maintenance plan and 2002 base-year inventory for the Warren County Area because it meets the requirements of section 110(a)(1) of the CAA. EPA is soliciting public comments on the issues discussed in this document. These comments will be considered before taking final action.

IV. Statutory and Executive Order Reviews

Under the CAA, the Administrator is required to approve a SIP submission that complies with the provisions of the Act and applicable Federal regulations. 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, EPA's role is to approve state choices, provided that they meet the criteria of the CAA. Accordingly, this action merely proposes to approve state law as meeting Federal requirements and does not impose additional requirements beyond those imposed by state law. For that reason, this proposed

- Is not a ''significant regulatory action'' subject to review by the Office of Management and Budget under Executive Order 12866 (58 FR 51735, October 4, 1993);
- Does not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*);
- Is certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*);
- Does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4);
- Does not have Federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999);
- Is not an economically significant regulatory action based on health or safety risks subject to Executive Order 13045 (62 FR 19885, April 23, 1997);
- Is not a significant regulatory action subject to Executive Order 13211 (66 FR 28355, May 22, 2001);
- Is not subject to requirements of Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the CAA; and
- Does not provide EPA with the discretionary authority to address, as appropriate, disproportionate human health or environmental effects, using practicable and legally permissible methods, under Executive Order 12898 (59 FR 7629, February 16, 1994).

In addition, this proposed rule to approve the maintenance plan and the 2002 base-year inventory for the Warren County Area in the Commonwealth of Pennsylvania does not have tribal implications as specified by Executive Order 13175 (65 FR 67249, November 9, 2000), because the SIP is not approved to apply in Indian country located in the state, and EPA notes that it will not impose substantial direct costs on tribal governments or preempt tribal law.

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Nitrogen dioxide, Ozone, Reporting and recordkeeping requirements, Volatile organic compounds.

Authority: 42 U.S.C. 7401 *et seq.*

Dated: April 24, 2008.

William T. Wisniewski,

Acting Regional Administrator, Region III.

[FR Doc. E8–9613 Filed 4–30–08; 8:45 am]

BILLING CODE 6560–50–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

42 CFR Part 418

[CMS–1548–P]

RIN 0938–AP14

Medicare Program; Proposed Hospice Wage Index for Fiscal Year 2009

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

ACTION: Proposed rule.

SUMMARY: This proposed rule proposes the hospice wage index for fiscal year 2009. This proposed rule also proposes to phase-out the Medicare hospice budget neutrality adjustment factor and clarify two wage index issues, pertaining to the definition of rural and urban areas and to multi-campus hospital facilities.

DATES: To be assured consideration, comments must be received at one of the addresses provided below, no later than 5 p.m. on June 27, 2008.

ADDRESSES: In commenting, please refer to file code CMS–1548–P. Because of staff and resource limitations, we cannot accept comments by facsimile (FAX) transmission.

You may submit comments in one of four ways (please choose only one of the ways listed):

1. *Electronically.* You may submit electronic comments on this regulation to *http://www.regulations.gov.* Follow the instructions for ''Comment or Submission'' and enter the filecode to find the document accepting comments.

2. *By regular mail.* You may mail written comments (one original and two copies) to the following address only: Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention: CMS–1548–P, P.O. Box 8012, Baltimore, MD 21244–1850.

Please allow sufficient time for mailed comments to be received before the close of the comment period.

3. *By express or overnight mail.* You may send written comments (one original and two copies) to the following address ONLY: Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention: CMS–1548–P, Mail Stop C4–26–05, 7500 Security Boulevard, Baltimore, MD 21244–1850.

4. *By hand or courier.* If you prefer, you may deliver (by hand or courier) your written comments (one original and two copies) before the close of the comment period to either of the following addresses:

a. Room 445–G, Hubert H. Humphrey Building, 200 Independence Avenue, SW., Washington, DC 20201.

(Because access to the interior of the HHH Building is not readily available to persons without Federal Government identification, commenters are encouraged to leave their comments in the CMS drop slots located in the main lobby of the building. A stamp-in clock is available for persons wishing to retain a proof of filing by stamping in and retaining an extra copy of the comments being filed.)

b. 7500 Security Boulevard, Baltimore, MD 21244–1850.

If you intend to deliver your comments to the Baltimore address, please call telephone number (410) 786–9994 in advance to schedule your arrival with one of our staff members.

Comments mailed to the addresses indicated as appropriate for hand or courier delivery may be delayed and received after the comment period.

For information on viewing public comments, see the beginning of the **SUPPLEMENTARY INFORMATION** section.

FOR FURTHER INFORMATION CONTACT: Randy Throndset (410) 786–0131 or Katie Lucas (410) 786–7723.

SUPPLEMENTARY INFORMATION:

Submitting Comments: We welcome comments from the public on all issues set forth in this rule to assist us in fully considering issues and developing policies. You can assist us by

referencing the file code CMS–1548–P and the specific ''issue identifier'' that precedes the section on which you choose to comment.

Inspection of Public Comments: All comments received before the close of the comment period are available for viewing by the public, including any personally identifiable or confidential business information that is included in a comment. We post all comments received before the close of the comment period on the following Web site as soon as possible after they have been received: *http://www.regulations.gov.* Follow the search instructions on that Web site to view public comments.

Comments received timely will also be available for public inspection as they are received, generally beginning approximately 3 weeks after publication of a document, at the headquarters of the Centers for Medicare & Medicaid Services, 7500 Security Boulevard, Baltimore, Maryland 21244, Monday through Friday of each week from 8:30 a.m. to 4 p.m. To schedule an appointment to view public comments, phone 1–800–743–3951.

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Part 418—Hospice Care

I. Background

A. General

1. Hospice Care

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 for relief of pain and for symptom management. 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, nursing, 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 services 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. Section 1814(i) of the Act provides payment for Medicare participating hospices.

2. Medicare Payment for Hospice Care

Our regulations at 42 CFR part 418 establish eligibility requirements, payment standards and procedures, define covered services, and delineate the conditions a hospice must meet to be approved for participation in the Medicare program. Part 418 subpart G provides for payment in one of four prospectively-determined rate categories (routine home care, continuous home care, inpatient respite care, and general inpatient care) to hospices based on each day a qualified Medicare beneficiary is under a hospice election.

B. Hospice Wage Index

Our regulations at § 418.306(c) require each hospice's labor market to be established using the most current hospital wage data available, including any changes by OMB to the Metropolitan Statistical Areas (MSAs) definitions. OMB revised the MSA definitions beginning in 2003 with new designations called the Core Based Statistical Areas (CBSAs). For the purposes of the hospice benefit, the term ''MSA-based'' refers to wage index values and designations based on the previous MSA designations before 2003. Conversely, the term ''CBSA-based'' refers to wage index values and designations based on the OMB revised MSA designations in 2003, which now include CBSAs. In the August 11, 2004 IPPS final rule (69 FR 48916, 49026), revised labor market area definitions were adopted at § 412.64(b), which were effective October 1, 2004 for acute care hospitals. CMS also revised the labor market areas for hospices using the new OMB standards that included CBSAs. In the FY 2006 hospice wage index final rule (70 FR 45130), we implemented a 1-year transition policy using a 50/50 blend of the CBSA-based wage index values and the Metropolitan Statistical Area (MSA)-based wage index values for FY 2006. The one-year transition policy ended on September 30, 2006. For FY 2007 and FY 2008 we used wage index values based on CBSA designations.

The hospice wage index is used to adjust payment rates for hospice agencies under the Medicare program to reflect local differences in area wage levels. The original hospice wage index was based on the 1981 Bureau of Labor Statistics hospital data and had not been updated since 1983. In 1994, because of disparity in wages from one geographical location to another, a committee was formulated to negotiate a wage index methodology that could be accepted by the industry and the government. This committee, functioning under a process established by the Negotiated Rulemaking Act of 1990, was comprised of national hospice associations; rural, urban, large and small hospices; multi-site hospices; consumer groups; and a government representative. On April 13, 1995, the Hospice Wage Index Negotiated Rulemaking Committee signed an agreement for the methodology to be used for updating the hospice wage index.

In the August 8, 1997 **Federal Register** (62 FR 42860), we published a final rule implementing a new methodology for calculating the hospice wage index based on the recommendations of the negotiated rulemaking committee. The committee statement was included in the appendix of that final rule (62 FR 42883). The hospice wage index is updated annually. Our most recent annual update notice published in the **Federal Register** (72 FR 50214) on August 31, 2007 set forth updates to the hospice wage index for FY 2008. On October 1, 2007, we published a correction notice in the **Federal Register** (72 FR 55672) to correct technical errors that appeared in the August 31, 2007 final rule.

1. Raw Wage Index Values (Pre-Floor, Pre-Reclassified Hospital Wage Index)

As described in the August 8, 1997 hospice wage index final rule (62 FR 42860), the pre-floor and pre-reclassified hospital wage index is used as the raw wage index for the hospice benefit. These raw wage index values are then subject to either a budget neutrality adjustment or application of the hospice floor to compute the hospice wage index used to determine payments to hospices.

Pre-floor, pre-reclassified hospital wage index values of 0.8 or greater are adjusted by the BNAF. Pre-floor, pre-reclassified hospital wage index values below 0.8 are adjusted by the greater of: (1) The hospice BNAF; or (2) the hospice floor (which is a 15 percent increase) subject to a maximum wage index value of 0.8. For example, if County A has a pre-floor, pre-reclassified hospital wage index (raw wage index) value of 0.4000, we would perform the following calculations using the budget neutrality factor (which for this example is 1.060988) and the hospice floor to determine County A's hospice wage index:

Pre-floor, pre-reclassified hospital wage index value below 0.8 multiplied by the BNAF: ($0.4000 \times 1.060988 = 0.4244$)

Pre-floor, pre-reclassified hospital wage index value below 0.8 multiplied by the hospice floor: ($0.4000 \times 1.15 = 0.4600$)

Based on these calculations, County A's hospice wage index would be 0.4600.

As decided upon by the Hospice Wage Index Negotiated Rulemaking Committee, budget neutrality means that, in a given year, estimated aggregate payments for Medicare hospice services using the updated hospice values will equal estimated payments that would have been made for these services if the 1983 hospice wage index values had remained in effect, after adjusting the payment rates for inflation.

The BNAF has been computed and applied annually to the labor portion of the hospice payment. Currently, the labor portion of the payment rates is as follows: for Routine Home Care, 68.71 percent; for Continuous Home Care, 68.71 percent; for General Inpatient Care, 64.01 percent; and for Respite Care, 54.13 percent. The non-labor portion is equal to 100 percent minus the labor portion for each level of care. Therefore the non-labor portion of the payment rates is as follows: for Routine Home Care, 31.29 percent; for Continuous Home Care, 31.29 percent; for General Inpatient Care, 35.99 percent; and for Respite Care, 45.87 percent.

2. Changes to Core-Based Statistical Area (CBSA) Designations

The annual update to the hospice wage index is published in the **Federal Register** and is based on the most current available hospital wage data, as well as any changes by the Office of Management and Budget (OMB) to the definitions of MSAs, which now include CBSA designations. The August 4, 2005 final rule (70 FR 45130) set forth the adoption of the changes discussed in the OMB Bulletin No. 03–04 (June 6, 2003), which announced revised definitions for Micropolitan Statistical Areas and the creation of MSAs and Combined Statistical Areas. In adopting the OMB CBSA geographic designations, we provided for a 1-year transition with a blended hospice wage index for all hospices for FY 2006. For FY 2006, the hospice wage index for each provider consisted of a blend of 50 percent of the FY 2006 MSA-based hospice wage index and 50 percent of the FY 2006 CBSA-based hospice wage index. Fiscal years 2007 and 2008 used the full CBSA-based hospice wage index values as discussed in their respective notices or rules (71 FR 52080 and 72 FR 50214).

3. Definition of Rural and Urban Areas

Each hospice's labor market is determined based on definitions of MSAs issued by OMB. In general, an urban area is defined as an MSA or New England County Metropolitan Area (NECMA) as defined by OMB. Under § 412.64(b)(1)(ii)(C), a rural area is defined as any area outside of the urban area. The urban and rural area geographic classifications are defined in § 412.64(b)(1)(ii)(A) through (C), and have been used for the Medicare hospice benefit since implementation.

4. Areas Without Hospital Wage Data

When adopting OMB's new labor market designations in FY 2006, we identified some geographic areas where there were no hospitals, and thus, no hospital wage index data on which to base the calculation of the hospice wage index. Beginning in FY 2006, we adopted a policy to use the FY 2005 pre-floor, pre-reclassified hospital wage index value for rural areas when no hospital wage data were available. We also adopted the policy that for urban labor markets without a hospital from which a hospital wage index data could be derived, all of the CBSAs within the State would be used to calculate a statewide urban average pre-floor, pre-reclassified hospital wage index value to use as a reasonable proxy for these areas. Consequently, in the FY 2006 final rule, the FY 2007 update notice, and the FY 2008 final rule, we applied the average pre-floor, pre-reclassified hospital wage index data from all urban areas in that state to urban areas without a hospital. The only affected CBSA is 25980, Hinesville-Fort Stewart, Georgia.

Under the CBSA labor market areas, there are no hospitals in rural locations in Massachusetts and Puerto Rico. Since there was no rural proxy for more recent rural data within those areas, in the FY 2006 hospice wage index proposed rule (70 FR 22394, 22398), we proposed applying the FY 2005 pre-floor, pre-reclassified hospital wage index value to rural areas where no hospital wage data were available. In the FY 2006 final rule and in the FY 2007 update notice, we applied the FY 2005 pre-floor, pre-reclassified hospital wage index data for areas lacking hospital wage data in both FY 2006 and FY 2007 for rural Massachusetts and rural Puerto Rico.

In the FY 2008 final rule (72 FR 50214, 50217) we considered alternatives to our methodology to update the pre-floor, pre-reclassified hospital wage index for rural areas without hospital wage data. We indicated that we believed that the best imputed proxy for rural areas, would: (1) Use pre-floor, pre-reclassified hospital data; (2) use the most local data available to impute a rural pre-floor, pre-reclassified hospital wage index; (3) be easy to evaluate; and, (4) be easy to update from year-to-year.

Therefore, in FY 2008, in cases where there was a rural area without rural hospital wage data, we used the average pre-floor, pre-reclassified hospital wage index data from all contiguous CBSAs to represent a reasonable proxy for the rural area. This approach does not use rural data, however, the approach uses pre-floor, pre-reclassified hospital wage data, is easy to evaluate, is easy to update from year-to-year, and uses the most local data available. In the FY 2008 rule (72 FR at 50217), we noted that in determining an imputed rural pre-floor, pre-reclassified hospital wage index, we interpret the term ''contiguous'' to mean sharing a border. For example, in the case of Massachusetts, the entire rural area consists of Dukes and Nantucket counties. We determined that the borders of Dukes and Nantucket counties are contiguous with Barnstable and Bristol counties. Under the adopted methodology, the pre-floor, pre-reclassified hospital wage index values for the counties of Barnstable (CBSA 12700, Barnstable Town, MA) and Bristol (CBSA 39300, Providence-New Bedford-Fall River, RI–MA) would be

averaged resulting in an imputed pre-floor, pre-reclassified rural hospital wage index for FY 2008. We noted in the FY 2008 final hospice wage index rule that while we believe that this policy could be readily applied to other rural areas that lack hospital wage data (possibly due to hospitals converting to a different provider type, such as a Critical Access Hospital, that does not submit the appropriate wage data), if a similar situation arose in the future, we would re-examine this policy.

We also noted that we do not believe that this policy would be appropriate for Puerto Rico, as there are sufficient economic differences between hospitals in the United States and those in Puerto Rico, including the payment of hospitals in Puerto Rico using blended Federal/Commonwealth-specific rates. Therefore we believe that a separate and distinct policy for Puerto Rico is necessary. Any alternative methodology for imputing a pre-floor, pre-reclassified hospital wage index for rural Puerto Rico would need to take into account the economic differences between hospitals in the United States and those in Puerto Rico. Our policy of imputing a rural pre-floor, pre-reclassified hospital wage index based on the pre-floor, pre-reclassified hospital wage index(es) of CBSAs contiguous to the rural area in question does not recognize the unique circumstances of Puerto Rico. While we have not yet identified an alternative methodology for imputing a pre-floor, pre-reclassified hospital wage index for rural Puerto Rico, we will continue to evaluate the feasibility of using existing hospital wage data and, possibly, wage data from other sources. For FY 2008, we used the most recent pre-floor, pre-reclassified hospital wage index available for Puerto Rico, which is 0.4047.

