

identified with the name of the device and the docket number found in brackets in the heading of this document. Received petitions may be seen in the office above between 9 a.m. and 4 p.m., Monday through Friday.

This notice is issued under the Federal Food, Drug, and Cosmetic Act (secs. 515(d), 520(h) (21 U.S.C. 360e(d), 360j(h))) and under authority delegated to the Commissioner of Food and Drugs (21 CFR 5.10) and redelegated to the Director, Center for Devices and Radiological Health (21 CFR 5.53).

Dated: December 1, 1997.

Joseph A. Levitt,

Deputy Director for Regulations Policy, Center for Devices and Radiological Health.

[FR Doc. 97-34157 Filed 12-31-97; 8:45 am]

BILLING CODE 4160-01-F

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. 97D-0514]

CDRH Interim Regulatory Policy for External Penile Rigidity Devices; Availability

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA) is making available a policy from its Center for Devices and Radiological Health (CDRH) entitled "CDRH Interim Regulatory Policy for External Penile Rigidity Devices." The document outlines several changes in how FDA regulates external penile rigidity devices including constriction rings, vacuum pumps, and penile splints.

DATES: Written comments concerning this guidance may be submitted at any time.

ADDRESSES: Written comments concerning this guidance must be submitted to the contact person. Comments should be identified with the docket number found in brackets in the heading of this document. See the **SUPPLEMENTARY INFORMATION** section for electronic access to the policy. Submit written requests for single copies of the "CDRH Interim Regulatory Policy for External Penile Rigidity Implants" to the Division of Small Manufacturers Assistance, Center for Devices and Radiological Health (HFZ-220), Food and Drug Administration, 1350 Piccard Dr., Rockville, MD 20850. Send two self-addressed adhesive labels to assist that

office in processing your request, or fax your request to 301-443-8818.

FOR FURTHER INFORMATION CONTACT: Donald St. Pierre, Center for Devices and Radiological Health (HFZ-450), Food and Drug Administration, 9200 Corporate Blvd., Rockville, MD 20850, 301-594-2194.

SUPPLEMENTARY INFORMATION:

I. Background

External penile rigidity devices are unclassified medical devices designed to promote or maintain sufficient penile rigidity for sexual intercourse. This document clarifies when premarket review is required for new external penile rigidity devices using a uniform approach. The new policy also allows manufacturers the option of marketing external penile rigidity devices as prescription and/or over the counter (OTC) devices.

This guidance document represents the agency's current thinking on regulation of external penile rigidity devices. It does not create or confer any rights for or on any person and does not operate to bind FDA or the public. An alternative approach may be used if such approach satisfies the applicable statute, regulations, or both. The agency has adopted Good Guidance Practices (GGP's), which set forth the agency's policies and procedures for the development, issuance, and use of guidance documents (61 FR 8961, February 27, 1997). This guidance is issued as Level 2 guidance consistent with GGP's.

II. Electronic Access

Persons interested in obtaining a copy of the guidance may do so using the World Wide Web (WWW). The Center for Devices and Radiological Health (CDRH) maintains an entry on the World Wide Web for easy access to information including text, graphics, and files that may be downloaded to a personal computer with access to the Web. Updated on a regular basis, the CDRH Home Page includes the CDRH Interim Regulatory Policy for External Penile Rigidity Devices, device safety alerts, **Federal Register** reprints, information on premarket submissions (including lists of approved applications and manufacturers' addresses), small manufacturers' assistance, information on video conferencing and electronic submissions, mammography matters, and other device-oriented information. The CDRH home page may be accessed at <http://www.fda.gov/cdrh>. The CDRH Interim Regulatory Policy for External Penile Rigidity Devices will be available at <http://www.fda.gov/cdrh/ode/expenrig.html>.

A text-only version of the CDRH Web site is also available from a computer or VT-100 compatible terminal by dialing 800-222-0185 (terminal settings are 8/1/N). Once the modem answers, press Enter several times and then select menu choice 1: FDA BULLETIN BOARD SERVICE. From there follow instructions for logging in, and at the BBS TOPICS PAGE, arrow down to the FDA home page (do not select the first CDRH entry). Then select Medical Devices and Radiological Health. From there select CENTER FOR DEVICES AND RADIOLOGICAL HEALTH for general information, or arrow down for specific topics.

III. Comments

Interested persons may at any time submit written comments on the guidance document to the contact person. Comments will be considered in determining whether to revise or revoke the guidance document.

Dated: December 1, 1997.

Joseph A. Levitt,

Deputy Director for Regulations Policy, Center for Devices and Radiological Health.

[FR Doc. 97-34158 Filed 12-31-97; 8:45 am]

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

[HCFA-1904-NC]

RIN 0938-AI24

Medicare Program; Schedule of Limits on Home Health Agency Costs Per Visit for Cost Reporting Periods Beginning on or After October 1, 1997

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

ACTION: Notice with comment period.

SUMMARY: This notice sets forth a revised schedule of limits on home health agency costs that may be paid under the Medicare program for cost reporting periods beginning on or after October 1, 1997. These limits replace the per visit limits that were set forth in our July 1, 1996 notice with comment period (61 FR 34344) and supersede those set forth in our July 1, 1997 notice with comment period (62 FR 35608). This notice also provides, in accordance with the Balanced Budget Act of 1997, that there be no changes in the home health per visit limits for cost reporting periods beginning on or after July 1, 1997 and before October 1, 1997 (that is, the cost limits set forth in our July 1, 1996 notice will apply to cost reporting

periods beginning during this time period); that the establishment of the cost per visit limitations for cost reporting periods beginning on or after October 1, 1997 be based on 105 percent of the median of the labor-related and nonlabor per visit costs for freestanding home health agencies; that there be no updates in the home health costs limits (including no adjustments for changes in the wage index or other updates) for cost reporting periods beginning on or after July 1, 1994 and before July 1, 1996; and the wage index value that is applied to the labor portion of the per visit limitations be based on the geographic area in which the home health service is furnished.

DATES: Effective Date: This is a major rule under title 5, United States Code, section 804(2). As indicated in section XI.A. of the preamble of this notice with comment period, pursuant to 5 U.S.C. 553(b)(B), for good cause we find that prior notice and comment procedures are impracticable and unnecessary. Pursuant to 5 U.S.C. section 808(2), as well as section 1861(v)(1)(L)(i) of the Social Security Act (as amended by section 4602(a)(5) of Pub. L. 105-33), this schedule of limits is effective for cost reporting periods beginning on or after October 1, 1997.

Comment Period: Written comments will be considered if we receive them at the appropriate addresses, as provided below, no later than 5 p.m. on March 3, 1998.

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-1904-NC, P.O. Box 7517, Baltimore, Maryland 21207-0517

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

Room 309-G, Hubert H. Humphrey Building, 200 Independence Avenue, SW, Washington, DC 20201,
or

Room C5-09-26, Central Building, 7500 Security Boulevard, Baltimore, Maryland 21244-1850.

Comments may also be submitted electronically to the following e-mail address: HCFA1904NC@hcfa.gov. E-mail comments must include the full name, postal address, and affiliation (if applicable) 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-1904-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 309-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).

Copies: To order copies of the **Federal Register** containing this document, send your request to: New Orders, Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250-7954. Specify the date of the issue requested and enclose a check or money order payable to the Superintendent of Documents, or enclose your Visa or Master Card number and expiration date. Credit card orders can also be placed by calling the order desk at (202) 512-1800 or by faxing to (202) 512-2250. The cost for each copy is \$8.00. As an alternative, you may view and photocopy the **Federal Register** document at most libraries designated as Federal Deposit Libraries and at many other public and academic libraries throughout the country that receive the **Federal Register**.

This **Federal Register** document is also available from the **Federal Register** online database through GPO Access, a service of the U.S. Government Printing Office. Free public access is available on a Wide Area Information Server (WAIS) through the Internet and via asynchronous dial-in. Internet users can access the database by using the World Wide Web; the Superintendent of Documents home page address is http://www.access.gpo.gov/su_docs/, by using local WAIS client software, or by telnet to swais.access.gpo.gov, then login as guest (no password required). Dial-in users should use communications software and modem to call (202) 512-1661; type swais, then login as guest (no password required).

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

SUPPLEMENTARY INFORMATION:

I. Background

A. Summary

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

delivery of needed health services. Under this authority, we have maintained limits on home health agency (HHA) per-visit costs since 1979. The limits may be applied to direct or indirect overall costs or to the costs incurred for specific items or services furnished by the provider.

Implementing regulations are located at 42 CFR 413.30. Additional statutory provisions specifically governing the limits applicable to HHAs are contained at section 1861(v)(1)(L) of the Act. Section 1861(v)(1)(L)(i) of the Act, as amended by section 4602(a) of the Balanced Budget Act of 1997 (BBA '97), Pub. L. 105-33, specifies that the cost limits must not exceed 105 percent of the median of the labor-related and nonlabor per-visit costs for freestanding HHAs. Section 1861(v)(1)(L)(vii) of the Act, as added by section 4602(c) of BBA '97, requires that the Secretary establish HHA cost limits on an annual basis for cost reporting periods beginning on or after October 1 of each year beginning in 1998, (except the cost limits established for cost reporting periods beginning on or after October 1, 1997 must be established by January 1, 1998). In establishing these limits, the statute directs the Secretary to use the applicable hospital wage index, as discussed below.

This notice with comment period sets forth revised cost limits for cost reporting periods beginning on or after October 1, 1997. 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 which were 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 hospital wage index, that is, the prereclassified hospital wage index effective for hospital discharges on or after October 1, 1997, which uses Federal fiscal year (FY) 1994 wage data. 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 Review Board (MGCRB) under section 1886(d)(10) of the Act, or decisions by the Secretary.

