Baton Rouge, LA	0.8872	Franklin, VT		Hamilton, OH	
Ascension, LA		Grand Isle, VT		Warren, OH	
East Baton Rouge, LA		1310 Caguas, PR	0.4400	1660 Clarksville-Hopkinsville, TN-KY	0.8040
Livingston, LA		Caguas, PR		Christian, KY	
West Baton Rouge, LA		Cayey, PR		Montgomery, TN	
0840 Beaumont-Port Arthur, TX ..	0.8659	Cidra, PR		1680 Cleveland-Lorain-Elyria, OH	0.9886
Hardin, TX		Gurabo, PR		Ashtabula, OH	
Jefferson, TX		San Lorenzo, PR		Cuyahoga, OH	
Orange, TX		1320 Canton-Massillon, OH	0.8813	Geauga, OH	
0860 Bellingham, WA	1.1434	Carroll, OH		Lake, OH	
Whatcom, WA		Stark, OH		Lorain, OH	
0870 Benton Harbor, MI	0.8531	1350 Casper, WY	0.8701	Medina, OH	
Berrien, MI		Natrona, WY		1720 Colorado Springs, CO	0.9390
0875 Bergen-Passaic, NJ	1.2186	1360 Cedar Rapids, IA	0.8814	El Paso, CO	
Bergen, NJ		Linn, IA		1740 Columbia, MO	0.8942
Passaic, NJ		1400 Champaign-Urbana, IL	0.8723	Boone, MO	
0880 Billings, MT	0.9143	Champaign, IL		1760 Columbia, SC	0.9290
Yellowstone, MT		1440 Charleston-North Charleston, SC	0.9114	Lexington, SC	
0920 Biloxi-Gulfport-Pascagoula, MS	0.8276	Berkeley, SC		Richland, SC	
Hancock, MS		Charleston, SC		1800 Columbus, GA-AL.	
Harrison, MS		Dorchester, SC		Russell, AL	0.8511
Jackson, MS		1480 Charleston, WV	0.8990	Chattahoochee, GA	
0960 Binghamton, NY	0.9059	Kanawha, WV		Harris, GA	
Broome, NY		Putnam, WV		Muscogee, GA	
Tioga, NY		1520 Charlotte-Gastonia-Rock Hill, NC-SC	0.9686	1840 Columbus, OH	0.9781
1000 Birmingham, AL	0.9073	Cabarrus, NC		Delaware, OH	
Blount, AL		Gaston, NC		Fairfield, OH	
Jefferson, AL		Lincoln, NC		Franklin, OH	
St. Clair, AL		Mecklenburg, NC		Licking, OH	
Shelby, AL		Rowan, NC		Madison, OH	
1010 Bismarck, ND	0.8025	Stanly, NC		Pickaway, OH	
Burleigh, ND		Union, NC		1880 Corpus Christi, TX	0.8513
Morton, ND		York, SC		Nueces, TX	
1020 Bloomington, IN	0.8965	1540 Charlottesville, VA	1.0272	San Patricio, TX	
Monroe, IN		Albemarle, VA		1900 Cumberland, MD-WV	0.8242
1040 Bloomington-Normal, IL	0.8851	Charlottesville City, VA		Allegany, MD	
McLean, IL		Fluvanna, VA		Mineral, WV	
1080 Boise City, ID	0.9160	Greene, VA		1920 Dallas, TX	0.9369
Ada, ID		1560 Chattanooga, TN-GA	0.9074	Collin, TX	
Canyon, ID		Catoosa, GA		Dallas, TX	
1123 Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH ..	1.1269	Dade, GA		Denton, TX	
Bristol, MA		Walker, GA		Ellis, TX	
Essex, MA		Hamilton, TN		Henderson, TX	
Middlesex, MA		Marion, TN		Hunt, TX	
Norfolk, MA		1580 Cheyenne, WY	0.8149	Kaufman, TX	
Plymouth, MA		Laramie, WY		Rockwall, TX	
Suffolk, MA		1600 Chicago, IL	1.0461	1950 Danville, VA	0.9045
Worcester, MA		Cook, IL		Danville City, VA	
Hillsborough, NH		DeKalb, IL		Pittsylvania, VA	

ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued		ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued		ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued	
Urban area (Constituent counties)	Wage index	Urban area (Constituent counties)	Wage index	Urban area (Constituent counties)	Wage index
1960 Davenport-Moline-Rock Island, IA—IL Scott, IA Henry, IL Rock Island, IL	0.8413	Cass, ND 2560 Fayetteville, NC	0.8389	Kent, MI Muskegon, MI Ottawa, MI	
2000 Dayton-Springfield, OH	0.9605	2580 Fayetteville-Springdale-Rog- ers, AR	0.8614	3040 Great Falls, MT	0.8872
Clark, OH Greene, OH Miami, OH Montgomery, OH		Benton, AR Washington, AR		Cascade, MT	
2020 Daytona Beach, FL	0.9134	2620 Flagstaff, AZ—UT	0.9483	3060 Greeley, CO	0.9457
Flagler, FL Volusia, FL		Coconino, AZ Kane, UT		Weld, CO	
2030 Decatur, AL	0.8233	2640 Flint, MI	1.1031	3080 Green Bay, WI	0.9156
Lawrence, AL Morgan, AL		Genesee, MI		Brown, WI	
2040 Decatur, IL	0.8035	2650 Florence, AL	0.7676	3120 Greensboro-Winston-Salem- High Point, NC	0.9547
Macon, IL		Colbert, AL Lauderdale, AL		Alamance, NC Davidson, NC Davie, NC Forsyth, NCGuilford, NC Randolph, NC Stokes, NC Yadkin, NC	
2080 Denver, CO	1.0331	2655 Florence, SC	0.8501	3150 Greenville, NC	0.9434
Adams, CO Arapahoe, CO Denver, CO Douglas, CO Jefferson, CO		2670 Fort Collins-Loveland, CO .. Larimer, CO	1.0770	Pitt, NC	
2120 Des Moines, IA	0.8448	2680 Ft. Lauderdale, FL	0.9807	3160 Greenville-Spartanburg-An- derson, SC	0.9222
Dallas, IA Polk, IA Warren, IA		2700 Fort Myers-Cape Coral, FL Lee, FL	0.8942	Anderson, SC Cherokee, SC Greenville, SC Pickens, SC Spartanburg, SC	
2160 Detroit, MI	1.0544	2710 Fort Pierce-Port St. Lucie, FL	1.0241	3180 Hagerstown, MD	1.0183
Lapeer, MI Macomb, MI Monroe, MI Oakland, MI St. Clair, MI Wayne, MI		Martin, FL St. Lucie, FL		Washington, MD	
2180 Dothan, AL	0.7892	2720 Fort Smith, AR—OK	0.7623	3200 Hamilton-Middletown, OH ... Butler, OH	0.9233
Dale, AL Houston, AL		Crawford, AR Sebastian, AR Sequoyah, OK		3240 Harrisburg-Lebanon-Car- lisle, PA	1.0060
2190 Dover, DE	0.9363	2750 Fort Walton Beach, FL	0.8615	Cumberland, PA Dauphin, PA Lebanon, PA Perry, PA	
Kent, DE		Okaloosa, FL		3283 Hartford, CT ^{1 2}	1.1831
2200 Dubuque, IA	0.8222	2760 Fort Wayne, IN	0.9047	Hartford, CT Litchfield, CT Middlesex, CT Tolland, CT	
Dubuque, IA		Adams, IN Allen, IN De Kalb, IN Huntington, IN Wells, IN Whitley, IN		3285 Hattiesburg, MS	0.7261
2240 Duluth-Superior, MN—WI	0.9962	2800 Forth Worth-Arlington, TX ... Hood, TX	0.9719	Forrest, MS Lamar, MS	
St. Louis, MN Douglas, WI		Johnson, TX Parker, TX Tarrant, TX		3290 Hickory-Morganton-Lenoir, NC	0.8904
2281 Dutchess County, NY	1.0530	2840 Fresno, CA	1.0700	Alexander, NC Burke, NC Caldwell, NC Catawba, NC	
Dutchess, NY		Fresno, CA Madera, CA		3320 Honolulu, HI	1.1510
2290 Eau Claire, WI	0.8573	2880 Gadsden, AL	0.8779	Honolulu, HI	
Chippewa, WI Eau Claire, WI		Etowah, AL		3350 Houma, LA	0.8197
2320 El Paso, TX	0.9215	2900 Gainesville, FL	0.9453	Lafourche, LA Terrebonne, LA	
El Paso, TX		Alachua, FL		3360 Houston, TX	0.9889
2330 Elkhart-Goshen, IN	0.9305	2920 Galveston-Texas City, TX ... Galveston, TX	1.0894	Chambers, TX Fort Bend, TX Harris, TX Liberty, TX Montgomery, TX Waller, TX	
Elkhart, IN		2960 Gary, IN	0.9435	3400 Huntington-Ashland, WV— KY—OH	0.9647
2335 Elmira, NY	0.8440	Lake, IN Porter, IN		Boyd, KY Carter, KY Greenup, KY Lawrence, OH Cabell, WV	
Chemung, NY		2975 Glens Falls, NY	0.8490		
2340 Enid, OK	0.7983	Warren, NY Washington, NY			
Garfield, OK		2980 Goldsboro, NC	0.8530		
2360 Erie, PA	0.9271	Wayne, NC			
Erie, PA		2985 Grand Forks, ND—MN	0.8836		
2400 Eugene-Springfield, OR	1.1193	Polk, MN Grand Forks, ND			
Lane, OR		2995 Grand Junction, CO	0.8279		
2440 Evansville-Henderson, IN— KY	0.8528	Mesa, CO			
Posey, IN Vanderburgh, IN Warrick, IN Henderson, KY		3000 Grand Rapids-Muskegon- Holland, MI	0.9971		
2520 Fargo-Moorhead, ND—MN .. Clay, MN	0.9520	Allegan, MI			

ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued		ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued		ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued	
Urban area (Constituent counties)	Wage index	Urban area (Constituent counties)	Wage index	Urban area (Constituent counties)	Wage index
Wayne, WV		Jackson, MO		Lonoke, AR	
3440 Huntsville, AL	0.8385	Lafayette, MO		Pulaski, AR	
Limestone, AL		Platte, MO		Saline, AR	
Madison, AL		Ray, MO		4420 Longview-Marshall, TX	0.8698
3480 Indianapolis, IN	0.9831	3800 Kenosha, WI	0.9129	Gregg, TX	
Boone, IN		Kenosha, WI		Harrison, TX	
Hamilton, IN		3810 Killeen-Temple, TX	1.0109	Upshur, TX	
Hancock, IN		Bell, TX		4480 Los Angeles-Long Beach, CA	1.2085
Hendricks, IN		Coryell, TX		Los Angeles, CA	
Johnson, IN		3840 Knoxville, TN	0.8918	4520 Louisville, KY-IN	0.9093
Madison, IN		Anderson, TN		Clark, IN	
Marion, IN		Blount, TN		Floyd, IN	
Morgan, IN		Knox, TN		Harrison, IN	
Shelby, IN		Loudon, TN		Scott, IN	
3500 Iowa City, IA	0.9481	Sevier, TN		Bullitt, KY	
Johnson, IA		Union, TN		Jefferson, KY	
3520 Jackson, MI	0.9224	3850 Kokomo, IN	0.9275	Oldham, KY	
Jackson, MI		Howard, IN		4600 Lubbock, TX	0.8496
3560 Jackson, MS	0.8292	Tipton, IN		Lubbock, TX	
Hinds, MS		3870 La Crosse, WI-MN	0.8913	4640 Lynchburg, VA	0.8900
Madison, MS		Houston, MN		Amherst, VA	
Rankin, MS		La Crosse, WI		Bedford, VA	
3580 Jackson, TN	0.8560	3880 Lafayette, LA	0.8255	Bedford City, VA	
Madison, TN		Acadia, LA		Campbell, VA	
Chester, TN		Lafayette, LA		Lynchburg City, VA	
3600 Jacksonville, FL	0.8900	St. Landry, LA		4680 Macon, GA	0.8980
Clay, FL		St. Martin, LA		Bibb, GA	
Duval, FL		3920 Lafayette, IN	0.8841	Houston, GA	
Nassau, FL		Clinton, IN		Jones, GA	
St. Johns, FL		Tippecanoe, IN		Peach, GA	
3605 Jacksonville, NC	0.7556	3960 Lake Charles, LA	0.7674	Twiggs, GA	
Onslow, NC		Calcasieu, LA		4720 Madison, WI	1.0018
3610 Jamestown, NY	0.7660	3980 Lakeland-Winter Haven, FL	0.8939	Dane, WI	