5. CBSA Nomenclature Changes

The Office of Management and Budget (OMB) regularly publishes a bulletin that updates the titles of certain CBSAs. In the FY 2008 Final Rule (72 FR 50218) we noted that the FY 2008 rule and all subsequent hospice wage index rules and notices would incorporate CBSA changes from the most recent OMB bulletins. The OMB bulletins may be accessed at *http://www.whitehouse.gov/omb/bulletins/index.html.*

6. Hospice Payment Rates

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 alteration to the market basket adjustment to be used to compute payment for fiscal years beyond 2002. Payment rates for FYs since 2002 have been updated according to section 1814(i)(1)(C)(ii)(VII) of the Act, which states that the update to the payment rates for subsequent fiscal years will be the market basket percentage for the fiscal year. It has been longstanding practice to use the inpatient hospital market basket as a proxy for a hospice market basket.

Historically, the rate update has been published through a separate administrative instruction issued annually in July to provide adequate time to implement system change requirements. Providers determine their payments by applying the hospice wage index in this notice to the labor portion of the published hospice rates.

II. Provisions of the Proposed Rule

A. Clarification of New England Deemed Counties

We are taking the opportunity to address the change in the designation of ''New England deemed counties,'' which are listed in § 412.64(b)(1)(ii)(B). These counties were deemed to be parts of urban areas under section 601(g) of the Social Security Amendments of 1983, yet the OMB designates these counties as rural. In the FY 2008 Inpatient Prospective Payment System (IPPS) final rule, IPPS adopted the OMB designation for the pre-floor, pre-reclassified hospital wage index. The counties include Litchfield County, Connecticut; York County, Maine; Sagadahoc County, Maine; Merrimack County, New Hampshire; and Newport County, Rhode Island. Of these five ''New England deemed counties,'' three (York County, Sagadahoc County, and Newport County) are also included in metropolitan statistical areas defined by OMB and are considered urban under the current IPPS labor market area definitions in § 412.64(b)(1)(ii)(A).

The remaining two, Litchfield County and Merrimack County, are geographically located in areas that are considered rural under the current IPPS labor market area definitions. However, they have been previously deemed urban under the IPPS in certain circumstances as discussed below. In the FY 2008 IPPS final rule with comment period (72 FR 47130, August 22, 2007), § 412.64(b)(1)(ii)(B) was revised such that the two ''New England deemed counties'' that are still considered rural by OMB (Litchfield County, CT and Merrimack County, NH) are no longer considered urban effective for discharges occurring on or after October 1, 2007. Therefore, these two counties are considered rural in accordance with § 412.64(b)(1)(ii)(C). However, for purposes of payment under the IPPS, acute care hospitals located within those areas are treated as being reclassified to their deemed urban area effective for discharges occurring on or after October 1, 2007 (see 72 FR 47337 through 47338). We also noted in this discussion that this policy change was limited to the ''New England deemed counties'' IPPS hospitals only, and that any change to non-IPPS provider wage indexes would be addressed in the respective payment system rules. The hospice program does not provide for such geographic reclassification as the IPPS does, and we are taking this opportunity to clarify treatment of ''New England deemed counties'' under the hospice program in this proposed rule.

As discussed, our regulations at § 418.306(c) require each hospice's labor market to be established using the most current hospital wage data available. The original hospice wage index was based on the 1981 Bureau of Labor Statistics hospital data. In 1994, a committee functioning under a process established by the Negotiated Rulemaking Act of 1990, was formed to negotiate a hospice wage index methodology that could be accepted by the industry and the government. The revised hospice wage index was based on the recommendations of the Negotiated Rulemaking Advisory Committee. This committee was established to provide advice and make recommendations to the Secretary on the hospice wage index used to adjust payment rates for hospices under the Medicare program, to reflect local differences in area wage levels. The Committee recommended that the revised hospice wage index be based on the most current available data for each fiscal year, which would be used to construct a pre-floor, pre-reclassified hospital wage index under the prospective payment system before adjustments were made to take into account the geographic reclassification of hospitals in accordance with sections 1886(d)(8)(B) and (d)(10) of the Act, as well as each hospice's labor market area as established by OMB. The reason the unadjusted hospital wage data were recommended was to avoid further reductions in certain rural statewide wage index values that would result from reclassification. The recommendations are codified in

§ 418.306(c) of our regulations; however, there is no reference to § 412.64.

In other words, while § 412.64 is not explicitly noted, the hospice program has used the urban definition in § 412.64(b)(1)(ii)(A) and (B), and the rural definition as any area outside of an urban area in § 412.64(b)(1)(ii)(C). Historical changes to the labor market area/geographic classifications and annual updates to the hospice wage index values have been made effective October 1 each year. When we established the hospice wage index values effective October 1, 2007 through September 30, 2008, we considered the ''New England deemed counties'' (including Litchfield County, CT and Merrimack County, NH) as urban for FY 2008 in accordance with the definitions of urban and rural areas in the FY 2008 hospice final rule (72 FR 50216). Therefore, Litchfield County was listed as one of the constituent counties of urban CBSA 25540 (Hartford-West Hartford-East Hartford, CT), and Merrimack County was listed as one of the constituent counties of urban CBSA 31700 (Manchester-Nashua, NH) (72 FR 50236 and 50239, respectively). As noted above, the terms ''rural'' and ''urban'' areas are defined in IPPS according to the definitions of those terms in § 412.64(b)(1)(ii)(A) through (C). Litchfield county, CT and Merrimack county, NH are considered rural areas for hospital IPPS purposes in accordance with § 412.64. Under this proposal, effective October 1, 2008, Litchfield county, CT would no longer be considered part of urban CBSA 25540 (Hartford-West Hartford-East Hartford, CT), and Merrimack County, NH would no longer be considered part of urban CBSA 31700 (Manchester-Nashua, NH). Rather, these counties would be considered to be rural areas within their respective states under the hospice payment system. This proposed policy is consistent with our policy of not taking into account IPPS geographic reclassifications in determining payments under the hospice wage index. We propose to amend § 418.306(c) to cross-reference to the definitions of urban and rural in the IPPS regulations in 42 CFR part 412 subpart D.

B. Wage Data for Multi-Campus Hospitals

In the 2007 IPPS final rule, we changed in the way that we treat multi-campus hospital wage data in the creation of the pre-floor, pre-reclassified hospital wage index. The IPPS wage data used to determine the proposed FY 2009 hospice wage index values now apportion the wage data for multi-campus hospitals located in different labor market areas (CBSAs) to the CBSAs where the campuses are located (see 72 FR 47317 through 47320). Historically, the hospice wage index is derived from the pre-floor, pre-reclassified hospital wage index. Consequently, for this proposed rule we propose to continue to use the most recent available pre-floor, pre-reclassified hospital wage index in computing the hospice wage index. The pre-floor, pre-reclassified hospital wage index values for the following CBSAs are affected by this change in how wage data from multi-campus hospitals are used in the computation of the pre-floor, pre-reclassified hospital wage index: Boston-Quincy, MA (CBSA 14484), Providence-New Bedford-Falls River, RI–MA (CBSA 39300), Chicago-Naperville-Joliet, IL (CBSA 16974) and Lake-County-Kenosha County, IL–WI (CBSA 29404).

C. FY 2009 Hospice Wage Index With Phase-Out of the Budget Neutrality Adjustment Factor (BNAF)

[If you choose to comment on issues in this section, please include the caption, ''FY 2009 Hospice Wage Index with Phase-out of the Budget Neutrality Adjustment Factor (BNAF)'' at the beginning of your comments.]

1. Background

The hospice final rule published in the **Federal Register** on December 16, 1983 (48 FR 56008) provided for adjustment to hospice payment rates to reflect differences in area wage levels. We apply the appropriate hospice wage index value to the labor portion of the hospice payment rates based on the geographic area where hospice care was furnished. As noted earlier, each hospice's labor market area is based on definitions of Metropolitan Statistical Areas (MSAs) issued by the OMB. For FY 2009, we propose to again use a pre-floor, pre-reclassified hospital wage index based solely on the CBSA designations.

As noted above, our hospice payment rules utilize the wage adjustment factors used by the Secretary for purposes of section 1886(d)(3)(E) of the Act for hospital wage adjustments. We are proposing again to use the pre-floor and pre-reclassified hospital wage index data to adjust the labor portion of the hospice payment rates based on the geographic area where the beneficiary receives hospice care. We believe the use of the pre-floor, pre-reclassified hospital wage index data results in the appropriate adjustment to the labor portion of the costs. For the FY 2009 update to hospice payment rates, we propose to continue to use the most recent pre-floor, pre-reclassified hospital wage index available at the time of publication.

2. Areas Without Hospital Wage Data

In adopting the CBSA designations, we identified some geographic areas where there are no hospitals, and thus no hospital wage data on which to base the calculation of the hospice wage index. These areas were described in section I.B.4 of this proposed rule. Beginning in FY 2006, we adopted a policy that, for urban labor markets without an urban hospital from which a pre-floor, pre-reclassified hospital wage index can be derived, all of the urban CBSA pre-floor, pre-reclassified hospital wage index values within the State would be used to calculate a statewide urban average pre-floor, pre-reclassified hospital wage index to use as a reasonable proxy for these areas. Currently, the only CBSA that would be affected by this policy is CBSA 25980, Hinesville, Georgia. We propose to continue this policy for FY 2009.

Currently, the only rural areas where there are no hospitals from which to calculate a pre-floor, pre-reclassified hospital wage index are Massachusetts and Puerto Rico. In August 2007 (72 FR 50217) we adopted the following methodology for imputing rural pre-floor, pre-reclassified hospital wage index values for areas where no hospital wage data are available as an acceptable proxy. We imputed an average pre-floor, pre-reclassified hospital wage index value by averaging the pre-floor, pre-reclassified hospital wage index values from contiguous CBSAs as a reasonable proxy for rural areas with no hospital wage data from which to calculate a pre-floor, pre-reclassified hospital wage index. In determining an imputed rural pre-floor, pre-reclassified hospital wage index, we define ''contiguous'' as sharing a border. For Massachusetts, rural Massachusetts currently consists of Dukes and Nantucket Counties. We determined that the borders of Dukes and Nantucket counties are ''contiguous'' with Barnstable and Bristol counties. We are again proposing to apply this methodology for imputing a rural pre-floor, pre-reclassified hospital wage index for those rural areas without rural hospital wage data in FY 2009.

However, as we noted in our final rule at 72 FR 50218, we do not believe that this policy is appropriate for Puerto Rico. We noted that there are sufficient economic differences between the hospitals in the United States and those in Puerto Rico, including the fact that hospitals in Puerto Rico are paid on

blended Federal/Commonwealth-specific rates, to make a separate distinct policy for Puerto Rico necessary. For FY 2009, we again propose to continue to use the most recent pre-floor, pre-reclassified hospital wage index value available for Puerto Rico, which is 0.4047. This pre-floor, pre-reclassified hospital wage index value is then adjusted upward by the hospice floor in the computing of the proposed FY 2009 hospice wage index.

3. Phase-Out of the Budget Neutrality Adjustment Factor (BNAF)

As noted in section 1.B of this proposed rule, the current hospice wage index methodology was developed through a negotiated rule making process and implemented in 1997. The rule making committee sought to address the inaccuracies in the original Bureau of Labor Statistics (BLS)-based hospice wage index, account better for disparities from one geographic location to another, and develop a wage index that would be as accurate, reliable and equitable as possible. The resulting hospice wage index reflects a special adjustment (a BNAF) to ensure payments in the aggregate are budget neutral to payments using the original 1983 hospice wage index. The adjustment, still in place today, results in providers currently receiving about 4 percent more in payments than they would receive if the adjustment factor were not applied. The rationale for maintaining this adjustment is outdated given the time that has elapsed since it was put into place and the growth that is occurring in the hospice benefit. In this section, we propose to phase-out this adjustment over 3 years, reducing it by 25 percent in FY 2009, by an additional 50 percent for a total of 75 percent in FY 2010, and eliminating it completely in FY 2011. We also provide our rationale for the phase-out.

As discussed in section I.B of this proposed rule, the original hospice wage index was based on the 1981 Bureau of Labor Statistics (BLS) hospital data and had not been updated since 1983. During earlier attempts to update the hospice wage index, the hospice industry raised concerns over the adverse financial impact of a new wage index on individual hospices and a possible overall reduction in Medicare payments. Thus, the result was that in the absence of agreement on a new wage index, we continued to use a wage index that was clearly obsolete for geographically adjusting Medicare hospice payments (see ''Medicare Program; Notice Containing the Statement Drafted by the Committee Established to Negotiate the Wage Index to be Used to Adjust Hospice Payment Rates Under Medicare,'' November 29, 1995, 60 FR 61264).

Changing to a new but more accurate wage index would result in some areas gaining as their wage index value would increase, but in other areas seeing declines in payments as their wage index value dropped. In 1994 we noted that a majority of hospices would have their wage index reduced with the new wage index based on using the pre-floor, pre-reclassified hospital wage index. These reductions would have occurred for two key reasons: (1) Hospices were located in areas where the original hospice wage index was artificially high due to flaws in the 1981 BLS data, and (2) hospices were located in areas where wages had gone down relative to other geographic areas (see ''Hospice Services Under Medicare Program: Intent to Form Negotiated Rulemaking Committee,'' October 14, 1994, 59 FR 52130).

Because of the negative impact to certain areas that was expected with the change to a new wage index, a committee was formulated in 1994, under the process established by the Negotiated Rulemaking Act of 1990 (Pub. L. 101–648). The Committee was established to negotiate the hospice wage index methodology rather than to go through the usual rulemaking process. On September 4, 1996, we published a proposed rule (61 FR 46579) in which we proposed a methodology to update the hospice wage index used to adjust Medicare hospice payment rates.

In formulating the provisions of that proposed rule, the Committee considered criteria in evaluating the available data sources. The need for fundamental equity of the wage index; data that reflected actual work performed by hospice personnel; compatibility with wage indexes used by CMS for other Medicare providers; and availability of the data for timely implementation were considered.

The Committee agreed that the hospice wage index be derived from the 1993 hospital cost report data and that these data, prior to reclassification, would form the basis for the FY 1997 hospice wage index. That is the pre-floor, pre-reclassified hospital wage index would not be adjusted to take into account the geographic reclassification of hospitals in accordance with sections 1886(d)(8)(B) and 1886(d)(10) of the Act. The methodology is codified in § 418.306(c). The hospice wage index for subsequent years would be based on pre-floor, pre-reclassified hospital wage index data for a subsequent year.

The Committee was also concerned that while some hospices would see increases, use of the pre-floor, pre-reclassified hospital wage index as the wage index for hospices would result in a net reduction in aggregate Medicare payments for hospices. As noted above, a majority of hospices would have had their wage index lowered by using the new wage index because the prior hospice wage indices were based on outdated data which were artificially high due to flaws in the 1981 BLS data, and because some hospices were located in areas where wages had gone down relative to other geographic areas. The reduction in overall Medicare payments if a new wage index were adopted was noted in the November 29, 1995 final rule (60 FR 61264). Therefore, the Committee also decided that, each year in updating the hospice wage index, aggregate Medicare payments to hospices would remain budget neutral to payments as if the 1983 wage index had been used.

As decided upon by the Hospice Wage Index Negotiated Rulemaking Committee, budget neutrality means that, in a given year, estimated aggregate payments for Medicare hospice services using the updated hospice values will equal estimated payments that would have been made for these services if the 1983 hospice wage index values had remained in effect, after adjusting the payment rates for inflations. Being budget neutral does not take into account annual market basket updates to hospice payment rates. Therefore, although payments to individual hospice programs may change each year, the total payments each year to hospices would not be affected by using the updated hospice wage index because total payments would be budget neutral as if the 1983 wage index had been used. To implement this provision a BNAF would be computed and applied annually.

The BNAF is calculated by computing estimated payments using the most recent completed year of hospice claims data. The units (days or hours) from those claims are multiplied by the updated hospice payment rates to calculate estimated payments. The updated hospice wage index values are then applied to the labor portion of the payments. For this proposed rule, that means estimating payments for FY 2009 using FY 2006 hospice claims data, and applying the estimated updated FY 2009 hospice payment rates (updating the FY 2008 rates by the estimated FY 2009 market basket update). The proposed FY 2009 hospice wage index values are then applied to the labor portion only. The procedure is repeated using the

same claims data and payment rates, but using the 1983 BLS-based wage index instead of the updated pre-floor, pre-reclassified hospital wage index. The total payments are then compared, and the adjustment required to make total payments equal is computed; that adjustment factor is the BNAF. In 1998, the BNAF increased all wage index values by just over 2 percent.