B. Relevant Provisions of the Balanced Budget Act of 1997

The BBA '97 made major changes that affect the cost per visit limitations applicable to services provided by HHAs. The provisions of Pub. L. 105-

33 that we are implementing in this notice with comment period are as follows:

1. Delay in Updates

Section 4602(b) of BBA '97 amended section 1861(v)(1)(L)(iii) of the Act to provide that there be no changes in the home health per visit cost limits for cost reporting periods beginning on or after July 1, 1997 and before October 1, 1997. The effect of this provision is that a HHA's latest per-visit cost limit for a cost reporting period beginning on or after July 1, 1996 and before October 1, 1996, as calculated under the notice published July 1, 1996 (61 FR 34344), will remain in effect until its cost reporting period beginning on or after October 1, 1997. For providers entering the Medicare program on or after July 1, 1997 and before October 1, 1997, the applicable cost limit will be the cost limit that would have applied for the identical cost reporting period beginning on or after July 1, 1996 and before October 1, 1996. (For example, if a provider enters the Medicare program on July 1, 1997, with a 12-month cost reporting period, its cost limit will be determined in the same manner as a cost limit for a period beginning July 1, 1996 and ending June 30, 1997. If the provider entering the Medicare program has a short cost reporting period, for example, a period beginning July 1, 1997 and ending December 31, 1997, the cost limit will be determined in the same manner as a cost limit for a period beginning July 1, 1996, and ending December 31, 1996.) Therefore, the notice of schedule of limits on HHA costs per visit for cost reporting periods beginning on or after July 1, 1997, which was published in the **Federal Register** (62 FR 35608) on July 1, 1997 has been superseded by the change in the statute.

The notice of schedule of limits on HHA costs per visit, which was published in the **Federal Register** on July 1, 1997 (62 FR 35608) also contained comments and responses to the notice of schedule of limits published in the **Federal Register** on July 1, 1996 (61 FR 34344). The comments and responses in the July 1, 1997 **Federal Register** (62 FR 35609 through 35611) are not repeated in this notice. Even though the cost limitations in the July 1, 1997 **Federal Register** have been superseded by Pub. L. 105-33, the responses to the comments to the July 1, 1996 notice are still relevant and effective.

2. Reduction to limits

Section 1861(v)(1)(L)(i)(IV) was added to the Act by section 4602(a)(5) of the

BBA '97 and requires the establishment of the cost per visit limitations based on 105 percent of the median of labor-related and nonlabor-related per visit costs for freestanding HHAs. This is a change to the previous requirement that the cost limitations be established based on 112 percent of the mean of the labor-related and nonlabor per visit cost for freestanding HHAs.

The impact of this change will be discussed in general in the impact statement in section XI of this notice with comment period.

3. Reduction in Market Basket Updates

Section 1861(v)(1)(L)(iv) was added to the Act by section 4601(a) of BBA '97 and requires the Secretary not to take into account any changes in the home health market basket with respect to cost reporting periods which began on or after July 1, 1994 and before July 1, 1996 in establishing the limitations for cost reporting periods beginning after September 30, 1997. This, in effect, reduces the factors for increasing the database dollars used in calculating the limits. How these factors are determined is explained further in section VII of this notice with comment period.

4. Application of per Visit Limitation

Section 1861(v)(1)(L)(iii) was amended by section 4604(b) of BBA '97 to require that the utilization of the area wage index applicable under section 1886(d)(3)(E) of the Act be 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 services are furnished. Previously, the survey was from hospitals located in the geographic area in which the home health agency is located, and applied to cost limitations for cost reporting periods beginning prior to October 1, 1997. In effect, the cost per visit limitation that will apply for the service furnished by the HHA will be the urban or rural limit and the appropriate wage index for the geographic area where the home health service is furnished. A Program Memorandum (Rev. AB-97-18), which was published in September 1997, outlined the billing changes that are needed to properly implement this provision.

5. Effective Date

Section 1861(v)(1)(L)(vii) of the Act was added by section 4602(c) of BBA '97. Beginning in 1998, the Secretary is required to establish the per-visit limits by August 1 of each year. However, for cost reporting periods beginning on or after October 1, 1997, the Secretary need only establish those limits by January 1,

1998. In accordance with section 1861(v)(1)(L)(vii)(I), we are establishing by January 1, 1998, the per-visit limits for cost reporting periods beginning on or after October 1, 1997.

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

Section 4207(d)(2) of the Omnibus Budget Reconciliation Act of 1990, Pub. L. 101-508, requires that in updating the wage index, aggregate payments to HHAs should be equal to the amount that would result from use of the 1982 wage index. On July 1, 1997, we published the appropriate adjustment factor to comply with this requirement to ensure that payments were not affected by the hospital wage index published on August 30, 1996.

As stated before, BBA '97 was passed and included legislation that affected the cost per-visit limitations. The effect of the changes in the cost limit calculations (reducing per visit limits from 112% of the mean to 105% of the median and freezing market basket updates) impacts the level of payments and, therefore, affects the budget neutrality factor. To determine the new adjustment factor, we used the same methodology as explained in the July 1, 1997 **Federal Register**, page 35611, using the cost limits specified in this notice. As has been the case with each of the new wage indices used in calculating home health limits since the requirement of budget neutrality was established, agencies would have received a higher adjusted cost limitation in the aggregate. Aggregate payments to HHAs can only be affected to the extent that agencies have costs exceeding the limits. When only a small portion of total costs exceed the limits, the adjustment is effectively spread over agencies, and the labor portion of the limits needs to be increased by a large factor to reach the amount by which agencies, in the aggregate, would have benefited using the 1982 wage index. It follows that as the portion of costs exceeding the limits becomes larger, the adjustment factor becomes smaller. Because the new cost limits are lower, more providers are affected by the limits. Under the old cost limit, 31% of home health agencies were over the limit, as compared to 65% of home health agencies over the new cost limit. In order to achieve the level of savings that would have occurred if the 1982 wage index was used, less of an increase is necessary to raise the limits to achieve budget neutrality. We used the same methodology as contained in the **Federal Register** published July 1, 1997 and determined the new budget neutrality factor to be 1.009.

III. Update of Limits

The cost report data used to develop the schedule of limits set forth in this notice is for the same period as that used in setting the limits that were effective July 1, 1996. We have updated the cost limits to reflect the expected cost increases occurring between the cost reporting periods for the data contained in the database and September 30, 1998 (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. Data Used

To develop the schedule of limits that is effective for cost reporting periods beginning on or after October 1, 1997, we extracted actual cost per-visit data from settled Medicare cost reports of freestanding HHAs for periods ending on or after June 30, 1991, and settled by October 1, 1995. The majority of the cost reports were from FY 1993. We then adjusted the data using the latest available market basket indexes to reflect expected cost increases occurring between the cost reporting periods contained in our database and September 30, 1998. However, section 1861(v)(1)(L)(iv) prohibits the Secretary from taking into account any changes in the home health market basket with respect to cost reporting periods which began on or after July 1, 1994 and before July 1, 1996. Therefore, we excluded this time period when we adjusted the database for the market basket increases.

B. Wage Index

The wage index is used to adjust the labor-related portion of the limits to reflect differing wage levels among areas. In setting this schedule of limits, we used the FY 1998 hospital wage index, which is based on 1994 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 current hospital wage index (that is, the FY 1998 hospital wage index, which was published in the **Federal Register** on August 29, 1997 (62 FR 46070)) to establish the HHA cost limits. Therefore, this schedule of limits reflects the MSA definitions that are currently in effect under the hospital prospective payment system.

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 limits 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 (Pub. L. 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 the purposes of the hospital prospective payment system. This provision is intended to ensure equitable treatment under the hospital prospective payment system. Under this authority, the following counties have been deemed to be urban areas for purposes of payment under the inpatient hospital prospective payment 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-Warwick-Pawtucket, RI MSA.

We are continuing to grant these urban exceptions for the purpose of applying the Medicare hospital wage index to the HHA cost limits. These exceptions result in the same New England County Metropolitan Area (NECMA) definitions for hospitals, skilled nursing facilities (SNFs), 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, those four counties are urban under either definition, NECMA or MSA.

Section 1861(v)(1)(L)(iii), as amended by section 4604(b) of BBA '97, requires us to establish these limits using 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. Prior to the amendment, the wage index as applied to the labor portion of the per visit limitation was based on the location of the HHA. Effective with cost reporting periods beginning on or after October 1, 1997, 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. Therefore, in establishing the limits for

the HHAs, we will apply the wage index based upon the location of where the service is furnished. See discussion in section VII.

IV. Provisions of the HHA Schedule of Limits

The schedule of limits set forth below was calculated using 105 percent of the median per-visit costs of freestanding HHAs and is adjusted by the latest estimates in the market basket index, 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 schedule of limits effective for cost reporting periods beginning on or after October 1, 1997, is based on the actual cost per-visit data from settled Medicare cost reports from freestanding HHAs for periods ending on or after June 30, 1991, and settled by October 1, 1995, updated by the market basket rate of increase, 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, and provides for the following:

- A classification system based on whether an HHAs services are furnished within an MSA, a NECMA, and/or a non-MSA area. (See Tables 4a and 4b in section IX. of this notice for the listing of MSAs, NECMAs, and rural areas.)

- The use of a single schedule of limits for hospital-based and freestanding agencies. This single limit is based on the cost experience of freestanding agencies in accordance with section 1861(v)(1)(L)(i) of the Act.
- The use of a market basket index, which was developed from the price of goods and services purchased by HHAs to account for the impact of changing wage and price levels on HHA costs.

- The current hospital wage index that is used to adjust the labor-related portion of the limits. The employee wage portion of the market basket index, including a proportionate share of contract services (64.226 percent), and the employee benefits portion (13.442 percent) are used to determine the labor component (77.668 percent) of all HHA per-visit costs used to set the limits.

- Separate treatment of the labor and nonlabor components of per-visit costs. The separate components of costs are calculated by obtaining actual HHA cost data for each agency for cost periods ending on or after June 30, 1991 and settled before October 1, 1995, and increasing those data by the actual and projected increases in the HHA market basket index 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. We then separated each HHA's per-visit costs into labor and nonlabor portions, and divided the labor portion by the wage index value for the agency's location to control for the effect of geographic variations in prevailing wage levels. Separate means are computed for the labor and nonlabor components of per-visit costs. For each comparison group, the resulting amounts are shown in Table 3 of section VIII of this notice.

- The application of a cost-of-living adjustment to the nonlabor portion of the limit for HHAs located in Alaska,

Hawaii, Puerto Rico, and the U.S. Virgin Islands.

- Limits are determined for the per-visit cost of each type of home health service: skilled nursing care, physical therapy, speech pathology, occupational therapy, medical social services, and home health aide.

- Application of the limits in the aggregate after an HHA's actual costs are adjusted. An HHA's actual costs are adjusted for individual items of cost that are found to be excessive under Medicare principles of provider payment and for costs that are not included in the limitation amount. The

limits are applied in the aggregate to the cost remaining after these adjustments are made. Payment is limited to the lesser of the actual costs, the cost aggregated limits, or the per beneficiary limitation. The per-beneficiary limitation must be established by April 1, 1998, under section 1861(v)(1)(L)(vii), as added by section 4602(c) of BBA '97 and will be effective for cost reporting periods beginning October 1, 1997.

