DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

42 CFR Parts 405, 412, and 413

[HCFA–1003–P]

RIN 0938–AI22

Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 1999 Rates

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

ACTION: Proposed rule.

SUMMARY: We are proposing to revise the Medicare hospital inpatient prospective payment systems for operating costs and capital-related costs to implement applicable statutory requirements, including section 4407 of the Balanced Budget Act of 1997, as well as changes arising from our continuing experience with the systems. In addition, in the addendum to this proposed rule, we are describing proposed changes in the amounts and factors necessary to determine rates for Medicare hospital inpatient services for operating costs and capital-related costs. These changes would be applicable to discharges occurring on or after October 1, 1998. We are also setting forth proposed rate-of-increase limits as well as proposing changes for hospitals and hospital units excluded from the prospective payment systems.

DATES: Comments will be considered if received at the appropriate address, as provided below, no later than 5 p.m. on July 7, 1998.

ADDRESSES: Mail written comments (an original and three copies) to the following address: Health Care Financing Administration, Department of Health and Human Services, Attention: HCFA–1003–P, P.O. Box 7517, Baltimore, MD 21207–0517.

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

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

Room C5–09–26, Central Building, 7500 Security Boulevard, Baltimore, MD 21244–1850.

Because of staffing and resource limitations, we cannot accept comments by facsimile (FAX) transmission. In commenting, please refer to file code HCFA–1003–P. Comments received timely will be available for public inspection as they are received, generally beginning approximately three weeks after publication of a document, in Room 309–G of the Department's offices at 200 Independence Avenue, SW, Washington, DC, on Monday through Friday of each week from 8:30 a.m. to 5 p.m. (phone: (202) 690–7890).

For comments that relate to information collection requirements, mail a copy of comments to:

Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10235, New Executive Office Building, Washington, DC 20503, Attn: Allison Herron Eydt, HCFA Desk Officer; and

Office of Financial and Human Resources, Management Planning and Analysis Staff, Room C2–26–17, 7500 Security Boulevard, Baltimore, MD 21244–1850.

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FOR FURTHER INFORMATION CONTACT:

Nancy Edwards, (410) 786–4531, Operating Prospective Payment, DRG, and Wage Index Issues.

Tzvi Hefter, (410) 786–4487, Capital Prospective Payment, Excluded Hospitals, and Graduate Medical Education Issues.

SUPPLEMENTARY INFORMATION:

I. Background

A. Summary

Sections 1886(d) and (g) of the Social Security Act (the Act), set forth a system of payment for the operating costs of acute care hospital inpatient stays under Medicare Part A (Hospital Insurance) based on prospectively-set rates. Section 1886(g) of the Act requires the Secretary to pay for the capital-related costs of hospital inpatient stays under a prospective payment system. Under these prospective payment systems, Medicare payment for hospital inpatient operating and capital-related costs is made at predetermined, specific rates for each hospital discharge. Discharges are classified according to a list of diagnosis-related groups (DRGs).

Certain specialty hospitals are excluded from the prospective payment systems. Under section 1886(d)(1)(B) of the Act, the following hospitals and units are excluded from PPS: psychiatric hospitals or units, rehabilitation hospitals or units, children's hospitals, long term care hospitals, and cancer hospitals. For these hospitals and units, Medicare payment for operating costs is based on reasonable costs subject to a hospital-specific annual limit.

Under section 1886(a)(4) of the Act, costs incurred in connection with approved graduate medical education (GME) programs are excluded from the operating costs of inpatient hospital services. Hospitals with approved GME programs are paid for the direct costs of GME in accordance with section 1886(h) of the Act; the amount of payment for direct GME costs for a cost reporting period is based on the number of the hospital's residents in that period and the hospital's costs per resident in a base year.

The regulations governing the hospital inpatient prospective payment system are located in 42 CFR Part 412. The regulations governing excluded hospitals are located in both Parts 412 and 413, and the graduate medical education regulations are found in Part 413.

On August 29, 1997, we published a final rule with comment period in the **Federal Register** (62 FR 45966) setting forth both statutorily required changes and other changes to the Medicare hospital inpatient prospective payment systems for both operating costs and capital-related costs, which were effective for discharges occurring on or after October 1, 1997. This rule also

implemented changes addressing payments for excluded hospitals and payments for graduate medical education costs. This final rule with comment period followed a proposed rule published in the **Federal Register** on June 2, 1997 (62 FR 29902) that set forth proposed updates and changes.

B. Major Contents of This Proposed Rule

In this proposed rule, we are setting forth proposed changes to the Medicare hospital inpatient prospective payment systems for both operating costs and capital-related costs. This proposed rule would be effective for discharges occurring on or after October 1, 1998. Following is a summary of the major changes that we are proposing to make:

1. Changes to the DRG Classifications and Relative Weights

As required by section 1886(d)(4)(C) of the Act, we must adjust the DRG classifications and relative weights at least annually. Our proposed changes for FY 1999 are set forth in section II. of this preamble.

2. Changes to the Hospital Wage Index

In section III. of this preamble, we discuss proposed revisions to the wage index and the annual update of the wage data. Specific issues addressed in this section include the following:

- FY 1999 wage index update.
- Changes to the data categories included in the wage index.
- Revisions to the wage index based on hospital redesignations.

3. Other Decisions and Changes to the Prospective Payment System for Inpatient Operating and Graduate Medical Education Costs

In section IV. of this preamble, we discuss several provisions of the regulations in 42 CFR parts 412 and 413 and set forth certain proposed changes concerning the following:

- Definition of transfer cases.
- Rural referral centers.
- Disproportionate share adjustment.
- Bad debts.
- Direct graduate medical education programs.

4. Changes to the Prospective Payment System for Capital-Related Costs

In section V. of this preamble, we discuss several provisions of the regulations in 42 CFR part 412 and set forth certain proposed changes and clarifications concerning the following:

- Capital indirect medical education payments.
- Payments to new hospitals.

5. Changes for Hospitals and Hospital Units Excluded from the Prospective Payment Systems

In section VI. of this preamble, we discuss the following criteria governing excluded hospital issues:

- Hospital-within-a-hospital.
- Adjustments to the target amounts for FY 1999.

6. Determining Prospective Payment Operating and Capital Rates and Rate-of-Increase Limits

In the addendum to this proposed rule, we set forth proposed changes to the amounts and factors for determining the FY 1999 prospective payment rates for operating costs and capital-related costs. We are also proposing update factors for determining the rate-of-increase limits for cost reporting periods beginning in FY 1999 for hospitals and hospital units excluded from the prospective payment system.

7. Impact Analysis

In Appendix A, we set forth an analysis of the impact that the proposed changes described in this proposed rule would have on affected entities.

8. Capital Acquisition Model

Appendix B contains the technical appendix on the proposed FY 1999 capital cost model.

9. Report to Congress on the Update Factor for Prospective Payment Hospitals and Hospitals Excluded from the Prospective Payment System

Section 1886(e)(3)(B) of the Act requires that the Secretary report to Congress on our initial estimate of a recommended update factor for FY 1999 for both hospitals included in and hospitals excluded from the prospective payment systems. This report is included as Appendix C to this proposed rule.

10. Proposed Recommendation of Update Factor for Hospital Inpatient Operating Costs

As required by sections 1886(e)(4) and (e)(5) of the Act, Appendix D provides our recommendation of the appropriate percentage change for FY 1999 for the following:

- Large urban area and other area average standardized amounts (and hospital-specific rates applicable to sole community and Medicare-dependent, small rural hospitals) for hospital inpatient services paid for under the prospective payment system for operating costs.
- Target rate-of-increase limits to the allowable operating costs of hospital inpatient services furnished by hospitals and hospital units excluded from the prospective payment system.

11. Discussion of Medicare Payment Advisory Commission Recommendations

The Balanced Budget Act of 1997 abolished the Prospective Payment Assessment Commission (ProPAC) and created the Medicare Payment Advisory Commission (MedPAC). Under section 1805(b) of the Act, MedPAC is required to submit a report to Congress, not later than March 1 of each year, that reviews and makes recommendations on Medicare payment policies. The March 1, 1998 report made several recommendations concerning hospital inpatient payment policies. We reviewed those recommendations and this document sets forth our responses to those recommendations.

Although it has been our practice to include a reprint of ProPAC's March 1 report as an appendix to the proposed rule, we are not following that practice with MedPAC reports. For further information relating specifically to that report or to obtain a copy of the report, contact MedPAC at (202) 653–7220.

II. Proposed Changes to DRG Classifications and Relative Weights

A. Background

Under the prospective payment system, we pay for inpatient hospital services on the basis of a rate per discharge that varies by the DRG to which a beneficiary's stay is assigned. The formula used to calculate payment for a specific case takes an individual hospital's payment rate per case and multiplies it by the weight of the DRG to which the case is assigned. Each DRG weight represents the average resources required to care for cases in that particular DRG relative to the average resources used to treat cases in all DRGs.

Congress recognized that it would be necessary to recalculate the DRG relative weights periodically to account for changes in resource consumption. Accordingly, section 1886(d)(4)(C) of the Act requires that the Secretary adjust the DRG classifications and relative weights annually. These adjustments are made to reflect changes in treatment patterns, technology, and any other factors that may change the relative use of hospital resources. The proposed changes to the DRG classification system and the proposed recalibration of the DRG weights for discharges occurring on or after October 1, 1998 are discussed below.

B. DRG Reclassification

1. General

Cases are classified into DRGs for payment under the prospective payment system based on the principal diagnosis, up to eight additional diagnoses, and up to six procedures performed during the stay, as well as age, sex, and discharge status of the patient. The diagnosis and procedure information is reported by the hospital using codes from the International Classification of Diseases, Ninth Revision, Clinical Modification (ICD–9–CM). The Medicare fiscal intermediary enters the information into its claims system and subjects it to a series of automated screens called the Medicare Code Editor (MCE). These screens are designed to identify cases that require further review before classification into a DRG can be accomplished.

After screening through the MCE and any further development of the claims, cases are classified by the GROUPER software program into the appropriate DRG. The GROUPER program was developed as a means of classifying each case into a DRG on the basis of the diagnosis and procedure codes and demographic information (that is, sex, age, and discharge status). It is used both to classify past cases in order to measure relative hospital resource consumption to establish the DRG weights and to classify current cases for purposes of determining payment. The records for all Medicare hospital inpatient discharges are maintained in the Medicare Provider Analysis and Review (MedPAR) file. The data in this file are used to evaluate possible DRG classification changes and to recalibrate the DRG weights.

Currently, cases are assigned to one of 496 DRGs in 25 major diagnostic categories (MDCs). Most MDCs are based on a particular organ system of the body (for example, MDC 6, Diseases and Disorders of the Digestive System); however, some MDCs are not constructed on this basis since they involve multiple organ systems (for example, MDC 22, Burns).

In general, cases are assigned to an MDC based on the principal diagnosis, before assignment to a DRG. However, there are five DRGs to which cases are directly assigned on the basis of procedure codes. These are the DRGs for liver, bone marrow, and lung transplant (DRGs 480, 481, and 495, respectively) and the two DRGs for tracheostomies (DRGs 482 and 483). Cases are assigned to these DRGs before classification to an MDC.

Within most MDCs, cases are then divided into surgical DRGs (based on a surgical hierarchy that orders individual procedures or groups of procedures by resource intensity) and medical DRGs. Medical DRGs generally are differentiated on the basis of diagnosis and age. Some surgical and medical DRGs are further differentiated based on the presence or absence of complications or comorbidities (hereafter CC).

