

arrangements present any problems, please contact the presiding officer. In order to facilitate any communication which may be necessary between the parties to the hearing, please notify the presiding officer to indicate acceptability of the hearing date that has been scheduled and provide names of the individuals who will represent the State at the hearing. The presiding officer may be reached at (410) 786-2055.

Sincerely,
Mark B. McClellan, M.D., Ph.D.

Section 1116 of the Social Security Act (42 U.S.C. section 1316); 42 CFR Section 430.18 (Catalog of Federal Domestic Assistance Program No. 13.714, Medicaid Assistance Program)

Dated: August 18, 2004.

Mark B. McClellan,

Administrator, Centers for Medicare & Medicaid Services.

[FR Doc. 04-19574 Filed 8-26-04; 8:45 am]

BILLING CODE 4120-03-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS-1264-N]

RIN 0938-AM78

Medicare Program; Hospice Wage Index for Fiscal Year 2005

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

ACTION: Notice.

SUMMARY: This notice announces the annual update to the hospice wage index as required by statute. This fiscal year 2005 update is effective from October 1, 2004 through September 30, 2005. 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 August 8, 1997 **Federal Register**.

EFFECTIVE DATE: October 1, 2004.

FOR FURTHER INFORMATION CONTACT: Terri Deutsch, (410) 786-9462.

SUPPLEMENTARY INFORMATION:

I. Background

Hospice care is an approach to treatment that recognizes that the impending death of an individual warrants a change in the focus from curative care to palliative care (relief of pain and other uncomfortable symptoms). The goal of hospice care is to help terminally ill individuals continue life with minimal disruption to normal activities while remaining

primarily in the home environment. A hospice uses an interdisciplinary approach to deliver medical, social, psychological, emotional, and spiritual services through use of a broad spectrum of professional and other caregivers, with the goal of making the individual as physically and emotionally comfortable as possible. Counseling and inpatient respite services are available to the family of the hospice patient. Hospice programs consider both the patient and the family as a unit of care.

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

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

The regulations at § 418.306(c), which require the rates to be adjusted by a wage index, were revised in the August 8, 1997 final rule (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 year of the transition period, October 1, 1999 through September 30, 2000.

Payments to hospices under the wage index (as published in the August 8, 1997 final hospice wage index rule) are subject to a budget-neutrality adjustment to ensure that aggregate adjustments to payment using the new wage index, irrespective of other payment adjustments, are not greater than they would have been had the original 1983 wage index been applied. To achieve this budget neutrality, the hospice wage index is multiplied by a budget-neutrality factor. The budget-neutrality factor is computed and applied annually. The hospice budget-neutrality adjustment is not applied uniformly to all providers in calculating payments. Based on the methodology developed and signed by the negotiated rulemaking committee and adopted by CMS, a hospice's area wage index is adjusted using either the budget-neutrality factor or the hospice wage index floor described below.

Hospice wage index values of 0.8 or greater are multiplied by the budget-neutrality factor.

Hospice wage index values below 0.8 are adjusted by the greater of: (1) The hospice budget-neutrality factor; or (2) the hospice wage index floor (a 15 percent increase, subject to a maximum wage index value of 0.8).

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 (MSAs). We acknowledge that on June 6, 2003, the Office of Management and Budget (OMB) issued an OMB Bulletin (No. 03-04) announcing revised definitions for MSAs, new definitions for Micropolitan Statistical Areas and Combined Statistical Areas, and guidance on using the statistical definitions. A copy of the Bulletin may be obtained at the following Internet address: <http://www.whitehouse.gov/omb/bulletins/b03-04.html>. These new definitions will not apply to the 2005 fiscal year (FY) wage index used in this **Federal Register** notice because we use the FY 2004 hospital wage index that does not reflect these revisions. The new definitions will be addressed in the FY 2006 wage index.

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 FYs 1998 through 2002. Hospice rates were to be updated by a factor equal to the market basket index, minus 1 percentage point. However, neither the BBA nor subsequent legislation specified the market basket adjustment to be used to compute payment for FY 2005. Therefore, payment rates for FY 2005 will be updated according to section 1814(i)(1)(C)(ii)(VII) of the Act, which states that the update to the payment rates after 2002 will be the market basket percentage for the FY. Accordingly, the FY 2005 update to the payment rates will be the full market basket percentage increase for FY 2005. This rate update is implemented through a separate Recurring Update Notification published July 2004 and is not part of this notice. Historically, the rate update has been published through a separate program memorandum issued annually in July to provide adequate time to implement system change requirements. The wage index in this notice is applied to the labor portion of the rates published in the Recurring Update Notification in order for providers to determine their payment rates.

II. Provisions of the Notice

A. Update to the Hospice Wage Index

This annual update is effective October 1, 2004 through September 30, 2005. In accordance with the agreement we signed with other members of the Hospice Wage Index Negotiated Rulemaking Committee, we are using the most current hospital data available to us. The FY 2004 hospital wage index was the most current hospital wage data available when the FY 2005 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 1.065819 and are subject to the wage index floor adjustment, if applicable. We have completed all of the calculations described above and have included them in the wage index values reflected in both Tables A and B below. A detailed description of the method used to compute the hospice wage index is contained in both the September 4, 1996 proposed rule (61 FR 46579) and the August 8, 1997 final rule (62 FR 42860).

B. Tables

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
0040	Abilene, TX	0.8129
0060	Taylor, TX. Aguadilla, PR	0.4952
0080	Aguada, PR. Aguadilla, PR. Moca, PR. Akron, OH	0.9855
0120	Portage, OH. Summit, OH. Albany, GA	1.1578
0160	Dougherty, GA. Lee, GA. Albany-Schenectady-Troy, NY. Albany, NY. Montgomery, NY. Rensselaer, NY. Saratoga, NY. Schenectady, NY. Schoharie, NY.	0.9048
0200	Albuquerque, NM	0.9912
0220	Bernalillo, NM. Sandoval, NM. Valencia, NM. Alexandria, LA	0.8547
0240	Rapides, LA. Allentown-Bethlehem-Easton, PA. Carbon, PA. Lehigh, PA. Northampton, PA.	1.0361
0280	Altoona, PA	0.9386
0320	Blair, PA. Amarillo, TX	0.9577
0380	Potter, TX. Randall, TX. Anchorage, AK	1.3020
0440	Anchorage, AK. Ann Arbor, MI	1.1803
0450	Lenawee, MI. Livingston, MI. Washtenaw, MI.	0.8622
0460	Anniston, AL	0.9630
0470	Calhoun, AL. Appleton-Oshkosh-Neenah, WI. Calumet, WI. Outagamie, WI. Winnebago, WI.	0.4778
0480	Arecibo, PR	1.0360
0500	Arecibo, PR. Camuy, PR. Hatillo, PR. Asheville, NC	1.0464
0520	Buncombe, NC. Madison, NC. Athens, GA	1.0797
	Clarke, GA. Madison, GA. Oconee, GA. Atlanta, GA	
	Barrow, GA. Bartow, GA. Carroll, GA. Cherokee, GA. Clayton, GA. Cobb, GA.	