V. Market Basket

The 1993-based cost categories and weights are listed in Table 1 below.

TABLE 1.—1993-BASED COST CATEGORIES, WEIGHTS, AND PRICE PROXIES

Cost category	1993-based market basket weight	Price proxy
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 Rent.
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	

VI. Methodology for Determining Cost-Per-Visit Limits

A. Data

For this notice, the cost-per-visit limit values were determined by extracting settled actual cost-per-visit data from Medicare cost reports for cost reporting

periods ending on or after June 30, 1991, and settled before October 1, 1995. We then adjusted the data 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, 1998 excluding any changes in the home health market basket with respect to cost reporting periods which began on or after, July 1, 1994 and before July 1, 1996. The following adjustment factors were used to compute the per-visit costs:

TABLE 2.—FACTORS FOR INFLATING DATABASE DOLLARS TO SEPTEMBER 30, 1998 [Inflation Adjustment Factors¹]

Fiscal year end	1992	1993	1994
January 31		1.11250	1.07813
February 28		1.10947	1.07550
March 31		1.10642	1.07295
April 30		1.10336	1.07046
May 31		1.10033	1.06800
June 30	1.13438	1.09737	1.06565
July 31	1.13111	1.09450	1.06354
August 31	1.12791	1.09168	1.06165
September 30	1.12476	1.08891	1.05993
October 31	1.12166	1.08619	1.05838
November 30	1.11859	1.08349	1.05706

TABLE 2.—FACTORS FOR INFLATING DATABASE DOLLARS TO SEPTEMBER 30, 1998—Continued
[Inflation Adjustment Factors¹]

Fiscal year end	1992	1993	1994
December 31	1.11554	1.08080	1.05599

¹ Source: The Home Health Agency Input Price Index, produced by HCFA. 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.

Multiplying nominal dollars for a given fiscal year end by their respective inflation adjustment factor will express those dollars in the dollar levels for the fiscal year ending September 30, 1998.

The procedure followed to develop these revised tables, based on requirements from the BBA '97, 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. Thus the monthly trend of the revised index is the same as that of the HCFA market basket for the period from July 1996 forward.

B. Cost Reporting Periods Consisting of Fewer Than 12 Months

HHA's 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 fiscal year has already begun, or when a provider experiences a change of ownership before the end of the cost reporting period. As explained in section IV. of this preamble, the data used in calculating the cost limits were updated to September 30, 1998. Therefore, the cost limits published in this notice are for a 12-month cost reporting period beginning October 1, 1997 and ending September 30, 1998. For 12-month cost reporting periods beginning after October 1, 1997 and before October 1, 1998, cost reporting year adjustment factors are provided in Table 5. 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 limits to providers with cost reporting periods of fewer than 12 months, we are publishing the following examples 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 sixteenth of the month, we will consider the period to have begun on the first of that month. If the start period begins on or after the sixteenth 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 sixteenth 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 sixteenth of the month, it will be considered to have ended at the end of that month.

Examples:

1. After approval by its intermediary, an HHA changes its fiscal year end from June 30 to December 31. Therefore, the HHA had a short cost reporting period beginning on July 1, 1998 and ending on December 31, 1998. The cost limits that apply to this short period must be adjusted as follows:

Step 1—From Table 6, sum the index levels for the months of July 1998 through December 1998: 6.63687.

Step 2—Divide the results from Step 1 by the number of months in the short period.
 $6.63687 \div 6 = 1.106145$

Step 3—From Table 6, sum the index levels for the months in the common period of October 1997 through September 1998.
13.06926

Step 4—Divide the results in Step 3 by the number of months in the common period.
 $13.06926 \div 12 = 1.089105$

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 limits.
 $1.106145 \div 1.089105 = 1.015646$

Step 6—Apply the results from Step 5 to the published cost limits.

- Urban Skilled Nursing Labor Portion, $\$67.91 \times 1.015646 = \68.97
- Urban Skilled Nursing Nonlabor Portion, $\$19.18 \times 1.015646 = \19.48

2. An HHA with a fiscal year end of November 30, 1998 changes ownership on September 21, 1998. The HHA is required to file a terminated cost report for the period of December 1, 1997 to September 21, 1998. The cost limits that apply to this short period must be adjusted as follows:

Step 1—From Table 6, sum the index level for the month of December 1997 through September 1998.
10.91945

Step 2—Divide the results from Step 1 by the number of months in the short period.
 $10.91945 \div 10 = 1.091945$

Step 3—From Table 6, sum the index levels for the months in the common period of October 1997, through September 1998.
13.06926

Step 4—Divide the results from Step 3 by the number of months in the common period.

$$13.06926 \div 12 = 1.089105$$

Step 5—Divide the results from Step 2 by the results from Step 4.

$$1.091945 \div 1.089105 = 1.002608$$

Step 6—Apply the results from Step 5 to the published cost limits.

- Urban Skilled Nursing Labor Portion, $\$67.91 \times 1.002608 = \68.09
- Urban Skilled Nursing Non-Labor Portion, $\$19.18 \times 1.002608 = \19.23

C. Standardization for Wage Levels

After adjustment by the market basket index, we divided each HHA's per-visit costs into labor and nonlabor portions. The labor portion of costs (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 costs 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 under 10 dollars and per visit costs over 800 dollars, retaining only those per-visit costs within two standard deviations of the median in each service.

E. Basic Service Limit

We calculate a basic service limit equal to 105 percent of the median labor and nonlabor portions of the per-visit costs of freestanding HHAs for each type of service. (See Table 3 in section IX.)

VII. Computing the Adjusted Limit

A. Adjustment of Cost Limits by Wage Index

To arrive at the adjusted limit, which is to be applied to each service furnished by an HHA based on where the service is furnished, the HHA's

intermediary first determines the adjusted labor-related component by multiplying the labor-related component of the limit by the appropriate wage index and by multiplying the adjusted labor-related component by the special labor adjustment for budget neutrality. (See example below and Tables 4a and 4b in section VIII. of this notice.) The sum of the nonlabor component plus the labor-related component is the adjusted limit applicable to the service furnished by the HHA.

Example—Calculation of Adjusted Occupational Therapy Limit for an Occupational Therapy Service Furnished in Dallas, TX by a Freestanding HHA

Labor component (Table 3)	\$73.20
Wage index value (Table 4a)	0.9703
Labor portion	\$71.03
Special labor adjustment for budget neutrality	1.009
Adjusted labor portion	\$71.67
Nonlabor component (Table 3)	\$21.00
Adjusted occupational therapy limit	\$92.67

B. Adjustment for Reporting Year

If an HHA has a 12-month cost reporting period beginning on or after November 1, 1997, the adjusted per-visit limit for each service is again revised by an adjustment factor from Table 5 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, and is used to account for inflation in costs that will occur after the date on which the limits become effective.

For example, if the HHA in the example above had a cost reporting period beginning January 1, 1998, its per-visit therapy limit would be further adjusted as follows:

COMPUTATION OF REVISED LIMIT FOR OCCUPATIONAL THERAPY

Adjusted per-visit limit	\$92.67
Adjustment factor from Table 5	1.00781
Revised per-visit limit	\$93.39

In this example, the revised adjusted per-visit limit for occupational therapy services furnished in Dallas, TX by this HHA for the cost reporting period beginning January 1, 1998, is \$93.39 per visit.

If an HHA uses a cost reporting period that is not 12 months in duration, a special calculation of the adjustment factor must be made. This results from the fact that projections are computed to September 30, 1998. This calculation is done using the methodology described in section VII.B.

VIII. Schedule of Limits

The schedule of limits set forth below applies to cost reporting periods beginning on or after October 1, 1997. The intermediaries will compute the adjusted limits using the wage index published in Tables 4a and 4b of section IX. and will notify each HHA they

service of its applicable cost per-visit limit for the areas where the HHA furnishes each type of service. Each HHA's aggregate limit cannot be determined prospectively, but depends on each HHA's Medicare visits for each type of service furnished by location of the service for the cost reporting periods subject to this notice.

The HHA costs that are subject to the limits include the cost of medical supplies routinely furnished in conjunction with patient care. Durable medical equipment, orthotics, prosthetics, 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 this schedule of limits. (See Chapter IV of the Home Health Agency Manual (HCFA Pub. 11).)

The intermediary will determine the limit for each HHA by multiplying the number of Medicare visits for each type according to the location of where the service is furnished by the HHA, by the respective per-visit cost limit. The sum of these amounts is compared to the HHA's total allowable cost.

Example: HHA X, a freestanding agency located in Richmond, VA, and all its services in the Richmond, VA, MSA furnished 5,000 covered skilled nursing visits, 2,000 physical therapy visits, and 4,000 home health aide visits to Medicare beneficiaries during its 12-month cost reporting period beginning October 1, 1997. The aggregate cost limit for the HHA is calculated as follows:

DETERMINING THE AGGREGATE COST LIMIT

Type of visit	Visits	Nonlabor portion	Adjusted labor portion ¹	Adjusted limit	Aggregate limit
Skilled nursing	5,000	\$19.18	\$62.71	\$81.89	\$409,450
Physical therapy	2,000	20.78	67.78	88.56	177,120
Home health aide	4,000	9.35	30.39	39.74	158,960
Total Visits	11,000				
Aggregate cost limit					\$745,530

¹ Includes special labor adjustment of 1.009 for budget neutrality.

Before the limits are applied during settlement of the cost report, the HHA's actual costs are reduced by the amount of individual items of cost (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 (42 CFR 413.106) and the limitation on costs that are substantially out of line with those comparable HHAs (42 CFR 413.9).