Chautauqua, NY		Polk, FL		4800 Mansfield, OH	0.8534
3620 Janesville-Beloit, WI	0.9051	4000 Lancaster, PA	0.9561	Crawford, OH	
Rock, WI		Lancaster, PA		Richland, OH	
3640 Jersey City, NJ	1.1598	4040 Lansing-East Lansing, MI ...	1.0090	4840 Mayaguez, PR	0.4401
Hudson, NJ		Clinton, MI		Anasco, PR	
3660 Johnson City-Kingsport- Bristol, TN-VA	0.8773	Eaton, MI		Cabo Rojo, PR	
Carter, TN		Ingham, MI		Hormigueros, PR	
Hawkins, TN		4080 Laredo, TX	0.7343	Mayaguez, PR	
Sullivan, TN		Webb, TX		Sabana Grande, PR	
Unicoi, TN		4100 Las Cruces, NM	0.8870	San German, PR	
Washington, TN		Dona Ana, NM		4880 McAllen-Edinburg-Mission, TX	0.8893
Bristol City, VA		4120 Las Vegas, NV-AZ	1.1413	Hidalgo, TX	
Scott, VA		Mohave, AZ		4890 Medford-Ashland, OR	1.0020
Washington, VA		Clark, NV		Jackson, OR	
3680 Johnstown, PA	0.8619	Nye, NV		4900 Melbourne-Titusville-Palm Bay, FL	0.9216
Cambria, PA		4150 Lawrence, KS	0.8655	Brevard, FL	
Somerset, PA		Douglas, KS		4920 Memphis, TN-AR-MS	0.8361
3700 Jonesboro, AR	0.7407	4200 Lawton, OK	0.8697	Crittenden, AR	
Craighead, AR		Comanche, OK		DeSoto, MS	
3710 Joplin, MO	0.7873	4243 Lewiston-Auburn, ME	0.9149	Fayette, TN	
Jasper, MO		Androscoggin, ME		Shelby, TN	
Newton, MO		4280 Lexington, KY	0.8506	Tipton, TN	
3720 Kalamazoo-Battlecreek, MI	1.1331	Bourbon, KY		4940 Merced, CA	1.0033
Calhoun, MI		Clark, KY		Merced, CA	
Kalamazoo, MI		Fayette, KY		5000 Miami, FL	1.0017
Van Buren, MI		Jessamine, KY		Dade, FL	
3740 Kankakee, IL	0.9418	Madison, KY		5015 Middlesex-Somerset- Hunterdon, NJ	1.1152
Kankakee, IL		Scott, KY		Hunterdon, NJ	
3760 Kansas City, KS-MO	0.9645	Woodford, KY		Middlesex, NJ	
Johnson, KS		4320 Lima, OH	0.8949	Somerset, NJ	
Leavenworth, KS		Allen, OH		5080 Milwaukee-Waukesha, WI ..	0.9356
Miami, KS		Auglaize, OH		Milwaukee, WI	
Wyandotte, KS		4360 Lincoln, NE	0.9303	Ozaukee, WI	
Cass, MO		Lancaster, NE			
Clay, MO		4400 Little Rock-North Little Rock, AR	0.8503		
Clinton, MO		Faulkner, AR			

ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued		ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued		ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued	
Urban area (Constituent counties)	Wage index	Urban area (Constituent counties)	Wage index	Urban area (Constituent counties)	Wage index
Washington, WI		New York, NY		6080 Pensacola, FL	0.8246
Waukesha, WI		Putnam, NY		Escambia, FL	
5120 Minneapolis-St. Paul, MN— WI	1.0854	Queens, NY		Santa Rosa, FL	
Anoka, MN		Richmond, NY		6120 Peoria-Pekin, IL	0.8058
Carver, MN		Rockland, NY		Peoria, IL	
Chisago, MN		Westchester, NY		Tazewell, IL	
Dakota, MN		5640 Newark, NJ	1.1866	Woodford, IL	
Hennepin, MN		Essex, NJ		6160 Philadelphia, PA—NJ	1.1370
Isanti, MN		Morris, NJ		Burlington, NJ	
Ramsey, MN		Sussex, NJ		Camden, NJ	
Scott, MN		Union, NJ		Gloucester, NJ	
Sherburne, MN		Warren, NJ		Salem, NJ	
Washington, MN		5660 Newburgh, NY—PA	1.1155	Bucks, PA	
Wright, MN		Orange, NY		Chester, PA	
Pierce, WI		Pike, PA		Delaware, PA	
St. Croix, WI		5720 Norfolk-Virginia Beach-New- port News, VA—NC	0.8275	Montgomery, PA	
5140 Missoula, MT	0.9189	Currituck, NC		Philadelphia, PA	
Missoula, MT		Chesapeake City, VA		6200 Phoenix-Mesa, AZ	0.9591
5160 Mobile, AL	0.8377	Gloucester, VA		Maricopa, AZ	
Baldwin, AL		Hampton City, VA		Pinal, AZ	
Mobile, AL		Isle of Wight, VA		6240 Pine Bluff, AR	0.7912
5170 Modesto, CA	1.0346	James City, VA		Jefferson, AR	
Stanislaus, CA		Mathews, VA		6280 Pittsburgh, PA	0.9789
5190 Monmouth-Ocean, NJ	1.1317	Newport News City, VA		Allegheny, PA	
Monmouth, NJ		Norfolk City, VA		Beaver, PA	
Ocean, NJ		Poquoson City, VA		Butler, PA	
5200 Monroe, LA	0.8219	Portsmouth City, VA		Fayette, PA	
Ouachita, LA		Suffolk City, VA		Washington, PA	
5240 Montgomery, AL	0.7821	Virginia Beach City, VA		Westmoreland, PA	
Autauga, AL		Williamsburg City, VA		6323 Pittsfield, MA	1.0819
Elmore, AL		York, VA		Berkshire, MA	
Montgomery, AL		5775 Oakland, CA	1.4993	6340 Pocatello, ID	0.8792
5280 Muncie, IN	0.9414	Alameda, CA		Bannock, ID	
Delaware, IN		Contra Costa, CA		6360 Ponce, PR	0.4788
5330 Myrtle Beach, SC	0.8179	5790 Ocala, FL	0.9152	Guayanilla, PR	
Horry, SC		Marion, FL		Juana Diaz, PR	
5345 Naples, FL	1.0177	5800 Odessa-Midland, TX	0.8656	Penuelas, PR	
Collier, FL		Ector, TX		Ponce, PR	
5360 Nashville, TN	0.9480	Midland, TX		Villalba, PR	
Cheatham, TN		5880 Oklahoma City, OK	0.8708	Yauco, PR	
Davidson, TN		Canadian, OK		6403 Portland, ME	0.9561
Dickson, TN		Cleveland, OK		Cumberland, ME	
Robertson, TN		Logan, OK		Sagadahoc, ME	
Rutherford, TN		McClain, OK		York, ME	
Sumner, TN		Oklahoma, OK		6440 Portland-Vancouver, OR— WA	1.1178
Williamson, TN		Pottawatomie, OK		Clackamas, OR	
Wilson, TN		5910 Olympia, WA	1.1522	Columbia, OR	
5380 Nassau-Suffolk, NY	1.3593	Thurston, WA		Multnomah, OR	
Nassau, NY		5920 Omaha, NE—IA	0.9972	Washington, OR	
Suffolk, NY		Pottawattamie, IA		Yamhill, OR	
5483 New Haven-Bridgeport- Stamford-Waterbury-Danbury, CT	1.2328	Cass, NE		Clark, WA	
Fairfield, CT		Douglas, NE		6483 Providence-Warwick-Paw- tucket, RI	1.0801
New Haven, CT		Sarpy, NE		Bristol, RI	
5523 New London-Norwich, CT ...	1.1616	Washington, NE		Kent, RI	
New London, CT		5945 Orange County, CA	1.1522	Newport, RI	
5560 New Orleans, LA	0.9310	Orange, CA		Providence, RI	
Jefferson, LA		5960 Orlando, FL	0.9813	Washington, RI	
Orleans, LA		Lake, FL		6520 Provo-Orem, UT	0.9885
Plaquemines, LA		Orange, FL		Utah, UT	
St. Bernard, LA		Osceola, FL		6560 Pueblo, CO	0.8712
St. Charles, LA		Seminole, FL		Pueblo, CO	
St. James, LA		5990 Owensboro, KY	0.7771	6580 Punta Gorda, FL	0.9031
St. John The Baptist, LA		Daviess, KY		Charlotte, FL	
St. Tammany, LA		6015 Panama City, FL	0.8507	6600 Racine, WI	0.9130
5600 New York, NY	1.4461	Bay, FL		Racine, WI	
Bronx, NY		6020 Parkersburg-Marietta, WV— OH	0.8016	6640 Raleigh-Durham-Chapel Hill, NC	0.9812
Kings, NY		Washington, OH		Chatham, NC	
		Wood, WV			

ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued		ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued		ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued	
Urban area (Constituent counties)	Wage index	Urban area (Constituent counties)	Wage index	Urban area (Constituent counties)	Wage index
Durham, NC		Buchanan, MO		7460 San Luis Obispo- Atascadero-Paso Robles, CA	1.1264
Franklin, NC		7040 St. Louis, MO-IL	0.9151	San Luis Obispo, CA	
Johnston, NC		Clinton, IL		7480 Santa Barbara-Santa Maria- Lompoc, CA	1.1194
Orange, NC		Jersey, IL		Santa Barbara, CA	
Wake, NC		Madison, IL		7485 Santa Cruz-Watsonville, CA	1.3981
6660 Rapid City, SD	0.8208	Monroe, IL		Santa Cruz, CA	
Pennington, SD		St. Clair, IL		7490 Santa Fe, NM	0.9652
6680 Reading, PA	0.9234	Franklin, MO		Los Alamos, NM	
Berks, PA		Jefferson, MO		Santa Fe, NM	
6690 Redding, CA	1.1858	Lincoln, MO		7500 Santa Rosa, CA	1.3597
Shasta, CA		St. Charles, MO		Sonoma, CA	
6720 Reno, NV	1.1095	St. Louis, MO		7510 Sarasota-Bradenton, FL	0.9532
Washoe, NV		St. Louis City, MO		Manatee, FL	
6740 Richland-Kennewick-Pasco, WA	1.0287	Warren, MO		Sarasota, FL	
Benton, WA		7080 Salem, OR	0.9904	7520 Savannah, GA	1.0060
Franklin, WA		Marion, OR		Bryan, GA	
6760 Richmond-Petersburg, VA ..	0.9211	Polk, OR		Chatham, GA	
Charles City County, VA		7120 Salinas, CA	1.5142	Effingham, GA	
Chesterfield, VA		Monterey, CA		7560 Scranton-Wilkes-Barre— Hazleton, PA	0.8299
Colonial Heights City, VA		7160 Salt Lake City-Ogden, UT ...	0.9398	Columbia, PA	
Dinwiddie, VA		Davis, UT		Lackawanna, PA	
Goochland, VA		Salt Lake, UT		Luzerne, PA	
Hanover, VA		Weber, UT		Wyoming, PA	
Henrico, VA		7200 San Angelo, TX	0.7646	7600 Seattle-Bellevue-Everett, WA	1.1526
Hopewell City, VA		Tom Green, TX		Island, WA	
New Kent, VA		7240 San Antonio, TX	0.8100	King, WA	
Petersburg City, VA		Bexar, TX		Snohomish, WA	
Powhatan, VA		Comal, TX		7610 Sharon, PA	0.8847
Prince George, VA		Guadalupe, TX		Mercer, PA	
Richmond City, VA		Wilson, TX		7620 Sheboygan, WI	0.8225
6780 Riverside-San Bernardino, CA	1.0757	7320 San Diego, CA	1.2265	Sheboygan, WI	
Riverside, CA		San Diego, CA		7640 Sherman-Denison, TX	0.8570
San Bernardino, CA		7360 San Francisco, CA	1.3957	Grayson, TX	
6800 Roanoke, VA	0.8509	Marin, CA		7680 Shreveport-Bossier City, LA	0.9386
Botetourt, VA		San Francisco, CA		Bossier, LA	
Roanoke, VA		San Mateo, CA		Caddo, LA	
Roanoke City, VA		7400 San Jose, CA	1.3827	Webster, LA	
Salem City, VA		Santa Clara, CA		7720 Sioux City, IA-NE	0.8481
6820 Rochester, MN	1.1698	7440 San Juan-Bayamon, PR	0.4623	Woodbury, IA	
Olmsted, MN		Aguas Buenas, PR		Dakota, NE	
6840 Rochester, NY	0.9657	Barceloneta, PR		7760 Sioux Falls, SD	0.8912
Genesee, NY		Bayamon, PR		Lincoln, SD	
Livingston, NY		Canovanas, PR		Minnehaha, SD	
Monroe, NY		Carolina, PR		7800 South Bend, IN	0.9859
Ontario, NY		Catano, PR		St. Joseph, IN	
Orleans, NY		Ceiba, PR		7840 Spokane, WA	1.0928
Wayne, NY		Comerio, PR		Spokane, WA	
6880 Rockford, IL	0.8615	Corozal, PR		7880 Springfield, IL	0.8720
Boone, IL		Dorado, PR		Menard, IL	
Ogle, IL		Fajardo, PR		Sangamon, IL	
Winnebago, IL		Florida, PR		7920 Springfield, MO	0.8071
6895 Rocky Mount, NC	0.9012	Guaynabo, PR		Christian, MO	
Edgecombe, NC		Humacao, PR		Greene, MO	
Nash, NC		Juncos, PR		Webster, MO	
6920 Sacramento, CA	1.1962	Los Piedras, PR		8003 Springfield, MA	1.0990
El Dorado, CA		Loiza, PR		Hampden, MA	
Placer, CA		Luguillo, PR		Hampshire, MA	
Sacramento, CA		Manati, PR		8050 State College, PA	0.9449
6960 Saginaw-Bay City-Midland, MI	0.9487	Morovis, PR		Centre, PA	
Bay, MI		Naguabo, PR		8080 Steubenville-Weirton, OH- WV	0.8428
Midland, MI		Naranjito, PR		Jefferson, OH	
Saginaw, MI		Rio Grande, PR		Brooke, WV	
6980 St. Cloud, MN	0.9586	San Juan, PR		Hancock, WV	
Benton, MN		Toa Alta, PR		8120 Stockton-Lodi, CA	1.1075
Stearns, MN		Toa Baja, PR		San Joaquin, CA	
7000 St. Joseph, MO	0.9889	Trujillo Alto, PR			
Andrew, MO		Vega Alta, PR			
		Vega Baja, PR			
		Yabucoa, PR			

ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued		ADDENDUM 1A.—WAGE INDEX FOR URBAN AREAS—Continued		ADDENDUM 1B.—WAGE INDEX FOR RURAL AREAS	
Urban area (Constituent counties)	Wage index	Urban area (Constituent counties)	Wage index	Nonurban area	Wage index
8140 Sumter, SC	0.8127	Montgomery, MD		Alabama	0.7294
8160 Syracuse, NY	0.9400	Prince Georges, MD		Alaska	1.2430
Cayuga, NY		Alexandria City, VA		Arizona	0.7989
Madison, NY		Arlington, VA		Arkansas	0.7250
Onondaga, NY		Clarke, VA		California	0.9979
Oswego, NY		Culpeper, VA		Colorado	0.8436
8200 Tacoma, WA	1.0380	Fairfax, VA		Connecticut	1.2074
Pierce, WA		Fairfax City, VA		Delaware	0.8807
8240 Tallahassee, FL	0.8449	Falls Church City, VA		Florida	0.8877
Gadsden, FL		Fauquier, VA		Georgia	0.7888
Leon, FL		Fredericksburg City, VA		Guam	0.6516
8280 Tampa-St. Petersburg- Clearwater, FL	0.9113	King George, VA		Hawaii	1.0910
Hernando, FL		Loudoun, VA		Idaho	0.8477
Hillsborough, FL		Manassas City, VA		Illinois	0.7916
Pasco, FL		Manassas Park City, VA		Indiana	0.8380
Pinellas, FL		Prince William, VA		Iowa	0.7777
8320 Terre Haute, IN	0.8991	Spotsylvania, VA		Kansas	0.7319
Clay, IN		Stafford, VA		Kentucky	0.7844
Vermillion, IN		Warren, VA		Louisiana	0.7454
Vigo, IN		Berkeley, WV		Maine	0.8467
8360 Texarkana, AR-Texarkana, TX	0.8506	Jefferson, WV		Maryland	0.8555
Miller, AR		8920 Waterloo-Cedar Falls, IA	0.7958	Massachusetts	1.0834
Bowie, TX		Black Hawk, IA		Michigan	0.8875
8400 Toledo, OH	0.9991	8940 Wausau, WI	0.9733	Minnesota	0.8595
Fulton, OH		Marathon, WI		Mississippi	0.7312
Lucas, OH		8960 West Palm Beach-Boca Raton, FL	1.0219	Missouri	0.7452
Wood, OH		Palm Beach, FL		Montana	0.8398
8440 Topeka, KS	0.9812	9000 Wheeling, WV-OH	0.7627	Nebraska	0.7674
Shawnee, KS		Belmont, OH		Nevada	0.9256
8480 Trenton, NJ	1.0509	Marshall, WV		New Hampshire	1.0240
Mercer, NJ		Ohio, WV		New Jersey ¹	0.8269
8520 Tucson, AZ	0.9028	9040 Wichita, KS	0.8898	New Mexico	0.8588
Pima, AZ		Butler, KS		New York	0.8112
8560 Tulsa, OK	0.8463	Harvey, KS		North Carolina	0.7497
Creek, OK		Sedgwick, KS		North Dakota	0.7497
Osage, OK		9080 Wichita Falls, TX	0.7830	Ohio	0.8519
Rogers, OK		Archer, TX		Oklahoma	0.7124
Tulsa, OK		Wichita, TX		Oregon	0.9910
Wagoner, OK		9140 Williamsport, PA	0.8556	Pennsylvania	0.8664
8600 Tuscaloosa, AL	0.7641	Lycoming, PA		Puerto Rico	0.4080
Tuscaloosa, AL		9160 Wilmington-Newark, DE- MD	1.1868	Rhode Island ¹	0.8046
8640 Tyler, TX	0.8818	New Castle, DE		South Carolina	0.7508
Smith, TX		Cecil, MD		South Dakota	0.7492
8680 Utica-Rome, NY	0.8418	9200 Wilmington, NC	0.9343	Tennessee	0.7565
Herkimer, NY		New Hanover, NC		Texas	0.8859
Oneida, NY		Brunswick, NC		Utah	0.9416
8720 Vallejo-Fairfield-Napa, CA ..	1.3413	9260 Yakima, WA	1.0318	Vermont	0.9416
Napa, CA		Yakima, WA		Virginia	0.7857
Solano, CA		9270 Yolo, CA	1.1233	Virgin Islands	0.4588
8735 Ventura, CA	1.1014	Yolo, CA		Washington	1.0489
Ventura, CA		9280 York, PA	0.9410	West Virginia	0.7875
8750 Victoria, TX	0.8381	York, PA		Wisconsin	0.8711
Victoria, TX		9320 Youngstown-Warren, OH	0.9815	Wyoming	0.8768
8760 Vineland-Millville-Bridgeton, NJ	1.0440	Columbiana, OH			
Cumberland, NJ		Mahoning, OH		ADDENDUM 2.—COST REPORTING YEAR—ADJUSTMENT FACTOR ¹	
8780 Visalia-Tulare-Porterville, CA	1.0083	Trumbull, OH		If the HHA cost reporting period begins	
Tulare, CA		9340 Yuba City, CA	1.0865	The adjust- ment factor is	
8800 Waco, TX	0.8371	Sutter, CA		November 1, 1999	1.00113
McLennan, TX		Yuba, CA		December 1, 1999	1.00244
8840 Washington, DC-MD-VA- WV	1.0807	9360 Yuma, AZ	1.0058	January 1, 2000	1.00394
District of Columbia, DC		Yuma, AZ		February 1, 2000	1.00544
Calvert, MD				March 1, 2000	1.00696
Charles, MD				April 1, 2000	1.00850
Frederick, MD					