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
0560	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. Atlantic-Cape May, NJ Atlantic, NJ. Cape May, NJ.	1.1506
0580	Auburn-Opelika, AL	0.9053
0600	Lee, AL. Augusta-Aiken, GA-SC Columbia, GA. McDuffie, GA. Richmond, GA. Aiken, SC. Edgefield, SC.	1.0259
0640	Austin-San Marcos, TX Bastrop, TX. Caldwell, TX. Hays, TX. Travis, TX. Williamson, TX.	1.0241
0680	Bakersfield, CA	1.0456
0720	Kern, CA. Baltimore, MD	1.0572
0733	Anne Arundel, MD. Baltimore, MD. Baltimore City, MD. Carroll, MD. Harford, MD. Howard, MD. Queen Anne's, MD.	1.0556
0743	Bangor, ME	1.3809
0760	Penobscot, ME. Barnstable-Yarmouth, MA. Barnstable, MA.	0.8959
0840	Baton Rouge, LA	0.8978
0860	Ascension, LA. East Baton Rouge, LA. Livingston, LA. West Baton Rouge, LA. Beaumont-Port Arthur, TX. Hardin, TX. Jefferson, TX. Orange, TX.	1.2531
0870	Bellingham, WA	0.9455
0875	Whatcom, WA. Benton Harbor, MI	1.2462
0880	Berrien, MI. Bergen-Passaic, NJ Bergen, NJ. Passaic, NJ.	0.9551
0920	Billings, MT	0.9623
	Yellowstone, MT. Biloxi-Gulfport-Pascagoula, MS. Hancock, MS. Harrison, MS.	

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
0960	Jackson, MS. Binghamton, NY	0.8983
1000	Broome, NY. Tioga, NY. Birmingham, AL	0.9818
1010	Blount, AL. Jefferson, AL. St. Clair, AL. Shelby, AL.	0.8489
1020	Bismarck, ND	0.9232
1040	Burleigh, ND. Morton, ND. Bloomington, IN	0.9413
1080	Monroe, IN. Bloomington-Normal, IL McLean, IL.	0.9815
1123	Boise City, ID	1.1972
1125	Ada, ID. Canyon, ID. Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH.	1.0710
1145	Bristol, MA. Essex, MA. Middlesex, MA. Norfolk, MA. Plymouth, MA. Suffolk, MA. Worcester, MA. Hillsborough, NH. Merrimack, NH. Rockingham, NH. Strafford, NH.	0.8673
1150	Boulder-Longmont, CO Boulder, CO.	1.1276
1240	Brazoria, TX	1.0981
1260	Brazoria, TX. Bremerton, WA	0.9613
1280	Kitsap, WA. Brownsville-Harlingen-San Benito, TX. Cameron, TX.	1.0236
1303	Bryan-College Station, TX. Brazos, TX. Buffalo-Niagara Falls, NY. Erie, NY. Niagara, NY.	1.0343
1310	Burlington, VT	0.4782
1320	Chittenden, VT. Franklin, VT. Grand Isle, VT. Caguas, PR	0.9668
1350	Caguas, PR. Cayey, PR. Cidra, PR. Gurabo, PR. San Lorenzo, PR.	0.9694
1360	Canton-Massillon, OH Carroll, OH. Stark, OH.	0.9458
1400	Casper, WY	1.0559
	Natrona, WY. Cedar Rapids, IA	
	Linn, IA. Champaign-Urbana, IL Champaign, IL.	

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
1440	Charleston-North Charleston, SC. Berkeley, SC. Charleston, SC. Dorchester, SC.	0.9946
1480	Charleston, WV	0.9464
1520	Kanawha, WV. Putnam, WV. Charlotte-Gastonia-Rock Hill, NC-SC. Cabarrus, NC. Gaston, NC. Lincoln, NC. Mecklenburg, NC. Rowan, NC. Stanly, NC. Union, NC. York, SC.	1.0402
1540	Charlottesville, VA	1.0685
1560	Albemarle, VA. Charlottesville City, VA. Fluvanna, VA. Greene, VA. Chattanooga, TN-GA ..	0.9684
1580	Catoosa, GA. Dade, GA. Walker, GA. Hamilton, TN. Marion, TN. Cheyenne, WY	0.9375
1600	Laramie, WY. Chicago, IL	1.1609
1620	Cook, IL. DeKalb, IL. Du Page, IL. Grundy, IL. Kane, IL. Kendall, IL. Lake, IL. McHenry, IL. Will, IL.	1.0864
1640	Chico-Paradise, CA	1.0033
1660	Butte, CA. Cincinnati, OH-KY-IN ..	0.8787
1680	Brown, OH. Clermont, OH. Hamilton, OH. Warren, OH. Boone, KY. Campbell, KY. Gallatin, KY. Grant, KY. Kenton, KY. Pendleton, KY. Dearborn, IN. Ohio, IN. Clarksville-Hopkinsville, TN-KY. Christian, KY. Montgomery, TN.	1.0308
1720	Cleveland-Lorain-Elyria, OH. Ashtabula, OH. Cuyahoga, OH. Geauga, OH. Lake, OH. Lorain, OH. Medina, OH. Colorado Springs, CO	1.0480

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
1740	El Paso, CO. Columbia, MO	0.9267
1760	Boone, MO. Columbia, SC	0.9488
1800	Lexington, SC. Richland, SC. Columbus, GA-AL	0.9266
1840	Chattahoochee, GA. Harris, GA. Muscogee, GA. Russell, AL.	1.0283
1880	Columbus, OH	0.9082
1890	Delaware, OH. Fairfield, OH. Franklin, OH. Licking, OH. Madison, OH. Pickaway, OH. Corpus Christi, TX	1.2274
1900	Nueces, TX. San Patricio, TX. Corvallis, Oregon	0.8740
1920	Benton, OR. Cumberland, MD-WV ..	1.0630
1950	Allegany, MD. Mineral, WV. Dallas, TX	0.9630
1960	Collin, TX. Dallas, TX. Denton, TX. Ellis, TX. Henderson, TX. Hunt, TX. Kaufman, TX. Rockwall, TX. Danville, VA	0.9576
2000	Danville City, VA. Pittsylvania, VA. Davenport-Moline-Rock Island, IA-IL. Scott, IA. Henry, IL. Rock Island, IL. Dayton-Springfield, OH Clark, OH. Greene, OH. Miami, OH. Montgomery, OH.	1.0144
2020	Daytona Beach, FL	0.9676
2030	Flagler, FL. Volusia, FL. Decatur, AL	0.9409
2040	Lawrence, AL. Morgan, AL. Decatur, IL	0.8698
2080	Macon, IL. Denver, CO	1.1550
2120	Adams, CO. Arapahoe, CO. Denver, CO. Douglas, CO. Jefferson, CO. Des Moines, IA	0.9705
2160	Dallas, IA. Polk, IA. Warren, IA. Detroit, MI	1.0766
	Lapeer, MI. Macomb, MI.	