All pre-floor, pre-reclassified hospital wage index values of 0.8 or greater would be adjusted by the BNAF. Also, all pre-floor, pre-reclassified hospital wage index values below 0.8 would receive the greater of the following: (1) A 15-percent increase subject to a maximum hospice wage index value of 0.8; or (2) an adjustment by the BNAF. All hospice wage index values of 0.8 or greater would be adjusted by the BNAF. The BNAF would be calculated and applied annually.

While the Committee sought to adopt a wage index methodology that would be as accurate, reliable, and equitable as possible, the Committee also decided to incorporate a BNAF into the calculation of the hospice wage index that would otherwise apply in order to mitigate adverse financial impacts some hospices would experience through a decrease in their wage index value by transitioning to a pre-floor, pre-reclassified hospital wage index.

In the August 8, 1997 final rule (62 FR 42860), we indicated that the annual updates of the hospice wage index values would be made in accordance with the methodology agreed to by the rulemaking committee. We also noted that in the event that if we decide to change this methodology by which the hospice wage index is computed, it would be reflected in a proposed rule published in the **Federal Register**. In this proposed rule, we now propose to change this methodology.

In FY 1998, the BNAF was 1.020768; in FY 2008 it was 1.066671. In other words, any pre-floor, pre-reclassified hospital wage index value greater than 0.8 was increased by over 2 percent in FY 1998 and increased by almost 7 percent in FY 2008. In FY 2008, this adjustment resulted in hospice providers receiving about 4 percent more in payments than they would have received if the BNAF had not been applied.

The negotiating committee also recommended that the transition to the new hospice wage index occur over 3 years, from FY 1998 to FY 2001. The intent of both the three year transition and the budget neutrality adjustment was to mitigate the negative financial impact to many hospices resulting from the wage index change. Additionally, the committee sought to ensure that access to hospice care was not jeopardized as a result of the wage index change.

We believe that the rationale for maintaining this adjustment is outdated for several reasons.

First, the original purpose of the BNAF was to prevent reductions in payments to the majority of hospices whose wage index was based on the original hospice wage index which was artificially high due to flaws in the 1981 BLS data. While incorporating a BNAF into hospice wage indices could be rationalized in 1997 as a way to smooth the transition from an old wage index to a new one, since hospices have had plenty of time to adjust to the new wage index, it is difficult to justify maintaining in perpetuity a BNAF which was in part compensating for artificially high data to begin with.

Second, the new wage index adopted in 1997 resulted in increases in wage index values for hospices in certain areas. The BNAF applies to hospices in all areas. Thus, hospices in areas that would have had increases without the BNAF received an artificial boost in the wage index for the past 11 years. We believe that continuation of this excess payment can no longer be justified.

Third, an adjustment factor that is based on 24-year old wage index values is contrary to our goal of using a hospice wage index that is as accurate, reliable and equitable as possible in accounting for geographic variation in wages. We believe that those goals can be better achieved by using the pre-floor, pre-reclassified hospital wage index, without an outdated BNAF, consistent with other providers. For instance, Medicare payments to home health agencies, that utilize a similar labor mix, are adjusted by the pre-floor, pre-reclassified hospital wage index, without any budget neutrality adjustment. We believe that using the unadjusted pre-floor, pre-reclassified hospital wage index provides a good measure of area wage differences for both these home-based reimbursement systems.

Fourth, in the 13 years since concerns about the impact of switching from an old to a new wage index were voiced, the hospice industry and hospice payments have grown substantially. Hospice expenditures in 2006 were $9.2 billion, compared to about $2.2 billion in 1998, a growth rate of almost 20 percent per year. Aggregate hospice expenditures are increasing at a rate of about $1 billion per year. MedPAC projects that expenditures will continue to grow at a rate of 9 percent per year through 2015, outpacing the growth rate of projected expenditures for hospitals, skilled nursing facilities, and physician and home health services. We believe that this growth in Medicare spending for hospice indicates that the original rationale of the BNAF, to cushion the impact of using the new wage index, is no longer justified. These spending growth figures also indicate that any negative financial impact to the hospice industry as a result of eliminating the BNAF is no longer present, and thus the need for a transitional adjustment has passed.

Fifth, 13 years ago the industry also voiced concerns about the negative financial impact on individual hospices that could occur by adopting a new wage index. In August 1994 there were 1,602 hospices; currently there are 2,986 hospices. Clearly any negative financial impact from adopting a new wage index in 1997 is no longer present, or we would not have seen an 86 percent increase in the number of hospices since 1994. The number of Medicare-certified hospices has continued to increase, with a 26 percent increase in the number of hospice providers from 2001 to 2005. This ongoing growth in the industry also suggests that phasing out the BNAF would not have a negative impact on access to care.

Therefore for these reasons, we believe that continuing to apply a BNAF for the purpose of mitigating any adverse financial impact on hospices or negative impact on access to care is no longer necessary. We are proposing to phase out the BNAF over a 3-year period, reducing the BNAF by 25 percent in FY 2009, by 75 percent in FY 2010, and eliminating it in FY 2011. We believe that the proposed 3-year phase-out period will reduce any adverse financial impact that the industry might experience if we eliminated the BNAF in a single year. However, depending on the comments received, updated data, and subsequent analysis, for the final rule we may determine that a different percentage reduction in the BNAF (for any of the years) or a different phase-out timeframe would be more appropriate. Specifically, it may be determined that a more aggressive phase-out alternative (e.g. a 50 percent reduction in the BNAF in FY 2009, a 75 percent reduction in the BNAF in FY 2010, and elimination of the BNAF in FY 2011) is more appropriate. Consequently, we will continue to look at reduction percentages and timeframe alternatives for the phase-out of the BNAF and, for the final rule, will implement what is determined to be the most appropriate option based on the above information. We propose to maintain the hospice floor, which offers protection to

hospices with pre-floor, pre-reclassified hospital wage index values less than 0.8.

We believe that we should have addressed this issue in previous years. We believe that using the BNAF has resulted in Medicare spending for hospice services in excess of what spending should have been in the absence of such an adjustment. However, we are not proposing to reduce Medicare payments to hospices for prior years. We are only proposing to remove the application of the BNAF on a prospective basis, beginning on October 1, 2008.

Section II.C.3.a below discusses the effects of phasing out the BNAF over three years using the data from the published FY 2008 hospice wage index; by basing the analysis on this data, our simulations hold claims data, the wage index values, and payment rates constant, with the only change being the reduction in the BNAF. Section II.C.3.b discusses the effects of reducing the BNAF for FY 2009 using the proposed FY 2009 hospice wage index.

a. Effects of Phasing-Out the BNAF Using the Published FY 2008 Hospice Wage Index

For this proposed rule, we will use the FY 2008 hospice wage index (72 FR 50214, published August 31, 2007) to illustrate the effects of phasing out the BNAF over 3 years. This analysis and discussion is for illustrative purposes only and does not affect any of the hospice wage index values for FY 2008.

The BNAF that was calculated and applied to the 2007 pre-floor, pre-reclassified hospital wage index values was 6.6671 percent. We propose reducing the BNAF by 25 percent for FY 2009, by 75 percent for FY 2010, and eliminating it altogether for FY 2011 and beyond. A 25 percent reduction in the BNAF can be accomplished by blending 75 percent of the FY 2008 hospice wage index that applied the full 6.6671 percent BNAF with 25 percent of the FY 2008 hospice wage index that used no BNAF. This is mathematically equivalent to taking 75 percent of the full BNAF value, or multiplying 0.066671 by 0.75, which equals 0.050003, or 5.0003 percent. The BNAF of 5.0003 percent reflects a 25 percent reduction in the BNAF. The 25 percent reduction in the BNAF of 5.0003 percent would be applied to the pre-floor, pre-reclassified hospital wage index values of 0.8 or greater used in the published FY 2008 hospice wage index.

The hospice floor calculation would still apply to any pre-floor, pre-reclassified hospital wage index values less then 0.8. Currently, the floor calculation has 4 steps. Pre-floor, pre-reclassified hospital wage index values that are less than 0.8 are first multiplied by 1.15; second, the minimum of 0.8 or the pre-floor, pre-reclassified hospital wage index value times 1.15 is chosen as the preliminary hospice wage index value. Third, the pre-floor, pre-reclassified hospital wage index value is multiplied by BNAF. Finally, the greater result of either step 2 or step 3 is chosen as the final hospice wage index value. We propose to leave the hospice floor unchanged, noting that steps 3 and 4 will become unnecessary once the BNAF is eliminated.

For the simulations of the BNAF phase-out for FY 2010 and FY 2011, we used the same pre-floor, pre-reclassified hospital wage index values and claims data as the example above, and simply changed the value of the BNAF to reflect either a 75 percent reduction for FY 2010 or a 100 percent reduction for FY 2011. In both cases we started with the full BNAF of 6.6671 percent. We changed the calculation to take 25 percent of the full BNAF to reflect a 75 percent reduction for FY 2010, or eliminated the BNAF altogether to reflect a 100 percent reduction for FY 2011. For FY 2010, the reduced BNAF or the hospice floor was then applied to the 2008 pre-floor, pre-reclassified hospital wage index as described previously. For FY 2011 and subsequent years, the pre-floor, pre-reclassified hospital wage index values would be unadjusted unless they are less than 0.8, in which case the hospice floor calculation would be applied.

For our simulations, the calculations of the BNAF are as follows:

- A 75 percent reduction to the BNAF in FY 2010 would be $0.066671 \times 0.25 = 0.016668$ or 1.6668 percent
- A 100 percent reduction or elimination of the BNAF in FY 2011 would be $0.066671 \times 0.0 = 0.0$ or 0 percent

We examined the effects of phasing out the BNAF versus using the full BNAF of 6.6671 percent on the FY 2008 hospice wage index. The FY 2009 BNAF reduction of 25 percent resulted in approximately a 1.55 to 1.57 percent reduction in the hospice wage index value. The FY 2010 BNAF reduction of 75 percent would result in an estimated additional 3.12 to 3.13 percent reduction from the FY 2009 hospice wage index values. The elimination of the BNAF in FY 2011 would result in an estimated final reduction of the FY 2011 hospice wage index values of approximately 1.55 to 1.57 percent compared to FY 2010 hospice wage index values.

Those CBSAs whose pre-floor, pre-reclassified hospital wage index values had the hospice floor calculation applied prior to the BNAF reduction would not be affected by this proposed phase-out of the BNAF. These CBSAs, which typically include rural areas, are protected by the hospice floor calculation. Additionally, those CBSAs whose hospice wage index values were previously 0.8 or greater after the BNAF was applied, but which would have values less than 0.8 after the reduced BNAF was applied would see a smaller reduction in their hospice wage index values since the hospice floor calculation would apply. We have estimated the number of CBSAs that would have their pre-floor, pre-reclassified hospital wage index value eligible for the floor calculation after applying the 25, 75, and 100 percent reductions in the BNAF. Three CBSAs would be affected by the 25 percent reduction, 12 would be affected by the 75 percent reduction, and 22 would be affected by the 100 percent reduction. Because of the protection given by the hospice floor calculation, these CBSAs would see smaller percentage decreases in their hospice wage index values than those CBSAs that are not eligible for the floor calculation. This will benefit those hospices with lower hospice wage index values, which are typically in rural areas.

Finally, the hospice wage index values only apply to the labor portion of the payment rates; the labor portion was described in Section I.B.1 of this proposed rule. Therefore the estimated reduction in payments due to this proposed phase-out of the BNAF would be less than the percentage reductions to the hospice wage index values that would result from reducing or eliminating the BNAF. In addition, the effects of the proposed phase-out of the BNAF could also be mitigated by a hospital market basket update in payments, which in FY 2008 was a 3.3 percent increase in payment rates. We will not have the final market basket update for FY 2009 until the summer, but the current estimate of the hospital market basket update is expected to be around 3.0 percent. This update will be communicated through an administrative instruction and not through rulemaking. The estimated effects on payment described in column 5 of Table 1 in section IV.B of this proposed rule include the projected effect of an estimated 3.0 percent hospital market basket update. CMS may implement updates to the payment rates in future rulemaking.

b. Effects of Phasing-Out the BNAF Using the Updated Pre-floor, Pre-reclassified Hospital Wage Index Data (FY 2009 Proposal)

For FY 2009, we propose updating the hospice wage index using the 2008 pre-floor, pre-reclassified hospital wage index and the most complete claims data available (FY 2006 claims). Using these data, we computed a full BNAF of 6.5357 percent. For the first year of the BNAF phase-out (FY 2009), the BNAF would be reduced by 25 percent, or $0.065357 \times 0.75 = 0.049018$, to 4.9018 percent. This would decrease hospice wage index values by approximately 1.53 to 1.54 percent from wage index values with the full BNAF applied. As noted in the previous discussion on the effects of the BNAF reduction in the published FY 2008 hospice wage index, those CBSAs which already have pre-floor, pre-reclassified hospital wage index values that have the hospice floor applied prior to implementing a proposed BNAF reduction would be completely unaffected by this proposed BNAF reduction. Those CBSAs which previously had hospice wage index values above 0.8 after applying the full BNAF, but which now are below 0.8 with the 25 percent reduction in the BNAF would be less affected by the BNAF reduction than those CBSAs which are 0.8 or above after applying the BNAF, as they are protected by the hospice floor calculation. Additionally, as mentioned in section I.B.1 of this proposed rule, the final hospice wage index is only applied to the labor portion of the payment rates, so the actual effect on estimated payment would be less than the anticipated 1.53 to 1.54 percent reduction in the hospice wage index value. Furthermore, that effect may be mitigated by a market basket update. As noted earlier, the market basket update will not be available until the summer, but estimates of the update are at about 3.0 percent.

Column 3 of Table 1 (section IV of this proposed rule) shows the impact of using the most recent wage index data (the 2008 pre-floor, pre-reclassified hospital wage index not including any reclassification under section 1886(d)(8)(B) of the Act) compared to the 2007 pre-floor, pre-reclassified hospital wage index data which was used to derive the FY 2008 hospice wage index. Column 4 of Table 1 in Section IV of this proposed rule shows the impact of incorporating the 25 percent reduction in the BNAF in the proposed FY 2009 hospice wage index along with using the most recent wage index data (2008 pre-floor, pre-reclassified hospital wage index). Finally, column 5 of Table 1 shows the combined effects of using the updated pre-floor, pre-reclassified hospital wage index, the 25 percent reduced BNAF, and an estimated market basket update of 3.0 percent. The proposed FY 2009 rural and urban hospice wage indexes can be found in Addenda A and B of this proposed rule. The pre-floor, pre-reclassified hospital wage index values were adjusted by the 25 percent reduced BNAF or by the hospice floor.

D. Summary of the Provisions of the Proposed Rule

- We propose to clarify that the hospice benefit will follow the definition of ''urban'' specified in § 412.64(b)(1)(ii)(A) and (B), and the rural definition as any area outside of an urban area in § 412.64(b)(1)(ii)(C). The regulatory text of § 418.306(c) will be amended to reference § 412.64(b)(1)(ii)(A) through (C). This affects two New England ''deemed'' counties that meet the OMB definition of rural, but were previously counted as urban; these two counties would now be considered rural. See section II.A of this proposed rule for details.
- As a basis for the hospice wage index, we propose to continue to use the pre-floor, pre-reclassified hospital wage index, which includes a change to how wage data from multi-campus hospitals are apportioned. See section II.B of this proposed rule for more details.
- We propose to continue to use a pre-floor, pre-reclassified hospital wage index based solely on the CBSA designations, using the most recent pre-floor and pre-reclassified hospital wage index available at the time of publication. See section II.C.1 of this proposed rule for details.
- We propose to continue the policy that for urban labor markets without an urban hospital from which a pre-floor, pre-reclassified hospital wage index could be derived, all of the urban CBSA pre-floor, pre-reclassified hospital wage index values within the State would be used to calculate a statewide urban average pre-floor, pre-reclassified hospital wage index to use as a reasonable proxy for these areas. See section II.C.2 of this proposed rule for details.
- We propose to continue the policy that we impute an average pre-floor, pre-reclassified rural hospital wage index value by averaging the pre-floor, pre-reclassified hospital wage index values from contiguous CBSAs as a reasonable proxy for rural areas with no hospital wage data from which to calculate a pre-floor, pre-reclassified hospital wage index. See section II.C.2 f of this proposed rule or details.
- We propose to continue to utilize the most recent pre-floor, pre-reclassified hospital wage index value available for Puerto Rico. See section II.C.2 of this proposed rule for details.
- We propose to phase-out the hospice BNAF over 3 years, reducing it by 25 percent for FY 2009, by 75 percent for FY 2010, and eliminating it completely for FY 2011. See sections II.C.3.a and II.C.3.b of this proposed rule for details. As stated in section II.C.3, based on comments received, updated data, and subsequent analysis, for the final rule we may determine that a different percentage reduction in the BNAF (for any of the years) or a different phase-out timeframe would be more appropriate. Specifically, it may be determined that a more aggressive alternative (e.g., a 50 percent reduction in the BNAF in FY 2009, a 75 percent reduction in the BNAF in FY 2010, and elimination of the BNAF in FY 2011) is more appropriate. Consequently, we will continue to look at reduction percentages and time period alternatives for the phase-out of the BNAF and, for the final rule, will implement what is determined to be the most appropriate option based on the above information.
- We propose to continue to maintain the hospice floor calculation. See section II.C.3 of this proposed rule for details.