TABLE 3.—PER VISIT LIMITS FOR HOME HEALTH AGENCIES

Type of visit	Limit	Labor portion	Nonlabor portion ¹
MSA (NECMA) location: Skilled nursing care	\$87.09	\$67.91	\$19.18

TABLE 3.—PER VISIT LIMITS FOR HOME HEALTH AGENCIES—Continued

Type of visit	Limit	Labor portion	Nonlabor portion ¹
Physical therapy	94.18	73.40	20.78
Speech pathology	94.57	73.50	21.07
Occupational therapy	94.20	73.20	21.00
Medical social services	119.76	93.23	26.53
Home health aide	42.26	32.91	9.35
Non-MSA location:			
Skilled nursing care	97.09	79.25	17.84
Physical therapy	103.81	84.49	19.32
Speech pathology	109.94	89.45	20.49
Occupational therapy	111.00	90.25	20.75
Medical social services	149.21	121.56	27.65
Home health aide	42.09	34.34	7.75

¹ Nonlabor portion of limits for HHAs located in Alaska, Hawaii, Puerto Rico, and the Virgin Islands are increased by multiplying them by the following cost-of-living adjustment factors:

Location	Adjustment factor
Alaska	1.150
Hawaii:	
County of Honolulu	1.225
County of Hawaii	1.150
County of Kauai	1.200
County of Maui	1.225
County of Kalawao	1.225
Puerto Rico	1.100
Virgin Islands	1.125

IX. Wage Indexes

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

TABLE 4a—WAGE INDEX FOR URBAN AREAS

Urban Area (Constituent Counties or County Equivalents)	Wage Index
0040 Abilene, TX	0.8287
Taylor, TX	
0060 Aguadilla, PR	0.4188
Aguada, PR	
Aguadilla, PR	
Moca, PR	
0080 Akron, OH	0.9772
Portage, OH	
Summit, OH	
0120 Albany, GA	0.7914
Dougherty, GA	
Lee, GA	
0160 Albany-Schenectady-Troy, NY	0.8480
Albany, NY	
Montgomery, NY	
Rensselaer, NY	
Saratoga, NY	
Schenectady, NY	
Schoharie, NY	
0200 Albuquerque, NM	0.9309
Bernalillo, NM	
Sandoval, NM	
Valencia, NM	
0220 Alexandria, LA	0.8162
Rapides, LA	
0240 Allentown-Bethlehem-Easton, PA	1.0086
Carbon, PA	
Lehigh, PA	
Northampton, PA	

Urban Area (Constituent Counties or County Equivalents)	Wage Index
0280 Altoona, PA	0.9137
Blair, PA	
0320 Amarillo, TX	0.9425
Potter, TX	
Randall, TX	
0380 AK Anchorage, AK	1.2842
Anchorage,	
0440 Ann Arbor, MI	1.1785
Lenawee, MI	
Livingston, MI	
Washtenaw, MI	
0450 Anniston, AL	0.8266
Calhoun, AL	
0460 Appleton-Oshkosh-Neenah, WI	0.8996
Calumet, WI	
Outagamie, WI	
Winnebago, WI	
0470 Arecibo, PR	0.4218
Arecibo, PR	
Camuy, PR	
Hatillo, PR	
0480 Asheville, NC	0.9072
Buncombe, NC	
Madison, NC	
0500 Athens, GA	0.9087
Clarke, GA	
Madison, GA	
Oconee, GA	
0520 Atlanta, GA	0.9823
Barrow, GA	
Bartow, GA	
Carroll, GA	
Cherokee, GA	

Urban Area (Constituent Counties or County Equivalents)	Wage Index
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 City-Cape May, NJ	1.1155
Atlantic City, NJ	
Cape May, NJ	
0600 Augusta-Aiken, GA-SC	0.9333
Columbia, GA	
McDuffie, GA	
Richmond, GA	
Aiken, SC	
Edgefield, SC	
0640 Austin-San Marcos, TX	0.9133
Bastrop, TX	
Caldwell, TX	
Hays, TX	
Travis, TX	
Williamson, TX	
0680 Bakersfield, CA	1.0014
Kern, CA	
0720 Baltimore, MD	0.9689

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

Urban Area (Constituent Counties or County Equivalents)	Wage Index
Anne Arundel, MD	
Baltimore, MD	
Baltimore City, MD	
Carroll, MD	
Harford, MD	
Howard, MD	
Queen Annes, MD	
0733 Bangor, ME	0.9478
Penobscot, ME	
0743 Barnstable-Yarmouth, MA ...	1.4291
Barnstable, MA	
0760 Baton Rouge, LA	0.8382
Ascension, LA	
East Baton Rouge, LA	
Livingston, LA	
West Baton Rouge, LA	
0840 Beaumont-Port Arthur, TX ..	0.8593
Hardin, TX	
Jefferson, TX	
Orange, TX	
0860 Bellingham, WA	1.1221
Whatcom, WA	
0870 Benton Harbor, MI	0.8634
Berrien, MI	
0875 Bergen-Passaic, NJ	1.2156
Bergen, NJ Passaic, NJ	
0880 Billings, MT	0.9783
Yellowstone, MT	
0920 Biloxi-Gulfport-Pascagoula, MS	0.8415
Hancock, MS	
Harrison, MS	
Jackson, MS	
0960 Binghamton, NY	0.8914
Broome, NY	
Tioga, NY	
1000 Birmingham, AL	0.9005
Blount, AL	
Jefferson, AL	
St. Clair, AL	
Shelby, AL	
1010 Bismarck, ND	0.7695
Burleigh, ND	
Morton, ND	
1020 Bloomington, IN	0.9128
Monroe, IN	
1040 Bloomington-Normal, IL	0.8733
McLean, IL	
1080 Boise City, ID	0.8856
Ada, ID	
Canyon, ID	
1123 Boston-Worcester Law- rence-Lowell-	1.1506
Brockton, MA-NH	
Bristol, MA	
Essex, MA	
Middlesex, MA	
Norfolk, MA	
Plymouth, MA	
Suffolk, MA	
Worcester, MA	
Hillsborough, NH	
Merrimack, NH	
Rockingham, NH	
Strafford, NH	
1125 Boulder-Longmont, CO	1.0015
Boulder, CO	
1145 Brazoria, TX	0.9341
Brazoria, TX	

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

Urban Area (Constituent Counties or County Equivalents)	Wage Index
1150 Bremerton, WA	1.0999
Kitsap, WA	
1240 Brownsville-Harlingen-San Benito, TX	0.8740
Cameron, TX	
1260 Bryan-College Station, TX ..	0.8571
Brazos, TX	
1280 Buffalo-Niagara Falls, NY ...	0.9272
Erie, NY	
Niagara, NY	
1303 Burlington, VT	1.0142
Chittenden, VT	
Franklin, VT	
Grand Isle, VT	
1310 Caguas, PR	0.4459
Caguas, PR	
Cayey, PR	
Cidra, PR	
Gurabo, PR	
San Lorenzo, PR	
1320 Canton-Massillon, OH	0.8961
Carroll, OH	
Stark, OH	
1350 Casper, WY	0.9013
Natrona, WY	
1360 Cedar Rapids, IA	0.8529
Linn, IA	
1400 Champaign-Urbana, IL	0.8824
Champaign, IL	
1440 Charleston-North Charles- ton, SC	0.8807
Berkeley, SC	
Charleston, SC	
Dorchester, SC	
1450 Charleston, WV	0.9142
Kanawha, WV	
Putnam, WV	
1520 Charlotte-Gastonia-Rock Hill, NC-SC	0.9710
Cabarrus, NC	
Gaston, NC	
Lincoln, NC	
Mecklenburg, NC	
Rowan, NC	
Union, NC	
York, SC	
1540 Charlottesville, VA	0.9051
Albemarle, VA	
Charlottesville City, VA	
Fluvanna, VA	
Greene, VA	
1560 Chattanooga, TN-GA	0.8658
Catoosa, GA	
Dade, GA	
Walker, GA	
Hamilton, TN	
Marion, TN	
1580 Cheyenne, WY	0.7555
Laramie, WY	
1600 Chicago, IL	1.0860
Cook, IL	
DeKalb, IL	
DuPage, IL	
Grundy, IL	
Kane, IL	
Kendall, IL	
Lake, IL	
McHenry, IL	
Will, IL	

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

Urban Area (Constituent Counties or County Equivalents)	Wage Index
1620 Chico-Paradise, CA	1.0429
Butte, CA	
1640 Cincinnati, OH-KY-IN	0.9474
Dearborn, IN	
Ohio, IN	
Boone, KY	
Campbell, KY	
Gallatin, KY	
Grant, KY	
Kenton, KY	
Pendleton, KY	
Brown, OH	
Clermont, OH	
Hamilton, OH	
Warren, OH	
1660 Clarksville-Hopkinsville, TN- KY	0.7852
Christian, KY	
Montgomery, TN	
1680 Cleveland-Lorain-Elyria, OH	0.9804
Ashtabula, OH	
Cuyahoga, OH	
Geauga, OH	
Lake, OH	
Lorain, OH	
Medina, OH	
1720 Colorado Springs, CO	0.9316
El Paso, CO	
1740 Columbia, MO	0.9001
Boone, MO	
1760 Columbia, SC	0.9192
Lexington, SC	
Richland, SC	
1800 Columbus, GA-AL Russell, AL	0.8288
Chattanooga, GA	
Harris, GA	
Muscogee, GA	
1840 Columbus, OH	0.9793
Delaware, OH	
Fairfield, OH	
Franklin, OH	
Licking, OH	
Madison, OH	
Pickaway, OH	
1880 Corpus Christi, TX	0.8945
Nueces, TX	
San Patricio, TX	
1900 Cumberland, MD-WV	0.8822
Allegany, MD	
Mineral, WV	
1920 Dallas, TX	0.9703
Collin, TX	
Dallas, TX	
Denton, TX	
Ellis, TX	
Henderson, TX	
Hunt, TX	
Kaufman, TX	
Rockwall, TX	
1950 Danville, VA	0.8146
Danville City, VA	
Pittsylvania, VA	
1960 Davenport-Rock Island-Mo- line, IA-IL	0.8405
Scott, IA	
Henry, IL	
Rock Island, IL	
2000 Dayton-Springfield, OH	0.9584