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
2180	Monroe, MI. Oakland, MI. St. Clair, MI. Wayne, MI.	0.8251
2190	Dothan, AL	1.0450
2200	Dale, AL. Houston, AL.	0.9471
2240	Dover, DE	1.0840
2281	Kent, DE. Dubuque, IA	1.1654
2290	Dubuque, IA. Duluth-Superior, MN-WI. St. Louis, MN. Douglas, WI.	0.9661
2320	Dutchess County, NY .. Dutchess, NY.	0.9801
2330	Eau Claire, WI	1.0427
2335	Chippewa, WI. Eau Claire, WI.	0.8928
2340	El Paso, TX	0.9122
2360	El Paso, TX.	0.9167
2400	Elkhart-Goshen, IN	1.2210
2440	Elkhart, IN. Elmira, NY	0.8984
2520	Chemung, NY. Enid, OK	1.0442
2560	Garfield, OK. Erie, PA	0.9577
2580	Erie, PA. Eugene-Springfield, OR. Lane, OR.	0.8949
2620	Evansville-Henderson, IN-KY. Posey, IN. Vanderburgh, IN. Warrick, IN. Henderson, KY.	1.2079
2640	Fargo-Moorhead, ND-MN. Clay, MN. Cass, ND.	1.1573
2650	Fayetteville, NC	0.8257
2655	Cumberland, NC. Fayetteville-Springdale-Rogers, AR. Benton, AR.	0.9282
2670	Washington, AR. Flagstaff, AZ-UT	1.0773
2680	Coconino, AZ. Kane, UT.	1.0832
2700	Flint, MI	1.0462
2710	Genesee, MI. Florence, AL	1.0667
	Colbert, AL. Lauderdale, AL.	
	Florence, SC	
	Florence, SC.	
	Fort Collins-Loveland, CO.	
	Larimer, CO.	
	Ft. Lauderdale, FL	
	Broward, FL.	
	Fort Myers-Cape Coral, FL.	
	Lee, FL.	
	Fort Pierce-Port St. Lucie, FL.	

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
2720	Martin, FL. St. Lucie, FL.	0.8978
2750	Fort Smith, AR-OK	0.9556
2760	Crawford, AR. Sebastian, AR. Sequoyah, OK.	1.0216
2800	Fort Walton Beach, FL Okaloosa, FL.	0.9975
2840	Fort Wayne, IN	1.0758
2880	Adams, IN. Allen, IN. De Kalb, IN. Huntington, IN. Wells, IN. Whitley, IN.	0.8746
2900	Forth Worth-Arlington, TX.	1.0331
2920	Hood, TX. Johnson, TX. Parker, TX. Tarrant, TX.	0.9890
2960	Fresno, CA	1.0029
2975	Fresno, CA. Madera, CA. Gadsden, AL	0.9033
2980	Etowah, AL. Gainesville, FL	0.9189
2985	Alachua, FL. Galveston-Texas City, TX. Galveston, TX.	0.9204
2995	Gary, IN	1.0267
3000	Lake, IN. Porter, IN. Glens Falls, NY	1.0092
3040	Warren, NY. Washington, NY. Goldsboro, NC	0.9389
3060	Wayne, NC	0.9989
3080	Grand Forks, ND-MN .. Grand Forks, ND. Polk, MN.	1.0084
3120	Grand Junction, CO Mesa, CO. Grand Rapids-Muskegon-Holland, MI.	0.9769
3040	Allegan, MI. Kent, MI. Muskegon, MI. Ottawa, MI.	0.9389
3060	Great Falls, MT	0.9989
3080	Cascade, MT. Greeley, CO	1.0084
3120	Weld, CO. Green Bay, WI	0.9769
3150	Brown, WI. Greensboro-Winston-Salem-High Point, NC.	0.9697
3160	Alamance, NC. Davidson, NC. Davie, NC. Forsyth, NC. Guilford, NC. Randolph, NC. Stokes, NC. Yadkin, NC.	0.9949
3180	Greenville, NC	0.9776
3200	Pitt, NC.	0.9820

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
3160	Greenville-Spartanburg-Anderson, SC.	0.9949
3180	Anderson, SC. Cherokee, SC. Greenville, SC. Pickens, SC. Spartanburg, SC.	0.9776
3200	Hagerstown, MD	0.9820
3240	Washington, MD. Hamilton-Middletown, OH. Butler, OH.	0.9767
3283	Harrisburg-Lebanon-Carlisle, PA. Cumberland, PA. Dauphin, PA. Lebanon, PA. Perry, PA.	1.2316
3285	Hartford, CT	0.8000
3290	Hartford, CT. Litchfield, CT. Middlesex, CT. Tolland, CT.	0.9850
3320	Hattiesburg, MS	1.1828
3350	Forrest, MS. Lamar, MS. Hickory-Morganton-Lenoir, NC. Alexander, NC. Burke, NC. Caldwell, NC. Catawba, NC.	0.8258
3360	Honolulu, HI	1.0481
3400	Honolulu, HI. Houma, LA	1.0227
3440	Lafourche, LA. Terrebonne, LA. Houston, TX	0.9853
3480	Chambers, TX. Fort Bend, TX. Harris, TX. Liberty, TX. Montgomery, TX. Waller, TX. Huntington-Ashland, WV-KY-OH.	1.0569
3500	Boyd, KY. Carter, KY. Greenup, KY. Lawrence, OH. Cabell, WV. Wayne, WV.	1.0176
3520	Huntsville, AL	0.9577
	Limestone, AL. Madison, AL. Indianapolis, IN	
	Boone, IN. Hamilton, IN. Hancock, IN. Hendricks, IN. Johnson, IN. Madison, IN. Marion, IN. Morgan, IN. Shelby, IN.	
	Iowa City, IA	
	Johnson, IA. Jackson, MI	

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
3560	Jackson, MI. Jackson, MS Hinds, MS. Madison, MS. Rankin, MS.	0.8907
3580	Jackson, TN Madison, TN. Chester, TN.	0.9575
3600	Jacksonville, FL Clay, FL. Duval, FL. Nassau, FL. St. Johns, FL.	1.0156
3605	Jacksonville, NC Onslow, NC.	0.9106
3610	Jamestown, NY Chautauqua, NY.	0.8273
3620	Janesville-Beloit, WI Rock, WI.	0.9893
3640	Jersey City, NJ Hudson, NJ.	1.1847
3660	Johnson City-Kings- port-Bristol, TN-VA. Carter, TN. Hawkins, TN. Sullivan, TN. Unicoi, TN. Washington, TN. Bristol City, VA. Scott, VA. Washington, VA.	0.8796
3680	Johnstown, PA Cambria, PA. Somerset, PA.	0.8695
3700	Jonesboro, AR Craighead, AR.	0.8307
3710	Joplin, MO Jasper, MO. Newton, MO.	0.9252
3720	Kalamazoo- Battlecreek, MI. Calhoun, MI. Kalamazoo, MI. Van Buren, MI.	1.1191
3740	Kankakee, IL Kankakee, IL.	1.1105
3760	Kansas City, KS-MO ... Johnson, KS. Leavenworth, KS. Miami, KS. Wyandotte, KS. Cass, MO. Clay, MO. Clinton, MO. Jackson, MO. Lafayette, MO. Platte, MO. Ray, MO.	1.0354
3800	Kenosha, WI Kenosha, WI.	1.0403
3810	Killeen-Temple, TX Bell, TX. Coryell, TX.	0.9762
3840	Knoxville, TN Anderson, TN. Blount, TN. Knox, TN. Loudon, TN. Sevier, TN.	0.9401