Addendum A reflects the proposed FY 2009 hospice wage index values for urban areas designations. Addendum B reflects the proposed FY 2009 hospice wage index values for rural areas designations.

III. Collection of Information Requirements

This document does not impose any information collection and recordkeeping requirements. Consequently, it does not need to be reviewed by the Office of Management and Budget under the authority of the Paperwork Reduction Act of 1995 (44 U.S.C. 35).

IV. Regulatory Impact Analysis

A. Overall Impact

We have examined the impacts of this rule 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 Social Security Act, the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4), Executive Order 13132 on Federalism, and the Congressional Review Act (5 U.S.C. 804(2)). We

estimated the impact on hospices, as a result of the changes to the proposed FY 2009 hospice wage index and of reducing the BNAF by 25 percent. As discussed previously, the methodology for computing the hospice wage index was determined through a negotiated rulemaking committee and implemented in the August 8, 1997 final rule (62 FR 42860). This rule proposes updates to the hospice wage index in accordance with our regulation but proposes to revise the Negotiated Rulemaking Committee methodology of including a BNAF.

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 proposed rule is an economically significant rule under this Executive Order.

Column 4 of Table 1 shows the combined effects of the proposed 25 percent reduction in the BNAF and of the updated wage data, comparing estimated payments for FY 2009 to estimated payments for FY 2008. We estimate that the total hospice payments for FY 2009 will decrease by $100 million as a result of the application of the 25 percent reduction in the BNAF and the updated wage data. This estimate does not take into account any market basket update, which is currently forecast to be about 3.0 percent. The final market basket update will not be available until some time later this year and will be communicated through an administrative instruction. The estimated effect of a 3.0 percent forecasted market basket update on payments to hospices is approximately $280 million. If we were to take into account an estimated 3.0 percent market basket update, in addition to the 25 percent reduction in the BNAF and the updated wage data, it is estimated that hospice payments would increase by approximately $180 million ($280 million − $100 million = $180 million). The percent change in payments to hospices due to the combined effects of the 25 percent reduction in the BNAF, the updated wage data, and the estimated market basket update of 3.0 percent is reflected in column 5 of the impact table (Table 1).

The RFA requires agencies to analyze options for regulatory relief of small businesses, if a rule has a significant impact on a substantial number of small entities. The great majority of hospices and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of less than $6.5 million to $31.5 million in any one year (for details, see the Small Business Administration's regulation at 65 FR 69432, that sets forth size standards for health care industries). As indicated in Table 1 below, there are 2,986 hospices as of February 2008. Approximately 52.7 percent of Medicare certified hospices are identified as voluntary, government, or other agencies and, therefore, are considered small entities. Most of these and most of the remainder are also small hospice entities because their revenues fall below the SBA size thresholds. We note that the hospice wage index methodology was previously guided 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 after notice and comment, it was adopted into regulation in the August 8, 1997 final rule. In developing the process for updating the hospice wage index in the 1997 final rule, we considered the impact of this methodology on small hospice entities and attempted to mitigate any potential negative effects. Small hospice entities are more likely to be in rural areas, which are less affected by the BNAF reduction than entities in urban areas. Generally, hospices in rural areas are protected by the hospice floor, which mitigates the effect of the BNAF reduction. The effects of this rule on hospices, as illustrated in Table 1, are small. Overall, Medicare payments to all hospices will decrease by an estimated 1.1 percent, reflecting the combined effects of the 25 percent reduction in the BNAF and the updated wage data. Within the hospice subgroups, Medicare payments will decrease by no more than 1.6 percent. Furthermore, when including the estimated market basket update of 3.0 percent into these figures, the combined effects of Medicare payment changes to all hospices will result in an increase of approximately 1.9 percent. Overall average hospice revenue effects will be slightly less than these estimates since according the National Hospice and Palliative Care Organization, about 16 percent of hospice caseload is non-Medicare. Longstanding HHS practice in interpreting the RFA is to consider effects economically ''significant'' only if they reach a threshold of 3 to 5 percent or more. Accordingly, we have determined that this proposed rule does not create a significant economic impact on a substantial number of small entities.

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 a CBSA and has fewer than 100 beds. We have determined that this proposed rule will not have a significant impact on the operations of a substantial number of small rural hospitals.

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA) also requires that agencies assess anticipated costs and benefits before issuing any rule whose mandates require spending in any 1 year of about $130 million or more (the threshold in the statute, updated for inflation through 2008). This proposed rule is not anticipated to have an effect on State, local, or tribal governments or on the private sector of $130 million or more.

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 proposed rule under the threshold criteria of Executive Order 13132, Federalism, and have determined that it will not have an impact on the rights, roles, and responsibilities of State, local, or tribal governments.

B. Anticipated Effects

This section discusses the impact of the projected effects of the proposed provisions of this rule, including the estimated effects of a projected 3.0 percent market basket update that will be communicated separately through an administrative instruction. The proposed provisions include continuing to use the CBSA-based pre-floor, pre-reclassified hospital wage index (to include the clarification of New England ''deemed'' counties and a change in the way that multi-campus hospital wage

data are treated in the creation of the pre-floor, pre-reclassified hospital wage index), continuing the use the same policies for treatment of areas (rural and urban) without hospital wage data, and reducing the BNAF by 25 percent for the first year of a 3-year BNAF phase-out. The proposed FY 2009 hospice wage index is based upon the 2008 pre-floor, pre-reclassified hospital wage index and the most complete claims data available (FY 2006) with a 25 percent reduction in the BNAF.

For the purposes of our impacts, our baseline is estimated FY 2008 payments using the 2007 pre-floor, pre-reclassified hospital wage index. Our first comparison (column 3, Table 1) compares our baseline to estimated FY 2009 payments (holding payment rates constant) using the updated wage data (2008 pre-floor, pre-reclassified hospital wage index). Consequently, the estimated effects illustrated in column 3 of Table 1 are for the updated wage data only. The effects of using the updated pre-floor, pre-reclassified hospital wage index data combined with the 25 percent reduction in the BNAF are illustrated in column 4 of Table 1.

Even though the market basket update is not part of this proposed rule, we have included a comparison of the combined effects of the 25 percent BNAF reduction, the updated pre-floor, pre-reclassified hospital wage index, and an estimated 3.0 percent market basket increase for FY 2009 (Table 1, column 5). Presenting this data gives the hospice industry a more complete picture of the effects of the proposed changes in this rule and the market basket update. Certain events may limit the scope or accuracy of our impact analysis, because such an analysis is susceptible to forecasting errors due to other changes in the forecasted impact time period. The nature of the Medicare program is such that the changes may interact, and the complexity of the interaction of these changes could make it difficult to predict accurately the full scope of the impact upon hospices.

TABLE 1.—ANTICIPATED IMPACT ON MEDICARE HOSPICE PAYMENTS OF REDUCING THE BNAF, UPDATING THE PRE-FLOOR, PRE-RECLASSIFIED HOSPITAL WAGE INDEX DATA, AND APPLYING AN ESTIMATED 3.0 PERCENT MARKET BASKET UPDATE FOR THE PROPOSED FY 2009 HOSPICE WAGE INDEX, COMPARED TO THE PUBLISHED FINAL FY 2008 HOSPICE WAGE INDEX

	Number of hospices*	Number of routine home care days in thousands	Percent change in payments due to the effects of the updated wage data (FY 2009 Proposed Wage Index)	Percent change in payments due to the combined effects of the 25% reduction in the BNAF and the updated wage data (FY 2009 Proposed Wage Index)	Percent change in payments due to the combined effects of the 25% reduction in the BNAF, the updated wage data (FY 2009 Proposed Wage Index), and estimated market basket update (3.0%)
	(1)	(2)	(3)	(4)	(5)
ALL HOSPICES	2,986	61,351	−0.1	−1.1	1.9
URBAN HOSPICES	1,996	52,642	−0.1	−1.1	1.8
RURAL HOSPICES	990	8,709	−0.1	−0.9	2.1
BY REGION—URBAN:					
NEW ENGLAND	113	1,787	0.3	−0.8	2.2
MIDDLE ATLANTIC	201	5,250	−0.5	−1.6	1.4
SOUTH ATLANTIC	288	11,388	−0.1	−1.1	1.8
EAST NORTH CENTRAL	296	7,638	−0.3	−1.4	1.6
EAST SOUTH CENTRAL	160	4,365	−0.4	−1.3	1.7
WEST NORTH CENTRAL	152	3,413	0.0	−1.0	1.9
WEST SOUTH CENTRAL	339	7,131	−0.2	−1.2	1.7
MOUNTAIN	183	4,543	0.0	−1.1	1.9
PACIFIC	230	6,330	0.8	−0.4	2.6
PUERTO RICO	34	797	−1.1	−1.1	1.9
BY REGION—RURAL:					
NEW ENGLAND	26	147	−0.4	−1.4	1.5
MIDDLE ATLANTIC	43	408	0.3	−0.7	2.3
SOUTH ATLANTIC	125	1,759	0.0	−0.9	2.0
EAST NORTH CENTRAL	140	1,148	0.0	−1.0	1.9
EAST SOUTH CENTRAL	145	2,017	−0.4	−1.1	1.8
WEST NORTH CENTRAL	189	945	−0.3	−1.3	1.7
WEST SOUTH CENTRAL	165	1,325	−0.6	−0.8	2.2
MOUNTAIN	104	580	0.4	−0.6	2.4
PACIFIC	52	372	1.5	0.4	3.4
PUERTO RICO	1	7	0.0	0.0	3.0
ROUTINE HOME CARE DAYS:					
0–3499 DAYS (small)	631	1,060	0.0	−0.9	2.0
3500–19,999 DAYS (medium)	1,445	14,385	−0.1	−1.1	1.9
20,000+ DAYS (large)	910	45,906	−0.1	−1.1	1.9
TYPE OF OWNERSHIP:					
VOLUNTARY	1,194	27,185	−0.2	−1.2	1.8
PROPRIETARY	1,412	30,017	0.0	−1.0	1.9
GOVERNMENT	192	986	0.1	−0.8	2.2
OTHER	188	3,163	0.0	−1.0	2.0
HOSPICE BASE:					
FREESTANDING	1,807	45,473	−0.1	−1.1	1.8
HOME HEALTH AGENCY	597	8,908	0.0	−1.0	2.0
HOSPITAL	567	6,756	0.0	−1.1	1.9

TABLE 1.—ANTICIPATED IMPACT ON MEDICARE HOSPICE PAYMENTS OF REDUCING THE BNAF, UPDATING THE PRE-FLOOR, PRE-RECLASSIFIED HOSPITAL WAGE INDEX DATA, AND APPLYING AN ESTIMATED 3.0 PERCENT MARKET BASKET UPDATE FOR THE PROPOSED FY 2009 HOSPICE WAGE INDEX, COMPARED TO THE PUBLISHED FINAL FY 2008 HOSPICE WAGE INDEX—Continued

	Number of hospices* (1)	Number of routine home care days in thousands (2)	Percent change in payments due to the effects of the updated wage data (FY 2009 Proposed Wage Index) (3)	Percent change in payments due to the combined effects of the 25% reduction in the BNAF and the updated wage data (FY 2009 Proposed Wage Index) (4)	Percent change in payments due to the combined effects of the 25% reduction in the BNAF, the updated wage data (FY 2009 Proposed Wage Index), and estimated market basket update (3.0%) (5)
SKILLED NURSING FACILITY	15	213	−0.6	−1.7	1.2

BNAF = Budget Neutrality Adjustment Factor.
* As of February 2008.

Table 1 shows the results of our analysis. In column 1, we indicate the number of hospices included in our analysis as of February 2008. In column 2, 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 shows the percentage change in estimated Medicare payments from FY 2008 to FY 2009 due to the effects of the updated wage data only. Column 4 shows the percentage change in estimated hospice payments from FY 2008 to FY 2009 due to the combined effects of using the 2008 pre-floor, pre-reclassified hospital wage index and reducing the BNAF by 25 percent. Column 5 shows the percentage change in estimated hospice payments from FY 2008 to FY 2009 due to the combined effects of using updated wage data, a 25 percent BNAF reduction, and a 3.0 percent estimated market basket update.

Table 1 also categorizes hospices by various geographic and provider characteristics. The first row of data displays the aggregate result of the impact 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 1,996 hospices located in urban areas and 990 hospices located in rural areas. The next two row groupings in the table indicate the number of hospices by census region, also broken down by urban and rural hospices. The next 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 FY 2006. 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.

As indicated in Table 1 below, there are 2,986 hospices. Approximately 52.7 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 83.7 percent of hospice patients are Medicare beneficiaries, we have not considered other sources of revenue in this analysis. As noted earlier, those CBSAs which had the hospice floor applied prior to our proposal to reduce the BNAF are unaffected by this proposed change in methodology. Those CBSAs that were not previously less than 0.8 after applying the full BNAF but which now are less than 0.8 after applying the reduced BNAF will see less of a reduction in payments as the floor protects their hospice wage index value.

As stated previously, the following discussions are limited to demonstrating trends rather than projected dollars. We used the pre-floor, pre-reclassified hospital wage indexes as well as the most complete claims data available (FY 2006) in developing the impact analysis. The FY 2009 payment rates will be adjusted to reflect the full hospital market basket, as required by section 1814(i)(1)(C)(ii)(VII) of the Act. As previously noted, we publish these rates through administrative instructions rather than in a proposed rule. The FY 2008 update was 3.3 percent, and the FY 2009 update will not be available until the summer. Currently the FY 2009 update is estimated to be 3.0 percent; however this figure is subject to change. Since the inclusion of the effect of a market basket increase provides a more complete picture of estimated hospice payments for FY 2009, the last column of Table 1 shows the combined impacts of the 25 percent BNAF reduction, the updated wage index, and a projected 3.0 percent market basket update factor.

As discussed in the FY 2006 final rule (70 FR 45129), hospice agencies may use multiple hospice wage index values to compute their payments based on potentially different geographic locations. Before January 1, 2008, the location of the beneficiary was used to determine the CBSA for routine and continuous home care and the location of the hospice agency was used to determine the CBSA for respite and general inpatient care. Beginning January 1, 2008, the hospice wage index utilized is based on the location of the site of service. As the location of the beneficiary's home and the location of the facility may vary, there will still be variability in geographic location for an individual hospice. We anticipate that the location of the various sites will usually correspond with the geographic location of the hospice, and thus we will continue to use the location of the hospice for our analyses of the impact of the proposed changes to the hospice wage index in this rule. For this analysis, we use payments to the hospice in the aggregate based on the location of the hospice.

The impact of hospice wage index changes has been analyzed according to the type of hospice, geographic location, type of ownership, hospice base, and size. Our analysis shows that most hospices are in urban areas and provide the vast majority of routine home care days. Most hospices are medium-sized

followed by large hospices. Hospices are almost equal in numbers by ownership with 1,574 designated as non-profit and 1,412 as proprietary. The vast majority of hospices are freestanding.

