

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

[HCFA-1135-N]

[RIN 0938-AK13]

Medicare Program; Hospice Wage Index

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

ACTION: Notice.

SUMMARY: This notice announces the annual update to the hospice wage index as required by statute. This update is effective October 1, 2000 through September 30, 2001. The wage index is used to reflect local differences in wage levels. The hospice wage index methodology and values are based on recommendations of a negotiated rulemaking advisory committee and were originally published in the **Federal Register** on August 8, 1997.

EFFECTIVE DATE: This notice is effective on October 1, 2000.

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

SUPPLEMENTARY INFORMATION:

I. Background

A. Statute and Regulations

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

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

Our existing regulations under 42 CFR part 418 (issued on December 16, 1983, effective for hospice services furnished on or after November 1, 1983) establish eligibility requirements and payment standards and procedures, define covered services, and delineate the conditions a hospice must meet to be approved for participation in the Medicare program. Subpart G of Part 418 provides for payment to hospices based on one of four prospectively determined rates for each day in which a qualified Medicare beneficiary is under the care of a hospice. The four rate categories are routine home care, continuous home care, inpatient respite care, and general inpatient care. Payment rates are established for each category.

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

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

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

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

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

B. Update to the Hospice Wage Index

This annual update is effective October 1, 2000 through September 30, 2001. In accordance with the agreement signed by the Health Care Financing Administration (HCFA) and all other members of the Hospice Wage Index Negotiated Rulemaking Committee, we are using the most current HCFA hospital data available, including any changes to the definitions of MSAs. The FY 2000 hospital wage index was the most current hospital wage data available when the FY 2001 wage index values were calculated. We used the pre-reclassified and pre-floor hospital area wage index data.

All wage index values are adjusted by a budget-neutrality factor of 1.065425 and are subject to the wage index floor adjustment, if applicable. We have completed all of the calculations described above and included them in the wage index values reflected in both Tables A and B below. A detailed description of the method used to compute the hospice wage index is contained in both the September 4, 1996 proposed rule (61 FR 46579) and the August 8, 1997 final rule (62 FR 42860).

After the publication of the FY 2000 hospice wage index updates, we received a number of questions about the methodology used to calculate the hospice wage indices. We would like to take this opportunity to further explain the methodology used in determining the hospice wage indices.

1. Metropolitan Statistical Areas

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

2. MSA Wage Index Values Lower Than Rural Values

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

C. Tables

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
0040	Abilene, TX	0.8715
0060	Taylor, TX	
	Aguadilla, PR	0.4386
	Aguada, PR	
	Aguadilla, PR	
	Moca, PR	
0080	Akron, OH	1.0829
	Portage, OH	
	Summit, OH	
0120	Albany, GA	1.1052
	Dougherty, GA	
	Lee, GA	
0160	Albany-Schenectady-Troy, NY	0.9328
	Albany, NY	
	Montgomery, NY	
	Rensselaer, NY	
	Saratoga, NY	
	Schenectady, NY	
	Schoharie, NY	
0200	Albuquerque, NM	0.9056
	Bernalillo, NM	
	Sandoval, NM	
	Valencia, NM	
0220	Alexandria, LA	0.8385
	Rapides, LA	
0240	Allentown-Bethlehem-Easton, PA	1.0897
	Carbon, PA	
	Lehigh, PA	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
0280	Northampton, PA	0.9954
	Altoona, PA	
0320	Blair, PA	
	Amarillo, TX	0.8929
	Potter, TX	
	Randall, TX	
0380	Anchorage, AK	1.3701
	Anchorage, AK	
0440	Ann Arbor, MI	1.2235
	Lenawee, MI	
	Livingston, MI	
	Washtenaw, MI	
0450	Anniston, AL	0.9017
	Calhoun, AL	
0460	Appleton-Oshkosh-Neenah, WI	0.9496
	Calumet, WI	
	Outagamie, WI	
	Winnebago, WI	
0470	Arecibo, PR	0.5537
	Arecibo, PR	
	Camuy, PR	
	Hatillo, PR	
0480	Asheville, NC	0.9466
	Buncombe, NC	
	Madison, NC	
0500	Athens, GA	1.0340
	Clarke, GA	
	Madison, GA	
	Oconee, GA	
0520	Atlanta, GA	1.0709
	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	1.2051
	Atlantic, NJ	
	Cape May, NJ	
0580	Auburn-Opelika, AL	0.8256
	Lee, AL	
0600	Augusta-Aiken, GA—SC	0.9603
	Columbia, GA	
	McDuffie, GA	
	Richmond, GA	
	Aiken, SC	
0640	Edgefield, SC	0.9676
	Austin-San Marcos, TX	
	Bastrop, TX	
	Caldwell, TX	
	Hays, TX	
	Travis, TX	
	Williamson, TX	
0680	Bakersfield, CA	1.0248