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
3850	Union, TN. Kokomo, IN Howard, IN. Tipton, IN.	0.9640
3870	La Crosse, WI-MN Houston, MN. La Crosse, WI.	0.9856
3880	Lafayette, LA Acadia, LA. Lafayette, LA. St. Landry, LA. St. Martin, LA.	0.8728
3920	Lafayette, IN Clinton, IN. Tippecanoe, IN.	0.9631
3960	Lake Charles, LA Calcasieu, LA.	0.8357
3980	Lakeland-Winter Haven, FL. Polk, FL.	0.9391
4000	Lancaster, PA Lancaster, PA.	0.9893
4040	Lansing-East Lansing, MI. Clinton, MI. Eaton, MI. Ingham, MI.	1.0353
4080	Laredo, TX Webb, TX.	0.8624
4100	Las Cruces, NM Dona Ana, NM.	0.9260
4120	Las Vegas, NV-AZ Mohave, AZ. Clarke, NV. Nye, NV.	1.2287
4150	Lawrence, KS Douglas, KS.	0.9248
4200	Lawton, OK Comanche, OK.	0.8811
4243	Lewiston-Auburn, ME .. Androscoggin, ME.	1.0001
4280	Lexington, KY Bourbon, KY. Clark, KY. Fayette, KY. Jessamine, KY. Madison, KY. Scott, KY. Woodford, KY.	0.9257
4320	Lima, OH Allen, OH. Auglaize, OH.	1.0149
4360	Lincoln, NE Lancaster, NE.	1.0693
4400	Little Rock-North Little Rock, AR. Faulkner, AR. Lonoke, AR. Pulaski, AR. Saline, AR.	0.9510
4420	Longview-Marshall, TX Gregg, TX. Harrison, TX. Upshur, TX.	0.9713
4480	Los Angeles-Long Beach, CA. Los Angeles, CA.	1.2571
4520	Louisville, KY-IN Clark, IN.	0.9850

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
4600	Floyd, IN. Harrison, IN. Scott, IN. Bullitt, KY. Jefferson, KY. Oldham, KY.	0.8816
4640	Lubbock, TX Lubbock, TX. Lynchburg, VA Amherst, VA. Bedford, VA. Bedford City, VA. Campbell, VA. Lynchburg City, VA.	0.9735
4680	Macon, GA Bibb, GA. Houston, GA. Jones, GA. Peach, GA. Twiggs, GA.	0.9542
4720	Madison, WI Dane, WI.	1.0940
4800	Mansfield, OH Crawford, OH. Richland, OH.	0.9784
4840	Mayaguez, PR Anasco, PR. Cabo Rojo, PR. Hormigueros, PR. Mayaguez, PR. Sabana Grande, PR. San German, PR.	0.5514
4880	McAllen-Edinburg-Mis- sion, TX. Hidalgo, TX.	0.8933
4890	Medford-Ashland, OR Jackson, OR.	1.1481
4900	Melbourne-Titusville- Palm Bay, FL. Brevard, FL.	1.0419
4920	Memphis, TN-AR-MS .. Crittenden, AR. DeSoto, MS. Fayette, TN. Shelby, TN. Tipton, TN.	0.9602
4940	Merced, CA Merced, CA.	1.0328
5000	Miami, FL Dade, FL.	1.0545
5015	Middlesex-Somerset- Hunterdon, NJ. Hunterdon, NJ. Middlesex, NJ. Somerset, NJ.	1.2114
5080	Milwaukee-Waukesha, WI. Milwaukee, WI. Ozaukee, WI. Washington, WI. Waukesha, WI.	1.0645
5120	Minneapolis-St. Paul, MN-WI. Anoka, MN. Carver, MN. Chisago, MN. Dakota, MN. Hennepin, MN. Isanti, MN.	1.1725

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
5140	Ramsey, MN. Scott, MN. Sherburne, MN. Washington, MN. Wright, MN. Pierce, WI. St. Croix, WI. Missoula, MT	0.9292
5160	Missoula, MT. Mobile, AL	0.8520
5170	Baldwin, AL. Mobile, AL. Modesto, CA	1.2017
5190	Stanislaus, CA. Monmouth-Ocean, NJ Monmouth, NJ. Ocean, NJ.	1.1677
5200	Monroe, LA	0.8443
5240	Ouachita, LA. Montgomery, AL	0.8427
5280	Autauga, AL. Elmore, AL. Montgomery, AL. Muncie, IN	0.9353
5330	Delaware, IN. Myrtle Beach, SC	0.9712
5345	Horry, SC. Naples, FL	1.0434
5360	Collier, FL. Nashville, TN	1.0504
5380	Cheatham, TN. Davidson, TN. Dickson, TN. Robertson, TN. Rutherford TN. Sumner, TN. Williamson, TN. Wilson, TN.	1.4005
5483	Nassau-Suffolk, NY	1.3200
5523	Nassau, NY. Suffolk, NY. New Haven-Bridgeport-Stamford-Waterbury-Danbury, CT. Fairfield, CT. New Haven, CT.	1.2397
5560	New London-Norwich, CT. New London, CT. New Orleans, LA	0.9778
5600	Jefferson, LA. Orleans, LA. Plaquemines, LA. St. Bernard, LA. St. Charles, LA. St. James, LA. St. John The Baptist, LA. St. Tammany, LA. New York, NY	1.4941
5640	Bronx, NY. Kings, NY. New York, NY. Putnam, NY. Queens, NY. Richmond, NY. Rockland, NY. Westchester, NY. Newark, NJ	1.2276

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
5660	Essex, NJ. Morris, NJ. Sussex, NJ. Union, NJ. Warren, NJ. Newburgh, NY-PA	1.2267
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.	0.9186
5775	Oakland, CA	1.5903
5790	Alameda, CA. Contra Costa, CA. Ocala, FL	1.0368
5800	Marion, FL. Odessa-Midland, TX ... Ector, TX. Midland, TX.	0.9941
5880	Oklahoma City, OK	0.9575
5910	Canadian, OK. Cleveland, OK. Logan, OK. McClain, OK. Oklahoma, OK. Pottawatomie, OK. Olympia, WA	1.1685
5920	Thurston, WA. Omaha, NE-IA	1.0386
5945	Pottawattamie, IA. Cass, NE. Douglas, NE. Sarpy, NE. Washington, NE. Orange County, CA ...	1.2120
5960	Orange, CA. Orlando, FL	1.0289
5990	Lake, FL. Orange, FL. Osceola, FL. Seminole, FL. Owensboro, KY	0.8925
6015	Daviess, KY. Panama City, FL	0.8742
6020	Bay, FL. Parkersburg-Marietta, WV-OH. Washington, OH. Wood, WV.	0.8568
6080	Pensacola, FL	0.9280
6120	Escambia, FL. Santa Rosa, FL. Peoria-Pekin, IL	0.9309

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
6160	Tazewell, IL. Woodford, IL. Philadelphia, PA-NJ	1.1599
6200	Burlington, NJ. Camden, NJ. Gloucester, NJ. Salem, NJ. Bucks, PA. Chester, PA. Delaware, PA. Montgomery, PA. Philadelphia, PA. Phoenix-Mesa, AZ	1.0796
6240	Maricopa, AZ. Pinal, AZ. Pine Bluff, AR	0.8383
6280	Jefferson, AR. Pittsburgh, PA	0.9487
6323	Allegheny, PA. Beaver, PA. Butler, PA. Fayette, PA. Washington, PA. Westmoreland, PA. Pittsfield, MA	1.0952
6340	Berkshire, MA. Pocatello, ID	0.9637
6360	Bannock, ID. Ponce, PR	0.5414
6403	Guayanilla, PR. Juana Diaz, PR. Penuelas, PR. Ponce, PR. Villalba, PR. Yauco, PR. Portland, ME	1.0604
6440	Cumberland, ME. Sagadahoc, ME. York, ME. Portland-Vancouver, OR-WA. Clackamas, OR. Columbia, OR. Multnomah, OR. Washington, OR. Yamhill, OR. Clark, WA.	1.1951
6483	Providence-Warwick- Pawtucket, RI. Bristol, RI. Kent, RI. Newport, RI. Providence, RI. Washington, RI. Provo-Orem, UT	1.1699
6520	Utah, UT.	1.0633
6560	Pueblo, CO	0.9356
6580	Pueblo, CO. Punta Gorda, FL	1.0136
6600	Charlotte, FL. Racine, WI	0.9394
6640	Racine, WI. Raleigh-Durham-Chap- el Hill, NC. Chatham, NC. Durham, NC. Franklin, NC. Johnston, NC. Orange, NC.	1.0614