1. Hospice Size

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 (RHC) days representing about 97 percent of the services provided by a hospice. Therefore, the number of RHC 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. As discussed in the August 4, 2005 final rule, we currently use three size designations to present the impact analyses. The three categories are: (1) Small agencies having 0 to 3,499 RHC days; (2) medium agencies having 3,500 to 19,999 RHC days; and (3) large agencies having 20,000 or more RHC days. The proposed FY 2009 wage index values without the BNAF reduction are anticipated to have virtually no impact on small hospice providers, with a slight decrease of 0.1 percent anticipated for medium and large hospices (column 3); the proposed FY 2009 wage index values with the 25 percent BNAF reduction and the updated wage data are anticipated to decrease estimated payments by 0.9 percent to small hospices and by 1.1 percent to medium and large hospices (column 4); and finally, the proposed FY 2009 wage index values with the 25 percent BNAF reduction, the updated wage data, and the estimated 3.0 percent market basket update are projected to increase estimated payments by 2.0 percent for small hospices and by 1.9 percent for medium and large hospices (column 5).

2. Geographic Location

Column 3 of Table 1 shows that FY 2009 wage index values without the BNAF reduction will result in little change in estimated payments with rural and urban hospices anticipated to experience a slight decrease of 0.1 percent. For urban hospices, the greatest increase of 0.8 percent is anticipated to be experienced by the Pacific regions, followed by an increase for New England of 0.3 percent and no change for the West North Central and Mountain regions. The remaining urban regions are anticipated to experience a decrease ranging from 0.1 percent in the South Atlantic region 1.1 percent is for Puerto Rico.

Column 3 shows that for rural hospices, Puerto Rico, the South Atlantic, and the East North Central regions are anticipated to experience no change. Four regions are anticipated to experience a decrease ranging from 0.3 percent for the West North Central region to 0.6 percent for West South Central region. The remaining regions are anticipated to experience an increase ranging from 0.3 percent for the Middle Atlantic region to 1.5 percent for the Pacific region.

Column 4 shows the combined effect of the 25 percent BNAF reduction and the updated pre-floor, pre-reclassified hospital wage index values on estimated payments, as compared to the published FY 2008 payments. Overall urban hospices are anticipated to experience a 1.1 percent decrease in payments, while rural hospices expect a 0.9 percent decrease. The estimated percent decrease in payment for urban hospices ranged from 0.4 percent for Pacific hospices to 1.6 percent for Middle Atlantic hospices.

The estimated percent decrease in payment for rural hospices ranged from 0.6 percent for Mountain hospices to 1.4 percent for New England hospices. Rural Puerto Rico's estimated payments were unaffected, and the Pacific region saw a 0.4 percent increase in estimated payments.

Column 5 shows the combined effects of the proposed FY 2009 wage index values with the 25 percent BNAF reduction, the updated wage data, and the estimated 3.0 percent market basket update on estimated payments as compared to the published FY 2008 payments. Overall, urban hospices are anticipated to experience a 1.8 percent increase in payments while rural hospices should experience a 2.1 percent increase in payments. Urban hospices are anticipated to see an increase in estimated payments ranging from 1.4 percent for the Middle Atlantic region to 2.6 percent for the Pacific region. Rural hospices are estimated to see an increase in estimated payments ranging from 1.5 percent for the New England region to 3.4 percent for the Pacific region.

3. Type of Ownership

Column 3 demonstrates the effect of the updated pre-floor, pre-reclassified hospital wage index on FY 2009 estimated payments versus FY 2008 estimated payments. We anticipate that using the updated pre-floor, pre-reclassified hospital wage index data will have no effect on proprietary hospices. While we estimate a slight decrease in estimated payments for voluntary (non-profit) hospices (0.2 percent), other hospices are expected to experience no effect and government hospices are expected to experience a slight increase in payments (0.1 percent).

Column 4 demonstrates the combined effects of using updated pre-floor, pre-reclassified hospital wage index data and of incorporating a 25 percent BNAF reduction. Estimated payments to proprietary hospices are anticipated to decrease by 1.0 percent, while voluntary (non-profit), other, and government hospices are anticipated to experience decreases of 1.2 percent, 1.0 percent, and 0.8 percent, respectively.

Column 5 shows the combined effects of the updated pre-floor, pre-reclassified hospital wage index values with the 25 percent BNAF reduction, the updated wage data, and the estimated 3.0 percent market basket update on estimated payments, comparing FY 2009 to FY 2008. Estimated FY 2009 payments are anticipated to increase for all hospices, regardless of ownership type. Estimated payments are forecast to increase from 1.8 percent for voluntary hospices to 2.2 percent for government hospices.

4. Hospice Base

Column 3 demonstrates the effect of using the updated pre-floor, pre-reclassified hospital wage index values, comparing estimated payments for FY 2009 to FY 2008. Estimated payments are anticipated to decrease by 0.1 percent for freestanding facilities and by 0.6 percent for skilled nursing facilities. Home health and hospital based facilities are anticipated to experience no change in estimated payments.

Column 4 shows the combined effects of reducing the BNAF by 25 percent and updating the pre-floor, pre-reclassified hospital wage index values, comparing FY 2009 to FY 2008 estimated payments. Skilled nursing facility based hospices are estimated to see a 1.7 percent decline, while hospital based hospices and freestanding hospices are each anticipated to experience a 1.1 percent decrease in payments. Home health agency based hospices are expected to experience a 1.0 percent decrease.

Column 5 shows the combined effects of the 25 percent BNAF reduction, the updated pre-floor, pre-reclassified hospital wage index, and the estimated 3.0 percent market basket update on estimated payments, comparing FY 2009 to FY 2008. Estimated increases in payments range from 1.2 percent for skilled nursing facility based hospices to 2.0 percent for home health agency based hospices.

We note that the President's budget includes a proposal for a zero percent payment update for hospices in FY 2009. The impacts outlined in Column 5 of Table 1 in this proposed rule,

which include the effects of a 3.0 percent market basket update, would need to change in the final rule to reflect any legislation that the Congress might enact which would affect the market basket update.

C. Accounting Statement

As required by OMB Circular A–4 (available at *http://www.whitehouse.gov/omb/circulars/a004/a-4.pdf*), in Table 2 below, we have prepared an accounting statement showing the classification of the expenditures associated with the proposed provisions of this rule. This table provides our best estimate of the decrease in Medicare payments under the hospice benefit as a result of the changes presented in this proposed rule on data for 2,086 hospices in our database. All expenditures are classified as transfers to Medicare providers (that is, hospices).

TABLE 2.—ACCOUNTING STATEMENT: CLASSIFICATION OF ESTIMATED EXPENDITURES, FROM FY 2008 TO FY 2009 [IN MILLIONS]

Category	Transfers
Annualized Monetized Transfers.	$–100*.
From Whom to Whom	Federal Government to Hospices.

*The $100 million reduction in transfers includes the 25 percent reduction in the BNAF and the updated wage data. It does not include the market basket update, which is currently forecast to be about 3.0%.

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

List of Subjects in 42 CFR Part 418

Health facilities, Health professions, Medicare, and Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the Centers for Medicare and Medicare Services proposes to amend 42 CFR chapter IV as set forth below:

PART 418—HOSPICE CARE

1. The authority citation for part 418 continues to read as follows:

Authority: Secs 1102 and 1871 of the Social Security Act (42 U.S.C. 1302 and 1395hh).

Subpart G—Payment for Hospice Care

2. Section § 418.306 is amended by revising paragraph (c) to read as follows:

§ 418.306 Determination of payment rates.

* * * * *

(c) Each hospice's labor market is determined based on definitions of Metropolitan Statistical Areas (MSAs) issued by OMB. CMS will issue annually, in the **Federal Register**, a hospice wage index based on the most current available CMS hospital wage data, including changes to the definition of MSAs. The urban and rural area geographic classifications are defined in § 412.64(b)(1)(ii)(A) through (C) of this chapter. The payment rates established by CMS are adjusted by the intermediary to reflect local differences in wages according to the revised wage data.

* * * * *

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

Note: The following addendums will not appear in the Code of Federal Regulations.

Dated: March 14, 2008.

Kerry Weems,

Acting Administrator, Centers for Medicare & Medicaid Services.

Approved: April 7, 2008.

Michael O. Leavitt,

Secretary.