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

Urban Area (Constituent Counties or County Equivalents)	Wage Index
Clark, OH	
Greene, OH	
Miami, OH	
Montgomery, OH	
2020 Daytona Beach, FL	0.8375
Flagler, FL	
Volusia, FL	
2030 Decatur, AL	0.8286
Lawrence, AL	
Morgan, AL	
2040 Decatur, IL	0.7915
Macon, IL	
2080 Denver, CO	1.0386
Adams, CO	
Arapahoe, CO	
Denver, CO	
Douglas, CO	
Jefferson, CO	
2120 Des Moines, IA	0.8837
Dallas, IA	
Polk, IA	
Warren, IA	
2160 Detroit, MI	1.0825
Lapeer, MI	
Macomb, MI	
Monroe, MI	
Oakland, MI	
St. Clair, MI	
Wayne, MI	
2180 Dothan, AL	0.8070
Dale, AL	
Houston, AL	
2190 Dover, DE	0.9303
Kent, DE	
2200 Dubuque, IA	0.8088
Dubuque, IA	
2240 Duluth-Superior, MN-WI	0.9779
St. Louis, MN	
Douglas, WI	
2281 Dutchess County, NY	1.0632
Dutchess, NY	
2290 Eau Claire, WI	0.8764
Chippewa, WI	
Eau Claire, WI	
2320 El Paso, TX	1.0123
El Paso, TX	
2330 Elkhart-Goshen, IN	0.9081
Elkhart, IN	
2335 Elmira, NY	0.8247
Chemung, NY	
2340 Enid, OK	0.7962
Garfield, OK	
2360 Erie, PA	0.8862
Erie, PA	
2400 Eugene-Springfield, OR	1.1435
Lane, OR	
2440 Evansville-Henderson, IN- KY	0.8641
Posey, IN	
Vanderburgh, IN	
Warrick, IN	
Henderson, KY	
2520 Fargo-Moorhead, ND-MN ...	0.9937
Clay, MN	
Cass, ND	
2560 Fayetteville, NC	0.8734
Cumberland, NC	
2580 Fayetteville-Springdale-Rog- ers, AR	0.7461

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

Urban Area (Constituent Counties or County Equivalents)	Wage Index
Benton, AR	
Washington, AR	
2620 Flagstaff, AZ-UT	0.9115
Coconino, AZ	
Kane, UT	
2640 Flint, MI	1.1171
Genesee, MI	
2650 Florence, AL	0.7551
Colbert, AL	
Lauderdale, AL	
2655 Florence, SC	0.8711
Florence, SC	
2670 Fort Collins-Loveland, CO ...	1.0248
Larimer, CO	
2680 Ft. Lauderdale, FL	1.0448
Broward, FL	
2700 Fort Myers-Cape Coral, FL	0.8788
Lee, FL	
2710 Fort Pierce-Port St. Lucie, FL	1.0257
Martin, FL	
St. Lucie, FL	
2720 Fort Smith, AR-OK	0.7769
Crawford, AR	
Sebastian, AR	
Sequoyah, OK	
2750 Fort Walton Beach, FL	0.8765
Okaloosa, FL	
2760 Fort Wayne, IN	0.8901
Adams, IN	
Allen, IN	
DeKalb, IN	
Huntington, IN	
Wells, IN	
Whitley, IN	
2800 Forth Worth-Arlington, TX ...	0.9979
Hood, TX	
Johnson, TX	
Parker, TX	
Tarrant, TX	
2840 Fresno, CA	1.0607
Fresno, CA	
Madera, CA	
2880 Gadsden, AL	0.8815
Etowah, AL	
2900 Gainesville, FL	0.9616
Alachua, FL	
2920 Galveston-Texas City, TX ...	1.0564
Galveston, TX	
2960 Gary, IN	0.9633
Lake, IN	
Porter, IN	
2975 Glens Falls, NY	0.8386
Warren, NY	
Washington, NY	
2980 Goldsboro, NC	0.8443
Wayne, NC	
2985 Grand Forks, ND-MN.	
Polk, MN	
Grand Forks, ND	
2995 Grand Junction, CO	0.9090
Mesa, CO	
3000 Grand Rapids-Muskegon- Holland, MI	1.0147
Allegan, MI	
Kent, MI	
Muskegon, MI	
Ottawa, MI	
3040 Great Falls, MT	0.8803

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

Urban Area (Constituent Counties or County Equivalents)	Wage Index
Cascade, MT	
3060 Greeley, CO	1.0097
Weld, CO	
3080 Green Bay, WI	0.9097
Brown, WI	
3120 Greensboro-Winston-Salem- High Point, NC	0.9351
Alamance, NC	
Davidson, NC	
Davie, NC	
Forsyth, NC	
Guilford, NC	
Randolph, NC	
Stokes, NC	
Yadkin, NC	
3150 Greenville, NC	0.9064
Pitt, NC	
3160 Greenville-Spartanburg-An- derson, SC	0.9059
Anderson, SC	
Cherokee, SC	
Greenville, SC	
Pickens, SC	
Spartanburg, SC	
3180 Hagerstown, MD	0.9681
Washington, MD	
3200 Hamilton-Middletown, OH ...	0.8767
Butler, OH	
3240 Harrisburg-Lebanon-Car- lisle, PA	1.0187
Cumberland, PA	
Dauphin, PA	
Lebanon, PA	
Perry, PA	
3283 Hartford, CT	1.2562
Hartford, CT	
Litchfield, CT	
Middlesex, CT	
Tolland, CT	
3285 Hattiesburg, MS	0.7192
Forrest, MS	
Lamar, MS	
3290 Hickory-Morganton-Lenoir, NC	0.8686
Alexander, NC	
Burke, NC	
Caldwell, NC	
Catawba, NC	
3320 Honolulu, HI	1.1816
Honolulu, HI	
3350 Houma, LA	0.7854
Lafourche, LA	
Terrebonne, LA	
3360 Houston, TX	0.9855
Chambers, TX	
Fort Bend, TX	
Harris, TX	
Liberty, TX	
Montgomery, TX	
Waller, TX	
3400 Huntington-Ashland, WV- KY-OH	0.9160
Boyd, KY	
Carter, KY	
Greenup, KY	
Lawrence, OH	
Cabell, WV	
Wayne, WV	
3440 Huntsville, AL	0.8485
Limestone, AL	
Madison, AL	

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

Urban Area (Constituent Counties or County Equivalents)	Wage Index
3480 Indianapolis, IN	0.9848
Boone, IN	
Hamilton, IN	
Hancock, IN	
Hendricks, IN	
Johnson, IN	
Madison, IN	
Marion, IN	
Morgan, IN	
Shelby, IN	
3500 Iowa City, IA	0.9413
Johnson, IA	
3520 Jackson, MI	0.9052
Jackson, MI	
3560 Jackson, MS	0.7760
Hinds, MS	
Madison, MS	
Rankin, MS	
3580 Jackson, TN	0.8522
Madison, TN	
Chester, TN	
3600 Jacksonville, FL	0.8969
Clay, FL	
Duval, FL	
Nassau, FL	
St. Johns, FL	
3605 Jacksonville, NC	0.6973
Onslow, NC	
3610 Jamestown, NY	0.7552
Chautauqua, NY	
3620 Janesville-Beloit, WI	0.8824
Rock, WI	
3640 Jersey City, NJ	1.1412
Hudson, NJ	
3660 Johnson City-Kingsport-Bris- tol, TN-VA	0.9114
Carter, TN	
Hawkins, TN	
Sullivan, TN	
Unicoi, TN	
Washington, TN	
Bristol City, VA	
Scott, VA	
Washington, VA	
3680 Johnstown, PA	0.8378
Cambria, PA	
Somerset, PA	
3700 Jonesboro, AR	0.7443
Craighead, AR	
3710 Joplin, MO	0.7510
Jasper, MO	
Newton, MO	
3720 Kalamazoo-Battlecreek, MI	1.0668
Calhoun, MI	
Kalamazoo, MI	
Van Buren, MI	
3740 Kankakee, IL	0.8653
Kankakee, IL	
3760 Kansas City, KS-MO	0.9564
Johnson, KS	
Leavenworth, KS	
Miami, KS	
Wyandotte, KS	
Cass, MO	
Clay, MO	
Clinton, MO	
Jackson, MO	
Lafayette, MO	
Platte, MO	
Ray, MO	

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

Urban Area (Constituent Counties or County Equivalents)	Wage Index
3800 Kenosha, WI	0.9196
Kenosha, WI	
3810 Killeen-Temple, TX	1.0252
Bell, TX	
Coryell, TX	
3840 Knoxville, TN	0.8831
Anderson, TN	
Blount, TN	
Knox, TN	
Loudon, TN	
Sevier, TN	
Union, TN	
3850 Kokomo, IN	0.8416
Howard, IN	
Tipton, IN	
3870 La Crosse, WI-MN	0.8749
Houston, MN	
La Crosse, WI	
3880 Lafayette, LA	0.8206
Acadia, LA	
Lafayette, LA	
St. Landry, LA	
St. Martin, LA	
3920 Lafayette, IN	0.9174
Clinton, IN	
Tippecanoe, IN	
3960 Lake Charles, LA	0.7776
Calcasieu, LA	
3980 Lakeland-Winter Haven, FL	0.8806
Polk, FL	
4000 Lancaster, PA	0.9481
Lancaster, PA	
4040 Lansing-East Lansing, MI ...	1.0088
Clinton, MI	
Eaton, MI	
Ingham, MI	
4080 Laredo, TX	0.7325
Webb, TX	
4100 Las Cruces, NM	0.8646
Dona Ana, NM	
4120 Las Vegas, NV-AZ	1.0592
Mohave, AZ	
Clark, NV	
Nye, NV	
4150 Lawrence, KS	0.8608
Douglas, KS	
4200 Lawton, OK	0.9045
Comanche, OK	
4243 Lewiston-Auburn, ME	0.9536
Androscoggin, ME	
4280 Lexington, KY	0.8390
Bourbon, KY	
Clark, KY	
Fayette, KY	
Jessamine, KY	
Madison, KY	
Scott, KY	
Woodford, KY	
4320 Lima, OH	0.9185
Allen, OH	
Auglaize, OH	
4360 Lincoln, NE	0.9231
Lancaster, NE	
4400 Little Rock-North Little Rock, AR	0.8490
Faulkner, AR	
Lonoke, AR	
Pulaski, AR	
Saline, AR	
4420 Longview-Marshall, TX	0.8613