Generally, GROUPER does not consider other procedures; that is, nonsurgical procedures or minor surgical procedures generally not performed in an operating room are not listed as operating room (OR) procedures in the GROUPER decision tables. However, there are a few non-OR procedures that do affect DRG assignment for certain principal diagnoses, such as extracorporeal shock wave lithotripsy for patients with a principal diagnosis of urinary stones.

The changes we are proposing to make to the DRG classification system for FY 1999 and other decisions concerning DRGs are set forth below. Unless otherwise noted, our DRG analysis is based on the full (100 percent) FY 1997 MedPAR file based on bills received through September 1997.

2. MDC 5 (Diseases and Disorders of the Circulatory System)

In the August 29, 1997 hospital inpatient final rule with comment period (62 FR 45974), we noted that, because of the many recent changes in heart surgery, we were considering conducting a comprehensive review of the MDC 5 surgical DRGs. We have begun that review, and based upon our analysis thus far, we believe it is appropriate to propose some DRG changes immediately. These proposed changes are set forth below.

a. *Coronary Bypass.* There are two DRGs that capture coronary bypass procedures: DRG 106 (Coronary Bypass with Cardiac Catheterization) and DRG 107 (Coronary Bypass without Cardiac Catheterization). The procedures that allow a coronary bypass case to be assigned to DRG 106 include percutaneous valvuloplasty, percutaneous transluminal coronary angioplasty (PTCA), cardiac catheterization, coronary angiography, and arteriography.

In analyzing the FY 1997 MedPAR file, we noted that, of cases assigned to DRG 106, the average standardized charges for coronary bypass cases with PTCA were significantly higher than those cases without PTCA. There were approximately 4,400 cases in DRG 106 where PTCA is performed as a secondary procedure. These cases have an average standardized charge of approximately $69,000. The average charge of the approximately 95,000 cases in DRG 106 without PTCA is approximately $52,000.

Based on this analysis, we are proposing to create a new DRG for coronary bypass cases with PTCA. The cases currently in DRG 106 without PTCA would be assigned to another DRG and the cases currently assigned to DRG 107 would be unmodified. Because we would replace two DRGs with three new DRGs, we would revise the DRG numbers and titles accordingly. The new DRGs and their titles are set forth below:

DRG 106 Coronary Bypass with PTCA
DRG 107 Coronary Bypass with Cardiac Catheterization
DRG 109 Coronary Bypass without Cardiac Catheterization

We note that DRG 109 has been an empty DRG for the last several years.

b. Implantable Heart Assist System and Annuloplasty. In the August 29, 1997 final rule with comment period, we moved implant of an implantable, pulsatile heart assist system (procedure code 37.66) from DRGs 110 and 111 (Major Cardiovascular Procedures)[1] to DRG 108 (Other Cardiothoracic Procedures). Although this move improved payment for these procedures, they were still much more expensive than the other cases in DRG 108 ($96,000 for heart assist versus an average of $54,000 for all other cases in the FY 1996 MedPAR file). We stated that we would continue to review the MDC 5 surgical DRGs in an attempt to find a DRG placement for these cases that would be more similar in terms of resource use.

In reviewing the FY 1997 MedPAR file, we note that heart assist system implant continues to be the most expensive procedure in DRG 108. In fact, other than heart transplant, heart assist system implant is the most expensive procedure in MDC 5. The average FY 1997 charge for these cases, when assigned to DRG 108, is over $150,000 compared to about $53,000 for all cases in DRG 108. Obviously, the charges for heart assist implant are increasing at a much greater rate than the average charges for DRG 108. In addition, the length of stay for cases coded with 37.66 is approximately 32 days compared to about 11 days for all other DRG 108 cases.

[1] A single title combined with two DRG numbers is used to signify pairs. Generally, the first DRG is for cases with CC and the second DRG is for cases without CC. If a third number is included, it represents cases with patients who are age 0–17. Occasionally, a pair of DRGs is split between age >17 and age 0–17.

One possibility for improving payment for these cases is to move them to DRGs 104 and 105 (Cardiac Valve Procedures). Those DRGs, which split on the basis of the performance of cardiac catheterization, have average charges of approximately $66,000 and $51,000, respectively. While heart assist implant cases are still more expensive than the average case in these DRGs, payment would be improved. Clinically, placement of heart assist implant in DRGs 104 and 105 is not without precedent. Effective with FY 1988, we placed implant of a total automatic implantable cardioverter defibrillator (AICD) in these DRGs. In addition, the vast majority of procedures assigned to DRG 108 involve surgically splitting open the sternum to perform the procedure. However, implant of the heart assist device does not require this approach.

While reviewing the DRG 108 cases, we also noted that procedure code 35.33 (annuloplasty) is assigned to this DRG. Annuloplasty is a valve procedure and is clinically more similar to the cases assigned to DRGs 104 and 105 than it is to the cases assigned to DRG 108. In addition, the average standardized charge for annuloplasty cases assigned to DRG 108 is about $67,000, well above the overall average charge of approximately $53,000 for cases in DRG 108. Therefore, we are proposing to move annuloplasty from DRG 108 to DRGs 104 and 105.

In order to more accurately reflect the cases assigned to DRGs 104 and 105, we would retitle them as follows:

DRG 104 Cardiac Valve and Other Major Cardiothoracic Procedures with Cardiac Catheterization

DRG 105 Cardiac Valve and Other Major Cardiothoracic Procedures without Cardiac Catheterization.

3. MDC 22 (Burns)

Under the current DRG system, burn cases are assigned to one of six DRGs in MDC 22 (Burns), which have not been revised since 1986. In our FY 1998 hospital inpatient proposed rule (June 2, 1997; 62 FR 29912), in response to inquiries we had received, we indicated that we would conduct a comprehensive review of MDC 22 to determine whether changes in these DRGs could more appropriately capture the variation in resource use associated with different classes of burn patients. We solicited public comments on this issue, particularly asking for recommendations on ways to categorize related diagnosis and procedure codes to produce DRG groupings that would be more homogeneous in terms of resource use.

Among the comments we received was a proposal (endorsed by the American Burn Association (ABA)) for restructuring the DRGs based on several statistical and clinical criteria, including age, severity of the burn, and the presence of complications or comorbidities. Although this proposal was structured for a patient population encompassing all ages of patients, we believed that it showed great promise for Medicare patients as well. During the last several months, we have worked closely with representatives of the ABA and with the clinicians who developed the proposal in order to refine it for Medicare purposes.

Based on this work, we are proposing a new set of DRGs for burn cases. Under this proposal, we would replace the six existing DRGs in MDC 22 with eight new DRGs. For ease of reference and classification, the current DRGs in MDC 22, DRGs 456 through 460 and 472, would no longer be valid, and we would establish new DRGs 504 through 511 to contain all cases that currently group to MDC 22. (The complete titles of the new DRGs are set forth below.)

In reviewing the Medicare burn cases, we found that the most important distinguishing characteristic in terms of resource use was the amount of body surface affected by the burn and how much of that burn was a 3rd degree burn. The second most important factor was whether or not the patient received a skin graft. Thus, a patient with burns covering at least 20 percent of body area, with at least 10 percent of that a 3rd degree burn, consumed the most resources. However, if a patient met these criteria and did not receive a skin graft, then the case was much less expensive and the average length of stay fell from over 30 days to 8 days. The first two proposed burn DRGs would reflect these distinctions (DRGs 504 and 505).

After classifying the most extensive burn cases, we found that the patients with 3rd degree burns that did not meet the criteria to be assigned to DRGs 504 and 505 were the most expensive of the remaining cases (that is, those patients whose burns that did not meet the at least 20 percent body area or at least 10 percent 3rd degree criteria). These burns are referred to clinically as ''full-thickness burns.'' A subset of these full-thickness burn cases, those with skin graft or an inhalation injury, were much more expensive than the other cases. After dividing these patients into two groups, with or without skin graft or inhalation injury, we examined whether other factors had an influence on resource use. We found that patients who had a CC (complication or comorbidity) or a concomitant significant trauma consumed more resources whether or not they had a skin graft or inhalation injury. Thus, the next four DRGs were defined as full-thickness burns with skin graft or inhalation injury with or without CC or significant trauma, or full-thickness burns without skin graft or inhalation injury with or without CC or significant trauma (DRGs 506 through 509).

Finally, the last two proposed DRGs (510 and 511) are for cases with nonextensive burns. These cases are also split on the basis of CCs or concomitant significant trauma.

Consistent with the recommendations of several commenters on last year's proposed rule, the new burn DRGs would no longer include a separate DRG for cases in which burn patients were transferred to another acute care facility. Overall, we estimate that these proposed changes would increase by more than 25 percent the amount of variation in resource use explained by the DRGs in MDC 22. They would also improve the clinical coherence of the cases within each DRG. Thus, we believe that the proposed DRGs would provide for improved payment for cases assigned to MDC 22.

The specific diagnosis and procedure codes that would be included in each of the eight DRGs and their titles are as follows:

DRGs 504 and 505—Extensive 3rd Degree Burns with and without Skin Graft

DRGs 504 and 505 would include all cases with burns involving at least 20 percent of body surface area combined with a 3rd degree burn covering at least 10 percent of body surface area. Thus, these cases would have diagnosis codes of 948.xx, with a fourth digit of 2 or higher (indicating that burn extends over 20 percent or more of body surface) and a fifth digit of 1 or higher (indicating a 3rd degree burn extending over 10 percent or more of body surface). Cases with the appropriate diagnosis codes would be classified into DRG 504 if one of the following skin graft procedure codes is present:

85.82 Split-thickness graft to breast
85.83 Full-thickness graft to breast
85.84 Pedicle graft to breast
86.60 Free skin graft, NOS
86.61 Full-thickness skin graft to hand
86.62 Other skin graft to hand
86.63 Full-thickness skin graft to other sites
86.65 Heterograft to skin
86.66 Homograft to skin
86.67 Dermal regenerative graft (new code in FY 1999—see Table 6A in section V. of the Addendum)
86.69 Other skin graft to other sites
86.70 Pedicle of flap graft, NOS

86.71 Cutting and preparation of pedicle grafts or flaps
86.72 Advancement of pedicle graft
86.73 Attachment of pedicle or flap graft to hand
86.74 Attachment of pedicle or flap graft to other sites
86.75 Revision of pedicle or flap graft
86.93 Insertion of tissue expander

DRGs 506 and 507—Full Thickness Burn with Skin Graft or Inhalation Injury with or without CC or Significant Trauma

These DRGs would include all other cases of 3rd degree burns that also have either a skin graft or an inhalation injury. Thus, these cases would have diagnosis codes of 941.xx through 946.xx, and 949.xx, with a fourth digit of 3 or higher, as well as cases with codes of 948.xx that did not group into DRGs 504 or 505 (that is, 948.00, 948.01, and 948.1x through 948.9x with a fifth digit of 0). In addition, cases classified into DRGs 506 and 507 must have either one of the skin graft procedure codes listed above or one of the following diagnosis codes for inhalation injuries:

518.5 Pulmonary insufficiency following trauma and surgery
518.81 Respiratory failure
518.84 Acute and chronic respiratory failure (new code in FY 1999—see Table 6A in section V. of the Addendum)
947.1 Burn of larynx, trachea, or lung
987.9 Toxic effect of gas, fume, or vapor, NOS

Cases that meet both of these coding criteria would be assigned to DRG 506 if there is a diagnosis code indicating either a CC (based on the standard DRG CC list) or concomitant significant trauma (based on the significant trauma diagnosis codes, listed by body site, used for classification in MDC 24).