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
0720	Kern, CA	
	Baltimore, MD	1.0539
	Anne Arundel, MD	
	Baltimore, MD	
	Baltimore City, MD	
	Carroll, MD	
	Harford, MD	
	Howard, MD	
	Queen Anne's, MD	
0733	Bangor, ME	1.0239
	Penobscot, ME	
0743	Barnstable-Yarmouth, MA	1.4173
	Barnstable, MA	
0760	Baton Rouge, LA	0.9278
	Ascension, LA	
	East Baton Rouge, LA	
	Livingston, LA	
	West Baton Rouge, LA	
0840	Beaumont-Port Arthur, TX	0.9129
	Hardin, TX	
	Jefferson, TX	
	Orange, TX	
0860	Bellingham, WA	1.2141
	Whatcom, WA	
0870	Benton Harbor, MI	0.9011
	Berrien, MI	
0875	Bergen-Passaic, NJ	1.2816
	Bergen, NJ	
	Passaic, NJ	
0880	Billings, MT	1.0696
0920	Yellowstone, MT	
	Biloxi-Gulfport-Pascagoula, MS	0.8383
	Hancock, MS	
	Harrison, MS	
	Jackson, MS	
0960	Binghamton, NY	0.9324
	Broome, NY	
	Tioga, NY	
1000	Birmingham, AL	0.9584
	Blount, AL	
	Jefferson, AL	
	St. Clair, AL	
	Shelby, AL	
1010	Bismarck, ND	0.8267
	Burleigh, ND	
	Morton, ND	
1020	Bloomington, IN	0.9155
	Monroe, IN	
1040	Bloomington-Normal, IL	0.9582
	McLean, IL	
1080	Boise City, ID	0.9654
	Ada, ID	
	Canyon, ID	
1123	Boston-Worcester-Lawrence-Lowell-Brockton, MA—NH	1.2102
	Bristol, MA	
	Essex, MA	
	Middlesex, MA	
	Norfolk, MA	
	Plymouth, MA	
	Suffolk, MA	
	Worcester, MA	
	Hillsborough, NH	
	Merrimack, NH	
	Rockingham, NH	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
1125	Strafford, NH	1.0596
1145	Boulder-Longmont, CO	0.9074
1150	Boulder, CO	
1150	Brazoria, TX	1.1733
1240	Bremerton, WA	0.9816
1240	Kitsap, WA	
1240	Brownsville-Harlingen- San Benito, TX.	0.9057
1260	Cameron, TX	
1260	Bryan-College Station, TX.	1.0233
1280	Brazos, TX	
1280	Buffalo-Niagara Falls, NY.	1.1250
1303	Erie, NY	
1303	Niagara, NY	
1303	Burlington, VT	1.1250
1310	Chittenden, VT	
1310	Franklin, VT	
1310	Grand Isle, VT	
1310	Caguas, PR	0.5245
1310	Caguas, PR	
1310	Cayey, PR	
1310	Cidra, PR	
1310	Gurabo, PR	
1310	San Lorenzo, PR	
1320	Canton-Massillon, OH ..	0.9346
1320	Carroll, OH	
1320	Stark, OH	
1350	Casper, WY	0.9802
1350	Natrona, WY	
1360	Cedar Rapids, IA	0.9609
1360	Linn, IA	
1400	Champaign-Urbana, IL	0.9764
1440	Champaign, IL	
1440	Charleston-North Charleston, SC.	0.9577
1480	Berkeley, SC	
1480	Charleston, SC	
1480	Dorchester, SC	
1480	Charleston, WV	0.9691
1480	Kanawha, WV	
1480	Putnam, WV	
1520	Charlotte-Gastonia- Rock Hill, NC-SC.	1.0051
1520	Cabarrus, NC	
1520	Gaston, NC	
1520	Lincoln, NC	
1520	Mecklenburg, NC	
1520	Rowan, NC	
1520	Stanly, NC	
1520	Union, NC	
1520	York, SC	
1540	Charlottesville, VA	1.1267
1540	Albemarle, VA	
1540	Charlottesville City, VA	
1540	Fluvanna, VA	
1540	Greene, VA	
1560	Chattanooga, TN-GA ..	1.0369
1560	Catoosa, GA	
1560	Dade, GA	
1560	Walker, GA	
1560	Hamilton, TN	
1560	Marion, TN	
1580	Cheyenne, WY	0.8711
1580	Laramie, WY	
1600	Chicago, IL	1.1585
1600	Cook, IL	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
1620	DeKalb, IL	
1620	Du Page, IL	
1620	Grundy, IL	
1620	Kane, IL	
1620	Kendall, IL	
1620	Lake, IL	
1620	McHenry, IL	
1620	Will, IL	
1620	Chico-Paradise, CA	1.1071
1640	Butte, CA	
1640	Cincinnati, OH-KY-IN ..	1.0035
1640	Brown, OH	
1640	Clermont, OH	
1640	Hamilton, OH	
1640	Warren, OH	
1640	Boone, KY	
1640	Campbell, KY	
1640	Gallatin, KY	
1640	Grant, KY	
1640	Kenton, KY	
1640	Pendleton, KY	
1640	Dearborn, IN	
1640	Ohio, IN	
1660	Clarksville-Hopkinsville, TN-KY.	0.8619
1660	Christian, KY	
1660	Montgomery, TN	
1680	Cleveland-Lorain-Elyria, OH.	1.0323
1680	Ashtabula, OH	
1680	Cuyahoga, OH	
1680	Geauga, OH	
1680	Lake, OH	
1680	Lorain, OH	
1680	Medina, OH	
1720	Colorado Springs, CO ..	0.9821
1720	El Paso, CO	
1740	Columbia, MO	0.9488
1740	Boone, MO	
1760	Columbia, SC	0.9970
1760	Lexington, SC	
1760	Richland, SC	
1800	Columbus, GA-AL	0.9068
1800	Chattahoochee, GA	
1800	Harris, GA	
1800	Muscogee, GA	
1840	Russell, AL	
1840	Columbus, OH	1.0556
1840	Delaware, OH	
1840	Fairfield, OH	
1840	Franklin, OH	
1840	Licking, OH	
1840	Madison, OH	
1840	Pickaway, OH	
1880	Corpus Christi, TX	0.9271
1880	Nueces, TX	
1880	San Patricio, TX	
1890	Corvallis, Oregon	1.1813
1890	Benton, OR	
1900	Cumberland, MD-WV ..	0.9378
1900	Allegany, MD	
1900	Mineral, WV	
1920	Dallas, TX	1.0236
1920	Collin, TX	
1920	Dallas, TX	
1920	Denton, TX	
1920	Ellis, TX	
1920	Henderson, TX	
1920	Hunt, TX	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
1950	Kaufman, TX	
1950	Rockwall, TX	
1950	Danville, VA	0.9277
1950	Danville City, VA	
1960	Pittsylvania, VA	
1960	Davenport-Moline-Rock Island, IA-IL.	1.0080
1960	Scott, IA	
1960	Henry, IL	
1960	Rock Island, IL	
2000	Dayton-Springfield, OH	0.9576
2000	Clark, OH	
2000	Greene, OH	
2000	Miami, OH	
2000	Montgomery, OH	
2020	Daytona Beach, FL	0.9248
2020	Flagler, FL	
2020	Volusia, FL	
2030	Decatur, AL	0.9248
2030	Lawrence, AL	
2030	Morgan, AL	
2040	Decatur, IL	0.8867
2040	Macon, IL	
2080	Denver, CO	1.0857
2080	Adams, CO	
2080	Arapahoe, CO	
2080	Denver, CO	
2080	Douglas, CO	
2080	Jefferson, CO	
2120	Des Moines, IA	0.9328
2120	Dallas, IA	
2120	Polk, IA	
2120	Warren, IA	
2160	Detroit, MI	1.1104
2160	Lapeer, MI	
2160	Macomb, MI	
2160	Monroe, MI	
2160	Oakland, MI	
2160	St. Clair, MI	
2160	Wayne, MI	
2180	Dothan, AL	0.8309
2180	Dale, AL	
2180	Houston, AL	
2190	Dover, DE	0.9947
2190	Kent, DE	
2200	Dubuque, IA	0.9079
2200	Dubuque, IA	
2240	Duluth-Superior, MN- WI.	1.0831
2240	St. Louis, MN	
2240	Douglas, WI	
2281	Dutchess County, NY ..	1.1243
2281	Dutchess, NY	
2290	Eau Claire, WI	0.9544
2290	Chippewa, WI	
2290	Eau Claire, WI	
2320	El Paso, TX	0.9533
2320	El Paso, TX	
2330	Elkhart-Goshen, IN	0.9994
2330	Elkhart, IN	
2335	Elmira, NY	0.9092
2335	Chemung, NY	
2340	Enid, OK	0.8474
2340	Garfield, OK	
2360	Erie, PA	0.9614
2360	Erie, PA	
2400	Eugene-Springfield, OR	1.1298
2400	Lane, OR	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
2440	Evansville-Henderson, IN—KY. Posey, IN Vanderburgh, IN Warrick, IN Henderson, KY	0.8847
2520	Fargo-Moorhead, ND— MN. Clay, MN Cass, ND	0.9185
2560	Fayetteville, NC	0.9051
2580	Cumberland, NC Fayetteville-Springdale- Rogers, AR. Benton, AR Washington, AR	0.8283
2620	Flagstaff, AZ—UT	1.1026
2640	Coconino, AZ Kane, UT Flint, MI	1.1742
2650	Genesee, MI Florence, AL	0.8447
2655	Colbert, AL Lauderdale, AL Florence, SC	0.9183
2670	Florence, SC Fort Collins-Loveland, CO. Larimer, CO	1.0977
2680	Ft. Lauderdale, FL	1.0839
2700	Broward, FL Fort Myers-Cape Coral, FL. Lee, FL	0.9537
2710	Fort Pierce-Port St. Lucie, FL. Martin, FL St. Lucie, FL	1.0653
2720	Fort Smith, AR—OK	0.8357
2750	Crawford, AR Sebastian, AR Sequoyah, OK	0.9284
2760	Fort Walton Beach, FL Okaloosa, FL Fort Wayne, IN	0.9692
2800	Adams, IN Allen, IN De Kalb, IN Huntington, IN Wells, IN Whitley, IN Fort Worth-Arlington, TX. Hood, TX Johnson, TX Parker, TX Tarrant, TX	1.0480
2840	Fresno, CA	1.0935
2880	Fresno, CA Madera, CA Gadsden, AL	0.9258
2900	Etowah, AL Gainesville, FL	1.0764
2920	Alachua, FL Galveston-Texas City, TX. Galveston, TX	1.0370
2960	Gary, IN	1.0005
	Lake, IN	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
2975	Porter, IN Glens Falls, NY	0.9170
2980	Warren, NY Washington, NY Goldsboro, NC	0.8879
2985	Wayne, NC Grand Forks, ND—MN ..	0.9693
2995	Grand Forks, ND Polk, MN Grand Junction, CO	0.9790
3000	Mesa, CO Grand Rapids-Mus- kegon-Holland, MI. Allegan, MI Kent, MI Muskegon, MI Ottawa, MI	1.0799
3040	Great Falls, MT	1.1144
3060	Cascade, MT Greeley, CO	1.0359
3080	Weld, CO Green Bay, WI	0.9731
3120	Brown, WI Greensboro-Winston- Salem-High Point, NC. Alamance, NC Davidson, NC Davie, NC Forsyth, NC Guilford, NC Randolph, NC Stokes, NC Yadkin, NC	0.9629
3150	Greenville, NC	1.0123
3160	Pitt, NC Greenville-Spartanburg- Anderson, SC. Anderson, SC Cherokee, SC Greenville, SC Pickens, SC Spartanburg, SC	0.9790
3180	Hagerstown, MD	0.9422
3200	Washington, MD Hamilton-Middletown, OH. Butler, OH	0.9532
3240	Harrisburg-Lebanon- Carlisle, PA. Cumberland, PA Dauphin, PA Lebanon, PA Perry, PA	1.0567
3283	Hartford, CT	1.2483
3285	Hartford, CT Litchfield, CT Middlesex, CT Tolland, CT Hattiesburg, MS	0.8134
3290	Forrest, MS Lamar, MS Hickory-Morganton- Lenoir, NC. Alexander, NC Burke, NC Caldwell, NC Catawba, NC	0.9709
3320	Honolulu, HI	1.2228