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
10180	Abilene, TX	0.8347
	Callahan County, TX.	
	Jones County, TX.	
	Taylor County, TX.	
10380	Aguadilla-Isabela-San Sebastián, PR	0.3965
	Aguada Municipio, PR.	
	Aguadilla Municipio, PR.	
	Añasco Municipio, PR.	
	Isabela Municipio, PR.	
	Lares Municipio, PR.	
	Moca Municipio, PR.	
	Rincón Municipio, PR.	
	San Sebastián Municipio, PR.	
10420	Akron, OH	0.9225
	Portage County, OH.	
	Summit County, OH.	
10500	Albany, GA	0.8931
	Baker County, GA.	
	Dougherty County, GA.	
	Lee County, GA.	
	Terrell County, GA.	
	Worth County, GA.	
10580	Albany-Schenectady-Troy, NY	0.9009
	Albany County, NY.	
	Rensselaer County, NY.	
	Saratoga County, NY.	
	Schenectady County, NY.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Schoharie County, NY.	
10740	Albuquerque, NM	1.0022
	Bernalillo County, NM.	
	Sandoval County, NM.	
	Torrance County, NM.	
	Valencia County, NM.	
10780	Alexandria, LA	0.8370
	Grant Parish, LA.	
	Rapides Parish, LA.	
10900	Allentown-Bethlehem-Easton, PA-NJ	1.0349
	Warren County, NJ.	
	Carbon County, PA.	
	Lehigh County, PA.	
	Northampton County, PA.	
11020	Altoona, PA	0.9040
	Blair County, PA.	
11100	Amarillo, TX	0.9563
	Armstrong County, TX.	
	Carson County, TX.	
	Potter County, TX.	
	Randall County, TX.	
11180	Ames, IA	1.0538
	Story County, IA.	
11260	Anchorage, AK	1.2497
	Anchorage Municipality, AK.	
	Matanuska-Susitna Borough, AK.	
11300	Anderson, IN	0.9260
	Madison County, IN.	
11340	Anderson, SC	0.9531
	Anderson County, SC.	
11460	Ann Arbor, MI	1.1056
	Washtenaw County, MI.	
11500	Anniston-Oxford, AL	0.8315
	Calhoun County, AL.	
11540	Appleton, WI	1.0068
	Calumet County, WI.	
	Outagamie County, WI.	
11700	Asheville, NC	0.9635
	Buncombe County, NC.	
	Haywood County, NC.	
	Henderson County, NC.	
	Madison County, NC.	
12020	Athens-Clarke County, GA	1.1033
	Clarke County, GA.	
	Madison County, GA.	
	Oconee County, GA.	
	Oglethorpe County, GA.	
12060	Atlanta-Sandy Springs-Marietta, GA	1.0310
	Barrow County, GA.	
	Bartow County, GA.	
	Butts County, GA.	
	Carroll County, GA.	
	Cherokee County, GA.	
	Clayton County, GA.	
	Cobb County, GA.	
	Coweta County, GA.	
	Dawson County, GA.	
	DeKalb County, GA.	
	Douglas County, GA.	
	Fayette County, GA.	
	Forsyth County, GA.	
	Fulton County, GA.	
	Gwinnett County, GA.	
	Haralson County, GA.	
	Heard County, GA.	
	Henry County, GA.	
	Jasper County, GA.	
	Lamar County, GA.	
	Meriwether County, GA.	
	Newton County, GA.	
	Paulding County, GA.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Pickens County, GA.	
	Pike County, GA.	
	Rockdale County, GA.	
	Spalding County, GA.	
	Walton County, GA.	
12100	Atlantic City, NJ	1.2796
	Atlantic County, NJ.	
12220	Auburn-Opelika, AL	0.8487
	Lee County, AL.	
12260	Augusta-Richmond County, GA-SC	1.0118
	Burke County, GA.	
	Columbia County, GA.	
	McDuffie County, GA.	
	Richmond County, GA.	
	Aiken County, SC.	
	Edgefield County, SC.	
12420	Austin-Round Rock, TX	1.0012
	Bastrop County, TX.	
	Caldwell County, TX.	
	Hays County, TX.	
	Travis County, TX.	
	Williamson County, TX.	
12540	Bakersfield, CA	1.1593
	Kern County, CA.	
12580	Baltimore-Towson, MD	1.0631
	Anne Arundel County, MD.	
	Baltimore County, MD.	
	Carroll County, MD.	
	Harford County, MD.	
	Howard County, MD.	
	Queen Anne's County, MD.	
	Baltimore City, MD.	
12620	Bangor, ME	1.0467
	Penobscot County, ME.	
12700	Barnstable Town, MA	1.3221
	Barnstable County, MA.	
12940	Baton Rouge, LA	0.8428
	Ascension Parish, LA.	
	East Baton Rouge Parish, LA.	
	East Feliciana Parish, LA.	
	Iberville Parish, LA.	
	Livingston Parish, LA.	
	Pointe Coupee Parish, LA.	
	St. Helena Parish, LA.	
	West Baton Rouge Parish, LA.	
	West Feliciana Parish, LA.	
12980	Battle Creek, MI	1.0678
	Calhoun County, MI.	
13020	Bay City, MI	0.9333
	Bay County, MI.	
13140	Beaumont-Port Arthur, TX	0.8949
	Hardin County, TX.	
	Jefferson County, TX.	
	Orange County, TX.	
13380	Bellingham, WA	1.2036
	Whatcom County, WA.	
13460	Bend, OR	1.1478
	Deschutes County, OR.	
13644	Bethesda-Frederick-Gaithersburg, MD	1.1026
	Frederick County, MD.	
	Montgomery County, MD.	
13740	Billings, MT	0.9091
	Carbon County, MT.	
	Yellowstone County, MT.	
13780	Binghamton, NY	0.9388
	Broome County, NY.	
	Tioga County, NY.	
13820	Birmingham-Hoover, AL	0.9334
	Bibb County, AL.	
	Blount County, AL.	
	Chilton County, AL.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Jefferson County, AL.	
	St. Clair County, AL.	
	Shelby County, AL.	
	Walker County, AL.	
13900	Bismarck, ND	0.8000
	Burleigh County, ND.	
	Morton County, ND.	
13980	Blacksburg-Christiansburg-Radford, VA	0.8594
	Giles County, VA.	
	Montgomery County, VA.	
	Pulaski County, VA.	
	Radford City, VA.	
14020	Bloomington, IN	0.9352
	Greene County, IN.	
	Monroe County, IN.	
	Owen County, IN.	
14060	Bloomington-Normal, IL	0.9782
	McLean County, IL.	
14260	Boise City-Nampa, ID	0.9929
	Ada County, ID.	
	Boise County, ID.	
	Canyon County, ID.	
	Gem County, ID.	
	Owyhee County, ID.	
14484	Boston-Quincy, MA	1.2370
	Norfolk County, MA.	
	Plymouth County, MA.	
	Suffolk County, MA.	
14500	Boulder, CO	1.0937
	Boulder County, CO.	
14540	Bowling Green, KY	0.8559
	Edmonson County, KY.	
	Warren County, KY.	
14740	Bremerton-Silverdale, WA	1.1438
	Kitsap County, WA.	
14860	Bridgeport-Stamford-Norwalk, CT	1.3359
	Fairfield County, CT.	
15180	Brownsville-Harlingen, TX	0.9351
	Cameron County, TX.	
15260	Brunswick, GA	0.9939
	Brantley County, GA.	
	Glynn County, GA.	
	McIntosh County, GA.	
15380	Buffalo-Niagara Falls, NY	1.0037
	Erie County, NY.	
	Niagara County, NY.	
15500	Burlington, NC	0.9176
	Alamance County, NC.	
15540	Burlington-South Burlington, VT	1.0134
	Chittenden County, VT.	
	Franklin County, VT.	
	Grand Isle County, VT.	
15764	Cambridge-Newton-Framingham, MA	1.1765
	Middlesex County, MA.	
15804	Camden, NJ	1.0921
	Burlington County, NJ.	
	Camden County, NJ.	
	Gloucester County, NJ.	
15940	Canton-Massillon, OH	0.9373
	Carroll County, OH.	
	Stark County, OH.	
15980	Cape Coral-Fort Myers, FL	0.9857
	Lee County, FL.	
16180	Carson City, NV	1.0493
	Carson City, NV.	
16220	Casper, WY	0.9845
	Natrona County, WY.	
16300	Cedar Rapids, IA	0.9286
	Benton County, IA.	
	Jones County, IA.	
	Linn County, IA.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
16580	Champaign-Urbana, IL	0.9852
	Champaign County, IL.	
	Ford County, IL.	
	Piatt County, IL.	
16620	Charleston, WV	0.8695
	Boone County, WV.	
	Clay County, WV.	
	Kanawha County, WV.	
	Lincoln County, WV.	
	Putnam County, WV.	
16700	Charleston-North Charleston, SC	0.9571
	Berkeley County, SC.	
	Charleston County, SC.	
	Dorchester County, SC.	
16740	Charlotte-Gastonia-Concord, NC-SC	0.9987
	Anson County, NC.	
	Cabarrus County, NC.	
	Gaston County, NC.	
	Mecklenburg County, NC.	
	Union County, NC.	
	York County, SC.	
16820	Charlottesville, VA	0.9732
	Albemarle County, VA.	
	Fluvanna County, VA.	
	Greene County, VA.	
	Nelson County, VA.	
	Charlottesville City, VA.	
16860	Chattanooga, TN-GA	0.9435
	Catoosa County, GA.	
	Dade County, GA.	
	Walker County, GA.	
	Hamilton County, TN.	
	Marion County, TN.	
	Sequatchie County, TN.	
16940	Cheyenne, WY	0.9764
	Laramie County, WY.	
16974	Chicago-Naperville-Joliet, IL	1.1240
	Cook County, IL.	
	DeKalb County, IL.	
	DuPage County, IL.	
	Grundy County, IL.	
	Kane County, IL.	
	Kendall County, IL.	
	McHenry County, IL.	
	Will County, IL.	
17020	Chico, CA	1.1843
	Butte County, CA.	
17140	Cincinnati-Middletown, OH-KY-IN	1.0264
	Dearborn County, IN.	
	Franklin County, IN.	
	Ohio County, IN.	
	Boone County, KY.	
	Bracken County, KY.	
	Campbell County, KY.	
	Gallatin County, KY.	
	Grant County, KY.	
	Kenton County, KY.	
	Pendleton County, KY.	
	Brown County, OH.	
	Butler County, OH.	
	Clermont County, OH.	
	Hamilton County, OH.	
	Warren County, OH.	
17300	Clarksville, TN-KY	0.8655
	Christian County, KY.	
	Trigg County, KY.	
	Montgomery County, TN.	
	Stewart County, TN.	
17420	Cleveland, TN	0.8447
	Bradley County, TN.	
	Polk County, TN.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
17460	Cleveland-Elyria-Mentor, OH	0.9797
	Cuyahoga County, OH.	
	Geauga County, OH.	
	Lake County, OH.	
	Lorain County, OH.	
	Medina County, OH.	
17660	Coeur d'Alene, ID	0.9999
	Kootenai County, ID.	
17780	College Station-Bryan, TX	0.9817
	Brazos County, TX.	
	Burleson County, TX.	
	Robertson County, TX.	
17820	Colorado Springs, CO	1.0195
	El Paso County, CO.	
	Teller County, CO.	
17860	Columbia, MO	0.9082
	Boone County, MO.	
	Howard County, MO.	
17900	Columbia, SC	0.9231
	Calhoun County, SC.	
	Fairfield County, SC.	
	Kershaw County, SC.	
	Lexington County, SC.	
	Richland County, SC.	
	Saluda County, SC.	
17980	Columbus, GA-AL	0.9157
	Russell County, AL.	
	Chattahoochee County, GA.	
	Harris County, GA.	
	Marion County, GA.	
	Muscogee County, GA.	
18020	Columbus, IN	1.0004
	Bartholomew County, IN.	
18140	Columbus, OH	1.0579
	Delaware County, OH.	
	Fairfield County, OH.	
	Franklin County, OH.	
	Licking County, OH.	
	Madison County, OH.	
	Morrow County, OH.	
	Pickaway County, OH.	
	Union County, OH.	
18580	Corpus Christi, TX	0.9009
	Aransas County, TX.	
	Nueces County, TX.	
	San Patricio County, TX.	
18700	Corvallis, OR	1.1496
	Benton County, OR.	
19060	Cumberland, MD-WV	0.8701
	Allegany County, MD.	
	Mineral County, WV.	
19124	Dallas-Plano-Irving, TX	1.0401
	Collin County, TX.	
	Dallas County, TX.	
	Delta County, TX.	
	Denton County, TX.	
	Ellis County, TX.	
	Hunt County, TX.	
	Kaufman County, TX.	
	Rockwall County, TX.	
19140	Dalton, GA	0.9189
	Murray County, GA.	
	Whitfield County, GA.	
19180	Danville, IL	0.9396
	Vermilion County, IL.	
19260	Danville, VA	0.8644
	Pittsylvania County, VA.	
	Danville City, VA.	
19340	Davenport-Moline-Rock Island, IA-IL	0.9263
	Henry County, IL.	
	Mercer County, IL.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Rock Island County, IL.	
	Scott County, IA.	
19380	Dayton, OH	0.9640
	Greene County, OH.	
	Miami County, OH.	
	Montgomery County, OH.	
	Preble County, OH.	
19460	Decatur, AL	0.8272
	Lawrence County, AL.	
	Morgan County, AL.	
19500	Decatur, IL	0.8470
	Macon County, IL.	
19660	Deltona-Daytona Beach-Ormond Beach, FL	0.9474
	Volusia County, FL.	
19740	Denver-Aurora, CO	1.1243
	Adams County, CO.	
	Arapahoe County, CO.	
	Broomfield County, CO.	
	Clear Creek County, CO.	
	Denver County, CO.	
	Douglas County, CO.	
	Elbert County, CO.	
	Gilpin County, CO.	
	Jefferson County, CO.	
	Park County, CO.	
19780	Des Moines-West Des Moines, IA	0.9678
	Dallas County, IA.	
	Guthrie County, IA.	
	Madison County, IA.	
	Polk County, IA.	
	Warren County, IA.	
19804	Detroit-Livonia-Dearborn, MI	1.0489
	Wayne County, MI.	
20020	Dothan, AL	0.8000
	Geneva County, AL.	
	Henry County, AL.	
	Houston County, AL.	
20100	Dover, DE	1.0594
	Kent County, DE.	
20220	Dubuque, IA	0.9502
	Dubuque County, IA.	
20260	Duluth, MN-WI	1.0464
	Carlton County, MN.	
	St. Louis County, MN.	
	Douglas County, WI.	
20500	Durham, NC	1.0297
	Chatham County, NC.	
	Durham County, NC.	
	Orange County, NC.	
	Person County, NC.	
20740	Eau Claire, WI	0.9939
	Chippewa County, WI.	
	Eau Claire County, WI.	
20764	Edison, NJ	1.1729
	Middlesex County, NJ.	
	Monmouth County, NJ.	
	Ocean County, NJ.	
	Somerset County, NJ.	
20940	El Centro, CA	0.9351
	Imperial County, CA.	
21060	Elizabethtown, KY	0.9138
	Hardin County, KY.	
	Larue County, KY.	
21140	Elkhart-Goshen, IN	1.0082
	Elkhart County, IN.	
21300	Elmira, NY	0.8669
	Chemung County, NY.	
21340	El Paso, TX	0.9430
	El Paso County, TX.	
21500	Erie, PA	0.8911
	Erie County, PA.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
21660	Eugene-Springfield, OR	1.1468
	Lane County, OR.	
21780	Evansville, IN-KY	0.9087
	Gibson County, IN.	
	Posey County, IN.	
	Vanderburgh County, IN.	
	Warrick County, IN.	
	Henderson County, KY.	
	Webster County, KY.	
21820	Fairbanks, AK	1.1592
	Fairbanks North Star Borough, AK.	
21940	Fajardo, PR	0.5031
	Ceiba Municipio, PR.	
	Fajardo Municipio, PR.	
	Luquillo Municipio, PR.	
22020	Fargo, ND-MN	0.8436
	Cass County, ND.	
	Clay County, MN.	
22140	Farmington, NM	1.0057
	San Juan County, NM.	
22180	Fayetteville, NC	0.9827
	Cumberland County, NC.	
	Hoke County, NC.	
22220	Fayetteville-Springdale-Rogers, AR-MO	0.9171
	Benton County, AR.	
	Madison County, AR.	
	Washington County, AR.	
	McDonald County, MO.	
22380	Flagstaff, AZ	1.2260
	Coconino County, AZ.	
22420	Flint, MI	1.1770
	Genesee County, MI.	
22500	Florence, SC	0.8653
	Darlington County, SC.	
	Florence County, SC.	
22520	Florence-Muscle Shoals, AL	0.8056
	Colbert County, AL.	
	Lauderdale County, AL.	
22540	Fond du Lac, WI	1.0141
	Fond du Lac County, WI.	
22660	Fort Collins-Loveland, CO	1.0382
	Larimer County, CO.	
22744	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	1.0730
	Broward County, FL.	
22900	Fort Smith, AR-OK	0.8322
	Crawford County, AR.	
	Franklin County, AR.	
	Sebastian County, AR.	
	Le Flore County, OK.	
	Sequoyah County, OK.	
23020	Fort Walton Beach-Crestview-Destin, FL	0.9172
	Okaloosa County, FL.	
23060	Fort Wayne, IN	0.9739
	Allen County, IN.	
	Wells County, IN.	
	Whitley County, IN.	
23104	Fort Worth-Arlington, TX	1.0168
	Johnson County, TX.	
	Parker County, TX.	
	Tarrant County, TX.	
	Wise County, TX.	
23420	Fresno, CA	1.1532
	Fresno County, CA.	
23460	Gadsden, AL	0.8559
	Etowah County, AL.	
23540	Gainesville, FL	0.9647
	Alachua County, FL.	
	Gilchrist County, FL.	
23580	Gainesville, GA	0.9668
	Hall County, GA.	
23844	Gary, IN	0.9676