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
6660	Wake, NC. Rapid City, SD	0.9386
6680	Pennington, SD. Reading, PA	0.9734
6690	Berks, PA. Redding, CA	1.2099
6720	Shasta, CA. Reno, NV	1.1385
6740	Washoe, NV. Richland-Kennewick- Pasco, WA.	1.1307
6760	Benton, WA. Franklin, WA. Richmond-Petersburg, VA.	0.9964
	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. Riverside, CA. San Bernardino, CA.	1.2087
6800	Roanoke, VA	0.9273
	Botetourt, VA. Roanoke, VA. Roanoke City, VA. Salem City, VA.	
6820	Rochester, MN	1.2512
	Olmsted, MN.	
6840	Rochester, NY	1.0051
	Genesee, NY. Livingston, NY. Monroe, NY. Ontario, NY. Orleans, NY. Wayne, NY.	
6880	Rockford, IL	1.0302
	Boone, IL. Ogle, IL. Winnebago, IL.	
6895	Rocky Mount, NC	0.9673
	Edgecombe, NC	
6920	Nash, NC. Sacramento, CA	1.2625
	El Dorado, CA. Placer, CA. Sacramento, CA.	
6960	Saginaw-Bay City-Mid- land, MI. Bay, MI. Midland, MI. Saginaw, MI.	1.0692
6980	St. Cloud, MN	1.0132
	Benton, MN. Stearns, MN.	
7000	St. Joseph, MO	1.0399
	Andrew, MO.	

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
7040	Buchanan, MO. St. Louis, MO-IL	0.9628
	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	1.1172
	Marion, OR. Polk, OR.	
7120	Salinas, CA	1.5283
7160	Monterey, CA. Salt Lake City-Ogden, UT.	1.0565
	Davis, UT. Salt Lake, UT. Weber, UT.	
7200	San Angelo, TX	0.9097
7240	Tom Green, TX. San Antonio, TX	0.9454
	Bexar, TX. Comal, TX. Guadalupe, TX. Wilson, TX.	
7320	San Diego, CA	1.1881
7360	San Diego, CA. San Francisco, CA	1.5469
	Marin, CA. San Francisco, CA. San Mateo, CA. San Jose, CA	
7400	Santa Clara, CA.	1.5589
7440	San Juan-Bayamon, PR.	0.5645
	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 Also, PR. Vega Alta, PR.	

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
7460	Vega Baja, PR. Yabucoa, PR. San Luis Obispo- Atascadero-Paso Robles, CA.	1.2181
7480	San Luis Obispo, CA. Santa Barbara-Santa Maria-Lompoc, CA. Santa Barbara, CA.	1.1128
7485	Santa Cruz- Watsonville, CA.	1.3794
7490	Santa Cruz, CA. Santa Fe, NM	1.1354
	Los Alamos, NM. Santa Fe, NM.	
7500	Santa Rosa, CA	1.3725
7510	Sonoma, CA. Sarasota-Bradenton, FL.	1.0620
	Manatee, FL. Sarasota, FL. Savannah, GA	
7520	Bryan, GA. Chatham, GA. Effingham, GA.	1.0095
7560	Scranton—Wilkes- Barre—Hazleton, PA.	0.8966
7600	Columbia, PA. Lackawanna, PA. Luzerne, PA. Wyoming, PA.	
7610	Seattle-Bellevue-Ever- ett, WA. Island, WA. King, WA. Snohomish, WA.	1.2323
7620	Sharon, PA	0.8261
7640	Mercer, PA. Sheboygan, WI	0.9192
7680	Sheboygan, WI. Sherman-Denison, TX Grayson, TX. Shreveport-Bossier City, LA. Bossier, LA. Caddo, LA. Webster, LA.	1.0338
7720	Sioux City, IA-NE	0.9585
7760	Woodbury, IA. Dakota, NE. Sioux Falls, SD	0.9922
	Lincoln, SD. Minnehaha, SD.	
7800	South Bend, IN	1.0467
7840	St. Joseph, IN. Spokane, WA	1.1618
7880	Spokane, WA. Springfield, IL	0.9533
7920	Menard, IL. Sangamon, IL. Springfield, MO	0.9014
8003	Christian, MO. Greene, MO. Webster, MO. Springfield, MA	1.1237
8050	Hampden, MA. Hampshire, MA. State College, PA	0.9315
	Centre, PA.	

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
8080	Steubenville-Weirton, OH-WV. Jefferson, OH. Brooke, WV. Hancock, WV.	0.8951
8120	Stockton-Lodi, CA	1.1089
8140	San Joaquin, CA.	
8140	Sumter, SC	0.8786
8140	Sumter, SC.	
8160	Syracuse, NY	1.0031
8160	Cayuga, NY. Madison, NY. Onondaga, NY. Oswego, NY.	
8200	Tacoma, WA	1.1848
8200	Pierce, WA.	
8240	Tallahassee, FL	0.9081
8240	Gadsden, FL. Leon, FL.	
8280	Tampa-St. Petersburg-Clearwater, FL. Hernando, FL. Hillsborough, FL. Pasco, FL. Pinellas, FL.	0.9702
8320	Terre Haute, IN	0.8873
8320	Clay, IN. Vermillion, IN. Vigo, IN.	
8360	Texarkana, AR-Texas-arkana, TX. Miller, AR. Bowie, TX.	0.8686
8400	Toledo, OH	0.9998
8400	Fulton, OH. Lucas, OH. Wood, OH.	
8440	Topeka, KS	0.9707
8440	Shawnee, KS.	
8480	Trenton, NJ	1.1209
8480	Mercer, NJ.	
8520	Tucson, AZ	0.9572
8520	Pima, AZ.	
8560	Tulsa, OK	0.9790
8560	Creek, OK. Osage, OK. Rogers, OK. Tulsa, OK. Wagoner, OK.	
8600	Tuscaloosa, AL	0.8753
8600	Tuscaloosa, AL.	
8640	Tyler, TX	1.0023
8640	Smith, TX.	
8680	Utica-Rome, NY	0.8956
8680	Herkimer, NY. Oneida, NY.	
8720	Vallejo-Fairfield-Napa, CA. Napa, CA. Solano, CA.	1.4257
8735	Ventura, CA	1.1792
8735	Ventura, CA.	
8750	Victoria, TX	0.8723
8750	Victoria, TX.	
8760	Vineland-Millville-Bridgeton, NJ. Cumberland, NJ.	1.1090
8780	Visalia-Tulare-Porterville, CA.	1.0439