DRGs 508 and 509—Full Thickness Burn without Skin Graft or Inhalation Injury with or without CC or Significant Trauma

These DRGs would include all other cases of 3rd degree burns. Thus, these DRGs would include all cases without a skin graft or inhalation injury that have diagnosis codes of 941.xx through 946.xx, and 949.xx, with a fourth digit of 3 or higher, as well as cases with codes of 948.xx that did not group into DRGs 504 or 505. DRG 508 would also require a secondary diagnosis from the standard CC list or the trauma list based on the significant trauma diagnosis codes, listed by body site, used for classification in MDC 24.

DRGs 510 and 511—Nonextensive Burns with and without CC or Significant Trauma

The remaining burn cases would be classified into one of these two DRGs, depending on whether or not the claim included a diagnosis code reflecting the presence of a CC or a significant trauma, as explained above.

4. Legionnaires' Disease

Effective with discharges occurring on or after October 1, 1997, a new diagnosis code was created for pneumonia due to Legionnaires' disease (code 482.84). In the August 29, 1997 final rule with comment period, we assigned this code to DRGs 79, 80, and 81 (Respiratory Infections and Inflammations) (62 FR 46090). However, we did not include this code as a human immunodeficiency virus (HIV) major related condition in MDC 25 (HIV Infections). Because pneumonia due to Legionnaires' disease is a serious respiratory condition that has a deleterious effect on patients with HIV, we are proposing to assign diagnosis code 482.84 to DRG 489 (HIV with Major Related Condition) as a major related condition. In addition, we did not assign the code as a major problem in DRGs 387 (Prematurity with Major Problems) and 389 (Full Term Neonate with Major Problems). These DRGs are assigned to MDC 15 (Newborns and Other Neonates with Conditions Originating in the Perinatal Period). Again, as a part of this proposed rule, we would assign diagnosis code 482.84 as a major problem in DRGs 387 and 389 because of its effect on resource use in treating newborns.

5. Surgical Hierarchies

Some inpatient stays entail multiple surgical procedures, each one of which, occurring by itself, could result in assignment of the case to a different DRG within the MDC to which the principal diagnosis is assigned. It is, therefore, necessary to have a decision rule by which these cases are assigned to a single DRG. The surgical hierarchy, an ordering of surgical classes from most to least resource intensive, performs that function. Its application ensures that cases involving multiple surgical procedures are assigned to the DRG associated with the most resource-intensive surgical class.

Because the relative resource intensity of surgical classes can shift as a function of DRG reclassification and recalibration, we reviewed the surgical hierarchy of each MDC, as we have for previous reclassifications, to determine if the ordering of classes coincided with the intensity of resource utilization, as measured by the same billing data used to compute the DRG relative weights.

A surgical class can be composed of one or more DRGs. For example, in MDC 5, the surgical class ''heart transplant'' consists of a single DRG (DRG 103) and the class ''major cardiovascular procedures'' consists of two DRGs (DRGs 110 and 111). Consequently, in many cases, the surgical hierarchy has an impact on more than one DRG. The methodology for determining the most resource-intensive surgical class involves weighting each DRG for frequency to determine the average resources for each surgical class. For example, assume surgical class A includes DRGs 1 and 2 and surgical class B includes DRGs 3, 4, and 5. Assume also that the average charge of DRG 1 is higher than that of DRG 3, but the average charges of DRGs 4 and 5 are higher than the average charge of DRG 2. To determine whether surgical class A should be higher or lower than surgical class B in the surgical hierarchy, we would weight the average charge of each DRG by frequency (that is, by the number of cases in the DRG) to determine average resource consumption for the surgical class. The surgical classes would then be ordered from the class with the highest average resource utilization to that with the lowest, with the exception of ''other OR procedures'' as discussed below.

This methodology may occasionally result in a case involving multiple procedures being assigned to the lower-weighted DRG (in the highest, most resource-intensive surgical class) of the available alternatives. However, given that the logic underlying the surgical hierarchy provides that the GROUPER searches for the procedure in the most resource-intensive surgical class this result is unavoidable.

We note that, notwithstanding the foregoing discussion, there are a few instances when a surgical class with a lower average relative weight is ordered above a surgical class with a higher average relative weight. For example, the ''other OR procedures'' surgical class is uniformly ordered last in the surgical hierarchy of each MDC in which it occurs, regardless of the fact that the relative weight for the DRG or DRGs in that surgical class may be higher than that for other surgical classes in the MDC. The ''other OR procedures'' class is a group of procedures that are least likely to be related to the diagnoses in the MDC but are occasionally performed on patients with these diagnoses. Therefore, these procedures should only be considered if

no other procedure more closely related to the diagnoses in the MDC has been performed.

A second example occurs when the difference between the average weights for two surgical classes is very small. We have found that small differences generally do not warrant reordering of the hierarchy since, by virtue of the hierarchy change, the relative weights are likely to shift such that the higher-ordered surgical class has a lower average weight than the class ordered below it.

Based on the preliminary recalibration of the DRGs, we are proposing to modify the surgical hierarchy as set forth below. As we stated in the September 1, 1989 final rule (54 FR 36457), we are unable to test the effects of the proposed revisions to the surgical hierarchy and to reflect these changes in the proposed relative weights due to the unavailability of revised GROUPER software at the time this proposed rule is prepared. Rather, we simulate most major classification changes to approximate the placement of cases under the proposed reclassification and then determine the average charge for each DRG. These average charges then serve as our best estimate of relative resource use for each surgical class. We test the proposed surgical hierarchy changes after the revised GROUPER is received and reflect the final changes in the DRG relative weights in the final rule. Further, as discussed below in section II.C of this preamble, we anticipate that the final recalibrated weights will be somewhat different from those proposed, since they will be based on more complete data. Consequently, further revision of the hierarchy, using the above principles, may be necessary in the final rule.

At this time, we would revise the surgical hierarchy for MDC 3 (Diseases and Disorders of the Ear, Nose, Mouth and Throat) as follows:

- We would reorder Sinus and Mastoid Procedures (DRGs 53–54) above Myringotomy with Tube Insertion (DRGs 61–62).
- We would reorder Mouth Procedures (DRGs 168–169) above Tonsil and Adenoid Procedure Except Tonsillectomy and/or Adeniodectomy Only (DRGs 57–58).

6. Refinement of Complications and Comorbidities List

There is a standard list of diagnoses that are considered CCs. We developed this list using physician panels to include those diagnoses that, when present as a secondary condition, would be considered a substantial complication or comorbidity. In previous years, we have made changes to the standard list of CCs, either by adding new CCs or deleting CCs already on the list. At this time, we do not propose to delete any of the diagnosis codes on the CC list.

In the September 1, 1987 final notice concerning changes to the DRG classification system (52 FR 33143), we modified the GROUPER logic so that certain diagnoses included on the standard list of CCs would not be considered a valid CC in combination with a particular principal diagnosis. Thus, we created the CC Exclusions List. We made these changes to preclude coding of CCs for closely related conditions, to preclude duplicative coding or inconsistent coding from being treated as CCs, and to ensure that cases are appropriately classified between the complicated and uncomplicated DRGs in a pair.

In the May 19, 1987 proposed notice concerning changes to the DRG classification system (52 FR 18877), we explained that the excluded secondary diagnoses were established using the following five principles:

- Chronic and acute manifestations of the same condition should not be considered CCs for one another (as subsequently corrected in the September 1, 1987 final notice (52 FR 33154)).
- Specific and nonspecific (that is, not otherwise specified (NOS)) diagnosis codes for a condition should not be considered CCs for one another.
- Conditions that may not co-exist, such as partial/total, unilateral/bilateral, obstructed/unobstructed, and benign/malignant, should not be considered CCs for one another.
- The same condition in anatomically proximal sites should not be considered CCs for one another.
- Closely related conditions should not be considered CCs for one another.

The creation of the CC Exclusions List was a major project involving hundreds of codes. The FY 1988 revisions were intended to be only a first step toward refinement of the CC list in that the criteria used for eliminating certain diagnoses from consideration as CCs were intended to identify only the most obvious diagnoses that should not be considered complications or comorbidities of another diagnosis. For that reason, and in light of comments and questions on the CC list, we have continued to review the remaining CCs to identify additional exclusions and to remove diagnoses from the master list that have been shown not to meet the definition of a CC. (See the September 30, 1988 final rule for the revision made for the discharges occurring in FY 1989 (53 FR 38485); the September 1, 1989 final rule for the FY 1990 revision (54 FR 36552); the September 4, 1990 final rule for the FY 1991 revision (55 FR 36126); the August 30, 1991 final rule for the FY 1992 revision (56 FR 43209); the September 1, 1992 final rule for the FY 1993 revision (57 FR 39753); the September 1, 1993 final rule for the FY 1994 revisions (58 FR 46278); the September 1, 1994 final rule for the FY 1995 revisions (59 FR 45334); the September 1, 1995 final rule for the FY 1996 revisions (60 FR 45782); the August 30, 1996 final rule for the FY 1997 revisions (61 FR 46171); and the August 29, 1997 final rule for the FY 1998 revisions (62 FR 45966)).

We are proposing a limited revision of the CC Exclusions List to take into account the changes that will be made in the ICD–9–CM diagnosis coding system effective October 1, 1998. (See section II.B.8, below, for a discussion of ICD–9–CM changes.) These proposed changes are being made in accordance with the principles established when we created the CC Exclusions List in 1987.

Tables 6F and 6G in section V. of the Addendum to this proposed rule contain the proposed revisions to the CC Exclusions List that would be effective for discharges occurring on or after October 1, 1998. Each table shows the principal diagnoses with proposed changes to the excluded CCs. Each of these principal diagnoses is shown with an asterisk and the additions or deletions to the CC Exclusions List are provided in an indented column immediately following the affected principal diagnosis.

CCs that are added to the list are in Table 6F—Additions to the CC Exclusions List. Beginning with discharges on or after October 1, 1998, the indented diagnoses will not be recognized by the GROUPER as valid CCs for the asterisked principal diagnosis.

CCs that are deleted from the list are in Table 6G—Deletions from the CC Exclusions List. Beginning with discharges on or after October 1, 1998 the indented diagnoses will be recognized by the GROUPER as valid CCs for the asterisked principal diagnosis.

Copies of the original CC Exclusions List applicable to FY 1988 can be obtained from the National Technical Information Service (NTIS) of the Department of Commerce. It is available in hard copy for $92.00 plus $6.00 shipping and handling and on microfiche for $20.50, plus $4.00 for shipping and handling. A request for the FY 1988 CC Exclusions List (which

should include the identification accession number (PB) 88–133970) should be made to the following address: National Technical Information Service; United States Department of Commerce; 5285 Port Royal Road; Springfield, Virginia 22161; or by calling (703) 487–4650.

Users should be aware of the fact that all revisions to the CC Exclusions List (FYs 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, and 1998) and those in Tables 6F and 6G of this document must be incorporated into the list purchased from NTIS in order to obtain the CC Exclusions List applicable for discharges occurring on or after October 1, 1998.

Alternatively, the complete documentation of the GROUPER logic, including the current CC Exclusions List, is available from 3M/Health Information Systems (HIS), which, under contract with HCFA, is responsible for updating and maintaining the GROUPER program. The current DRG Definitions Manual, Version 15.0, is available for $195.00, which includes $15.00 for shipping and handling. Version 16.0 of this manual, which will include the final FY 1999 DRG changes, will be available in October 1998 for $225.00. These manuals may be obtained by writing 3M/HIS at the following address: 100 Barnes Road; Wallingford, Connecticut 06492; or by calling (203) 949–0303. Please specify the revision or revisions requested.