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

Urban Area (Constituent Counties or County Equivalents)	Wage Index
Gregg, TX	
Harrison, TX	
Upshur, TX	
4480 Los Angeles-Long Beach, CA	1.2232
Los Angeles, CA	
4520 Louisville, KY-IN	0.9507
Clark, IN	
Floyd, IN	
Harrison, IN	
Scott, IN	
Bullitt, KY	
Jefferson, KY	
Oldham, KY	
4600 Lubbock, TX	0.8400
Lubbock, TX	
4640 Lynchburg, VA	0.8228
Amherst, VA	
Bedford, VA	
Bedford City, VA	
Campbell, VA	
Lynchburg City, VA	
4680 Macon, GA	0.9227
Bibb, GA	
Houston, GA	
Jones, GA	
Peach, GA	
Twiggs, GA	
4720 Madison, WI	1.0055
Dane, WI	
4800 Mansfield, OH	0.8639
Crawford, OH	
Richland, OH	
4840 Mayaguez, PR	0.4475
Anasco, PR	
Cabo Rojo, PR	
Hormigueros, PR	
Mayaguez, PR	
Sabana Grande, PR	
San German, PR	
4880 McAllen-Edinburg-Mission, TX	0.8371
Hidalgo, TX	
4890 Medford-Ashland, OR	1.0354
Jackson, OR	
4900 Melbourne-Titusville-Palm Bay, FL	0.8819
Brevard, FL	
4920 Memphis, TN-AR-MS	0.8589
Crittenden, AR	
DeSoto, MS	
Fayette, TN	
Shelby, TN	
Tipton, TN	
4940 Merced, CA	1.0947
Merced, CA	
5000 Miami, FL	0.9859
Dade, FL	
5015 Middlesex-Somerset- Hunterdon, NJ	1.1059
Hunterdon, NJ	
Middlesex, NJ	
Somerset, NJ1	
5080 Milwaukee-Waukesha, WI ...	0.9819
Milwaukee, WI	
Ozaukee, WI	
Washington, WI	
Waukesha, WI	

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued		TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued		TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued	
Urban Area (Constituent Counties or County Equivalents)	Wage Index	Urban Area (Constituent Counties or County Equivalents)	Wage Index	Urban Area (Constituent Counties or County Equivalents)	Wage Index
5120 Minneapolis-St. Paul, MN-WI	1.0733	Rockland, NY		Peoria, IL	
Anoka, MN		Westchester, NY		Tazewell, IL	
Carver, MN		5640 Newark, NJ	1.1980	Woodford, IL	
Chisago, MN		Essex, NJ		6160 Philadelphia, PA-NJ	1.1398
Dakota, MN		Morris, NJ		Burlington, NJ	
Hennepin, MN		Sussex, NJ		Camden, NJ	
Isanti, MN		Union, NJ		Gloucester, NJ	
Ramsey, MN		Warren, NJ		Salem, NJ	
Scott, MN		5660 Newburgh, NY-PA	1.1283	Bucks, PA	
Sherburne, MN		Orange, NY		Chester, PA	
Washington, MN		Pike, PA		Delaware, PA	
Wright, MN		5720 Norfolk-Virginia Beach-New- port News, VA-NC	0.8316	Montgomery, PA	
Pierce, WI		Currituck, NC		Philadelphia, PA	
St. Croix, WI		Chesapeake City, VA		6200 Phoenix-Mesa, AZ	0.9606
5160 Mobile, AL	0.8455	Gloucester, VA		Maricopa, AZ	
Baldwin, AL		Hampton City, VA		Pinal, AZ	
Mobile, AL		Isle of Wight, VA		6240 Pine Bluff, AR	0.7826
5170 Modesto, CA	1.0794	James City, VA		Jefferson, AR	0.7826
Stanislaus, CA		Mathews, VA		6280 Pittsburgh, PA	0.9725
5190 Monmouth-Ocean, NJ	1.0934	Newport News City, VA		Allegheny, PA	
Monmouth, NJ		Norfolk City, VA		Beaver, PA	
Ocean, NJ		Poquoson City, VA		Butler, PA	
5200 Monroe, LA	0.8414	Portsmouth City, VA		Fayette, PA	
Ouachita, LA		Suffolk City, VA		Washington, PA	
5240 Montgomery, AL	0.7671	Virginia Beach City, VA		Westmoreland, PA	
Autauga, AL		Williamsburg City, VA		6323 Pittsfield, MA	1.0960
Elmore, AL		York, VA		Berkshire, MA	1.0960
Montgomery, AL		5775 Oakland, CA	1.5068	6340 Pocatelo, ID	0.9586
5280 Muncie, IN	0.9173	Alameda, CA		Bannock ID	
Delaware, IN		Contra Costa, CA		6360 Ponce, PR	0.4589
5330 Myrtle Beach, SC	0.8072	5790 Ocala, FL	0.9032	Guayanilla, PR	
Horry, SC		Marion, FL		Juana Diaz, PR	
5345 Naples, FL	1.0109	5800 Odessa-Midland, TX	0.8660	Penuelas, PR	
Collier, FL		Ector, TX		Ponce, PR	
5360 Nashville, TN	0.9182	Midland, TX		Villalba, PR	
Cheatham, TN		5880 Oklahoma City, OK	0.8481	Yauco, PR	
Davidson, TN		Canadian, OK		6403 Portland, ME	0.9627
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	1.1344
Williamson, TN		Pottawatomie, OK		Clackamas, OR	
Wilson, TN		5910 Olympia, WA	1.0901	Columbia, OR	
5380 Nassau-Suffolk, NY	1.3807	Thurston, WA		Multnomah, OR	
Nassau, NY		5920 Omaha, NE-IA	0.9421	Washington, OR	
Suffolk, NY		Pottawattamie, IA		Yamhill, OR	
5483 New Haven-Bridgeport- Stamford-Danbury-Waterbury, CT	1.2618	Cass, NE		Clark, WA	
Fairfield, CT		Douglas, NE		6483 Providence-Warwick-Paw- tucket, RI	1.1049
New Haven, CT		Sarpy, NE		Bristol, RI	
5523 New London-Norwich, CT ...	1.2013	Washington, NE		Kent, RI	
New London, CT		5945 Orange County, CA	1.1605	Newport, RI	
5560 New Orleans, LA	0.9566	Orange, CA		Providence, RI	
Jefferson, LA		5960 Orlando, FL	0.9397	Washington, RI	
Orleans, LA		Lake, FL		Statewide, RI	
Plaquemines, LA		Orange, FL		6520 Provo-Orem, UT	1.0073
St. Bernard, LA		Osceola, FL		Utah, UT	
St. Charles, LA		Seminole, FL		6560 Pueblo, CO	0.8450
St. James, LA		5990 Owensboro, KY	0.7480	Pueblo, CO	
St. John Baptist, LA		Daviess, KY		6580 Punta Gorda, FL	0.8725
St. Tammany, LA		6015 Panama City, FL	0.8337	Charlotte, FL	
5600 New York, NY	1.4449	Bay, FL		6600 Racine, WI	0.8934
Bronx, NY		6020 Parkersburg-Marietta, WV- OH	0.8046	Racine, WI	
Kings, NY		Washington, OH		6640 Raleigh-Durham-Chapel Hill, NC	0.9818
New York, NY		Wood, WV		Chatham, NC	
Putnam, NY		6080 Pensacola, FL	0.8193	Durham, NC	
Queens, NY		Escambia, FL		Franklin, NC	
Richmond, NY		Santa Rosa, FL		Johnston, NC	
		6120 Peoria-Pekin, IL	0.8571		

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

Urban Area (Constituent Counties or County Equivalents)	Wage Index
Orange, NC	
Wake, NC	
6660 Rapid City, SD	0.8345
Pennington, SD	
6680 Reading, PA	0.9516
Berks, PA	
6690 Redding, CA	1.1790
Shasta, CA	
6720 Reno, NV	1.0768
Washoe, NV	
6740 Richland-Kennewick-Pasco, WA	0.9918
Benton, WA	
Franklin, WA	
6760 Richmond-Petersburg, VA ..	0.9152
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	
6780 Riverside-San Bernardino, CA	1.1307
Riverside, CA	
San Bernardino, CA	
6800 Roanoke, VA	0.8402
Botetourt, VA	
Roanoke, VA	
Roanoke City, VA	
Salem City, VA	
6820 Rochester, MN	1.0502
Olmsted, MN	
6840 Rochester, NY	0.9524
Genesee, NY	
Livingston, NY	
Monroe, NY	
Ontario, NY	
Orleans, NY	
Wayne, NY	
6880 Rockford, IL	0.9081
Boone, IL	
Ogle, IL	
Winnebago, IL	
6895 Rocky Mount, NC	0.9029
Edgecombe, NC	
Nash, NC	
6920 Sacramento, CA	1.2202
El Dorado, CA	
Placer, CA	
Sacramento, CA	
6960 Saginaw-Bay City-Midland, MI	0.9564
Bay, MI	
Midland, MI	
Saginaw, MI	
6980 St. Cloud, MN	0.9544
Benton, MN	
Stearns, MN	
7000 St. Joseph, MO	0.8366
Andrews, MO	
Buchanan, MO	
7040 St. Louis, MO-IL	0.9130
Clinton, IL	

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

Urban Area (Constituent Counties or County Equivalents)	Wage Index
Jersey, IL	
Madison, IL	
Monroe, IL	
St. Clair, IL	
Franklin, MO	
Jefferson, MO	
Lincoln, MO	
St. Charles, MO	
St. Louis, MO	
St. Louis City, MO	
Warren, MO	
7080 Salem, OR	0.9935
Marion, OR	
Polk, OR	
7120 Salinas, CA	1.4513
Monterey, CA	
7160 Salt Lake City-Ogden, UT ...	0.9857
Davis, UT	
Salt Lake, UT	
Weber, UT	
7200 San Angelo, TX	0.7780
Tom Green, TX	
7240 San Antonio, TX	0.8499
Bexar, TX	
Comal, TX	
Guadalupe, TX	
Wilson, TX	
7320 San Diego, CA	1.2193
San Diego, CA	
7360 San Francisco, CA	1.4180
Marin, CA	
San Francisco, CA	
San Mateo, CA	
7400 San Jose, CA	1.4332
Santa Clara, CA	
7440 San Juan-Bayamon, PR	0.4625
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	1.1374
San Luis Obispo, CA	