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
8800	Tulare, CA. Waco, TX	0.8946
8800	McLennan, TX.	
8840	Washington, DC-MD-VA-WV. District of Columbia, DC.	1.1622
8840	Calvert, MD. Charles, MD. Frederick, MD. Montgomery, MD. Prince Georges, MD. Alexandria City, VA. Arlington, VA. Clarke, VA. Culpeper, VA. Fairfax, VA. Fairfax City, VA. Falls Church City, VA. Fauquier, VA. Fredericksburg City, VA. King George, VA. Loudoun, VA. Manassas City, VA. Manassas Park City, VA. Prince William, VA. Spotsylvania, VA. Stafford, VA. Warren, VA. Berkeley, WV. Jefferson, WV.	
8920	Waterloo-Cedar Falls, IA.	0.8917
8920	Black Hawk, IA.	
8940	Wausau, WI	1.0330
8940	Marathon, WI.	
8960	West Palm Beach-Boca Raton, FL. Palm Beach, FL.	1.0443
9000	Wheeling, WV-OH	0.8000
9000	Belmont, OH. Marshall, WV. Ohio, WV.	
9040	Wichita, KS	0.9846
9040	Butler, KS. Harvey, KS. Sedgwick, KS.	
9080	Wichita Falls, TX	0.8890
9080	Archer, TX. Wichita, TX.	
9140	Williamsport, PA	0.8695
9140	Lycoming, PA.	
9160	Wilmington-Newark, DE-MD. New Castle, DE. Cecil, MD.	1.1598
9200	Wilmington, NC	1.0192
9200	Brunswick, NC. New Hanover, NC.	
9260	Yakima, WA	1.1055
9260	Yakima, WA.	
9270	Yolo, CA	0.9810
9270	Yolo, CA.	
9280	York, PA	0.9719
9280	York, PA.	
9320	Youngstown-Warren, OH.	0.9820

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

MSA code number	Urban area (constituent counties or county equivalents) ¹	Wage index ²
9340	Columbiana, OH. Mahoning, OH. Trumbull, OH. Yuba City, CA	1.0867
9340	Sutter, CA. Yuba, CA.	
9360	Yuma, AZ	0.9480
9360	Yuma, AZ.	

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

²Wage index values are based on FY 2000 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 calculated by multiplying the hospital wage index value for a given area by a budget-neutrality factor of 1.065819. 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 a budget-neutrality adjustment calculated by multiplying the hospital wage index value for a given area by the budget-neutrality factor. 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 number	Nonurban area	Wage index ³
9901	Alabama	0.8000
9902	Alaska	1.2668
9903	Arizona	0.9880
9904	Arkansas	0.8243
9905	California	1.0687
9906	Colorado	0.9942
9907	Connecticut	1.2985
9908	Delaware	1.0186
9910	Florida	0.9454
9911	Georgia	0.8920
9912	Hawaii	1.0613
9913	Idaho	0.9565
9914	Illinois	0.8797
9915	Indiana	0.9405
9916	Iowa	0.8970
9917	Kansas	0.8563
9918	Kentucky	0.8498
9919	Louisiana	0.8000
9920	Maine	0.9392
9921	Maryland	0.9726
9922	Massachusetts	1.1119
9923	Michigan	0.9469
9924	Minnesota	0.9944
9925	Mississippi	0.8290
9926	Missouri	0.8411
9927	Montana	0.9379
9928	Nebraska	0.9403
9929	Nevada	1.0451
9930	New Hampshire	1.0690
9931	New Jersey ⁴
9932	New Mexico	0.8814
9933	New York	0.9087
9934	North Carolina	0.9015

TABLE B.—WAGE INDEX FOR RURAL AREAS—Continued

MSA code number	Nonurban area	Wage index ³
9935	North Dakota	0.8290
9936	Ohio	0.9401
9937	Oklahoma	0.8033
9938	Oregon	1.0652
9939	Pennsylvania	0.8929
9940	Puerto Rico	0.4621
9941	Rhode Island ⁴
9942	South Carolina	0.9057
9943	South Dakota	0.8734
9944	Tennessee	0.8405
9945	Texas	0.8292
9946	Utah	0.9565
9947	Vermont	0.9920
9948	Virgin Islands	0.8000
9949	Virginia	0.9057
9950	Washington	1.1072
9951	West Virginia	0.8546
9952	Wisconsin	0.9916
9953	Wyoming	0.9710
9965	Guam	1.0244

³ Wage index values are based on FY 2000 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 calculated by multiplying the hospital wage index value for a given area by a budget-neutrality factor of 1.065819. 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 a budget-neutrality adjustment calculated by multiplying the hospital wage index value for a given area by the budget-neutrality factor. We have completed all of these adjustments and included them in the wage index values reflected in this table.

⁴ All counties within the State are classified as urban.

III. Waiver of Proposed Rulemaking

Under the Administrative Procedure Act (5 U.S.C. section (553(b)(B)), we may waive notice and comment rulemaking procedures if we find good cause to do so (that is, notice and comment procedures are impracticable, unnecessary, or contrary to the public interest) and the agency incorporates a statement of the finding and the reasons for waiver in the notice issued. We are waiving notice and comment rulemaking before the provisions of this notice take effect.

We find it unnecessary to undertake notice and comment rulemaking because the methodologies used to determine the hospice wage index have been previously subjected to public comments, and this notice merely reflects the application of those previously established methodologies. In this notice, we are not changing the methodologies, but merely performing the ministerial function of applying methodologies previously subject to notice and public comment. Therefore, we believe it is unnecessary to engage

in notice and comment rulemaking and, for good cause, we waive notice and comment procedures.

We also believe that good cause exists to waive notice and comment rulemaking because it is in the public interest to make this notice effective on October 1, 2004. The statute in 1814(i)(1)(C)(ii)(VII) of the Act requires annual updates to the hospice payment rates and wage indices. In addition, the Federal Regulations at 42 CFR 418.306(b)(2) and (c) require annual updates to hospice wage indices and require that such updates be effective for the FY, beginning on October 1. We do not have sufficient time to engage in notice and comment rulemaking before that date. Moreover, if we do not make this notice effective on the implementation date of October 1, 2004, the hospice agencies would be required to continue to use the previous 2004 FY wage index for the 2005 payment rates.

Therefore, for the reasons stated above, we find there is good cause to waive notice and comment procedures of the Administrative Procedure Act.

IV. Regulatory Impact Analysis

A. Overall Impact

We have examined the impacts of this notice as required by Executive Order 12866 (September 1993, Regulatory Planning and Review), the Regulatory Flexibility Act (RFA) (September 19, 1980, Pub. L. 96–354), section 1102(b) of the Act, the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4), and Executive Order 13132. In this notice, we identified the impact on hospices as a result of updating the hospice wage index. The methodology for computing the wage index for FY 2005 was determined through a negotiated rulemaking committee and implemented in the August 8, 1997 final rule (62 FR 42860). This notice only updates the hospice wage index in accordance with that methodology. We believe these changes to be insignificant. As Table C below indicates, we estimate that the total hospice payments will increase from last year by 1.0 percent, or \$60,113,000. We have compared estimated payments using the FY 1983 hospice wage index to estimated payments using the FY 2005 wage index and determined the current hospice wage index to be budget neutral. Budget neutrality means that, in a given year, estimated aggregate payments for Medicare hospice services using the FY 2005 Wage Index will equal estimated aggregate payments that would have been made for the same services if the 1983 wage index had remained in effect. Budget neutrality to

1983 does not imply that estimated payments will not increase since the budget neutrality applies only to the wage index portion and not the total payment rate, which accommodates inflation.

Executive Order 12866 (as amended by Executive Order 13258, which merely reassigns responsibility of duties) directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). A regulatory impact analysis (RIA) must be prepared for major rules with economically significant effects (\$100 million or more in any 1 year). We have determined that this notice is not an economically significant rule under this Executive Order.