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
3350	Honolulu, HI Houma, LA	0.8350
3360	Lafourche, LA Terrebonne, LA Houston, TX	1.0002
3400	Chambers, TX Fort Bend, TX Harris, TX Liberty, TX Montgomery, TX Waller, TX Huntington-Ashland, WV—KY—OH. Boyd, KY Carter, KY Greenup, KY Lawrence, OH Cabell, WV Wayne, WV	1.0396
3440	Huntsville, AL	0.9400
3480	Limestone, AL Madison, AL Indianapolis, IN	1.0434
3500	Boone, IN Hamilton, IN Hancock, IN Hendricks, IN Johnson, IN Madison, IN Marion, IN Morgan, IN Shelby, IN	1.0237
3520	Iowa City, IA	0.9419
3560	Johnson, IA Jackson, MI	0.8936
3580	Jackson, MI Jackson, MS	0.9164
3600	Hinds, MS Madison, MS Rankin, MS Jackson, TN	0.9544
3610	Madison, TN Chester, TN Jacksonville, FL	0.8367
3620	Clay, FL Duval, FL Nassau, FL St. Johns, FL Jacksonville, NC	0.8372
3640	Onslow, NC Jamestown, NY	1.0289
3660	Chautauqua, NY Janesville-Beloit, WI Rock, WI Jersey City, NJ	1.2440
3680	Hudson, NJ Johnson City-Kingsport- Bristol, TN—VA. Carter, TN Hawkins, TN Sullivan, TN Unicoi, TN Washington, TN Bristol City, VA Scott, VA Washington, VA Johnstown, PA	0.9433
	Cambria, PA Somerset, PA	0.9206