7. Review of Procedure Codes in DRGs 468, 476, and 477

Each year, we review cases assigned to DRG 468 (Extensive OR Procedure Unrelated to Principal Diagnosis), DRG 476 (Prostatic OR Procedure Unrelated to Principal Diagnosis), and DRG 477 (Nonextensive OR Procedure Unrelated to Principal Diagnosis) in order to determine whether it would be appropriate to change the procedures assigned among these DRGs.

DRGs 468, 476, and 477 are reserved for those cases in which none of the OR procedures performed is related to the principal diagnosis. These DRGs are intended to capture atypical cases, that is, those cases not occurring with sufficient frequency to represent a distinct, recognizable clinical group. DRG 476 is assigned to those discharges in which one or more of the following prostatic procedures are performed and are unrelated to the principal diagnosis:

60.0 Incision of prostate
60.12 Open biopsy of prostate
60.15 Biopsy of periprostatic tissue
60.18 Other diagnostic procedures on prostate and periprostatic tissue
60.21 Transurethral prostatectomy
60.29 Other transurethral prostatectomy
60.61 Local excision of lesion of prostate
60.69 Prostatectomy NEC
60.81 Incision of periprostatic tissue
60.82 Excision of periprostatic tissue
60.93 Repair of prostate
60.94 Control of (postoperative) hemorrhage of prostate
60.95 Transurethral balloon dilation of the prostatic urethra
60.99 Other operations on prostate

All remaining OR procedures are assigned to DRGs 468 and 477, with DRG 477 assigned to those discharges in which the only procedures performed are nonextensive procedures that are unrelated to the principal diagnosis. The original list of the ICD–9–CM procedure codes for the procedures we consider nonextensive procedures, if performed with an unrelated principal diagnosis, was published in Table 6C in section IV. of the Addendum to the September 30, 1988 final rule (53 FR 38591). As part of the final rules published on September 4, 1990, August 30, 1991, September 1, 1992, September 1, 1993, September 1, 1994, September 1, 1995, August 30, 1996, and August 29, 1997, we moved several other procedures from DRG 468 to 477, as well as moving some procedures from DRG 477 to 468. (See 55 FR 36135, 56 FR 43212, 57 FR 23625, 58 FR 46279, 59 FR 45336, 60 FR 45783, 61 FR 46173, and 62 FR 45981, respectively.)

a. Adding Procedure Codes to MDCs. We annually conduct a review of procedures producing DRG 468 or 477 assignments on the basis of volume of cases in these DRGs with each procedure. Our medical consultants then identify those procedures occurring in conjunction with certain principal diagnoses with sufficient frequency to justify adding them to one of the surgical DRGs for the MDC in which the diagnosis falls. Based on this year's review, we did not identify any necessary changes; therefore, we are not proposing to move any procedures from DRGs 468 and 477 to one of the surgical DRGs.

b. Reassignment of Procedures Among DRGs 468, 476, and 477. We also reviewed the list of procedures that produce assignments to DRGs 468, 476, and 477 to ascertain if any of those procedures should be moved from one of these DRGs to another based on average charges and length of stay. Generally, we move only those procedures for which we have an adequate number of discharges to analyze the data. Based on our review this year, we are not proposing to move any procedures from DRG 468 to DRGs 476 or 477, from DRG 476 to DRGs 468 or 477, or from DRG 477 to DRGS 468 or 476.

8. Changes to the ICD–9–CM Coding System

As discussed above in section II.B.1 of this preamble, the ICD–9–CM is a coding system that is used for the reporting of diagnoses and procedures performed on a patient. In September 1985, the ICD–9–CM Coordination and Maintenance Committee was formed. This is a Federal interdepartmental committee charged with the mission of maintaining and updating the ICD–9–CM. That mission includes approving coding changes, and developing errata, addenda, and other modifications to the ICD–9–CM to reflect newly developed procedures and technologies and newly identified diseases. The Committee is also responsible for promoting the use of Federal and non-Federal educational programs and other communication techniques with a view toward standardizing coding applications and upgrading the quality of the classification system.

The Committee is co-chaired by the National Center for Health Statistics (NCHS) and HCFA. The NCHS has lead responsibility for the ICD–9–CM diagnosis codes included in the *Tabular List* and *Alphabetic Index for Diseases* while HCFA has lead responsibility for the ICD–9–CM procedure codes included in the *Tabular List* and *Alphabetic Index for Procedures.*

The Committee encourages participation in the above process by health-related organizations. In this regard, the Committee holds public meetings for discussion of educational issues and proposed coding changes. These meetings provide an opportunity for representatives of recognized organizations in the coding fields, such as the American Health Information Management Association (AHIMA) (formerly American Medical Record Association (AMRA)), the American Hospital Association (AHA), and various physician specialty groups as well as physicians, medical record administrators, health information management professionals, and other members of the public to contribute ideas on coding matters. After considering the opinions expressed at the public meetings and in writing, the Committee formulates recommendations, which then must be approved by the agencies.

The Committee presented proposals for coding changes at public meetings held on June 5 and December 4 and 5, 1997, and finalized the coding changes after consideration of comments received at the meetings and in writing

within 30 days following the December 1997 meeting. The initial meeting for consideration of coding issues for implementation in FY 2000 will be held on June 4, 1998. Copies of the minutes of the 1997 meetings can be obtained from the HCFA Home Page @ http://www.hcfa.gov/pubaffr.htm, under the ''What's New'' listing. Paper copies of these minutes are no longer available and the mailing list has been discontinued. We encourage commenters to address suggestions on coding issues involving diagnosis codes to: Donna Pickett, Co-Chairperson; ICD–9–CM Coordination and Maintenance Committee; NCHS; Room 1100; 6525 Belcrest Road; Hyattsville, Maryland 20782. Comments may be sent by E-mail to: dfp4@cdc.gov.

Questions and comments concerning the procedure codes should be addressed to: Patricia E. Brooks, Co-Chairperson; ICD–9–CM Coordination and Maintenance Committee; HCFA, Center for Health Plans and Providers, Plan and Provider Purchasing Policy Group, Division of Acute Care; C5–06–27; 7500 Security Boulevard; Baltimore, Maryland 21244–1850. Comments may be sent by E-mail to: pbrooks@hcfa.gov.

The ICD–9–CM code changes that have been approved will become effective October 1, 1998. The new ICD–9–CM codes are listed, along with their proposed DRG classifications, in Tables 6A and 6B (New Diagnosis Codes and New Procedure Codes, respectively) in section V. of the Addendum to this proposed rule. As we stated above, the code numbers and their titles were presented for public comment in the ICD–9–CM Coordination and Maintenance Committee meetings. Both oral and written comments were considered before the codes were approved. Therefore, we are soliciting comments only on the proposed DRG classifications.

Further, the Committee has approved the expansion of certain ICD–9–CM codes to require an additional digit for valid code assignment. Diagnosis codes that have been replaced by expanded codes, other codes, or have been deleted are in Table 6C (Invalid Diagnosis Codes). These invalid diagnosis codes will not be recognized by the GROUPER beginning with discharges occurring on or after October 1, 1998. The corresponding new or expanded diagnosis codes are included in Table 6A. Procedure codes that have been replaced by expanded codes, other codes, or have been deleted are in Table 6D (Invalid Procedure Codes). Revisions to diagnosis code titles are in Table 6E (Revised Diagnosis Code Titles), which also include the proposed DRG assignments for these revised codes. For FY 1999, there are no revisions to procedure code titles.

9. Other Issues—

a. Palliative Care. Effective October 1, 1996 (FY 1997), we introduced a diagnosis code to allow the identification of those cases in which palliative care was delivered to a hospital inpatient. This code, V66.7 (Encounter for palliative care), was unusual in that there had been no previous code assignment that included the concept of palliative care. Since this was a new concept, instructional materials were developed and distributed by the AHA as well as specialty groups on the use of this new code. With new codes, it sometimes takes several years for physician documentation to improve and for coders to become accustomed to looking for this type of information in order to assign a code. There is an inclusion note listed under V66.7 which indicates that this code should be used as a secondary diagnosis only; the patient's medical problem would always be listed first. Currently, use of diagnosis code V66.7 does not have an impact on DRG assignment. Consistent with prior practice, we have waited until the FY 1997 data became available for analysis before considering any possible modifications to the DRGs.

In analyzing the FY 1997 bills received through September 1997, we found that 4,769 discharges included V66.7 as a secondary diagnosis. These cases were widely distributed throughout 199 DRGs. The vast majority of these DRGs included five or fewer discharges with use of palliative care. Only 12 DRGs included more than 100 cases. These were the following:

DRG	Title	Number of cases
10	Nervous System Neoplasms with CC	144
14	Specific Cerebrovascular Disorders Except TIA	272
79	Respiratory Infections and Inflammations Age >17 with CC	139
82	Respiratory Neoplasms	526
89	Simple Pneumonia and Pleurisy Age >17 with CC	200
127	Heart Failure and Shock	184
172	Digestive Malignancy with CC	226
203	Malignancy of Hepatobiliary System or Pancreas	285
239	Pathological Fractures and Musculoskeletal and Connective Tissue Malignancy	218
296	Nutritional and Miscellaneous Metabolic Disorders Age >17 with CC	173
403	Lymphoma and Non-Acute Leukemia with CC	178
416	Septicemia Age >17	147

Six of these DRGs are cancer-related; however, the other DRGs are quite diverse. Upon further analysis, we found that, for the most part, discharges with code V66.7 do not significantly differ in length of stay from the discharges in the same DRG without code V66.7. Discharges with code V66.7 are sometimes longer and sometimes shorter and the comparative length of stay for a given DRG tends to vary by only one day. In general, the average charges for a palliative care case discharge with a secondary code of V66.7 were lower than the charges for other discharges within the DRG. However, these differences were relatively small and were well within the standard variation of charges for cases in the DRG.

One approach we could take to revise the DRGs would be to divide those DRGs with a large number of cases coded with V66.7 into two different DRGs, with and without palliative care. However, the relatively small proportion of cases in each DRG argues against this approach; no DRG has more than 1 percent of its cases coded with palliative care and, in most cases, the percentage is well under 1 percent. An alternative approach would be to group all palliative care cases, regardless of the underlying disease or condition, into one new DRG. However, the charges of these cases are so varied that this is not a logical choice. In addition, there is a lack of clinical coherence in such an approach. The underlying diagnoses of

these cases range from respiratory conditions to heart failure to septicemia. Because there are so few cases in the FY 1997 data and they are so widely dispersed among different DRGs, we are not proposing a DRG modification at this time. We will make a more detailed analysis of these cases over the next year based on a more complete FY 1997 data file as well as review of the FY 1998 cases that will be available later this year. As time goes by, hospital coders and physicians should become more aware of this code and we hope that more complete data will assist our decision making process.

b. PTCA. Effective with discharges occurring on or after October 1, 1997, we reassigned cases of PTCA with coronary artery stent implant from DRG 112 to DRG 116. In the August 29, 1997 final rule with comment period, we responded to several commenters who contended that PTCA cases treated with platelet inhibitors were as resource intensive as the PTCA with stent implant cases and that these cases should also be moved to DRG 116. However, there is currently no code that describes the infusion of platelet inhibitors. Therefore, we were unable to make any changes in the DRGs for FY 1998.

As set forth in Table 6B, New Procedure Codes in section V. of the addendum to this proposed rule, a new procedure code for injection or infusion of platelet inhibitors (code 99.20) will be effective with discharges occurring on or after October 1, 1998. Our usual policy on new codes is to assign them to the same DRG or DRGs as their predecessor code. Because infusion of platelet inhibitors is currently assigned to a non-OR procedure code, we followed our usual practice and designated code 99.20 as a non-OR code that does not affect DRG assignment.