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Jasper County, IN.	
	Lake County, IN.	
	Newton County, IN.	
	Porter County, IN.	
24020	Glens Falls, NY	0.8661
	Warren County, NY.	
	Washington County, NY.	
24140	Goldsboro, NC	0.9743
	Wayne County, NC.	
24220	Grand Forks, ND-MN	0.8267
	Polk County, MN.	
	Grand Forks County, ND.	
24300	Grand Junction, CO	1.0348
	Mesa County, CO.	
24340	Grand Rapids-Wyoming, MI	0.9772
	Barry County, MI.	
	Ionia County, MI.	
	Kent County, MI.	
	Newaygo County, MI.	
24500	Great Falls, MT	0.9100
	Cascade County, MT.	
24540	Greeley, CO	1.0131
	Weld County, CO.	
24580	Green Bay, WI	1.0204
	Brown County, WI.	
	Kewaunee County, WI.	
	Oconto County, WI.	
24660	Greensboro-High Point, NC	0.9452
	Guilford County, NC.	
	Randolph County, NC.	
	Rockingham County, NC.	
24780	Greenville, NC	0.9863
	Greene County, NC.	
	Pitt County, NC.	
24860	Greenville, SC	1.0343
	Greenville County, SC.	
	Laurens County, SC.	
	Pickens County, SC.	
25020	Guayama, PR	0.3524
	Arroyo Municipio, PR.	
	Guayama Municipio, PR.	
	Patillas Municipio, PR.	
25060	Gulfport-Biloxi, MS	0.9203
	Hancock County, MS.	
	Harrison County, MS.	
	Stone County, MS.	
25180	Hagerstown-Martinsburg, MD-WV	0.9455
	Washington County, MD.	
	Berkeley County, WV.	
	Morgan County, WV.	
25260	Hanford-Corcoran, CA	1.1014
	Kings County, CA.	
25420	Harrisburg-Carlisle, PA	0.9735
	Cumberland County, PA.	
	Dauphin County, PA.	
	Perry County, PA.	
25500	Harrisonburg, VA	0.9302
	Rockingham County, VA.	
	Harrisonburg City, VA.	
25540	Hartford-West Hartford-East Hartford, CT	1.1496
	Hartford County, CT.	
	Middlesex County, CT.	
	Tolland County, CT.	
25620	Hattiesburg, MS	0.8000
	Forrest County, MS.	
	Lamar County, MS.	
	Perry County, MS.	
25860	Hickory-Lenoir-Morganton, NC	0.9471
	Alexander County, NC.	
	Burke County, NC.	
	Caldwell County, NC.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Catawba County, NC.	
25980	Hinesville-Fort Stewart, GA [3]	0.9637
	Liberty County, GA.	
	Long County, GA.	
26100	Holland-Grand Haven, MI	0.9447
	Ottawa County, MI.	
26180	Honolulu, HI	1.2122
	Honolulu County, HI.	
26300	Hot Springs, AR	0.9556
	Garland County, AR.	
26380	Houma-Bayou Cane-Thibodaux, LA	0.8279
	Lafourche Parish, LA.	
	Terrebonne Parish, LA.	
26420	Houston-Sugar Land-Baytown, TX	1.0426
	Austin County, TX.	
	Brazoria County, TX.	
	Chambers County, TX.	
	Fort Bend County, TX.	
	Galveston County, TX.	
	Harris County, TX.	
	Liberty County, TX.	
	Montgomery County, TX.	
	San Jacinto County, TX.	
	Waller County, TX.	
26580	Huntington-Ashland, WV-KY-OH	0.9484
	Boyd County, KY.	
	Greenup County, KY.	
	Lawrence County, OH.	
	Cabell County, WV.	
	Wayne County, WV.	
26620	Huntsville, AL	0.9594
	Limestone County, AL.	
	Madison County, AL.	
26820	Idaho Falls, ID	0.9718
	Bonneville County, ID.	
	Jefferson County, ID.	
26900	Indianapolis-Carmel, IN	1.0327
	Boone County, IN.	
	Brown County, IN.	
	Hamilton County, IN.	
	Hancock County, IN.	
	Hendricks County, IN.	
	Johnson County, IN.	
	Marion County, IN.	
	Morgan County, IN.	
	Putnam County, IN.	
	Shelby County, IN.	
26980	Iowa City, IA	1.0037
	Johnson County, IA.	
	Washington County, IA.	
27060	Ithaca, NY	1.0102
	Tompkins County, NY.	
27100	Jackson, MI	0.9786
	Jackson County, MI.	
27140	Jackson, MS	0.8404
	Copiah County, MS.	
	Hinds County, MS.	
	Madison County, MS.	
	Rankin County, MS.	
	Simpson County, MS.	
27180	Jackson, TN	0.9101
	Chester County, TN.	
	Madison County, TN.	
27260	Jacksonville, FL	0.9463
	Baker County, FL.	
	Clay County, FL.	
	Duval County, FL.	
	Nassau County, FL.	
	St. Johns County, FL.	
27340	Jacksonville, NC	0.8475
	Onslow County, NC.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
27500	Janesville, WI	1.0178
	Rock County, WI.	
27620	Jefferson City, MO	0.8894
	Callaway County, MO.	
	Cole County, MO.	
	Moniteau County, MO.	
	Osage County, MO.	
27740	Johnson City, TN	0.8053
	Carter County, TN.	
	Unicoi County, TN.	
	Washington County, TN.	
27780	Johnstown, PA	0.8000
	Cambria County, PA.	
27860	Jonesboro, AR	0.8172
	Craighead County, AR.	
	Poinsett County, AR.	
27900	Joplin, MO	0.9390
	Jasper County, MO.	
	Newton County, MO.	
28020	Kalamazoo-Portage, MI	1.0944
	Kalamazoo County, MI.	
	Van Buren County, MI.	
28100	Kankakee-Bradley, IL	1.0740
	Kankakee County, IL.	
28140	Kansas City, MO-KS	0.9970
	Franklin County, KS.	
	Johnson County, KS.	
	Leavenworth County, KS.	
	Linn County, KS.	
	Miami County, KS.	
	Wyandotte County, KS.	
	Bates County, MO.	
	Caldwell County, MO.	
	Cass County, MO.	
	Clay County, MO.	
	Clinton County, MO.	
	Jackson County, MO.	
	Lafayette County, MO.	
	Platte County, MO.	
	Ray County, MO.	
28420	Kennewick-Richland-Pasco, WA	1.0569
	Benton County, WA.	
	Franklin County, WA.	
28660	Killeen-Temple-Fort Hood, TX	0.8653
	Bell County, TX.	
	Coryell County, TX.	
	Lampasas County, TX.	
28700	Kingsport-Bristol-Bristol, TN-VA	0.8033
	Hawkins County, TN.	
	Sullivan County, TN.	
	Bristol City, VA.	
	Scott County, VA.	
	Washington County, VA.	
28740	Kingston, NY	1.0024
	Ulster County, NY.	
28940	Knoxville, TN	0.8430
	Anderson County, TN.	
	Blount County, TN.	
	Knox County, TN.	
	Loudon County, TN.	
	Union County, TN.	
29020	Kokomo, IN	1.0061
	Howard County, IN.	
	Tipton County, IN.	
29100	La Crosse, WI-MN	1.0160
	Houston County, MN.	
	La Crosse County, WI.	
29140	Lafayette, IN	0.9304
	Benton County, IN.	
	Carroll County, IN.	
	Tippecanoe County, IN.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
29180	Lafayette, LA	0.8651
	Lafayette Parish, LA.	
	St. Martin Parish, LA.	
29340	Lake Charles, LA	0.8158
	Calcasieu Parish, LA.	
	Cameron Parish, LA.	
29404	Lake County-Kenosha County, IL-WI	1.1123
	Lake County, IL.	
	Kenosha County, WI.	
29420	Lake Havasu City - Kingman, AZ	0.9790
	Mohave County, AZ.	
29460	Lakeland, FL	0.9086
	Polk County, FL.	
29540	Lancaster, PA	0.9706
	Lancaster County, PA.	
29620	Lansing-East Lansing, MI	1.0615
	Clinton County, MI.	
	Eaton County, MI.	
	Ingham County, MI.	
29700	Laredo, TX	0.8490
	Webb County, TX.	
29740	Las Cruces, NM	0.9101
	Dona Ana County, NM.	
29820	Las Vegas-Paradise, NV	1.2377
	Clark County, NV.	
29940	Lawrence, KS	0.8630
	Douglas County, KS.	
30020	Lawton, OK	0.8418
	Comanche County, OK.	
30140	Lebanon, PA	0.8594
	Lebanon County, PA.	
30300	Lewiston, ID-WA	0.9917
	Nez Perce County, ID.	
	Asotin County, WA.	
30340	Lewiston-Auburn, ME	0.9644
	Androscoggin County, ME.	
30460	Lexington-Fayette, KY	0.9642
	Bourbon County, KY.	
	Clark County, KY.	
	Fayette County, KY.	
	Jessamine County, KY.	
	Scott County, KY.	
	Woodford County, KY.	
30620	Lima, OH	0.9886
	Allen County, OH.	
30700	Lincoln, NE	1.0544
	Lancaster County, NE.	
	Seward County, NE.	
30780	Little Rock-North Little Rock, AR	0.9297
	Faulkner County, AR.	
	Grant County, AR.	
	Lonoke County, AR.	
	Perry County, AR.	
	Pulaski County, AR.	
	Saline County, AR.	
30860	Logan, UT-ID	0.9633
	Franklin County, ID.	
	Cache County, UT.	
30980	Longview, TX	0.9144
	Gregg County, TX.	
	Rusk County, TX.	
	Upshur County, TX.	
31020	Longview, WA	1.1358
	Cowlitz County, WA.	
31084	Los Angeles-Long Beach-Glendale, CA	1.2348
	Los Angeles County, CA.	
31140	Louisville, KY-IN	0.9509
	Clark County, IN.	
	Floyd County, IN.	
	Harrison County, IN.	
	Washington County, IN.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Bullitt County, KY.	
	Henry County, KY.	
	Jefferson County, KY.	
	Meade County, KY.	
	Nelson County, KY.	
	Oldham County, KY.	
	Shelby County, KY.	
	Spencer County, KY.	
	Trimble County, KY.	
31180	Lubbock, TX	0.9105
	Crosby County, TX.	
	Lubbock County, TX.	
31340	Lynchburg, VA	0.9160
	Amherst County, VA.	
	Appomattox County, VA.	
	Bedford County, VA.	
	Campbell County, VA.	
	Bedford City, VA.	
	Lynchburg City, VA.	
31420	Macon, GA	1.0009
	Bibb County, GA.	
	Crawford County, GA.	
	Jones County, GA.	
	Monroe County, GA.	
	Twiggs County, GA.	
31460	Madera, CA	0.8465
	Madera County, CA.	
31540	Madison, WI	1.1471
	Columbia County, WI.	
	Dane County, WI.	
	Iowa County, WI.	
31700	Manchester-Nashua, NH	1.0777
	Hillsborough County, NH.	
31900	Mansfield, OH	0.9725
	Richland County, OH.	
32420	Mayaguez, PR	0.4268
	Hormigueros Municipio, PR.	
	Mayaguez Municipio, PR.	
32580	McAllen-Edinburg-Pharr, TX	0.9570
	Hidalgo County, TX.	
32780	Medford, OR	1.0824
	Jackson County, OR.	
32820	Memphis, TN-MS-AR	0.9703
	Crittenden County, AR.	
	DeSoto County, MS.	
	Marshall County, MS.	
	Tate County, MS.	
	Tunica County, MS.	
	Fayette County, TN.	
	Shelby County, TN.	
	Tipton County, TN.	
32900	Merced, CA	1.2714
	Merced County, CA.	
33124	Miami-Miami Beach-Kendall, FL	1.0492
	Miami-Dade County, FL.	
33140	Michigan City-La Porte, IN	0.9351
	LaPorte County, IN.	
33260	Midland, TX	1.0508
	Midland County, TX.	
33340	Milwaukee-Waukesha-West Allis, WI	1.0715
	Milwaukee County, WI.	
	Ozaukee County, WI.	
	Washington County, WI.	
	Waukesha County, WI.	
33460	Minneapolis-St. Paul-Bloomington, MN-WI	1.1637
	Anoka County, MN.	
	Carver County, MN.	
	Chisago County, MN.	
	Dakota County, MN.	
	Hennepin County, MN.	
	Isanti County, MN.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Ramsey County, MN.	
	Scott County, MN.	
	Sherburne County, MN.	
	Washington County, MN.	
	Wright County, MN.	
	Pierce County, WI.	
	St. Croix County, WI.	
33540	Missoula, MT	0.9392
	Missoula County, MT.	
33660	Mobile, AL	0.8427
	Mobile County, AL.	
33700	Modesto, CA	1.2548
	Stanislaus County, CA.	
33740	Monroe, LA	0.8216
	Ouachita Parish, LA.	
	Union Parish, LA.	
33780	Monroe, MI	0.9875
	Monroe County, MI.	
33860	Montgomery, AL	0.8484
	Autauga County, AL.	
	Elmore County, AL.	
	Lowndes County, AL.	
	Montgomery County, AL.	
34060	Morgantown, WV	0.8729
	Monongalia County, WV.	
	Preston County, WV.	
34100	Morristown, TN	0.8000
	Grainger County, TN.	
	Hamblen County, TN.	
	Jefferson County, TN.	
34580	Mount Vernon-Anacortes, WA	1.1045
	Skagit County, WA.	
34620	Muncie, IN	0.8617
	Delaware County, IN.	
34740	Muskegon-Norton Shores, MI	1.0318
	Muskegon County, MI.	
34820	Myrtle Beach-Conway-North Myrtle Beach, SC	0.9057
	Horry County, SC.	
34900	Napa, CA	1.5186
	Napa County, CA.	
34940	Naples-Marco Island, FL	0.9952
	Collier County, FL.	
34980	Nashville-Davidson—Murfreesboro, TN	1.0164
	Cannon County, TN.	
	Cheatham County, TN.	
	Davidson County, TN.	
	Dickson County, TN.	
	Hickman County, TN.	
	Macon County, TN.	
	Robertson County, TN.	
	Rutherford County, TN.	
	Smith County, TN.	
	Sumner County, TN.	
	Trousdale County, TN.	
	Williamson County, TN.	
	Wilson County, TN.	
35004	Nassau-Suffolk, NY	1.3260
	Nassau County, NY.	
	Suffolk County, NY.	
35084	Newark-Union, NJ-PA	1.2443
	Essex County, NJ.	
	Hunterdon County, NJ.	
	Morris County, NJ.	
	Sussex County, NJ.	
	Union County, NJ.	
	Pike County, PA.	
35300	New Haven-Milford, CT	1.2453
	New Haven County, CT.	
35380	New Orleans-Metairie-Kenner, LA	0.9333
	Jefferson Parish, LA.	
	Orleans Parish, LA.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Plaquemines Parish, LA.	
	St. Bernard Parish, LA.	
	St. Charles Parish, LA.	
	St. John the Baptist Parish, LA.	
	St. Tammany Parish, LA.	
35644	New York-Wayne-White Plains, NY-NJ	1.3758
	Bergen County, NJ.	
	Hudson County, NJ.	
	Passaic County, NJ.	
	Bronx County, NY.	
	Kings County, NY.	
	New York County, NY.	
	Putnam County, NY.	
	Queens County, NY.	
	Richmond County, NY.	
	Rockland County, NY.	
	Westchester County, NY.	
35660	Niles-Benton Harbor, MI	0.9589
	Berrien County, MI.	
35980	Norwich-New London, CT	1.1992
	New London County, CT.	
36084	Oakland-Fremont-Hayward, CA	1.6454
	Alameda County, CA.	
	Contra Costa County, CA.	
36100	Ocala, FL	0.9050
	Marion County, FL.	
36140	Ocean City, NJ	1.1527
	Cape May County, NJ.	
36220	Odessa, TX	1.0534
	Ector County, TX.	
36260	Ogden-Clearfield, UT	0.9441
	Davis County, UT.	
	Morgan County, UT.	
	Weber County, UT.	
36420	Oklahoma City, OK	0.9247
	Canadian County, OK.	
	Cleveland County, OK.	
	Grady County, OK.	
	Lincoln County, OK.	
	Logan County, OK.	
	McClain County, OK.	
	Oklahoma County, OK.	
36500	Olympia, WA	1.2076
	Thurston County, WA.	
36540	Omaha-Council Bluffs, NE-IA	1.0030
	Harrison County, IA.	
	Mills County, IA.	
	Pottawattamie County, IA.	
	Cass County, NE.	
	Douglas County, NE.	
	Sarpy County, NE.	
	Saunders County, NE.	
	Washington County, NE.	
36740	Orlando, FL	0.9678
	Lake County, FL.	
	Orange County, FL.	
	Osceola County, FL.	
	Seminole County, FL.	
36780	Oshkosh-Neenah, WI	1.0019
	Winnebago County, WI.	
36980	Owensboro, KY	0.9076
	Daviess County, KY.	
	Hancock County, KY.	
	McLean County, KY.	
37100	Oxnard-Thousand Oaks-Ventura, CA	1.2433
	Ventura County, CA.	
37340	Palm Bay-Melbourne-Titusville, FL	0.9782
	Brevard County, FL.	
37380	Palm Coast, FL	0.9383
	Flagler County, FL.	
37460	Panama City-Lynn Haven, FL	0.8720

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Bay County, FL.	
37620	Parkersburg-Marietta, WV-OH	0.8502
	Washington County, OH.	
	Pleasants County, WV.	
	Wirt County, WV.	
	Wood County, WV.	
37700	Pascagoula, MS	0.9071
	George County, MS.	
	Jackson County, MS.	
37764	Peabody, MA	1.1172
	Essex County, MA.	
37860	Pensacola-Ferry Pass-Brent, FL	0.8687
	Escambia County, FL.	
	Santa Rosa County, FL.	
37900	Peoria, IL	0.9755
	Marshall County, IL.	
	Peoria County, IL.	
	Stark County, IL.	
	Tazewell County, IL.	
	Woodford County, IL.	
37964	Philadelphia, PA	1.1461
	Bucks County, PA.	
	Chester County, PA.	
	Delaware County, PA.	
	Montgomery County, PA.	
	Philadelphia County, PA.	
38060	Phoenix-Mesa-Scottsdale, AZ	1.0767
	Maricopa County, AZ.	
	Pinal County, AZ.	
38220	Pine Bluff, AR	0.8223
	Cleveland County, AR.	
	Jefferson County, AR.	
	Lincoln County, AR.	
38300	Pittsburgh, PA	0.8943
	Allegheny County, PA.	
	Armstrong County, PA.	
	Beaver County, PA.	
	Butler County, PA.	
	Fayette County, PA.	
	Washington County, PA.	
	Westmoreland County, PA.	
38340	Pittsfield, MA	1.0586
	Berkshire County, MA.	
38540	Pocatello, ID	0.9929
	Bannock County, ID.	
	Power County, ID.	
38660	Ponce, PR	0.5118
	Juana Díaz Municipio, PR.	
	Ponce Municipio, PR.	
	Villalba Municipio, PR.	
38860	Portland-South Portland-Biddeford, ME	1.0534
	Cumberland County, ME.	
	Sagadahoc County, ME.	
	York County, ME.	
38900	Portland-Vancouver-Beaverton, OR-WA	1.2062
	Clackamas County, OR.	
	Columbia County, OR.	
	Multnomah County, OR.	
	Washington County, OR.	
	Yamhill County, OR.	
	Clark County, WA.	
	Skamania County, WA.	
38940	Port St. Lucie—Fort Pierce, FL	1.0507
	Martin County, FL.	
	St. Lucie County, FL.	
39100	Poughkeepsie-Newburgh-Middletown, NY	1.1520
	Dutchess County, NY.	
	Orange County, NY.	
39140	Prescott, AZ	1.0511
	Yavapai County, AZ.	
39300	Providence-New Bedford-Fall River, RI-MA	1.1092

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Bristol County, MA.	
	Bristol County, RI.	
	Kent County, RI.	
	Newport County, RI.	
	Providence County, RI.	
	Washington County, RI.	
39340	Provo-Orem, UT	1.0025
	Juab County, UT.	
	Utah County, UT.	
39380	Pueblo, CO	0.9285
	Pueblo County, CO.	
39460	Punta Gorda, FL	0.9708
	Charlotte County, FL.	
39540	Racine, WI	0.9964
	Racine County, WI.	
39580	Raleigh-Cary, NC	1.0321
	Franklin County, NC.	
	Johnston County, NC.	
	Wake County, NC.	
39660	Rapid City, SD	0.9243
	Meade County, SD.	
	Pennington County, SD.	
39740	Reading, PA	0.9815
	Berks County, PA.	
39820	Redding, CA	1.4205
	Shasta County, CA.	
39900	Reno-Sparks, NV	1.1240
	Storey County, NV.	
	Washoe County, NV.	
40060	Richmond, VA	0.9887
	Amelia County, VA.	
	Caroline County, VA.	
	Charles City County, VA.	
	Chesterfield County, VA.	
	Cumberland County, VA.	
	Dinwiddie County, VA.	
	Goochland County, VA.	
	Hanover County, VA.	
	Henrico County, VA.	
	King and Queen County, VA.	
	King William County, VA.	
	Louisa County, VA.	
	New Kent County, VA.	
	Powhatan County, VA.	
	Prince George County, VA.	
	Sussex County, VA.	
	Colonial Heights City, VA.	
	Hopewell City, VA.	
	Petersburg City, VA.	
	Richmond City, VA.	
40140	Riverside-San Bernardino-Ontario, CA	1.1644
	Riverside County, CA.	
	San Bernardino County, CA.	
40220	Roanoke, VA	0.9117
	Botetourt County, VA.	
	Craig County, VA.	
	Franklin County, VA.	
	Roanoke County, VA.	
	Roanoke City, VA.	
	Salem City, VA.	
40340	Rochester, MN	1.1282
	Dodge County, MN.	
	Olmsted County, MN.	
	Wabasha County, MN.	
40380	Rochester, NY	0.9292
	Livingston County, NY.	
	Monroe County, NY.	
	Ontario County, NY.	
	Orleans County, NY.	
	Wayne County, NY.	
40420	Rockford, IL	1.0295