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
3700	Jonesboro, AR	0.8000
	Craighead, AR	
3710	Joplin, MO	0.8181
	Jasper, MO	
	Newton, MO	
3720	Kalamazoo-Battlecreek, MI	1.0635
	Calhoun, MI	
	Kalamazoo, MI	
	Van Buren, MI	
3740	Kankakee, IL	0.9162
	Kankakee, IL	
3760	Kansas City, KS—MO ...	0.9932
	Johnson, KS	
	Leavenworth, KS	
	Miami, KS	
	Wyandotte, KS	
	Cass, MO	
	Clay, MO	
	Clinton, MO	
	Jackson, MO	
	Lafayette, MO	
	Platte, MO	
	Ray, MO	
3800	Kenosha, WI	0.9625
	Kenosha, WI	
3810	Killeen-Temple, TX	1.0583
	Bell, TX	
	Coryell, TX	
3840	Knoxville, TN	0.9802
	Anderson, TN	
	Blount, TN	
	Knox, TN	
	Loudon, TN	
	Sevier, TN	
	Union, TN	
3850	Kokomo, IN	0.9503
	Howard, IN	
	Tipton, IN	
3870	La Crosse, WI—MN	0.9519
	Houston, MN	
	La Crosse, WI	
3880	Lafayette, LA	0.8886
	Acadia, LA	
	Lafayette, LA	
	St. Landry, LA	
	St. Martin, LA	
3920	Lafayette, IN	0.9386
	Clinton, IN	
	Tippecanoe, IN	
3960	Lake Charles, LA	0.8488
	Calcasieu, LA	
3980	Lakeland-Winter Haven, FL	0.9393
	Polk, FL	
4000	Lancaster, PA	0.9862
	Lancaster, PA	
4040	Lansing-East Lansing, MI	1.0631
	Clinton, MI	
	Eaton, MI	
	Ingham, MI	
4080	Laredo, TX	0.8868
	Webb, TX	
4100	Las Cruces, NM	0.9153
	Dona Ana, NM	
4120	Las Vegas, NV—AZ	1.1996
	Mohave, AZ	
	Clarke, NV	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
4150	Nye, NV	0.8761
	Lawrence, KS	
	Douglas, KS	
4200	Lawton, OK	1.0157
	Comanche, OK	
4243	Lewiston-Auburn, ME ...	0.9482
	Androscoggin, ME	
4280	Lexington, KY	0.9090
	Bourbon, KY	
	Clark, KY	
	Fayette, KY	
	Jessamine, KY	
	Madison, KY	
	Scott, KY	
	Woodford, KY	
4320	Lima, OH	0.9489
	Allen, OH	
	Auglaize, OH	
4360	Lincoln, NE	1.0304
	Lancaster, NE	
4400	Little Rock-North Little Rock, AR	0.9179
	Faulkner, AR	
	Lonoke, AR	
	Pulaski, AR	
	Saline, AR	
4420	Longview-Marshall, TX	0.9311
	Gregg, TX	
	Harrison, TX	
	Upshur, TX	
4480	Los Angeles-Long Beach, CA	1.2841
	Los Angeles, CA	
4520	Louisville, KY—IN	0.9996
	Clark, IN	
	Floyd, IN	
	Harrison, IN	
	Scott, IN	
	Bullitt, KY	
	Jefferson, KY	
	Oldham, KY	
4600	Lubbock, TX	0.8962
4640	Lynchburg, VA	0.9392
	Amherst, VA	
	Bedford, VA	
	Bedford City, VA	
	Campbell, VA	
	Lynchburg City, VA	
4680	Macon, GA	0.9089
	Bibb, GA	
	Houston, GA	
	Jones, GA	
	Peach, GA	
	Twiggs, GA	
4720	Madison, WI	1.0367
	Dane, WI	
4800	Mansfield, OH	0.9031
	Crawford, OH	
	Richland, OH	
4840	Mayaguez, PR	0.5376
	Anasco, PR	
	Cabo Rojo, PR	
	Hormigueros, PR	
	Mayaguez, PR	
	Sabana Grande, PR	
	San German, PR	
4880	McAllen-Edinburg-Mis- sion, TX	0.8652

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
4890	Hidalgo, TX	
	Medford-Ashland, OR ..	1.1180
	Jackson, OR	
4900	Melbourne-Titusville- Palm Bay, FL	0.9905
	Brevard, FL	
4920	Memphis, TN—AR—MS ..	0.8784
	Crittenden, AR	
	DeSoto, MS	
	Fayette, TN	
	Shelby, TN	
	Tipton, TN	
4940	Merced, CA	1.0950
	Merced, CA	
5000	Miami, FL	1.0904
	Dade, FL	
5015	Middlesex-Somerset- Hunterdon, NJ	1.1851
	Hunterdon, NJ	
	Middlesex, NJ	
	Somerset, NJ	
5080	Milwaukee-Waukesha, WI	1.0490
	Milwaukee, WI	
	Ozaukee, WI	
	Washington, WI	
	Waukesha, WI	
5120	Minneapolis-St. Paul, MN—WI	1.1645
	Anoka, MN	
	Carver, MN	
	Chisago, MN	
	Dakota, MN	
	Hennepin, MN	
	Isanti, MN	
	Ramsey, MN	
	Scott, MN	
	Sherburne, MN	
	Washington, MN	
	Wright, MN	
	Pierce, WI	
	St. Croix, WI	
5140	Missoula, MT	0.9681
5160	Missoula, MT	0.8809
	Baldwin, AL	
	Mobile, AL	
5170	Modesto, CA	1.0774
	Stanislaus, CA	
5190	Monmouth-Ocean, NJ ..	1.1996
	Monmouth, NJ	
	Ocean, NJ	
5200	Monroe, LA	0.8760
	Ouachita, LA	
5240	Montgomery, AL	0.8208
	Autauga, AL	
	Elmore, AL	
	Montgomery, AL	
5280	Muncie, IN	1.1544
5330	Myrtle Beach, SC	0.9088
	Horry, SC	
5345	Naples, FL	1.0484
	Collier, FL	
5360	Nashville, TN	1.0068
	Cheatham, TN	
	Davidson, TN	
	Dickson, TN	
	Robertson, TN	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
5380	Rutherford TN Sumner, TN Williamson, TN Wilson, TN Nassau-Suffolk, NY	1.4997
5483	Nassau, NY Suffolk, NY New Haven-Bridgeport- Stamford-Waterbury- Danbury, CT. Fairfield, CT New Haven, CT	1.3166
5523	New London-Norwich, CT.	1.3242
5560	New London, CT New Orleans, LA	0.9685
5600	Jefferson, LA Orleans, LA Plaquemines, LA St. Bernard, LA St. Charles, LA St. James, LA St. John The Baptist, LA St. Tammany, LA	1.5469
5640	New York, NY	1.2409
5660	Essex, NJ Morris, NJ Sussex, NJ Union, NJ Warren, NJ Newburgh, NY-PA	1.1624
5720	Orange, NY Pike, PA Norfolk-Virginia Beach- Newport News, VA- NC. Currituck, NC Chesapeake City, VA Gloucester, VA Hampton City, VA James City, VA Isle of Wight, VA Mathews, VA Newport News City, VA Norfolk City, VA Poquoson City, VA Portsmouth City, VA Suffolk City, VA Virginia Beach City VA Williamsburg City, VA York, VA	0.8993
5775	Oakland, CA	1.6044
5790	Alameda, CA Contra Costa, CA Ocala, FL	1.0245
5800	Marion, FL Odessa-Midland, TX Ector, TX Midland, TX	0.9455