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued

Urban Area (Constituent Counties or County Equivalents)	Wage Index
7480 Santa Barbara-Santa Maria- Lompoc, CA	1.0688
Santa Barbara, CA	
7485 Santa Cruz-Watsonville, CA	1.4187
Santa Cruz, CA	
7490 Santa Fe, NM	1.0332
Los Alamos, NM	
Santa Fe, NM	
7500 Santa Rosa, CA	1.2815
Sonoma, CA	
7510 Sarasota-Bradenton, FL	0.9757
Manatee, FL	
Sarasota, FL	
7520 Savannah, GA	0.8638
Bryan, GA	
Chatham, GA	
Effingham, GA	
7560 Scranton—Wilkes-Barre— Hazleton, PA	0.8539
Columbia, PA	
Lackawanna, PA	
Luzerne, PA	
Wyoming, PA	
7600 Seattle-Bellevue-Everett, WA	1.1339
Island, WA	
King, WA	
Snohomish, WA	
7610 Sharon, PA	0.8783
Mercer, PA	
7620 Sheboygan, WI	0.7862
Sheboygan, WI	
7640 Sherman-Denison, TX	0.8499
Grayson, TX	
7680 Shreveport-Bossier City, LA	0.9381
Bossier, LA	
Caddo, LA	
Webster, LA	
7720 Sioux City, IA-NE	0.8031
Woodbury, IA	
Dakota, NE	
7760 Sioux Falls, SD	0.8712
Lincoln, SD	
Minnehaha, SD	
7800 South Bend, IN	0.9868
St. Joseph, IN	
7840 Spokane, WA	1.0486
Spokane, WA	
7880 Springfield, IL	0.8713
Menard, IL	
Sangamon, IL	
7920 Springfield, MO	0.7989
Christian, MO	
Greene, MO	
Webster, MO	
8003 Springfield, MA	1.0740
Hampden, MA	
Hampshire, MA	
8050 State College, PA	0.9635
Centre, PA	
8080 Steubenville-Weirton, OH- WV	0.8645
Jefferson, OH	
Brooke, WV	
Hancock, WV	
8120 Stockton-Lodi, CA	1.1496
San Joaquin, CA	
8140 Sumter, SC	0.7842
Sumter, SC	

TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued		TABLE 4a—WAGE INDEX FOR URBAN AREAS—Continued		TABLE 4b.—WAGE INDEX FOR RURAL AREAS	
Urban Area (Constituent Counties or County Equivalents)	Wage Index	Urban Area (Constituent Counties or County Equivalents)	Wage Index	Nonurban area	Wage index
8160 Syracuse, NY	0.9464	Prince Georges, MD		Alabama	0.7260
Cayuga, NY		Alexandria City, VA		Alaska	1.2302
Madison, NY		Arlington, VA		Arizona	0.7989
Onondaga, NY		Clarke, VA		Arkansas	0.6995
Oswego, NY		Culpepper, VA		California	0.9977
8200 Tacoma, WA	1.1016	Fairfax, VA		Colorado	0.8129
Pierce, WA		Fairfax City, VA		Connecticut	1.2617
8240 Tallahassee, FL	0.8832	Falls Church City, VA		Delaware	0.8925
Gadsden, FL		Fauquier, VA		Florida	0.8838
Leon, FL		Fredericksburg City, VA		Georgia	0.7761
8280 Tampa-St. Petersburg-Clearwater, FL	0.9103	King George, VA		Hawaii	1.0229
Hernando, FL		Loudoun, VA		Idaho	0.8221
Hillsborough, FL		Manassas City, VA		Illinois	0.7644
Pasco, FL		Manassas Park City, VA		Indiana	0.8161
Pinellas, FL		Prince William, VA		Iowa	0.7391
8320 Terre Haute, IN	0.8614	Spotsylvania, VA		Kansas	0.7203
Clay, IN		Stafford, VA		Kentucky	0.7772
Vermillion, IN		Warren, VA		Louisiana	0.7383
Vigo, IN		Berkeley, WV		Maine	0.8468
8360 Texarkana, AR-Texarkana, TX	0.8664	Jefferson, WV		Maryland	0.8617
Miller, AR		8920 Waterloo-Cedar Falls, IA	0.8640	Massachusetts	1.0718
Bowie, TX		Black Hawk, IA		Michigan	0.8923
8400 Toledo, OH	1.0390	8940 Wausau, WI	1.0545	Minnesota	0.8179
Fulton, OH		Marathon, WI		Mississippi	0.6911
Lucas, OH		896 West Palm Beach-Boca Raton, FL	1.0372	Missouri	0.7205
Wood, OH		Palm Beach, FL		Montana	0.8302
8440 Topeka, KS	0.9438	9000 Wheeling, OH-WV	0.7707	Nebraska	0.7401
Shawnee, KS		Belmont, OH		Nevada	0.8914
8480 Trenton, NJ	1.0380	Marshall, WV		New Hampshire	0.9717
Mercer, NJ		Ohio, WV		New Jersey ¹	
8520 Tucson, AZ	0.9180	9040 Wichita, KS	0.9403	New Mexico	0.8070
Pima, AZ		Butler, KS		New York	0.8401
8560 Tulsa, OK	0.8074	Harvey, KS		North Carolina	0.7937
Creek, OK		Sedgwick, KS		North Dakota	0.7360
Osage, OK		9080 Wichita Falls, TX	0.7646	Ohio	0.8434
Rogers, OK		Archer, TX		Oklahoma	0.7072
Tulsa, OK		Wichita, TX		Oregon	0.9975
Wagoner, OK		9140 Williamsport, PA	0.8548	Pennsylvania	0.8421
8600 Tuscaloosa, AL	0.8187	Lycoming, PA		Puerto Rico	0.3939
Tuscaloosa, AL		9160 Wilmington-Newark, DE-MD	1.1538	Rhode Island ¹	
8640 Tyler, TX	0.9567	New Castle, DE		South Carolina	0.7921
Smith, TX		Cecil, MD		South Dakota	0.6983
8680 Utica-Rome, NY	0.8398	9200 Wilmington, NC	0.9322	Tennessee	0.7353
Herkimer, NY		New Hanover, NC		Texas	0.7404
Oneida, NY		Brunswick, NC		Utah	0.8926
8720 Vallejo-Fairfield-Napa, CA	1.3754	9260 Yakima, WA	1.0102	Vermont	0.9314
Napa, CA		Yakima, WA		Virginia	0.7782
Solano, CA		9270 Yolo, CA	1.1431	Washington	1.0221
8735 Ventura, CA	1.0946	Yolo, CA		West Virginia	0.7938
Ventura, CA		9280 York, PA	0.9415	Wisconsin	0.8471
8750 Victoria, TX	0.8474	York, PA		Wyoming	0.8247
Victoria, TX		9320 Youngstown-Warren, OH	0.9937		
8760 Vineland-Millville-Bridgeton, NJ	1.0110	Columbiana, OH			
Cumberland, NJ		Mahoning, OH			
8780 Visalia-Tulare-Porterville, CA	0.9924	Trumbull, OH			
Tulare, CA		9340 Yuba City, CA	1.0324		
8800 Waco, TX	0.7696	Sutter, CA			
McLennan, TX		Yuba, CA			
8840 Washington, DC-MD-VA-WV	1.0911	9360 Yuma, AZ	0.9732		
District of Columbia, DC		Yuma, AZ			
Calvert, MD					
Charles, MD					
Frederick, MD					
Montgomery, MD					

*Large Urban Area.

¹All counties within the State are classified urban.

TABLE 5.—COST REPORTING YEAR ADJUSTMENT FACTOR¹

If the HHA cost reporting period begins	The adjustment factor is
November 1, 1997	1.00260
December 1, 1997	1.00521
January 1, 1998	1.00781
February 1, 1998	1.01042
March 1, 1998	1.01302
April 1, 1998	1.01563
May 1, 1998	1.01823
June 1, 1998	1.02086

TABLE 5.—COST REPORTING YEAR ADJUSTMENT FACTOR ¹—Continued

If the HHA cost reporting period begins	The adjustment factor is
July 1, 1998	1.02353
August 1, 1998	1.02626
September 1, 1998	1.02901

¹Based 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.

These adjustment factors are subject to change based on later estimates of cost increases.

If, for any reason, we do not publish a new schedule of limits to be effective on October 1, 1998 or do not announce other changes in the current schedule by that date, the current limits will continue in effect. Intermediaries will be notified of the adjustment factors to be applied until a new schedule of limits or other provision is issued.

TABLE 6.—MONTHLY INDEX LEVELS FOR CALCULATING INFLATION FACTORS TO BE APPLIED TO HOME HEALTH AGENCY COST LIMITS

Month	Index level
October 1997	1.07348
November 1997	1.07633
December 1997	1.07948
January 1998	1.08263
February 1998	1.08580
March 1998	1.08800
April 1998	1.09021
May 1998	1.09242
June 1998	1.09557
July 1998	1.09873
August 1998	1.10189
September 1998	1.10472
October 1998	1.10756
November 1998	1.11041
December 1998	1.11356
January 1999	1.11671
February 1999	1.11988
March 1999	1.12208
April 1999	1.12429
May 1999	1.12650
June 1999	1.13028
July 1999	1.13406
August 1999	1.13786
September 1999	1.14070

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

X. Regulatory Impact Statement

A. Introduction

HCFA has examined the impacts of this notice with comment period as required by Executive Order 12866 and the Regulatory Flexibility Act (RFA) (Pub. L. 96-354). 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). 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.

We estimate that the impact of this notice with comment period will be to decrease payments to home health agencies by approximately \$570 million in FY 1998, compared to the payment that would have been made in FY 1998 if BBA '97 had not been enacted. Therefore, this notice is a major rule as defined in Title 5, United States Code, section 804(2).

It is clear that the changes being made in this document will affect both a substantial number of small HHAs as well as other classes of HHAs, and the effects on some may be significant. Therefore, the discussion below, in combination with the rest of this notice with comment period, constitutes a combined regulatory impact analysis and regulatory flexibility analysis.

B. Changes in the Notice With Comment Period

Several provisions of Public Law 105-33 make significant changes in payments for services provided by HHAs. The provisions that have significant payment impacts for FY 1998 include the following:

- The establishment of the cost per visit limitations be based on 105 percent of the median of the labor-related and nonlabor per visit costs for freestanding HHAs.
- That there be no updates in the home health cost limits for cost reporting periods beginning on or after July 1, 1994 and before July 1, 1996.
- The applicable wage index will be from the geographic area in which the home health service is furnished.

C. Effect on Home Health Agencies

The following quantitative analysis presents the projected effects of the statutory changes effective for FY 1998. The sum of the impacts of the individual provisions of the statute do not equal the total impact of the provisions when combined due to the interaction of the various provisions. Therefore, the impact section will address total impact in order to avoid confusion.

As discussed below, the impact of this final notice with comment period will decrease payments to HHAs by approximately \$570 million in FY 1998 compared to payment that would have been made in FY 1998 if BBA '97 had not been enacted. This notice is necessary to implement the provisions of section 1861(v)(1)(L) of the Act, as amended by BBA '97, these alternatives to the provisions set forth in this notice are not available.