¹ All counties within the State are classified as urban.

ADDENDUM 2.—COST REPORTING YEAR—ADJUSTMENT FACTOR ¹—Continued

If the HHA cost reporting period begins	The adjustment factor is
May 1, 2000	1.01013
June 1, 2000	1.01186
July 1, 2000	1.01369
August 1, 2000	1.01558
September 1, 2000	1.01753

¹ Based on compounded projected market basket inflation rates.

Source: The Home Health Agency Input Price Index, produced by HCFA for the period between 1983:1 and 2008:4. The forecasts are from Standard and Poor's DRI 3rd QTR 1997: @USSIM/TREND25YR0897@CISSIM/Control973 forecast exercise which has historical data through 1997:2.

ADDENDUM 3.—MONTHLY INDEX LEVELS FOR CALCULATING INFLATION FACTORS TO BE APPLIED TO HOME HEALTH AGENCY PER-BENEFICIARY LIMITATIONS

Month	Index level
October 1992 .....	.98672
November 1992 .....	.98800
December 1992 .....	.98928
January 1993 .....	.99313
February 1993 .....	.99700
March 1993	1.00088
April 1993	1.00244
May 1993	1.00400
June 1993	1.00556
July 1993	1.00878
August 1993	1.01200
September 1993	1.01523
October 1993	1.01662
November 1993	1.01800
December 1993	1.01939
January 1994	1.02318
February 1994	1.02700
March 1994	1.03083
April 1994	1.03141
May 1994	1.03200
June 1994	1.03259
July 1994	1.03259

ADDENDUM 3.—MONTHLY INDEX LEVELS FOR CALCULATING INFLATION FACTORS TO BE APPLIED TO HOME HEALTH AGENCY PER-BENEFICIARY LIMITATIONS—Continued

Month	Index level
August 1994	1.03259
September 1994	1.03259
October 1994	1.03259
November 1994	1.03259
December 1994	1.03259
January 1995	1.03259
February 1995	1.03259
March 1995	1.03259
April 1995	1.03259
May 1995	1.03259
June 1995	1.03259
July 1995	1.03259
August 1995	1.03259
September 1995	1.03259
October 1995	1.03259
November 1995	1.03259
December 1995	1.03259
January 1996	1.03259
February 1996	1.03259
March 1996	1.03259
April 1996	1.03259
May 1996	1.03259
June 1996	1.03259
July 1996	1.03479
August 1996	1.03700
September 1996	1.03921
October 1996	1.04141
November 1996	1.04361
December 1996	1.04582
January 1997	1.04849
February 1997	1.05117
March 1997	1.05385
April 1997	1.05581
May 1997	1.05778
June 1997	1.05974
July 1997	1.06395
August 1997	1.06817
September 1997	1.07317
October 1997	1.07406
November 1997	1.07572
December 1997	1.07738
January 1998	1.07986
February 1998	1.08233
March 1998	1.08481
April 1998	1.08735
May 1998	1.08989

ADDENDUM 3.—MONTHLY INDEX LEVELS FOR CALCULATING INFLATION FACTORS TO BE APPLIED TO HOME HEALTH AGENCY PER-BENEFICIARY LIMITATIONS—Continued

Month	Index level
June 1998	1.09243
July 1998	1.09588
August 1998	1.09933
September 1998	1.10280
October 1998	1.10390
November 1998	1.10500
December 1998	1.10610
January 1999	1.10979
February 1999	1.11350
March 1999	1.11722
April 1999	1.11960
May 1999	1.12200
June 1999	1.12440
July 1999	1.12791
August 1999	1.13144
September 1999	1.13498
October 1999	1.13509
November 1999	1.13520
December 1999	1.13531
January 2000	1.13714
February 2000	1.13898
March 2000	1.14081
April 2000	1.14179
May 2000	1.14276
June 2000	1.14374
July 2000	1.14515
August 2000	1.14656
September 2000	1.14797
October 2000	1.15056
November 2000	1.15316
December 2000	1.15576
January 2001	1.15778
February 2001	1.15980
March 2001	1.16182
April 2001	1.16414
May 2001	1.16647
June 2001	1.16881
July 2001	1.17100
August 2001	1.17319
September 2001	1.17539
October 2001	1.17655

[FR Doc. 99-20012 Filed 7-30-99; 1:30 pm]

BILLING CODE 4120-03-P