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
5880	Oklahoma City, OK	0.9150
5910	Canadian, OK Cleveland, OK Logan, OK McClain, OK Oklahoma, OK Pottawatomie, OK Olympia, WA	1.1648
5920	Thurston, WA Omaha, NE-IA	1.1140
5945	Pottawattamie, IA Cass, NE Douglas, NE Sarpy, NE Washington, NE Orange County, CA	1.2349
5960	Orange, CA Orlando, FL	1.0437
5990	Lake, FL Orange, FL Osceola, FL Seminole, FL Owensboro, KY	0.8635
6015	Daviess, KY Panama City, FL	0.9770
6020	Bay, FL Parkersburg-Marietta, WV-OH. Washington, OH Wood, WV Pensacola, FL	0.8896
6080	Escambia, FL Santa Rosa, FL Peoria-Pekin, IL	0.8896
6120	Peoria, IL Tazewell, IL Woodford, IL Philadelphia, PA-NJ	1.1891
6160	Burlington, NJ Camden, NJ Gloucester, NJ Salem, NJ Bucks, PA Chester, PA Delaware, PA Montgomery, PA Philadelphia, PA Phoenix-Mesa, AZ	1.0084
6200	Maricopa, AZ Pinal, AZ Pine Bluff, AR	0.8202
6240	Jefferson, AR Pittsburgh, PA	1.0265
6280	Allegheny, PA Beaver, PA Butler, PA Fayette, PA Washington, PA Westmoreland, PA Pittsfield, MA	1.0927
6323	Berkshire, MA Pocatello, ID	0.9561
6340	Bannock, ID Ponce, PR	0.5717
6360	Guayanilla, PR Juana Diaz, PR Penuelas, PR Ponce, PR Villalba, PR	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
6403	Yauco, PR Portland, ME	1.0096
6440	Cumberland, ME Sagadahoc, ME York, ME Portland-Vancouver, OR-WA.	1.1694
6483	Clackamas, OR Columbia, OR Multnomah, OR Washington, OR Yamhill, OR Clark, WA Providence-Warwick- Pawtucket, RI. Bristol, RI Kent, RI Newport, RI Providence, RI Washington, RI Provo-Orem, UT	1.1391
6520	Utah, UT Pueblo, CO	1.0461
6560	Pueblo, CO	0.9433
6580	Punta Gorda, FL	0.9509
6600	Charlotte, FL Racine, WI	0.9820
6640	Racine, WI Raleigh-Durham-Chapel Hill, NC. Chatham, NC Durham, NC Franklin, NC Johnston, NC Orange, NC Wake, NC Rapid City, SD	1.0170
6660	Pennington, SD Reading, PA	0.8911
6680	Berks, PA Redding, CA	1.0054
6690	Shasta, CA Reno, NV	1.2002
6720	Washoe, NV Richland-Kennewick- Pasco, WA.	1.1353
6740	Benton, WA Franklin, WA Richmond-Petersburg, VA.	1.1959
6760	Charles City County, VA Chesterfield, VA Colonial Heights City, VA Dinwiddie, VA Goochland, VA Hanover, VA Henrico, VA Hopewell City, VA New Kent, VA Petersburg City, VA Powhatan, VA Prince George, VA Richmond City, VA Riverside-San Bernardino, CA. Riverside, CA San Bernardino, CA	1.0171
6780		1.1945