We will not have any data on this new code until we receive bills for FY 1999. Thus, we would be unable to make any changes in DRG assignment until FY 2001. We note, however, that the Conference Report that accompanied the Balanced Budget Act of 1997 contained language stating that ''* * * in order to ensure that Medicare beneficiaries have access to innovative new drug therapies, the Conferees believe that HCFA should consider, to the extent feasible, reliable, validated data other than MedPAR data in annually recalibrating and reclassifying the DRGs.'' (H.R. Rep. No. 105–217.734). At this time, we have received no data that would allow us to make an appropriate modification of DRG 112 for PTCA cases with platelet infusion therapy. When we develop the final rule, we will review and analyze any data we receive about the use of platelet inhibitors for Medicare beneficiaries. If we believe that the data are adequate to allow identification of the percentage of cases in DRG 112 that receive this therapy and the charge and length of stay data convince us that these cases should be moved, we will consider such a move effective for discharges occurring on or after October 1, 1998.

C. Recalibration of DRG Weights

We are proposing to use the same basic methodology for the FY 1999 recalibration as we did for FY 1998. (See the August 29, 1997 final rule with comment (62 FR 45982).) That is, we would recalibrate the weights based on charge data for Medicare discharges. However, we would use the most current charge information available, the FY 1997 MedPAR file, rather than the FY 1996 MedPAR file. The MedPAR file is based on fully-coded diagnostic and surgical procedure data for all Medicare inpatient hospital bills.

The proposed recalibrated DRG relative weights are constructed from FY 1997 MedPAR data, based on bills received by HCFA through December 1997, from all hospitals subject to the prospective payment system and short-term acute care hospitals in waiver States. The FY 1997 MedPAR file includes data for approximately 11.2 million Medicare discharges.

The methodology used to calculate the proposed DRG relative weights from the FY 1997 MedPAR file is as follows:

- To the extent possible, all the claims were regrouped using the proposed DRG classification revisions discussed above in section II.B of this preamble. As noted in section II.B.5, due to the unavailability of revised GROUPER software, we simulate most major classification changes to approximate the placement of cases under the proposed reclassification. However, there are some changes that cannot be modeled.
- Charges were standardized to remove the effects of differences in area wage levels, indirect medical education costs, disproportionate share payments, and, for hospitals in Alaska and Hawaii, the applicable cost-of-living adjustment.
- The average standardized charge per DRG was calculated by summing the standardized charges for all cases in the DRG and dividing that amount by the number of cases classified in the DRG.
- We then eliminated statistical outliers, using the same criteria as was used in computing the current weights. That is, all cases that are outside of 3.0 standard deviations from the mean of the log distribution of both the charges per case and the charges per day for each DRG.
- The average charge for each DRG was then recomputed (excluding the statistical outliers) and divided by the national average standardized charge per case to determine the relative weight. A transfer case is counted as a fraction of a case based on the ratio of its length of stay to the geometric mean length of stay of the cases assigned to the DRG. That is, a 5-day length of stay transfer case assigned to a DRG with a geometric mean length of stay of 10 days is counted as 0.5 of a total case.
- We established the relative weight for heart and heart-lung, liver, and lung transplants (DRGs 103, 480, and 495) in a manner consistent with the methodology for all other DRGs except that the transplant cases that were used to establish the weights were limited to those Medicare-approved heart, heart-lung, liver, and lung transplant centers that have cases in the FY 1995 MedPAR file. (Medicare coverage for heart, heart-lung, liver, and lung transplants is limited to those facilities that have received approval from HCFA as transplant centers.)
- Acquisition costs for kidney, heart, heart-lung, liver, and lung transplants continue to be paid on a reasonable cost basis. Unlike other excluded costs, the acquisition costs are concentrated in specific DRGs (DRG 302 (Kidney Transplant); DRG 103 (Heart Transplant for heart and heart-lung transplants); DRG 480 (Liver Transplant); and DRG 495 (Lung Transplant)). Because these costs are paid separately from the prospective payment rate, it is necessary to make an adjustment to prevent the relative weights for these DRGs from including the effect of the acquisition costs. Therefore, we subtracted the acquisition charges from the total charges on each transplant bill that showed acquisition charges before computing the average charge for the DRG and before eliminating statistical outliers.

When we recalibrated the DRG weights for previous years, we set a threshold of 10 cases as the minimum number of cases required to compute a reasonable weight. We propose to use that same case threshold in recalibrating the DRG weights for FY 1999. Using the FY 1997 MedPAR data set, there are 38 DRGs that contain fewer than 10 cases. We computed the weights for the 38 low-volume DRGs by adjusting the FY 1998 weights of these DRGs by the percentage change in the average weight of the cases in the other DRGs.

The weights developed according to the methodology described above, using the proposed DRG classification

changes, result in an average case weight that is different from the average case weight before recalibration. Therefore, the new weights are normalized by an adjustment factor, so that the average case weight after recalibration is equal to the average case weight before recalibration. This adjustment is intended to ensure that recalibration by itself neither increases nor decreases total payments under the prospective payment system.

Section 1886(d)(4)(C)(iii) of the Act requires that beginning with FY 1991, reclassification and recalibration changes be made in a manner that assures that the aggregate payments are neither greater than nor less than the aggregate payments that would have been made without the changes. Although normalization is intended to achieve this effect, equating the average case weight after recalibration to the average case weight before recalibration does not necessarily achieve budget neutrality with respect to aggregate payments to hospitals because payment to hospitals is affected by factors other than average case weight. Therefore, as we have done in past years and as discussed in section II.A.4.b of the Addendum to this proposed rule, we are proposing to make a budget neutrality adjustment to assure that the requirement of section 1886(d)(4)(C)(iii) of the Act is met.

III. Proposed Changes to the Hospital Wage Index

A. Background

Section 1886(d)(3)(E) of the Act requires that, as part of the methodology for determining prospective payments to hospitals, the Secretary must adjust the standardized amounts ''for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level.'' In accordance with the broad discretion conferred under the Act, we currently define hospital labor market areas based on the definitions of Metropolitan Statistical Areas (MSAs), Primary MSAs (PMSAs), and New England County Metropolitan Areas (NECMAs) issued by the Office of Management and Budget (OMB). OMB also designates Consolidated MSAs (CMSAs). A CMSA is a metropolitan area with a population of one million or more, comprised of two or more PMSAs (identified by their separate economic and social character). For purposes of the hospital wage index, we use the PMSAs rather than CMSAs since they allow a more precise breakdown of labor costs. If a metropolitan area is not designated as part of a PMSA, we use the applicable MSA. Rural areas are areas outside a designated MSA, PMSA, or NECMA.

We note that effective April 1, 1990, the term Metropolitan Area (MA) replaced the term Metropolitan Statistical Area (MSA) (which had been used since June 30, 1983) to describe the set of metropolitan areas comprised of MSAs, PMSAs, and CMSAs. The terminology was changed by OMB in the March 30, 1990 **Federal Register** to distinguish between the individual metropolitan areas known as MSAs and the set of all metropolitan areas (MSAs, PMSAs, and CMSAs) (55 FR 12154). For purposes of the prospective payment system, we will continue to refer to these areas as MSAs.

Section 1886(d)(3)(E) of the Act also requires that the wage index be updated annually beginning October 1, 1993. Furthermore, this section provides that the Secretary base the update on a survey of wages and wage-related costs of short-term, acute care hospitals. The survey should measure, to the extent feasible, the earnings and paid hours of employment by occupational category, and must exclude the wages and wage-related costs incurred in furnishing skilled nursing services. We also adjust the wage index, as discussed below in section III.F, to take into account the geographic reclassification of hospitals in accordance with sections 1886(d)(8)(B) and 1886(d)(10) of the Act.

B. FY 1999 Wage Index Update

The proposed FY 1999 wage index in section V of the Addendum (effective for hospital discharges occurring on or after October 1, 1998 and before October 1, 1999) is based on the data collected from the Medicare cost reports submitted by hospitals for cost reporting periods beginning in FY 1995 (the FY 1998 wage index was based on FY 1994 wage data). The proposed FY 1999 wage index includes the following categories of data, which were also included in the FY 1998 wage index:

- Total salaries and hours from short-term, acute care hospitals.
- Home office costs and hours.
- Direct patient care contract labor costs and hours.

The proposed wage index also continues to exclude the direct salaries and hours for nonhospital services such as skilled nursing facility services, home health services, or other subprovider components that are not subject to the prospective payment system. Finally, as discussed in detail in the August 29, 1997 final rule with comment period, we would calculate a separate Puerto Rico-specific wage index and apply it to the Puerto Rico standardized amount. (See 62 FR 45984 and 46041) This wage index is based solely on Puerto Rico's data.

For FY 1999 we are proposing to include two changes to the categories: we will add contract labor costs and hours for top management positions and replace the fringe benefit category with the wage-related costs associated with hospital and home office salaries category. These two changes reflect changes to the Medicare cost report that were implemented in the FY 1995 hospital prospective payment system September 1, 1994 final rule with comment period (59 FR 45355). The changes were made to the cost report for cost reporting periods beginning during FY 1995. Because we are using wage data from the FY 1995 cost report for the proposed FY 1999 wage index, these two changes will be reflected in the wage index for the first time in FY 1999.

As discussed in detail in the September 1, 1994 final rule with comment period (59 FR 45355), we expanded the definition of contract services reported on the Worksheet S–3 to include the labor-related costs associated with contract personnel in a hospital's top four management positions: Chief Executive Officer (CEO)/Hospital Administrator, Chief Operating Officer (COO), Chief Financial Officer (CFO), and Nursing Administrator. We also revised the cost report to reflect a change in terminology from ''fringe benefits'' to ''wage-related costs,'' to promote the consistent reporting of these costs. (See September 1, 1994 final rule with comment period 59 FR 45356–45359.) We made this change in terminology because we believe that it will eliminate confusion regarding those wage-related costs that are incorporated in the wage index versus the broader definition of fringe benefits recognized under the Medicare cost reimbursement principles. Wage-related costs, which include core and other wage-related costs, are reported on the Form HCFA–339, the Provider Cost Report Reimbursement Questionnaire.

Finally, we have analyzed the wage data for the following costs, which were separately reported for the first time on the FY 1995 cost reports:

- Physician Part A costs.
- Resident and Certified Registered Nurse Anesthetist (CRNA) Part A costs.
- Overhead cost and hours by cost center.

Our analysis and proposals concerning these data are set forth below in section III.C.

C. Proposals Concerning the FY 1999 Wage Index

1. Physician Part A Costs.

Currently, if a hospital directly employs a physician, the Part A portion of the physician's salary and wage-related costs (that is, administrative and teaching service) is included in the calculation of the wage index. However, the costs for contract physician Part A services are not included. Our policy has been that, to be included in the wage index calculation, a contracted service must be related to direct patient care, or, beginning with the FY 1999 wage index, top level management (see discussion above). Because some States have laws that prohibit hospitals from directly hiring physicians, the hospitals in those States have claimed that they are disadvantaged by the wage index's exclusion of contract physician Part A costs. We began collecting separate wage data for both direct and contract physician Part A services on the FY 1995 cost report in order to analyze this issue. As we discussed in the September 1, 1994 final rule with comment period (59 FR 45354), our original purpose in collecting these data was to exclude all Part A physician costs from the wage index.

When we made the change to the cost report, there were five States in which hospitals were prohibited from directly employing physicians. We understand that only two States currently maintain this prohibition: Texas and California. Thus, the number of hospitals affected by our current policy has decreased. Nevertheless, the fact that hospitals in these two States are still prohibited from directly employing physicians for Part A services and, therefore, must enter into contractual agreements with physicians for these services, perpetuates the perceived inequity.