The RFA requires agencies to analyze options for regulatory relief of small businesses. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and government agencies. Most hospitals and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of \$6 million to \$29 million in any 1 year (for details, see the Small Business Administration's regulation at 65 FR 69432, that sets forth size standards for health care industries). For purposes of the RFA, most hospices are small entities. As indicated in Table C below, there are 2,385 hospices. Approximately 70 percent of Medicare certified hospices are identified as voluntary, government, or other agencies, and, therefore, are considered small entities. Because the National Hospice and Palliative Care Organization estimates that approximately 79 percent of hospice patients are Medicare beneficiaries, we have not considered other sources of revenue in this analysis.

As discussed below, rural hospices will receive an increase in payment that is greater than urban hospices. Overall rural hospices will receive an increase of 2.9 percent and urban hospices will receive an increase of 0.7 percent. All hospices, both urban and rural, will receive a 1.0 percent increase in payment representing an increase of \$60,113,000. Urban hospices in East North Central and Puerto Rico regions will experience a decrease of 0.2 percent and 0.3 percent respectively. New England and Puerto Rico rural regions will also experience a decrease of 0.5 and 4.1 percent respectively. Of the urban hospices, the West South Central

and Mountain regions will experience the greatest increase of 1.7 percent and 1.8 percent, respectively. The remaining urban regions will experience an increase in payment ranging from 0.3 percent in the Middle Atlantic region to a 0.9 percent increase in New England. Of the rural hospices, the East South Central and West North Central regions will experience the greatest increase of all hospices with 6.5 percent and 4.0 percent, respectively. The remaining rural hospices, with the exception of New England and Puerto Rico, will experience an increase in payment ranging from 1.0 percent for the Pacific region to 2.3 percent in the South Atlantic region. Puerto Rico will experience decreased payment in both its urban and rural areas. Overall, Puerto Rico rural hospices will receive the largest decrease of all hospices with a decrease of 4.1 percent. Most regions, however, will experience an increase in payment in both urban and rural regions. Therefore, based upon analysis of the wage index changes for FY 2005, the urban and rural Puerto Rico, urban East North Central and rural New England hospices will be most negatively impacted. The remaining urban and rural regions will be positively impacted. The payment decreases in certain areas indicate that this notice will have an impact on a small number of small entities. However, nationwide, hospices will receive an overall increase in estimated payments. We estimate that total hospice payments will increase by 1.0 percent, or \$60,113,000. Rural hospices, with the exception of Puerto Rico and New England regions, will receive the largest increase in payments for FY 2005. We estimate that rural hospice payments overall will increase by \$23,336,000. We believe the anomaly of Puerto Rico rural region, with the greatest decrease overall in payment, the rural East South Central region increase of 6.5 percent, and the rural West North Central region increase of 4.0 percent are attributable to hospital wages in these geographic areas.

Under the Medicare hospice benefit, hospices can provide four different levels of care days. The majority of the days provided by a hospice are routine home care days. Therefore, the number of routine home care days can be used as a proxy for the size of the hospice, that is, the more days of care provided, the larger the hospice. Using routine home care days as a proxy for size, our analysis indicates that the impact of the wage index update on small hospices (those that provide up to 1,754 days of routine home care) will experience a

10.2 percent increase. Rural Puerto Rico with 4 hospices and 150,000 routine care days will experience a decrease of 4.1 percent while rural East South Central with 111 hospices and 1,541,000 routine home care days, which represents the highest number of routine home care days, will have an increase of 6.5 percent. Rural South Atlantic and East North Central, each with 139 hospices and 1,390 and 924,000 routine home care days, respectively, will experience an increase of 2.3 percent and 1.4 percent, respectively. Rural New England region with 27 hospices and the lowest number of routine home care days of 111,000 will experience a 0.5 percent decrease.

Furthermore, the wage index methodology was previously determined by consensus, through a negotiated rulemaking committee that included representatives of national hospice associations; rural, urban, large and small hospices; multi-site hospices; and consumer groups. Based on all of the options considered, the committee agreed on the methodology described in the committee statement, and it was adopted into regulation in the August 8, 1997 final rule. The committee also agreed that this was favorable for the hospice community, as well as for beneficiaries. In developing the process for updating the wage index in the 1997 final rule, we fully considered the impact of this methodology on small entities and attempted to mitigate any potential negative effects.

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural hospitals. This analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside an MSA and has fewer than 100 beds.

Section 202 of the Unfunded Mandates Reform Act of 1995 also requires that agencies assess anticipated costs and benefits before issuing any rule that may result in an expenditure in any 1 year by State, local, and tribal governments, in the aggregate, or by the private sector, of \$110 million or more. This notice has no substantial effect on State, local or tribal governments or on the private sector. We have determined that this notice will not have a significant impact on the operations of a substantial number of small rural hospitals.

Executive Order 13132 establishes certain requirements that an agency must meet when it promulgates a proposed rule (and subsequent final

rule) that imposes substantial direct requirement costs on State and local governments, preempts State law, or otherwise has Federalism implications. We have reviewed this notice under the threshold criteria of Executive Order 13132, Federalism, and have determined that this notice will not have an impact on the rights, roles, and responsibilities of State, local, or tribal governments.

B. Anticipated Effects

We have compared estimated payments using the FY 1983 hospice wage index to estimated payments using the FY 2005 wage index and determined the current hospice wage index to be budget neutral. This impact analysis compares hospice payments using the FY 2004 hospice wage index to the estimated payments using the FY 2005 wage index. The data used in developing the quantitative analysis for this notice were obtained from the March 2004 update of the national claims history file of all bills submitted during FY 2003. We deleted bills from hospices that have since closed.

Table C below demonstrates the results of our analysis. In column 2 of Table C, we indicate the number of routine home care days that were included in our analysis, although the analysis was performed on all types of hospice care. Column 3 of Table C indicates payments that were made using the FY 2004 wage index. Column 4 of Table C is based on FY 2004 claims (for hospices in business during that time period) and estimates payments to be made to hospices using the FY 2005 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 1,469 hospices located in urban areas and 916 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 2003. 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 majority of hospices are in urban areas and provide the vast majority of routine home care days. However, rural hospices will receive a larger percent increase in payment of 2.9 percent in contrast to 0.7 percent for urban hospices.

The greatest increases in payment are for rural East South Central and West North Central regions with a 6.5 percent and 4.0 percent increase, respectively.

Four regions will experience a decrease in payment with the greatest decrease in payment for rural Puerto Rico with a 4.1 percent decrease followed by rural New England, urban Puerto Rico, and urban East North Central regions with 0.5 percent, 0.3 percent, and 0.2 percent decreases, respectively. The remainder of the urban areas varies from an increase of 0.3 percent in the Middle Atlantic region to an increase of 1.8 percent in the Mountain region.

The breakdown by size indicates an increase of 10.2 percent in payment for hospices with routine home care days under 1,754 followed by a 4.5 percent increase in moderate size hospices with

1,754 to 4,373 days and an increase of 0.8 percent for large size hospitals.

Proprietary-owned hospices will experience the highest increase of 1.4 percent while voluntary owned hospices with the largest number of routine home care days will receive 0.8 percent increase in payment.

Freestanding agency based hospices with the highest number of routine home care days and with the largest number of hospice agencies will have the highest increase of a 1.1 percent payment increase. In contrast, skilled nursing facility based hospices will have an increase of 0.3 percent, which represents the lowest number of routine home care days.