This notice with comment period sets forth a revised schedule of HHA cost limits for cost reporting periods beginning on or after October 1, 1997. In accordance with section 1861(v)(1)(L)(i)(IV) of the Act, as amended by BBA '97, the limits have been set not to exceed 105 percent of the median of the labor-related and nonlabor per-visit costs for freestanding HHAs. As required by section 1861(v)(1)(l)(iii) of the Act, we are using the most recent hospital wage index to calculate the HHA cost limits, that is, the hospital wage index effective for discharges on or after October 1, 1997, which is based on 1994 wage survey data. The wage index is used to adjust the labor-related portions of the limits to reflect differing wage levels among areas. As discussed in section II of this notice, we are applying a budget neutrality adjustment factor of 1.009 to the labor-related portion of the limits to ensure that aggregate payments to HHAs are not affected by the updating of the wage index.

We are using settled cost report data from Medicare cost reports for cost reporting periods ending on or after June 30, 1991, and settled before October 1, 1995, to develop the HHA cost-per visit limit values for each type of home health service: skilled nursing care, physical therapy, speech pathology, occupational therapy, medical social services, and home health aide. The majority of the cost reports were from FY 1993. The data have been adjusted by the most recent market basket factors, excluding market basket increases for cost reporting periods beginning on or after July 1, 1994 and before July 1, 1996, to reflect

the expected cost increases occurring between the cost reporting periods for the data contained in the database and September 30, 1998. The intermediary determines the aggregate cost limit for each HHA by multiplying the number of Medicare visits for each type of services furnished by the HHA by the respective per-visit cost limit. Each HHA's aggregate limit cannot be determined prospectively, but depends on each HHA's Medicare visits for each type of service and actual costs for the cost reporting period subject to this notice.

The methodology used to calculate these new limits reflects the changes

resulting from the provisions in BBA '97. The projected decrease in payments for home health services provided by HHAs when compared to the projected expenditures under the old cost limits in effect prior to October 1, 1997, updated by the market basket increases since those limits took effect, is approximately \$570 million. Projected decreases in payments using this same methodology for fiscal years prior to the implementation of a home health prospective payment system is \$990 million in FY 99.

The cost limits for HHAs are statutorily driven and the impact of

decreases in payments to HHAs have been reflected in the current law baseline of the mid-session review of the President's FY 98 budget.

We are unable to identify the effects of the changes to the cost limits on individual HHAs. However, Table 7 below illustrates the proportion of HHAs that are likely to be affected by the limits. The results are based on both the data used to determine the limits and all available settled hospital-based cost reports for the same time period:

TABLE 7.—HHAs EXCEEDING THE COST LIMITS BASED ON 105% OF THE MEDIAN OF PER VISIT COSTS FROM FREESTANDING HOME HEALTH AGENCIES

	Number of HHAs in database	Number of HHAs exceeding the limits	Percentage of HHAs exceeding the limits
Total HHAs	4986	3232	65
Urban:			
Freestanding	2220	1252	56
Hospital-based	868	742	85
Rural:			
Freestanding	982	539	55
Hospital-based	916	699	76

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

XI. Other Required Information

A. Waiver of Proposed Notice

We ordinarily publish a proposed notice in the **Federal Register** with a 60-day period for public comment as required under section 1871(b)(1) of the Act. However, section 1871(b)(2)(B) of the Act provides that publication of a proposed notice is not required before the notice takes effect if "a statute establishes a specific deadline for implementation of a provision and the deadline is less than 150 days after the date of the enactment of the statute in which the deadline is contained." In addition, we may waive the 60-day period for public comment if we find good cause that prior notice and comment are impracticable, unnecessary or contrary to the public interest.

On July 1, 1997, we published a notice with comment period addressing the per-visit limits for HHAs for cost reporting periods beginning on or after July 1, 1997. Subsequently, on August 5, 1997, Pub. L. 105-33 was enacted. Pub. L. 105-33 changed certain factors in the calculation of the limit for cost reporting periods beginning on or after October 1,

1997, and added other provisions relating to this limit. These statutory provisions were generally effective for cost reporting periods beginning on or after October 1, 1997.

In accordance with section 1871(b)(2)(B) of the Act, publication of a proposed notice with prior comment period is not required before implementing the statutory provisions of Pub. L. 105-33 that take effect for cost reporting periods beginning on or after October 1, 1997. In addition, as discussed in section III above, in accordance with the statute, we have used the same methodology to develop the schedule of limits that was used in setting the limits effective for cost reporting periods beginning on or after July 1, 1996. The 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, 1998. Moreover, as required under section 1861(v)(1)(L)(iii) of the Act, we have updated the wage index using the most recent hospital wage index. Therefore, we believe that in this instance, it would be impracticable and unnecessary to publish a proposed notice and find good cause to waive publication of a proposed notice. However, we are

providing a 60-day period for public comment on these provisions.

B. Waiver of 30-day Delay in Effective Date

Generally, the Administrative Procedure Act requires us to provide a 30-day delay before effectuation of a final rule unless we find good cause to dispense with that delay. 5 U.S.C. section 553(d). To the extent this requirement applies to this Notice with comment, we find good cause to waive the 30-day delay in effective date.

As noted previously, these per-visit cost limits are effective for cost reporting periods beginning on or after October 1, 1997. Section 1861(v)(1)(L)(vii) of the Act requires the Secretary to establish these per-visit cost limits by January 1, 1998 and requires that they apply to cost reporting periods beginning on or after October 1, 1997. That statutory requirement is clear. A 30-day delay in implementing these cost limits is unnecessary. Therefore, we find that it is unnecessary to provide for a 30-day delay in effective date and find good cause to waive the delay in effective date.

C. Effect of the Contract with America Advancement Act, Pub. L. 104-121

Normally, under 5 U.S.C. § 801, as added by § 251 of Pub. L. No. 104-121, the effective date of a major rule is

delayed 60 days for Congressional review. This has been determined to be a major rule under title 5, United States Code, section 804(2). However, as indicated in section XI.A of the preamble to this notice with comment period, for good cause, we find that prior notice and comment procedures are impracticable and unnecessary. Pursuant to 5 U.S.C. section 808(2), a major rule shall take effect at such time as the Federal agency promulgating the rule determines if for good cause it finds that notice and public procedure is impracticable or unnecessary. Accordingly, under the exemption provided in 5 U.S.C section 808(2), this schedule of limits is effective for cost reporting periods beginning on or after October 1, 1997.

D. 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 notice.

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: December 8, 1997.

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

Dated: December 22, 1997.

Donna E. Shalala,
Secretary.

[FR Doc. 97-34221 Filed 12-31-97; 8:45 am]
BILLING CODE 4120-01-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Center for Research Resources; Notice of Closed Meeting

Pursuant to Section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. Appendix 2), notice is hereby given of the following National Center for Research Resources Special Emphasis Panel (SEP) meeting:

Name of SEP: Biomedical Research Technology (Telephone Conference Call).

Date: January 16, 1998.

Time: 11 a.m.

Place: National Institutes of Health, 6507 Rockledge Drive, MSC 7965, Room 6018, Bethesda, MD 20892-7965.

Contact Person: Dr. Bela Gulyas, Scientific Review Administrator, 6705 Rockledge Drive, MSC 7965, Room 6018, Bethesda, MD 20892-7965. (301) 435-0820.

Purpose/Agenda: To evaluate and review grant applications. This notice is being published less than 15 days prior to the above meeting due to the urgent need to meet timing limitations imposed by the review and funding cycle.

These meetings will be closed in accordance with the provisions set forth in secs. 552b(c)(4) and 552b(c)(6), Title 5, U.S.C. Applications and/or proposals and the discussions could reveal confidential trade secrets or commercial property such as patentable material and personal information concerning individuals associated with the applications and/or proposals, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

(Catalog of Federal Domestic Assistance Program No. 93.371, Biomedical Research Technology, National Institutes of Health, HHS)

Dated: December 23, 1997.

LaVeen M. Ponds,

Acting Committee Management Officer, NIH.
[FR Doc. 97-34151 Filed 12-31-97; 8:45 am]

BILLING CODE 4140-01-M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Institute of Child Health and Human Development; National Advisory Child Health and Human Development Council and its Subcommittee on Planning and Policy, Meetings

Pursuant to Public Law 92-463, notice is hereby given of the meeting of the National Advisory Child Health and Human Development Council on January 26-27, 1998. The meeting will be held in Building 31, Conference Room 6, National Institutes of Health, Bethesda, Maryland. The Subcommittee on Planning and Policy will be held on January 26, 1998, in Building 31, room 2A03, from 8:00 a.m. to 9:00 a.m. The Subcommittee meeting will be open to the public and the agenda includes program plans and the agenda for the next Council meeting. Attendance by the public will be limited to space available.

The Council meeting will be open to the public on January 26 from 9:00 a.m. until 5:30 p.m. The agenda includes reports by the Director, NICHD and the

Developmental Biology, Genetics and Teratology Branch, observance of the Institute's thirty-fifth anniversary, and other business of the Council. The meeting will be open on January 27 upon completion of the review of applications at approximately 1:00 p.m. to adjournment if any policy issues are raised which need further discussion.

In accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5, United States Code and section 10(d) of Public Law 92-463, the meeting of the full Council will be disclosed to the public on January 27 from 8:00 a.m. to approximately 1:00 p.m. for the review, discussion, and evaluation of individual grant applications. These applications and the discussions could reveal confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Ms. Mary Plummer, Executive Secretary, NACHHD Council, 6100 Executive Boulevard, Room 5E01, National Institutes of Health, Bethesda, Maryland 20892-7510, Area Code 301, 594-7232, will provide a summary of the meeting and a roster of Council members as well as substantive program information. Individuals who plan to attend the open session and need special assistance, such as sign interpretation or other reasonable accommodations, should contact Ms. Plummer.

(Catalog of Federal Domestic Assistance Program Nos. [93.864, Population Research, and 93.865, Research for Mothers and Children], National Institutes of Health)

Dated: December 23, 1997.

LaVeen Ponds,

Acting Committee Management Officer, NIH.
[FR Doc. 97-34148 Filed 12-31-97; 8:45 am]

BILLING CODE 4140-01-M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Institute of Mental Health; Notice of Closed Meeting

Pursuant to Section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. Appendix 2), notice is hereby given of the following meeting of the National Institute of Mental Health Special Emphasis Panel:

Agenda Purpose: To review and evaluate grant applications.