The main reasons we planned to exclude all Part A physician costs rather than include the contract costs was our concern that it would be difficult to accurately attribute the Part A costs and hours of these contract physicians and including these costs could inappropriately inflate the hospitals' average hourly wages. That is, we anticipated that average costs for contract physicians would be significantly higher than the costs for those physicians directly employed by the hospital. However, our analysis of the data shows that the average hourly wages for contract physician Part A costs are very similar to, and, in fact slightly lower than, the costs for salaried Part A physician services.

Based on this result, we believe that continuing to include the direct physician Part A costs and adding the costs for contract physicians would be the better policy. Thus, we are proposing to calculate the FY 1999 wage index including both direct and contract physician Part A costs.

Of the 5,115 hospitals included in the FY 1995 wage data file, approximately 23 percent reported contract physician Part A costs. Including these costs would raise the wage index values for one MSA (2 hospitals) by more than 5 percent and 5 MSAs (60 hospitals) by between 2 and 5 percent. One Statewide rural area (68 hospitals) would experience a decrease between 2 and 5 percent. The wage index values for the remaining 365 areas (5,055 hospitals) would be relatively unaffected, experiencing changes of between -2 and 2 percent. We understand that an unusually large number of hospitals have requested changes to these wage data; therefore, there may be relatively significant differences between the wage data file used to calculate the proposed wage index and the final corrected wage data in the file used to calculate the final wage index. Because of this, we will reevaluate our decision based on that final wage data, which will be submitted by April 6, 1998. If we find significant differences in the contract labor costs, we may reconsider our proposal.

2. Resident and CRNA Part A Costs

The wage index presently includes salaries and wage-related costs for residents in approved medical education programs and for CRNAs employed by hospitals under the rural pass-through provision. However, Medicare pays for these costs outside the prospective payment system. Removing these costs from the wage index calculation would be consistent with our general policy to exclude costs that are not paid through the prospective payment system, but, because they were not separately identifiable, we could not remove them.

In the September 1, 1994 final rule with comment period (59 FR 45355), we stated that we would begin collecting the resident and CRNA wage data separately and would evaluate the data before proposing a change in computing the wage index. However, there were data reporting problems associated with these costs on the FY 1995 cost report. The original instructions for reporting resident costs on Line 6 of Worksheet S–3, Part III, erroneously included teaching physician salaries and other teaching program costs from Worksheet A of the cost report. Although we issued revised instructions to correct this error, we now understand these revisions may not have been uniformly instituted. Another issue relating to residents' salaries stems from apparent underreporting of these costs by hospitals and inconsistent treatment of the associated wage-related costs.

In addition, the original Worksheet S–3 and reporting instructions did not provide for the separate reporting of CRNA wage-related costs. Another issue with the FY 1995 wage data is the inclusion of contract CRNA Part A costs in the contract labor costs reported on Worksheet S–3. We believe that much of the CRNA Part A costs are reported under contract labor, rather than under salaried employee costs, due to the heavy use of contract labor by rural hospitals. We do not believe that it would be feasible at this time to try to remove these CRNA Part A costs from the contract labor costs. We improved the reporting instructions for CRNA costs on the FY 1996 cost report.

Our analysis of the CRNA and resident wage data submitted on the FY 1995 cost report convinces us that these data are inaccurately and incompletely reported by hospitals. For example, although there are over 900 teaching hospitals receiving graduate medical education payments, only about 800 hospitals reported resident cost data. Because we do not want to make a relatively significant change in the wage index data calculation without complete and accurate data upon which to base our decision, we are proposing to delay any decision regarding excluding resident and CRNA costs from the wage index until at least next year. We will review the FY 1996 data when it becomes available later this year and present our analysis and any proposals in next year's proposed rule.

3. Overhead Allocation

Prior years' wage index calculations have excluded the direct wages and hours associated with certain subprovider components that are excluded from the prospective payment system; however, the overhead costs associated with excluded components have not been removed. We have previously attempted to remove the overhead costs associated with these excluded areas of the hospital on two separate occasions. Based on the quality of the data, as well as comments we received from the public, these proposals were never implemented.

In the September 1, 1995 final rule with comment period (60 FR 45797), we discussed the results of the second of these efforts. Our analysis was prompted by several suggestions from hospital representatives that the current methodology, which removes the higher

nursing costs in excluded areas from the hospital's direct salaries but leaves in the lower general services salaries, negatively distorts wages. However, the results of our analysis at that time dissuaded us from proposing to exclude these areas' overhead costs because the data were unreliable. We revised the FY 1995 cost report to allow for the reporting of the overhead salaries and hours. We stated that we would reexamine this issue when the FY 1995 cost report data became available.

To allocate overhead costs based on the data reported on Worksheet S–3, we first determined the ratio of the hours reported directly to excluded areas compared to the total hours. Total overhead hours and salaries were then multiplied by this ratio to allocate the proportion of overhead costs attributable to excluded areas. Next, the overhead hours and salaries attributable to excluded areas were subtracted from the hospital's total hours and salaries, and an average hourly wage reflecting this overhead allocation was computed.

Of the 5,115 hospitals in the FY 1995 wage data file, 3,661 reported overhead hours (hospitals were only required to separately report overhead hours if their number of directly assigned excluded hours exceeded 5 percent of their total hours). The overhead allocation would result in an increase in the wage index value of more than 5 percent for only one MSA (2 hospitals). A total of 12 labor areas (5 Statewide rural (206 hospitals) and 7 MSAs (25 hospitals)) would experience an increase of between 2 percent and 5 percent. Only one MSA (29 hospitals) would experience a decline of between 2 and 5 percent. The wage index value for the remaining 358 areas (4,921 hospitals) would be affected by less than 2 percent.

We are proposing to include this exclusion of overhead allocation in the calculation of the FY 1999 wage index. Although the overall impact on hospitals of this change is relatively small, we believe it is an appropriate step toward improving the overall consistency of the wage index. Additionally, we believe this change will significantly increase the accuracy of the wage data for individual hospitals, especially hospitals that have a relatively small portion of their facility devoted to acute inpatient care.

D. Verification of Wage Data From the Medicare Cost Report

The data for the proposed FY 1999 wage index were obtained from Worksheet S–3, Parts III and IV of the FY 1995 Medicare cost reports. The data file used to construct the proposed wage index includes FY 1995 data submitted to the Health Care Provider Cost Report Information System (HCRIS) as of early January 1998. As in past years, we performed an intensive review of the wage data, mostly through the use of edits designed to identify aberrant data.

Of the 5,123 hospitals originally in the data file, 851 hospitals had data elements that failed an edit. From mid-January to mid-February 1998, intermediaries contacted hospitals to revise or verify data elements that resulted in the edit failures.

As of February 17, 1998, 31 hospitals still had unresolved data elements. These unresolved data elements are included in the calculation of the proposed FY 1999 wage index pending their resolution before calculation of the final FY 1999 wage index. We have instructed the intermediaries to complete their verification of questionable data elements and to transmit any changes to the wage data (through HCRIS) no later than April 6, 1998. We expect that all unresolved data elements will be resolved by that date. The revised data will be reflected in the final rule.

Also, as part of our editing process, we deleted data for eight hospitals that failed edits. For two of these hospitals, we were unable to obtain sufficient documentation to verify or revise the data because the hospitals are no longer participating in the Medicare program or are in bankruptcy status. The data from the remaining six participating hospitals were removed because inclusion of their data would have significantly distorted the wage index values. The data for these six hospitals will be included in the final wage index if we receive corrected data that passes our edits. As a result, the proposed FY 1999 wage index is calculated based on FY 1995 wage data for 5,115 hospitals.

E. Computation of the Wage Index

The method used to compute the proposed wage index is as follows:

Step 1—As noted above, we are proposing to base the FY 1999 wage index on wage data reported on the FY 1995 Medicare cost reports. We gathered data from each of the non-Federal, short-term, acute care hospitals for which data were reported on the Worksheet S–3, Parts III and IV of the Medicare cost report for the hospital's cost reporting period beginning on or after October 1, 1994 and before October 1, 1995. In addition, we included data from a few hospitals that had cost reporting periods beginning in September 1994 and reported a cost reporting period exceeding 52 weeks. These data were included because no other data from these hospitals would be available for the cost reporting period described above, and particular labor market areas might be affected due to the omission of these hospitals. However, we generally describe these wage data as FY 1995 data.

Step 2—For each hospital, we subtracted the excluded salaries (that is, direct salaries attributable to skilled nursing facility services, home health services, and other subprovider components not subject to the prospective payment system) from gross hospital salaries to determine net hospital salaries. To determine total salaries plus wage-related costs, we added the costs of contract labor for direct patient care, certain top management, and physician Part A services; hospital wage-related costs, and any home office salaries and wage-related costs reported by the hospital, to the net hospital salaries. The actual calculation is the sum of lines 2, 4, 6, and 33 of Worksheet S–3, Part III. This calculation differs from the one computed on line 32 of Worksheet S–3, Part III. Therefore, a hospital's average hourly wage calculated under Step 2 will be different from the average hourly wage shown on line 32, column 5.

Step 3—For each hospital, we subtracted the reported excluded hours from the gross hospital hours to determine net hospital hours. To determine total hours, we increased the net hours by the addition of home office hours and hours for contract labor attributable to direct patient care, certain top management, and physician Part A salaries.

Step 4—For each hospital reporting both total overhead salaries and total overhead hours greater than zero, we then allocated overhead costs. First, we determined the ratio of excluded area hours (Line 24 of Worksheet S–3, Part III) to revised total hours (Line 9 of Worksheet S–3, Part III, adding back CRNA Part A, physician Part A, and resident hours). Second, we computed the amounts of overhead salaries and hours to be allocated to excluded areas by multiplying the above ratio by the total overhead salaries and hours reported on Line 16 of Worksheet S–3, Part IV. Finally, we subtracted the computed overhead salaries and hours associated with excluded areas from the total salaries and hours derived in Steps 2 and 3.

Step 5—For each hospital, we adjusted the total salaries plus wage-related costs to a common period to determine total adjusted salaries plus wage-related costs. To make the wage inflation adjustment, we estimated the percentage change in the employment

cost index (ECI) for compensation for each 30-day increment from October 14, 1994 through April 15, 1996, for private industry hospital workers from the Bureau of Labor Statistics *Compensation and Working Conditions.* For previous wage indexes, we used the percentage change in average hourly earnings for hospital industry workers to make the wage inflation adjustment. For FY 1999 we are proposing to use the ECI for compensation for private industry hospital workers because it reflects the price increase associated with total compensation (salaries plus fringes) rather than just the increase in salaries, which is what the average hourly earnings category reflected. In addition, the ECI includes managers as well as other hospital workers. We are also proposing to change the methodology used to compute the monthly update factors. This new methodology uses actual quarterly ECI data to determine the monthly update factors. The methodology assures that the update factors match the actual quarterly and annual percent changes. The inflation factors used to inflate the hospital's data were based on the midpoint of the cost reporting period as indicated below.