TABLE C.—IMPACT OF HOSPICE WAGE INDEX CHANGE

	Number of hospices (1)	Number of routine home care days in thousands (2)	Payments using FY 2004 wage index in thousands (3)	Estimated payments using FY 2005 wage index in thousands (4)	Percent change in hospice payments (5)
(BY GEOGRAPHIC LOCATION):					
ALL HOSPICES	2,385	42,728	5,873,005	5,933,118	1.0
URBAN HOSPICES	1,469	35,552	5,072,557	5,109,334	0.7
RURAL HOSPICES	916	7,177	800,448	823,784	2.9
BY REGION—URBAN:					
NEW ENGLAND	91	1,049	171,309	172,885	0.9
MIDDLE ATLANTIC	172	3,562	532,324	533,710	0.3
SOUTH ATLANTIC	205	7,421	1,167,357	1,175,429	0.7
EAST NORTH CENTRAL	240	5,231	751,343	750,026	-0.2
EAST SOUTH CENTRAL	107	2,638	335,046	337,478	0.7
WEST NORTH CENTRAL	110	2,446	305,713	307,835	0.7
WEST SOUTH CENTRAL	223	5,718	716,376	728,268	1.7
MOUNTAIN	104	2,684	399,776	406,833	1.8
PACIFIC	187	4,376	658,216	661,869	0.6
PUERTO RICO	30	427	35,098	35,000	-0.3
BY REGION—RURAL:					
NEW ENGLAND	27	111	14,399	14,334	-0.5
MIDDLE ATLANTIC	36	230	27,634	28,053	1.5
SOUTH ATLANTIC	139	1,390	161,998	165,728	2.3
EAST NORTH CENTRAL	139	924	106,674	108,215	1.4
EAST SOUTH CENTRAL	111	1,541	161,972	172,497	6.5
WEST NORTH CENTRAL	180	859	95,425	99,252	4.0
WEST SOUTH CENTRAL	120	1,088	113,083	115,326	2.0
MOUNTAIN	102	530	62,304	63,432	1.8
PACIFIC	58	353	45,320	45,780	1.0
PUERTO RICO	4	150	11,640	11,167	-4.1
ROUTINE HOME CARE DAYS:					
0-1,754 DAYS	343	301	33,025	36,401	10.2
1,754-4,373 DAYS	400	1,236	144,480	150,910	4.5
4,373-9,681 DAYS	517	3,504	431,211	436,948	1.3
9,681 + DAYS	1,122	35,702	5,033,559	5,075,608	0.8
TYPE OF OWNERSHIP:					
VOLUNTARY	1,319	23,772	3,320,004	3,345,602	0.8
PROPRIETARY	844	17,972	2,427,181	2,460,362	1.4
GOVERNMENT	187	879	112,468	113,682	1.1
OTHER	35	106	13,351	13,473	0.9
HOSPICE BASE:					
FREESTANDING	1,186	28,948	4,050,201	4,051,763	1.1
HOME HEALTH AGENCY	634	8,075	1,105,167	1,113,613	0.8
HOSPITAL	549	5,524	733,743	739,760	0.8
SKILLED NURSING FACILITY	16	182	28,893	28,983	0.3

C. Conclusion

Our impact analysis compared hospice payments by using the FY 2004 wage index to the estimated payments using the FY 2005 wage index. Through the analysis, we estimate that total hospice payments will increase from last year by 1.0 percent or by \$60,113,000. Additionally, we compared estimated payments using the FY 1983 hospice wage index to estimated payments using the FY 2005 wage index and determined the current hospice wage index to be budget neutral, as required by the negotiated rulemaking committee. We have determined that this rule is not an economically significant rule under Executive Order 12866. Although we believe that this rule will not have a significant economic impact on a substantial number of small entities, we took any negative effects into consideration during the negotiated rulemaking process. We have determined that this notice will not have a significant impact on the operations of a substantial number of small rural hospitals. Finally, this notice will not have a consequential effect on State, local, or tribal governments.

OMB Review

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

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:

Mark B. McClellan,

Administrator, Centers for Medicare & Medicaid Services.

Dated:

Tommy G. Thompson,

Secretary.

[FR Doc. 04–19697 Filed 8–26–04; 8:45 am]

BILLING CODE 4120–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS–5025–CN]

RIN 0938–ZA51

Medicare Program; Medicare Replacement Drug Demonstration; Correction

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

ACTION: Notice; correction.

SUMMARY: This document corrects technical and typographical errors that appeared in the notice published in the **Federal Register** on June 29, 2004 entitled “Medicare Replacement Drug Demonstration (69 FR 38898).” That notice announced the implementation of a demonstration that would pay through December 31, 2005 under Medicare Part B for drugs and biologicals that are prescribed as replacements for existing covered Medicare drugs and biologicals described in section 1861(s)(2)(A) or 1861(s)(2)(Q), or both, of title XVIII of the Social Security Act.

DATES: Effective June 29, 2004.

FOR FURTHER INFORMATION CONTACT: Jody Blatt, (410) 786–6921.

SUPPLEMENTARY INFORMATION:

I. Background

In FR Doc. 04–14673 of June 29, 2004 (69 FR 38898), there were a number of technical and typographical errors that are identified and corrected in the Correction of Errors section below. The provisions in this correction notice are effective as if they were included in the document published June 29, 2004. Accordingly, the corrections are effective June 29, 2004.

II. Correction of Errors

In FR Doc. 04–14673 of June 29, 2004 (69 FR 38898), make the following corrections:

1. On page 38899, in the table, in the first column, the term entitled “Chronic Myelogenous Lymphoma” is corrected to read “Chronic Myelogenous Leukemia.”

2. On page 38899, in the table, in the first column, the term entitled “Anaplastic astrocytoma” is removed. Temodar, which treats anaplastic astrocytoma, is already covered under Medicare Part B and will not be covered under this demonstration.

3. On page 38899, in the table, in the second column, the drug entitled “Pegalated interferon alfa–2a (PEG–

Intron)” is corrected to read “Pegylated interferon alfa–2b (PEG–Intron).”

4. On page 38899, in the table, in the second column the drug entitled “Temozolomide (Temodar)” is removed. Temodar is already covered under Medicare Part B and will not be covered under this demonstration.

5. On page 38900, in the first column, in the fourth paragraph, in the seventh and eighth lines, the words “Advance PCS, a Caremark Company (Caremark),” are corrected to read “Caremark.” The correct reference to this company is Caremark, not Advance PCS, a Caremark Company.

6. On page 38902, in the third column, in the first through eighth lines, remove the sentence “The rules for low-income assistance, including coverage levels and determination of eligibility, have been established to be consistent with what will be in effect in 2006 when the Medicare Part D drug benefit is implemented.” Rules established for this demonstration apply only to this demonstration and do not necessarily reflect how the Medicare Part D benefit will be implemented.

7. On page 38903, in Table 1A, the following sentence is added to the footnote, “Under the different low income benefit levels, subsidies by Medicare as well as out-of-pocket payments by the beneficiary count towards the out-of-pocket catastrophic limit.”

8. On page 38904, in Table 1B, in the second column, under the heading entitled “Benefit Level 1 (Standard),” in the third row, the amount “\$1,350” is corrected to read “\$2,850.”

9. On page 38904, in Table 1B, the following sentence is added to the footnote, “Under the different low income benefit levels, subsidies by Medicare as well as out-of-pocket payments by the beneficiary count towards the out-of-pocket catastrophic limit.”

III. Waiver of Proposed Rulemaking

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

We find it unnecessary to undertake notice and comment rulemaking because this notice merely provides technical corrections to the notice.