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
6800	Roanoke, VA	0.8672
	Botetourt, VA	
	Roanoke, VA	
	Roanoke City, VA	
6820	Salem City, VA	1.2178
	Rochester, MN	
	Olmsted, MN	
6840	Rochester, NY	0.9786
	Genesee, NY	
	Livingston, NY	
	Monroe, NY	
	Ontario, NY	
	Orleans, NY	
	Wayne, NY	
6880	Rockford, IL	0.9359
	Boone, IL	
	Ogle, IL	
	Winnebago, IL	
6895	Rocky Mount, NC	0.9307
	Edgecombe, NC	
	Nash, NC	
6920	Sacramento, CA	1.3089
	El Dorado, CA	
	Placer, CA	
	Sacramento, CA	
6960	Saginaw-Bay City-Mid- land, MI.	0.9895
	Bay, MI	
	Midland, MI	
	Saginaw, MI	
6980	St. Cloud, MN	1.0038
	Benton, MN	
	Stearns, MN	
7000	St. Joseph, MO	0.9529
	Andrew, MO	
	Buchanan, MO	
7040	St. Louis, MO—IL	0.9645
	Franklin, MO	
	Jefferson, MO	
	Lincoln, MO	
	St. Charles, MO	
	St. Louis, MO	
	St. Louis City, MO	
	Warren, MO	
	Clinton, IL	
	Jersey, IL	
	Madison, IL	
	Monroe, IL	
	St. Clair, IL	
7080	Salem, OR	1.0601
	Marion, OR	
	Polk, OR	
7120	Salinas, CA	1.5674
	Monterey, CA	
7160	Salt Lake City-Ogden, UT.	1.0500
	Davis, UT	
	Salt Lake, UT	
	Weber, UT	
7200	San Angelo, TX	0.8359
	Tom Green, TX	
7240	San Antonio, TX	0.8862
	Bexar, TX	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
	Comal, TX	
	Guadalupe, TX	
	Wilson, TX	
7320	San Diego, CA	1.2712
7360	San Francisco, CA	1.4918
	Marin, CA	
	San Francisco, CA	
	San Mateo, CA	
7400	San Jose, CA	1.4500
	Santa Clara, CA	
7440	San Juan-Bayamon, PR	0.5357
	Aguas Buenas, PR	
	Barceloneta, PR	
	Bayamon, PR	
	Canovanas, PR	
	Carolina, PR	
	Catano, PR	
	Ceiba, PR	
	Comerio, PR	
	Corozal, PR	
	Dorado, PR	
	Fajardo, PR	
	Florida, PR	
	Guaynabo, PR	
	Humacao, PR	
	Juncos, PR	
	Los Piedras, PR	
	Loiza, PR	
	Luguillo, PR	
	Manati, PR	
	Morovis, PR	
	Naguabo, PR	
	Naranjito, PR	
	Rio Grande, PR	
	San Juan, PR	
	Toa Alta, PR	
	Toa Baja, PR	
	Trujillo Alto, PR	
	Vega Alta, PR	
	Vega Baja, PR	
	Yabucoa, PR	
7460	San Luis Obispo- Atascadero-Paso Robles, CA.	1.1156
	San Luis Obispo, CA	
7480	Santa Barbara-Santa Maria-Lompoc, CA.	1.1528
	Santa Barbara, CA	
7485	Santa Cruz-Watsonville, CA.	1.4840
	Santa Cruz, CA	
7490	Santa Fe, NM	1.1121
	Los Alamos, NM	
	Santa Fe, NM	
7500	Santa Rosa, CA	1.3852
	Sonoma, CA	
7510	Sarasota-Bradenton, FL	1.0554
	Manatee, FL	
	Sarasota, FL	
7520	Savannah, GA	1.0605
	Bryan, GA	
	Chatham, GA	
	Effingham, GA	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
7560	Scranton—Wilkes- Barre—Hazleton, PA.	0.8921
	Columbia, PA	
	Lackawanna, PA	
	Luzerne, PA	
	Wyoming, PA	
7600	Seattle-Bellevue-Ever- ett, WA.	1.2030
	Island, WA	
	King, WA	
	Snohomish, WA	
7610	Sharon, PA	0.8826
	Mercer, PA	
7620	Sheboygan, WI	0.8740
	Sheboygan, WI	
7640	Sherman-Denison, TX ..	0.9940
	Grayson, TX	
7680	Shreveport-Bossier City, LA.	0.9642
	Bossier, LA	
	Caddo, LA	
	Webster, LA	
7720	Sioux City, IA—NE	0.9108
	Woodbury, IA	
	Dakota, NE	
7760	Sioux Falls, SD	0.9351
	Lincoln, SD	
	Minnehaha, SD	
7800	South Bend, IN	1.0435
	St. Joseph, IN	
7840	Spokane, WA	1.1507
	Spokane, WA	
7880	Springfield, IL	0.9252
	Menard, IL	
	Sangamon, IL	
7920	Springfield, MO	0.8515
	Christian, MO	
	Greene, MO	
	Webster, MO	
8003	Springfield, MA	1.1377
	Hampden, MA	
	Hampshire, MA	
8840	Washington, DC—MD— VA—WV.	1.1778
	District of Columbia, DC	
	Calvert, MD	
	Charles, MD	
	Frederick, MD	
	Montgomery, MD	
	Prince Georges, MD	
	Alexandria City, VA	
	Arlington, VA	
	Clarke, VA	
	Culpeper, VA	
	Fairfax, VA	
	Fairfax City, VA	
	Falls Church City, VA	
	Fauquier, VA	
	Fredericksburg City, VA	
	King George, VA	
	Loudoun, VA	
	Manassas City, VA	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
8920	Manassas Park City, VA Prince William, VA Spotsylvania, VA Stafford, VA Warren, VA Berkeley, WV Jefferson, WV Waterloo-Cedar Falls, IA	0.9075
8940	Black Hawk, IA Wausau, WI	1.0064
8960	Marathon, WI West Palm Beach-Boca Raton, FL Palm Beach, FL	1.0668
9000	Wheeling, WV-OH	0.8144
9040	Belmont, OH Marshall, WV Ohio, WV Wichita, KS	1.0038
9080	Butler, KS Harvey, KS Sedgwick, KS Wichita Falls, TX	0.8154
8050	Archer, TX Wichita, TX State College, PA	0.9737
8080	Centre, PA Steubenville-Weirton, OH-WV Jefferson, OH Brooke, WV	0.9179
8120	Hancock, WV Stockton-Lodi, CA	1.1207
8140	San Joaquin, CA Sumter, SC	0.8778
8160	Sumter, SC Syracuse, NY	1.1377
8200	Cayuga, NY Madison, NY Onondaga, NY Oswego, NY	1.2230
8240	Tacoma, WA	0.9040
8280	Pierce, WA Tallahassee, FL	0.9637
8320	Gadsden, FL Leon, FL Tampa-St. Petersburg-Clearwater, FL Hernando, FL Hillsborough, FL Pasco, FL Pinellas, FL Terre Haute, IN	0.9132
	Clay, IN	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
8360	Vermillion, IN Vigo, IN Texarkana, AR-Texas-arkana, TX.	0.8668
8400	Miller, AR Bowie, TX Toledo, OH	1.0458
8440	Fulton, OH Lucas, OH Wood, OH Topeka, KS	0.9937
8480	Shawnee, KS Trenton, NJ	1.0764
8520	Mercer, NJ Tucson, AZ	0.9315
8560	Pima, AZ Tulsa, OK	0.8616
8600	Creek, OK Osage, OK Rogers, OK Tulsa, OK Wagoner, OK	0.8593
8640	Tuscaloosa, AL	0.9983
8680	Tuscaloosa, AL Tyler, TX	0.8842
8720	Smith Utica-Rome, NY	1.4220
8735	Herkimer, NY Oneida, NY Vallejo-Fairfield-Napa, CA.	1.2206
8750	Napa, CA Solano, CA Ventura, CA	0.8927
8760	Victoria, TX	1.1206
8780	Vineland-Millville-Bridgeton, NJ. Cumberland, NJ Visalia-Tulare-Porterville, CA.	1.1093
8800	Tulare, CA Waco, TX	0.8604
9140	McLennan, TX Williamsport, PA	0.9003
9160	Lycoming, PA Wilmington-Newark, DE-MD. New Castle, DE Cecil, MD	1.2013
9200	Wilmington, NC	1.0343
9260	Brunswick, NC New Hanover, NC Yakima, WA	1.1009
9270	Yakima, WA Yolo, CA	1.0356
	Yolo, CA	