MIDPOINT OF COST REPORTING PERIOD

After	Before	Adjustment factor
10/14/94	11/15/94	1.032882
11/14/94	12/15/94	1.030771
12/14/94	01/15/95	1.028721
01/14/95	02/15/95	1.026731
02/14/95	03/15/95	1.024776
03/14/95	04/15/95	1.022827
04/14/95	05/15/95	1.020886
05/14/95	06/15/95	1.018901
06/14/95	07/15/95	1.016822
07/14/95	08/15/95	1.014649
08/14/95	09/15/95	1.012446
09/14/95	10/15/95	1.010279
10/14/95	11/15/95	1.008146
11/14/95	12/15/95	1.006047
12/14/95	01/15/96	1.003981
01/14/96	02/15/96	1.001950
02/14/96	03/15/96	1.000000
03/14/96	04/15/96	0.998181

For example, the midpoint of a cost reporting period beginning January 1, 1995 and ending December 31, 1995 is June 30, 1995. An inflation adjustment factor of 1.016822 would be applied to the wages of a hospital with such a cost reporting period. In addition, for the data for any cost reporting period that began in FY 1995 and covers a period of less than 360 days or greater than 370 days, we annualized the data to reflect a 1-year cost report. Annualization is accomplished by dividing the data by the number of days in the cost report and then multiplying the results by 365.

Step 6—Each hospital was assigned to its appropriate urban or rural labor market area prior to any reclassifications under sections 1886(d)(8)(B) or 1886(d)(10) of the Act. Within each urban or rural labor market area, we added the total adjusted salaries plus wage-related costs obtained in Step 5 for all hospitals in that area to determine the total adjusted salaries plus wage-related costs for the labor market area.

Step 7—We divided the total adjusted salaries plus wage-related costs obtained in Step 6 by the sum of the total hours (from Step 4) for all hospitals in each labor market area to determine an average hourly wage for the area.

Step 8—We added the total adjusted salaries plus wage-related costs obtained in Step 5 for all hospitals in the Nation and then divided the sum by the national sum of total hours from Step 4 to arrive at a national average hourly wage. Using the data as described above, the national average hourly wage is $20.6036.

Step 9—For each urban or rural labor market area, we calculated the hospital wage index value by dividing the area average hourly wage obtained in Step 7 by the national average hourly wage computed in Step 8.

Step 10—Following the process set forth above, we developed a separate Puerto Rico-specific wage index for purposes of adjusting the Puerto Rico standardized amounts. We added the total adjusted salaries plus wage-related costs (as calculated in Step 5) for all hospitals in Puerto Rico and divided the sum by the total hours for Puerto Rico (as calculated in Step 4) to arrive at an overall average hourly wage of $9.3339 for Puerto Rico. For each labor market area in Puerto Rico, we calculated the hospital wage index value by dividing the area average hourly wage (as calculated in Step 7) by the overall Puerto Rico average hourly wage.

Step 11—Section 4410 of Public Law 105–33 provides that, for discharges on or after October 1, 1997, the area wage index applicable to any hospital that is not located in a rural area may not be less than the area wage index applicable to hospitals located in rural areas in that State. Furthermore, this wage index floor is to be implemented in such a manner as to assure that aggregate prospective payment system payments are not greater or less than those which would have been made in the year if this section did not apply. For FY 1999, this change affects 229 hospitals in 34 MSAs. The MSAs affected by this provision are identified in Table 4A by a footnote.

F. Revisions to the Wage Index Based on Hospital Redesignation

Under section 1886(d)(8)(B) of the Act, hospitals in certain rural counties adjacent to one or more MSAs are considered to be located in one of the adjacent MSAs if certain standards are met. Under section 1886(d)(10) of the Act, the Medicare Geographic Classification Review Board (MGCRB) considers applications by hospitals for geographic reclassification for purposes of payment under the prospective payment system.

The methodology for determining the wage index values for redesignated hospitals is applied jointly to the hospitals located in those rural counties that were deemed urban under section 1886(d)(8)(B) of the Act and those hospitals that were reclassified as a result of the MGCRB decisions under section 1886(d)(10) of the Act. Section 1886(d)(8)(C) of the Act provides that the application of the wage index to redesignated hospitals is dependent on the hypothetical impact that the wage data from these hospitals would have on the wage index value for the area to which they have been redesignated. Therefore, as provided in section 1886(d)(8)(C) of the Act, the wage index values were determined by considering the following:

- If including the wage data for the redesignated hospitals would reduce the wage index value for the area to which the hospitals are redesignated by 1 percentage point or less, the area wage index value determined exclusive of the wage data for the redesignated hospitals applies to the redesignated hospitals.
- If including the wage data for the redesignated hospitals reduces the wage index value for the area to which the hospitals are redesignated by more than 1 percentage point, the hospitals that are redesignated are subject to that combined wage index value.
- If including the wage data for the redesignated hospitals increases the wage index value for the area to which the hospitals are redesignated, both the area and the redesignated hospitals receive the combined wage index value.
- The wage index value for a redesignated urban or rural hospital cannot be reduced below the wage index value for the rural areas of the State in which the hospital is located.
- Rural areas whose wage index values would be reduced by excluding the wage data for hospitals that have been redesignated to another area continue to have their wage index values calculated as if no redesignation had occurred.
- Rural areas whose wage index values increase as a result of excluding

the wage data for the hospitals that have been redesignated to another area have their wage index values calculated exclusive of the wage data of the redesignated hospitals.

- The wage index value for an urban area is calculated exclusive of the wage data for hospitals that have been reclassified to another area. However, geographic reclassification may not reduce the wage index value for an urban area below the statewide rural wage index value.

We note that, except for those rural areas where redesignation would reduce the rural wage index value, the wage index value for each area is computed exclusive of the wage data for hospitals that have been redesignated from the area for purposes of their wage index. As a result, several urban areas listed in Table 4a have no hospitals remaining in the area. This is because all the hospitals originally in these urban areas have been reclassified to another area by the MGCRB. These areas with no remaining hospitals receive the prereclassified wage index value. The prereclassified wage index value will apply as long as the area remains empty.

The proposed revised wage index values for FY 1999 are shown in Tables 4A, 4B, 4C, and 4F in the Addendum to this proposed rule. Hospitals that are redesignated should use the wage index values shown in Table 4C. Areas in Table 4C may have more than one wage index value because the wage index value for a redesignated urban or rural hospital cannot be reduced below the wage index value for the rural areas of the State in which the hospital is located. When the wage index value of the area to which a hospital is redesignated is lower than the wage index value for the rural areas of the State in which the hospital is located, the redesignated hospital receives the higher wage index value, that is, the wage index value for the rural areas of the State in which it is located, rather than the wage index value otherwise applicable to the redesignated hospitals.

Tables 4D and 4E list the average hourly wage for each labor market area, prior to the redesignation of hospitals, based on the FY 1995 wage data. In addition, Table 3C in the Addendum to this proposed rule includes the adjusted average hourly wage for each hospital based on the FY 1995 data (as calculated from Steps 4 and 5, above). The MGCRB will use the average hourly wage published in the final rule to evaluate a hospital's application for reclassification, unless that average hourly wage is later revised in accordance with the wage data correction policy described in § 412.63(w)(2). In such cases, the MGCRB will use the most recent revised data used for purposes of the hospital wage index. Hospitals that choose to apply before publication of the final rule may use the proposed wage data in applying to the MGCRB for wage index reclassifications that would be effective for FY 2000. We note that in adjudicating these wage index reclassification requests during FY 1999, the MGCRB will use the average hourly wages for each hospital and labor market area that are reflected in the final FY 1999 wage index.

At the time this proposed wage index was constructed, the MGCRB had completed its review. The proposed FY 1999 wage index values incorporate all 435 hospitals redesignated for purposes of the wage index (hospitals redesignated under section 1886(d)(8)(B) or 1886(d)(10) of the Act) for FY 1999. The final number of reclassifications may be different because some MGCRB decisions are still under review by the Administrator and because some hospitals may withdraw their requests for reclassification.

Any changes to the wage index that result from withdrawals of requests for reclassification, wage index corrections, appeals, and the Administrator's review process will be incorporated into the wage index values published in the final rule. The changes may affect not only the wage index value for specific geographic areas, but also whether redesignated hospitals receive the wage index value for the area to which they are redesignated, or a wage index value that includes the data for both the hospitals already in the area and the redesignated hospitals. Further, the wage index value for the area from which the hospitals are redesignated may be affected.

Under § 412.273, hospitals that have been reclassified by the MGCRB are permitted to withdraw their applications within 45 days of the publication of this **Federal Register** document. The request for withdrawal of an application for reclassification that would be effective in FY 1999 must be received by the MGCRB by June 22, 1998. A hospital that requests to withdraw its application may not later request that the MGCRB decision be reinstated.

G. Requests for Wage Data Corrections

As a part of the August 29, 1997 final rule with comment period, we implemented a new timetable for requesting wage data corrections (62 FR 45990). In February 1998, we notified hospitals again of these changes through a memorandum to the fiscal intermediaries. To allow hospitals time to evaluate the wage data used to construct the proposed FY 1999 hospital wage index, we made available to the public a data file containing the FY 1995 hospital wage data. In a memorandum dated February 2, 1998, we instructed all Medicare intermediaries to inform the prospective payment hospitals that they serve of the availability of the wage data file and the process and timeframe for requesting revisions. The wage data file was made available February 6, 1998, through the Internet at HCFA's home page (http://www.hcfa.gov). The intermediaries were also instructed to advise hospitals of the alternative availability of these data through their representative hospital organizations or directly from HCFA. Additional details on ordering this data file are discussed in section IX.A of this preamble, ''Requests for Data from the Public.''

In addition, Table 3C in the Addendum to this proposed rule contains each hospital's adjusted average hourly wage used to construct the proposed wage index values. A hospital can verify its adjusted average hourly wage, as calculated from Steps 4 and 5 of the computation of the wage index (see section III.E of this preamble, above) based on the wage data on the hospital's cost report (after taking into account any adjustments made by the intermediary), by dividing the adjusted average hourly wage in Table 3C by the applicable wage adjustment factors as set forth above in Step 5 of the computation of the wage index. As noted above, however, a hospital's average hourly wages using this calculation will vary from the average hourly wages shown on Line 32 of Worksheet S–3, Part III. An updated Table 3C (along with applicable wage adjustment factors) will be included in the final rule.

We believe hospitals have had ample time to ensure the accuracy of their FY 1995 wage data. Moreover, the ultimate responsibility for accurately completing the cost report rests with the hospital, which must attest to the accuracy of the data at the time the cost report is filed. However, if after review of the wage data file released February 6, a hospital believed that its FY 1995 wage data were incorrectly reported, the hospital was to submit corrections along with complete, detailed supporting documentation to its intermediary by March 9, 1998. To be reflected in the final wage index, any wage data corrections must be reviewed and verified by the intermediary and transmitted to HCFA on or before April 6, 1998. These deadlines are necessary

to allow sufficient time to review and process the data so that the final wage index calculation can be completed for development of the final prospective payment rates to be published by August 1, 1998. We cannot guarantee that corrections transmitted to HCFA after April 6 will be reflected in the final wage index.

After reviewing requested changes submitted by hospitals, intermediaries transmitted any revised cost reports to HCRIS and forwarded a copy of the revised Worksheet S–3, Parts III and IV to the hospitals. If requested changes were not accepted, fiscal intermediaries notified hospitals of the reasons why the changes were not accepted. This procedure ensures that hospitals have every opportunity to verify the data that will be used to construct their wage index values. We believe that fiscal intermediaries are generally in the best position to make evaluations regarding the appropriateness of a particular cost and whether it should be included in the wage index data. However, if a hospital disagrees with the intermediary's resolution of a requested change, the hospital may contact HCFA in an effort to resolve policy disputes. We note that the April 6 deadline also applies to these requested changes. We will not consider factual determinations at this time as these should have been resolved earlier in the process.