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Boone County, IL.	
	Winnebago County, IL.	
40484	Rockingham County-Strafford County, NH	1.0607
	Rockingham County, NH.	
	Strafford County, NH.	
40580	Rocky Mount, NC	0.9442
	Edgecombe County, NC.	
	Nash County, NC.	
40660	Rome, GA	0.9485
	Floyd County, GA.	
40900	Sacramento—Arden-Arcade—Roseville, CA	1.4167
	El Dorado County, CA.	
	Placer County, CA.	
	Sacramento County, CA.	
	Yolo County, CA.	
40980	Saginaw-Saginaw Township North, MI	0.9244
	Saginaw County, MI.	
41060	St. Cloud, MN	1.1066
	Benton County, MN.	
	Stearns County, MN.	
41100	St. George, UT	0.9817
	Washington County, UT.	
41140	St. Joseph, MO-KS	0.9191
	Doniphan County, KS.	
	Andrew County, MO.	
	Buchanan County, MO.	
	DeKalb County, MO.	
41180	St. Louis, MO-IL	0.9466
	Bond County, IL.	
	Calhoun County, IL.	
	Clinton County, IL.	
	Jersey County, IL.	
	Macoupin County, IL.	
	Madison County, IL.	
	Monroe County, IL.	
	St. Clair County, IL.	
	Crawford County, MO.	
	Franklin County, MO.	
	Jefferson County, MO.	
	Lincoln County, MO.	
	St. Charles County, MO.	
	St. Louis County, MO.	
	Warren County, MO.	
	Washington County, MO.	
	St. Louis City, MO.	
41420	Salem, OR	1.1090
	Marion County, OR.	
	Polk County, OR.	
41500	Salinas, CA	1.5499
	Monterey County, CA.	
41540	Salisbury, MD	0.9435
	Somerset County, MD.	
	Wicomico County, MD.	
41620	Salt Lake City, UT	0.9860
	Salt Lake County, UT.	
	Summit County, UT.	
	Tooele County, UT.	
41660	San Angelo, TX	0.9000
	Irion County, TX.	
	Tom Green County, TX.	
41700	San Antonio, TX	0.9267
	Atascosa County, TX.	
	Bandera County, TX.	
	Bexar County, TX.	
	Comal County, TX.	
	Guadalupe County, TX.	
	Kendall County, TX.	
	Medina County, TX.	
	Wilson County, TX.	
41740	San Diego-Carlsbad-San Marcos, CA	1.2055
	San Diego County, CA.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
41780	Sandusky, OH	0.9254
	Erie County, OH.	
41884	San Francisco-San Mateo-Redwood City, CA	1.5940
	Marin County, CA.	
	San Francisco County, CA.	
	San Mateo County, CA.	
41900	San Germán-Cabo Rojo, PR	0.5438
	Cabo Rojo Municipio, PR.	
	Lajas Municipio, PR.	
	Sabana Grande Municipio, PR.	
	San Germán Municipio, PR.	
41940	San Jose-Sunnyvale-Santa Clara, CA	1.6506
	San Benito County, CA.	
	Santa Clara County, CA.	
41980	San Juan-Caguas-Guaynabo, PR	0.5207
	Aguas Buenas Municipio, PR.	
	Aibonito Municipio, PR.	
	Arecibo Municipio, PR.	
	Barceloneta Municipio, PR.	
	Barranquitas Municipio, PR.	
	Bayamón Municipio, PR.	
	Caguas Municipio, PR.	
	Camuy Municipio, PR.	
	Canóvanas Municipio, PR.	
	Carolina Municipio, PR.	
	Cataño Municipio, PR.	
	Cayey Municipio, PR.	
	Ciales Municipio, PR.	
	Cidra Municipio, PR.	
	Comerío Municipio, PR.	
	Corozal Municipio, PR.	
	Dorado Municipio, PR.	
	Florida Municipio, PR.	
	Guaynabo Municipio, PR.	
	Gurabo Municipio, PR.	
	Hatillo Municipio, PR.	
	Humacao Municipio, PR.	
	Juncos Municipio, PR.	
	Las Piedras Municipio, PR.	
	Loíza Municipio, PR.	
	Manatí Municipio, PR.	
	Maunabo Municipio, PR.	
	Morovis Municipio, PR.	
	Naguabo Municipio, PR.	
	Naranjito Municipio, PR.	
	Orocovis Municipio, PR.	
	Quebradillas Municipio, PR.	
	Río Grande Municipio, PR.	
	San Juan Municipio, PR.	
	San Lorenzo Municipio, PR.	
	Toa Alta Municipio, PR.	
	Toa Baja Municipio, PR.	
	Trujillo Alto Municipio, PR.	
	Vega Alta Municipio, PR.	
	Vega Baja Municipio, PR.	
	Yabucoa Municipio, PR.	
42020	San Luis Obispo-Paso Robles, CA	1.3100
	San Luis Obispo County, CA.	
42044	Santa Ana-Anaheim-Irvine, CA	1.2343
	Orange County, CA.	
42060	Santa Barbara-Santa Maria-Goleta, CA	1.2288
	Santa Barbara County, CA.	
42100	Santa Cruz-Watsonville, CA	1.6912
	Santa Cruz County, CA.	
42140	Santa Fe, NM	1.1260
	Santa Fe County, NM.	
42220	Santa Rosa-Petaluma, CA	1.5416
	Sonoma County, CA.	
42260	Sarasota-Bradenton-Venice, FL	1.0420
	Manatee County, FL.	
	Sarasota County, FL.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
42340	Savannah, GA	0.9579
	Bryan County, GA.	
	Chatham County, GA.	
	Effingham County, GA.	
42540	Scranton—Wilkes-Barre, PA	0.8872
	Lackawanna County, PA.	
	Luzerne County, PA.	
	Wyoming County, PA.	
42644	Seattle-Bellevue-Everett, WA	1.2139
	King County, WA.	
	Snohomish County, WA.	
42680	Sebastian-Vero Beach, FL	0.9873
	Indian River County, FL.	
43100	Sheboygan, WI	0.9415
	Sheboygan County, WI.	
43300	Sherman-Denison, TX	0.8728
	Grayson County, TX.	
43340	Shreveport-Bossier City, LA	0.8891
	Bossier Parish, LA.	
	Caddo Parish, LA.	
	De Soto Parish, LA.	
43580	Sioux City, IA-NE-SD	0.9704
	Woodbury County, IA.	
	Dakota County, NE.	
	Dixon County, NE.	
	Union County, SD.	
43620	Sioux Falls, SD	1.0032
	Lincoln County, SD.	
	McCook County, SD.	
	Minnehaha County, SD.	
	Turner County, SD.	
43780	South Bend-Mishawaka, IN-MI	1.0088
	St. Joseph County, IN.	
	Cass County, MI.	
43900	Spartanburg, SC	0.9884
	Spartanburg County, SC.	
44060	Spokane, WA	1.0967
	Spokane County, WA.	
44100	Springfield, IL	0.9382
	Menard County, IL.	
	Sangamon County, IL.	
44140	Springfield, MA	1.0874
	Franklin County, MA.	
	Hampden County, MA.	
	Hampshire County, MA.	
44180	Springfield, MO	0.9121
	Christian County, MO.	
	Dallas County, MO.	
	Greene County, MO.	
	Polk County, MO.	
	Webster County, MO.	
44220	Springfield, OH	0.9120
	Clark County, OH.	
44300	State College, PA	0.9198
	Centre County, PA.	
44700	Stockton, CA	1.2436
	San Joaquin County, CA.	
44940	Sumter, SC	0.9021
	Sumter County, SC.	
45060	Syracuse, NY	1.0396
	Madison County, NY.	
	Onondaga County, NY.	
	Oswego County, NY.	
45104	Tacoma, WA	1.1597
	Pierce County, WA.	
45220	Tallahassee, FL	0.9467
	Gadsden County, FL.	
	Jefferson County, FL.	
	Leon County, FL.	
	Wakulla County, FL.	
45300	Tampa-St. Petersburg-Clearwater, FL	0.9462

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Hernando County, FL.	
	Hillsborough County, FL.	
	Pasco County, FL.	
	Pinellas County, FL.	
45460	Terre Haute, IN	0.9237
	Clay County, IN.	
	Sullivan County, IN.	
	Vermillion County, IN.	
	Vigo County, IN.	
45500	Texarkana, TX-Texarkana, AR	0.8151
	Miller County, AR.	
	Bowie County, TX.	
45780	Toledo, OH	0.9893
	Fulton County, OH.	
	Lucas County, OH.	
	Ottawa County, OH.	
	Wood County, OH.	
45820	Topeka, KS	0.8957
	Jackson County, KS.	
	Jefferson County, KS.	
	Osage County, KS.	
	Shawnee County, KS.	
	Wabaunsee County, KS.	
45940	Trenton-Ewing, NJ	1.1223
	Mercer County, NJ.	
46060	Tucson, AZ	0.9698
	Pima County, AZ.	
46140	Tulsa, OK	0.8749
	Creek County, OK.	
	Okmulgee County, OK.	
	Osage County, OK.	
	Pawnee County, OK.	
	Rogers County, OK.	
	Tulsa County, OK.	
	Wagoner County, OK.	
46220	Tuscaloosa, AL	0.8710
	Greene County, AL.	
	Hale County, AL.	
	Tuscaloosa County, AL.	
46340	Tyler, TX	0.9561
	Smith County, TX.	
46540	Utica-Rome, NY	0.8902
	Herkimer County, NY.	
	Oneida County, NY.	
46660	Valdosta, GA	0.8495
	Brooks County, GA.	
	Echols County, GA.	
	Lanier County, GA.	
	Lowndes County, GA.	
46700	Vallejo-Fairfield, CA	1.5385
	Solano County, CA.	
47020	Victoria, TX	0.8709
	Calhoun County, TX.	
	Goliad County, TX.	
	Victoria County, TX.	
47220	Vineland-Millville-Bridgeton, NJ	1.0630
	Cumberland County, NJ.	
47260	Virginia Beach-Norfolk-Newport News, VA-NC	0.9250
	Currituck County, NC.	
	Gloucester County, VA.	
	Isle of Wight County, VA.	
	James City County, VA.	
	Mathews County, VA.	
	Surry County, VA.	
	York County, VA.	
	Chesapeake City, VA.	
	Hampton City, VA.	
	Newport News City, VA.	
	Norfolk City, VA.	
	Poquoson City, VA.	
	Portsmouth City, VA.	

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Suffolk City, VA.	
	Virginia Beach City, VA.	
	Williamsburg City, VA.	
47300	Visalia-Porterville, CA	1.0586
	Tulare County, CA.	
47380	Waco, TX	0.8936
	McLennan County, TX.	
47580	Warner Robins, GA	0.9575
	Houston County, GA.	
47644	Warren-Troy-Farmington Hills, MI	1.0491
	Lapeer County, MI.	
	Livingston County, MI.	
	Macomb County, MI.	
	Oakland County, MI.	
	St. Clair County, MI.	
47894	Washington-Arlington-Alexandria, DC-VA-MD-WV	1.1387
	District of Columbia, DC.	
	Calvert County, MD.	
	Charles County, MD.	
	Prince George's County, MD.	
	Arlington County, VA.	
	Clarke County, VA.	
	Fairfax County, VA.	
	Fauquier County, VA.	
	Loudoun County, VA.	
	Prince William County, VA.	
	Spotsylvania County, VA.	
	Stafford County, VA.	
	Warren County, VA.	
	Alexandria City, VA.	
	Fairfax City, VA.	
	Falls Church City, VA.	
	Fredericksburg City, VA.	
	Manassas City, VA.	
	Manassas Park City, VA.	
	Jefferson County, WV.	
47940	Waterloo-Cedar Falls, IA	0.8937
	Black Hawk County, IA.	
	Bremer County, IA.	
	Grundy County, IA.	
48140	Wausau, WI	1.0153
	Marathon County, WI.	
48260	Weirton-Steubenville, WV-OH	0.8312
	Jefferson County, OH.	
	Brooke County, WV.	
	Hancock County, WV.	
48300	Wenatchee, WA	1.2031
	Chelan County, WA.	
	Douglas County, WA.	
48424	West Palm Beach-Boca Raton-Boynton Beach, FL	1.0205
	Palm Beach County, FL.	
48540	Wheeling, WV-OH	0.8000
	Belmont County, OH.	
	Marshall County, WV.	
	Ohio County, WV.	
48620	Wichita, KS	0.9506
	Butler County, KS.	
	Harvey County, KS.	
	Sedgwick County, KS.	
	Sumner County, KS.	
48660	Wichita Falls, TX	0.8308
	Archer County, TX.	
	Clay County, TX.	
	Wichita County, TX.	
48700	Williamsport, PA	0.8437
	Lycoming County, PA.	
48864	Wilmington, DE-MD-NJ	1.1355
	New Castle County, DE.	
	Cecil County, MD.	
	Salem County, NJ.	
48900	Wilmington, NC	0.9871

ADDENDUM A.—PROPOSED HOSPICE WAGE INDEX FOR URBAN AREAS BY CBSA—FY 2009—Continued

CBSA code	Urban area (constituent counties) [2]	Wage index [1]
	Brunswick County, NC.	
	New Hanover County, NC.	
	Pender County, NC.	
49020	Winchester, VA-WV	1.0399
	Frederick County, VA.	
	Winchester City, VA.	
	Hampshire County, WV.	
49180	Winston-Salem, NC	0.9565
	Davie County, NC.	
	Forsyth County, NC.	
	Stokes County, NC.	
	Yadkin County, NC.	
49340	Worcester, MA	1.1840
	Worcester County, MA.	
49420	Yakima, WA	1.0770
	Yakima County, WA.	
49500	Yauco, PR	0.3777
	Guánica Municipio, PR.	
	Guayanilla Municipio, PR.	
	Peñuelas Municipio, PR.	
	Yauco Municipio, PR.	
49620	York-Hanover, PA	0.9818
	York County, PA.	
49660	Youngstown-Warren-Boardman, OH-PA	0.9443
	Mahoning County, OH.	
	Trumbull County, OH.	
	Mercer County, PA.	
49700	Yuba City, CA	1.1283
	Sutter County, CA.	
	Yuba County, CA.	
49740	Yuma, AZ	0.9953
	Yuma County, AZ.	

[1] Wage index values are based on FY 2004 hospital cost report data before reclassification. These data form the basis for the pre-floor, pre-reclassified hospital wage index. The budget neutrality adjustment or the hospice floor is then applied to the pre-floor, pre-reclassified hospital wage index to derive the hospice wage index. Wage index values greater than or equal to 0.8 are subject to a budget neutrality adjustment. The hospice floor calculation is as follows: Wage index values below 0.8 are adjusted to be the greater of either the a) the 25 percent reduced budget neutrality adjustment OR b) the minimum of the pre-floor, pre-reclassified hospital wage index value x 1.15, or 0.8000. For the proposed FY 2009 hospice wage index, the budget neutrality adjustment was reduced by 25 percent.

[2] This column lists each CBSA area name and each county or county equivalent, in the CBSA area. Counties not listed in this Table are considered to be rural areas. Wage index values for these areas are found in Addendum B.

[3] Because there are no hospitals in this CBSA, the wage index value is calculated by taking the average of all other urban CBSAs in Georgia.

ADDENDUM B.—PROPOSED HOSPICE WAGE INDEX FOR RURAL AREAS BY CBSA—FY 2009

CBSA code	Non-urban area	Wage index
1	Alabama	0.8000
2	Alaska	1.2703
3	Arizona	0.8895
4	Arkansas	0.8000
5	California	1.2612
6	Colorado	1.0180
7	Connecticut	1.1664
8	Delaware	1.0204
10	Florida	0.8880
11	Georgia	0.8034
12	Hawaii	1.1132
13	Idaho	0.8308
14	Illinois	0.8744
15	Indiana	0.8996
16	Iowa	0.8986
17	Kansas	0.8372
18	Kentucky	0.8175
19	Louisiana	0.8000
20	Maine	0.8891
21	Maryland	0.9477
22	Massachusetts [1]	1.2157

ADDENDUM B.—PROPOSED HOSPICE WAGE INDEX FOR RURAL AREAS BY CBSA—FY 2009—Continued

CBSA code	Non-urban area	Wage index
23	Michigan	0.9392
24	Minnesota	0.9524
25	Mississippi	0.8077
26	Missouri	0.8319
27	Montana	0.8790
28	Nebraska	0.9283
29	Nevada	0.9726
30	New Hampshire	1.0983
31	New Jersey [2]	.....
32	New Mexico	0.9378
33	New York	0.8673
34	North Carolina	0.9025
35	North Dakota	0.8000
36	Ohio	0.9141
37	Oklahoma	0.8000
38	Oregon	1.0392
39	Pennsylvania	0.8796
40	Puerto Rico [3]	0.4654
41	Rhode Island [2]	.....
42	South Carolina	0.9080
43	South Dakota	0.8968

ADDENDUM B.—PROPOSED HOSPICE WAGE INDEX FOR RURAL AREAS BY CBSA—FY 2009—Continued

CBSA code	Non-urban area	Wage index
44	Tennessee	0.8102
45	Texas	0.8359
46	Utah	0.8514
47	Vermont	1.0405
48	Virgin Islands	0.7855
49	Virginia	0.8283
50	Washington	1.0762
51	West Virginia	0.8000
52	Wisconsin	1.0141
53	Wyoming	0.9742
65	Guam	1.0082

[1] There are no hospitals in the rural areas of Massachusetts, so the wage index value used is the average of the contiguous counties.

[2] There are no rural areas in this state.

[3] Wage index values are obtained using the methodology described in this proposed rule.

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