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

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
9280	York, PA	0.9919
9320	York, PA Youngstown-Warren, OH.	1.0651
9340	Columbiana, OH Mahoning, OH Trumbull, OH Yuba City, CA	1.1361
9360	Sutter, CA Yuba, CA Yuma, AZ	1.0574
	Yuma, AZ	

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

² Wage index values are based on FY 1996 hospital cost report data before reclassification. This wage index is further adjusted. Wage index values greater than 0.8 are subject to a budget-neutrality adjustment of 1.065425. Wage index values below 0.8 are adjusted to be the greater of a 15-percent increase, subject to a maximum wage index value of 0.8, or an adjustment by multiplying the hospital wage index value for a given area by the budget-neutrality adjustment. We have completed all of these adjustments and included them in the wage index values reflected in this table.

TABLE B.—WAGE INDEX FOR RURAL AREAS

MSA code No.	Nonurban area	Wage index ¹
9901	Alabama	0.8000
9902	Alaska	1.2847
9903	Arizona	0.9104
9904	Arkansas	0.8000
9905	California	1.0603
9906	Colorado	0.9391
9907	Connecticut	1.3226
9908	Delaware	0.9767
9910	Florida	0.9575
9911	Georgia	0.8625
9912	Hawaii	1.1430
9913	Idaho	0.9218
9914	Illinois	0.8575
9915	Indiana	0.8946
9916	Iowa	0.8446

TABLE B.—WAGE INDEX FOR RURAL AREAS—Continued

MSA code No.	Nonurban area	Wage index ¹
9917	Kansas	0.8000
9918	Kentucky	0.8569
9919	Louisiana	0.8000
9920	Maine	0.9205
9921	Maryland	0.9197
9922	Massachusetts	1.2114
9923	Michigan	0.9392
9924	Minnesota	0.9237
9925	Mississippi	0.8000
9926	Missouri	0.8229
9927	Montana	0.8945
9928	Nebraska	0.8532
9929	Nevada	0.9693
9930	New Hampshire	1.0554
9931	New Jersey ²
9932	New Mexico	0.8927
9933	New York	0.9202
9934	North Carolina	0.8832
9935	North Dakota	0.8148
9936	Ohio	0.9216
9937	Oklahoma	0.8000
9938	Oregon	1.0514
9939	Pennsylvania	0.9083
9940	Puerto Rico	0.4886
9941	Rhode Island ²
9942	South Carolina	0.8805
9943	South Dakota	0.8073
9944	Tennessee	0.8152
9945	Texas	0.8000
9946	Utah	0.9490
9947	Vermont	1.0024
9948	Virgin Islands	0.7252
9949	Virginia	0.8421
9950	Washington	1.1131
9951	West Virginia	0.8597
9952	Wisconsin	0.9333
9953	Wyoming	0.9440
9965	Guam	1.0240

¹ Wage index values are based on FY 1996 hospital cost report data before reclassification. This wage index is further adjusted. Wage index values greater than 0.8 are subject to a budget-neutrality adjustment of 1.065425. Wage index values below 0.8 are adjusted to be the greater of a 15-percent increase, subject to a maximum wage index value of 0.8, or an adjustment by multiplying the hospital wage index value for a given area by the budget-neutrality adjustment. We have completed all of these adjustments and have included them in the wage index values reflected in this table.

² All counties within the State are classified as urban.

II. Regulatory Impact Statement

We have examined the impacts of this notice as required by Executive Order 12866, the Unfunded Mandate Reform Act, and the Regulatory Flexibility Act (RFA) (Pub. L. 96–354). In this notice, we identified an impact on hospices as a result of changes in the way we compute the hospice wage index. The change in the methodology for computing the wage index was determined through a negotiated rulemaking committee and implemented in the August 8, 1997 final

rule (62 FR 42860). We recognize that the BBRA adjusted hospice payments upward by 0.5 percent; however, we did not do a separate analysis of the impact of this payment adjustment. We used the new rates adjusted by the BBRA when estimating the payments to be made under the new wage index and when calculating the budget-neutrality adjustment factor. Overall, we believe the changes included in this notice to be insignificant.

1. Executive Order 12866 and RFA

Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects; distributive impacts; and equity). We have determined that this notice is not an economically significant rule under this Executive Order. The RFA requires agencies to analyze options for regulatory relief for small businesses. For purposes of the RFA, States and individuals are not considered small entities. However, most providers, physicians, and health care suppliers are small entities, either by nonprofit status or by having revenues of \$5 million or less annually. Approximately 73 percent of Medicare certified hospices are identified as voluntary, government, or other agencies, and, therefore, are considered small entities. Because the National Hospice Organization estimates that approximately 70 percent of hospice patients are Medicare beneficiaries, we have not considered other sources of revenue in this analysis.

As discussed below, the estimated decreases in payment to hospices overall are very slight. The most significant change is an increase in estimated payments to rural areas in East and West South Central, at 4.8 and 9.1 percent, respectively. The effects of this notice on West South Central alone, indicate that 54 of the 85 hospices in urban West South Central can be considered small entities that will experience an 9.1-percent increase in Medicare payments. Therefore, we anticipate this notice will have a significant, albeit positive, impact on a substantial number of small entities. However, the methodology for the hospice wage index was previously determined by consensus through a negotiated rulemaking committee that included representatives of national hospice associations; rural, urban, large and small hospices; multi-site hospices; and consumer groups. Based on the options considered, the committee

determined that the methodology described in the committee statement, and adopted into regulation in the August 8, 1997 final rule, was favorable for the hospice community as well as for beneficiaries. Therefore, we believe that mitigating any negative effects on small entities has been taken into consideration.

2. Congressional Review

Section 804(2) of Title 5, United States Code (U.S.C.) (as added by section 251 of Pub. L. 104–121), specifies that a “major rule” is any rule that the Office of Management and Budget finds is likely to result in—

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

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

3. Unfunded Mandate

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

4. Rural Hospital Impact

Section 1102(b) of the Act requires us to prepare a regulatory impact analysis for any notice that may have a significant impact on the operations of a substantial number of small rural hospitals. Such an analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside an MSA and has fewer than 50 beds.

Because this notice has no direct impact on small hospitals, in accordance with 5 U.S.C. 604, the

Secretary certifies that this notice will not have a significant impact on the operations of a substantial number of small rural hospitals.

5. Federalism

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

A. Anticipated Effects

We have compared estimated payments using the FY 1983 hospice wage index to estimated payments using the FY 2001 wage index and determined the current hospice rates to be budget-neutral. As mentioned above, the negotiated rulemaking committee agreement required that we not pay more under the new wage index in the aggregate than we would have paid under the original wage index.

This impact analysis compares hospice payments under the FY 2000 hospice wage index to the estimated payments using the FY 2001 wage index. The data used in developing the quantitative analysis for this notice were obtained from the March 2000 update of the national claims history file of all bills submitted during FY 1999. We deleted bills from hospices that have since closed.

Table C demonstrates the results of our analysis. In Column 2 of Table C, we indicate the number of routine home care days that were included in our analysis, although the analysis was performed on all types of hospice care. Column 3 of Table C indicates payments that were made using the FY 2000 wage index. Column 4 of Table C is based on FY 1999 claims and estimates payments to be made to hospices using the FY 2001 wage index. The final column, which compares Columns 3 and 4, shows the percent change in estimated hospice payments made based on the category of the hospice.

Table C categorizes hospices by various geographic and provider characteristics. The first row displays the results of the impact analysis for all Medicare certified hospices. The second and third rows of the table categorize hospices according to their geographic location (urban and rural). Our analysis indicated that there are 1,351 hospices located in urban areas and 798 hospices located in rural areas. The next two groupings in the table indicate the number of hospices by census region, also broken down by urban and rural hospices. The sixth grouping shows the impact on hospices based on the size of the hospice's program. We determined that the majority of hospice payments are made at the routine home care rate. Therefore, we based the size of each

individual hospice's program on the number of routine home care days provided in 1999. The next grouping shows the impact on hospices by type of ownership. The final grouping shows the impact on hospices defined by whether they are provider-based or freestanding.

The results of our analysis shows that the greatest increases in payment are for rural areas in the West and East South Central Regions, with a 9.1 percent and 4.8 percent increase, respectively. The greatest decreases in payment are for urban areas in the New England and Mountain regions, each with a 0.4 percent decrease, and for rural areas in the Middle Atlantic and Pacific regions, each with a 0.4 percent decrease.

The breakdown by size, type of ownership, and facility base showed an increase in payments to all hospice programs. Small hospice programs showed significant increases of about 10 percent, while larger programs experienced only a negligible increase. Government-owned hospices showed the greatest estimated increase of 2.7 percent, while payments to voluntary hospices are expected to increase by 0.4 percent. In terms of hospice base, freestanding hospices showed the greatest estimated payment increase while home health agencies showed the smallest amount of payment increase.

TABLE C.—IMPACT OF HOSPICE WAGE INDEX CHANGE

	Number of hospices (1)	Number of routine home care days in thousands (2)	Payments using FY 2000 wage index in thousands (3)	Estimated payments using FY 2001 wage index in thousands (4)	Percent change in Hospice payments (5)
(By geographic location):					
All Hospices	2,149	21,354	2,490,702	2,504,439	0.6
Urban Hospices	1,351	18,120	2,185,780	2,190,590	0.2
Rural Hospices	798	3,234	304,922	313,849	2.9
By Region—Urban:					
New England	94	642	89,447	89,051	-0.4
Middle Atlantic	170	2,245	290,927	291,894	0.3
South Atlantic	185	4,030	509,079	511,583	0.5
East North Central	224	2,862	334,861	336,694	0.5
East South Central	94	1,169	123,023	123,530	0.4
West North Central	96	1,061	113,167	113,498	0.3
West South Central	188	2,408	261,632	261,287	-0.1
Mountain	88	1,135	149,035	148,443	-0.4
Pacific	183	2,325	298,138	298,086	0
Puerto Rico	29	243	16,470	16,524	0.3
By Region—Rural:					
New England	26	72	7,666	7,811	1.9
Middle Atlantic	35	168	17,282	17,214	-0.4
South Atlantic	117	681	63,904	65,005	1.7
East North Central	136	561	53,801	54,541	1.4
East South Central	81	524	48,159	50,481	4.8
West North Central	174	409	37,622	38,969	3.6
West South Central	85	362	29,640	32,351	9.1
Mountain	87	217	21,359	22,048	3.2
Pacific	54	217	24,012	23,922	-0.4

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

	Number of hospices (1)	Number of routine home care days in thousands (2)	Payments using FY 2000 wage index in thousands (3)	Estimated payments using FY 2001 wage index in thousands (4)	Percent change in Hospice payments (5)
Puerto Rico	3	23	1,476	1,507	2.1
(Skilled)					
Routine home care days:					
0–1,754 days	437	390	36,700	40,609	10.6
1,754–4,373 days	502	1,504	150,829	154,399	2.4
4,373–9,681 days	556	3,669	388,427	390,269	0.5
9,681 + days	653	15,449	1,875,339	1,879,969	0.2
Type of ownership:					
Voluntary	1,351	13,975	1,638,339	1,644,677	0.4
Proprietary	573	6,714	784,488	790,194	0.7
Government	192	568	58,174	59,770	2.7
Other	33	97	9,701	9,797	1.0
Hospice base:					
Freestanding	874	12,368	1,451,898	1,461,421	0.7
Home health agency	716	5,357	625,165	627,440	0.4
Hospital	538	3,503	395,997	397,830	0.5
Skilled nursing facility	21	126	17,642	17,748	0.6

In accordance with the provisions of Executive Order 12866, this regulation was reviewed by the Office of Management and Budget.

Authority: Section 1814(i) of the Social Security Act (42 U.S.C. 1395f (i)(1)).

(Catalog of Federal Domestic Assistance Program No. 93.773 Medicare—Hospital Insurance Program; and No. 93.774, Medicare—Supplementary Medical Insurance Program)

Dated: August 21, 2000.

Nancy-Ann Min DeParle,
Administrator, Health Care Financing Administration.

Dated: September 22, 2000.

Donna E. Shalala,
Secretary.

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