We have created the process described above to resolve all substantive wage data correction disputes before we finalize the wage data for the FY 1999 payment rates. Accordingly, hospitals that do not meet the procedural deadlines set forth above will not be afforded a later opportunity to submit wage corrections or to dispute the intermediary's decision with respect to requested changes.

We note that, beginning this year with the FY 1999 wage index, the final wage index that is published August 1 will incorporate all corrections, including those to correct data entry or tabulation errors of the final wage data by the intermediary or HCFA. The final wage data public use file will be released by May 7, 1998. Hospitals will have until June 5, 1998, to submit requests to correct errors in the final wage data due to data entry or tabulation errors by the intermediary or HCFA. The correction requests that will be considered after the March 9 deadline will be limited to errors in the entry or tabulation of the final wage data which the hospital could not have known about prior to March 9, 1998.

The final wage data file released in early May will contain the wage data that will be used to construct the wage index values in the final rule. As with the file made available in February, HCFA will make the final wage data file released in May available to hospital associations and the public (on the Internet). This file, however, is being made available only for the limited purpose of identifying any potential errors made by HCFA or the intermediary in the entry of the final wage data that result from the correction process described above (with the March 9 deadline), not for the initiation of new wage data correction requests. Hospitals are encouraged to review their hospital wage data promptly after the release of the final file.

If, after reviewing the final file, a hospital believes that its wage data are incorrect due to a fiscal intermediary or HCFA error in the entry or tabulation of the final wage data, it should send a letter to both its fiscal intermediary and HCFA. The letters should outline why the hospital believes an error exists and provide all supporting information, including dates. These requests must be received by HCFA and the intermediaries no later than June 5, 1998. Requests mailed to HCFA should be sent to: Health Care Financing Administration; Center for Health Plans and Providers; Attention: Stephen Phillips, Technical Advisor; Division of Acute Care; C5–06–27; 7500 Security Boulevard; Baltimore, MD 21244–1850. Each request also must be sent to the hospital's fiscal intermediary. The intermediary will review requests upon receipt and contact HCFA immediately to discuss its findings.

At this time, changes to the hospital wage data will be made only in those very limited situations involving an error by the intermediary or HCFA that the hospital could not have known about before its review of the final wage data file. Specifically, neither the intermediary nor HCFA will accept the following types of requests at this stage of the process:

- Requests for wage data corrections that were submitted too late to be included in the data transmitted to HCRIS on or before April 6, 1998.
- Requests for correction of errors that were not, but could have been, identified during the hospital's review of the February 1998 wage data file.
- Requests to revisit factual determinations or policy interpretations made by the intermediary or HCFA during the wage data correction process.

Verified corrections to the wage index received timely (that is, by June 5, 1998) will be incorporated into the final wage index to be published by August 1, 1998, and effective October 1, 1998.

Again, we believe the wage data correction process described above provides hospitals with sufficient opportunity to bring errors in their wage data to the intermediary's attention. Moreover, because hospitals will have access to the final wage data by early May, they will have the opportunity to detect any data entry or tabulation errors made by the intermediary or HCFA before the development and publication of the FY 1999 wage index by August 1, 1998, and the implementation of the FY 1999 wage index on October 1, 1998. If hospitals avail themselves of this opportunity, the wage index implemented on October 1 should be free of such errors. Nevertheless, in the unlikely event that errors should occur after that date, we retain the right to make midyear changes to the wage index under very limited circumstances.

Specifically, in accordance with § 412.63(w)(2), we may make midyear corrections to the wage index only in those limited circumstances where a hospital can show: (1) That the intermediary or HCFA made an error in tabulating its data; and (2) that the hospital could not have known about the error, or did not have an opportunity to correct the error, before the beginning of FY 1999 (that is, by the June 5, 1998 deadline). As indicated earlier, since a hospital will have the opportunity to verify its data, and the intermediary will notify the hospital of any changes, we do not foresee any specific circumstances under which midyear corrections would be made. However, should a midyear correction be necessary, the wage index change for the affected area will be effective prospectively from the date the correction is made.

IV.–V. Other Decisions and Changes to the Prospective Payment System for Inpatient Operating Costs

A. Definition of Transfers (§ 412.4)

Pursuant to section 1886(d)(5)(I) of the Act, the prospective payment system distinguishes between ''discharges,'' situations in which a patient leaves an acute care (prospective payment) hospital after receiving complete acute care treatment, and ''transfers,'' situations in which the patient is transferred to another acute care hospital for related care. If a full DRG payment were made to each hospital involved in a transfer situation, irrespective of the length of time the patient spent in the ''sending'' hospital prior to transfer, a strong incentive to increase transfers would be created, thereby unnecessarily endangering

patients' health. Therefore, our policy, which is set forth in the regulations at § 412.4, provides that, in a transfer situation, full payment is made to the final discharging hospital and each transferring hospital is paid a per diem rate for each day of the stay, not to exceed the full DRG payment that would have been made if the patient had been discharged without being transferred.

Currently, the per diem rate paid to a transferring hospital is determined by dividing the full DRG payment that would have been paid in a nontransfer situation by the geometric mean length of stay for the DRG into which the case falls. Hospitals receive twice the per diem for the first day of the stay and the per diem for every following day up to the full DRG amount. Transferring hospitals are also eligible for outlier payments for cases that meet the cost outlier criteria established for all other cases (nontransfer and transfer cases alike) classified to the DRG. Two exceptions to the transfer payment policy are transfer cases classified into DRG 385 (Neonates, Died or Transferred to Another Acute Care Facility) and DRG 456 (Burns, Transferred to Another Acute Care Facility), which receive the full DRG payment instead of being paid on a per diem basis.

Under section 1886(d)(5)(J) of the Act, which was added by section 4407 of the Balanced Budget Act of 1997, a ''qualified discharge'' from one of 10 DRGs selected by the Secretary to a postacute care provider will be treated as a transfer case beginning with discharges on or after October 1, 1998. Section 1886(d)(5)(J)(iii) confers broad authority on the Secretary to select 10 DRGs ''based upon a high volume of discharges classified within such group and a disproportionate use of'' certain post discharge services. Section 1886(d)(5)(J)(ii) defines a ''qualified discharge'' as a discharge from a prospective payment hospital of an individual whose hospital stay is classified in one of the 10 selected DRGs if, upon such discharge, the individual—

- Is admitted to a hospital or hospital unit that is not a prospective payment system hospital;
- Is admitted to a skilled nursing facility; or
- Is provided home health services by a home health agency if the services relate to the condition or diagnosis for which the individual received inpatient hospital services and if these services are provided within an appropriate period as determined by the Secretary.

The Conference Agreement that accompanied the law noted that ''(t)he Conferees are concerned that Medicare may in some cases be overpaying hospitals for patients who are transferred to a post acute care setting after a very short acute care hospital stay. The Conferees believe that Medicare's payment system should continue to provide hospitals with strong incentives to treat patients in the most effective and efficient manner, while at the same time, adjust PPS [prospective payment system] payments in a manner that accounts for reduced hospital lengths of stay because of a discharge to another setting.'' (H.R. Rep. No. 105–217, 740.) In its March 1, 1997 report, ProPAC expressed similar concerns: ''* * * length of stay declines have been greater in DRGs associated with substantial postacute care use, suggesting a shift in care from hospital inpatient to postacute settings'' (pp. 21–22).

In fact, based on the latest available data, overall Medicare hospital costs per case have decreased during FYs 1994 and 1995. This unprecedented real decline in costs per case has led to historically high Medicare operating margins (over 10 percent on average). Along with these declining lengths of stay and costs per case, there has been an increase in the utilization of postacute care. In 1990, the rate of skilled nursing facility services per 1,000 Medicare enrollees was 19. By 1995, it had grown to 33. Corresponding numbers for home health agency services are 58 per 1,000 Medicare enrollees during 1990 and 93 per 1,000 enrollees during 1995. Although home health services are not always directly related to a hospitalization episode, there does appear to be a trend toward increased use of home health for the provision of postacute care rehabilitation services. Previous analysis of the percentage of hospital discharges that receive postacute home health care showed a 10.3 percent increase in 1994 compared to 1992.

Our proposals to implement section 1886(d)(5)(J) of the Act are set forth below.

1. Selection of 10 DRGs

Section 1886(d)(5)(J)(iii)(I) of the Act provides that the Secretary select 10 DRGs based on a high volume of discharges to postacute care and a disproportionate use of postacute care services. Therefore, in order to select the DRGs to be paid as transfers, we first identified those DRGs with the highest percentage of postacute care.

We used the FY 1996 MedPAR file because the complete FY 1997 MedPAR file was not available at the time we conducted our analysis. To identify postacute care utilization, we merged hospital inpatient bill files with postacute care bill files matching beneficiary identification numbers and discharge and admission dates. We created this file rather than depend on information concerning discharge destination on the inpatient bill because we have found that the discharge destination codes included on the hospital bills are often inaccurate in identifying discharges to a facility other than another prospective payment hospital.

Section 1886(d)(5)(J)(ii)(III) of the Act requires the Secretary to choose an appropriate window of days in which the home health services start in order for the discharge to meet the definition of a transfer. In order to include postdischarge home health utilization in our analysis, we identified all hospital discharges for patients who received any home health care within 7 days after the date of discharge. (As described below in section IV.A.2., we ultimately decided to propose 3 days as the window for home health services.)

Starting with the DRG with the highest percentage of postacute care discharges and continuing in descending order, we selected the first 20 DRGs that had a relatively large number of discharges to postacute care (our lower limit was 14,000 cases). In order to select 10 DRGs from the 20 DRGs on our list, for each of the DRGs we considered the volume and percent age of discharges to postacute care that occurred before the mean length of stay and whether the discharges occurring early in the stay were more likely to receive postacute care. The following table lists the 10 DRGs we are proposing to include under our expanded transfer definition, their percentage of postacute utilization compared to total cases, and the total number of cases identified as going to postacute care.

DRG	Title and type of DRG (surgical or medical)	Percent of postacute utilization	Number of postacute cases
14	Specific Cerebrovascular Disorders Except Transient Ischemic Attack (Medical)	49.5	186,845
113	Amputation for Circulatory System Disorders Excluding Upper Limb and Toe (Surgical)	59.0	28,402
209	Major Joint Limb Reattachment Procedures of Lower Extremity (Surgical)	71.9	257,875
210	Hip and Femur Procedures Except Major Joint Age >17 With CC (Surgical)	77.8	111,799
211	Hip and Femur Procedures Except Major Joint Age >17 Without CC (Surgical)	74.2	19,548
236	Fractures of Hip and Pelvis (Medical)	61.2	24,498
263	Skin Graft and/or Debridement for Skin Ulcer or Cellulitis With CC (Surgical)	49.4	14,499
264	Skin Graft and/or Debridement for Skin Ulcer or Cellulitis W/O CC (Surgical)	39.3	1,328
429	Organic Disturbances and Mental Retardation (Medical)	45.4	19,314
483	Tracheostomy Except for Face, Mouth and Neck Diagnoses (Surgical)	45.3	18,254

We included DRG 263 on the list because of its ranking in the top 20 DRGs in terms of postacute utilization and volume of discharges to postacute care. DRGs 263 and 264 are paired DRGS; that is, the only difference in the cases assigned to DRG 263 as opposed to DRG 264 is that the patient has a complicating or comorbid condition. If we included only DRG 263 in the list, it would be possible for a transfer case with a relatively short length of stay that should be assigned to DRG 263 and receive a relatively small transfer payment to be assigned instead to DRG 264, and receive the full DRG payment, simply by failing to include the CC diagnosis code on the bill. Therefore, our choice was to either delete DRG 263 from the list or add DRG 264. We decided to include DRG 264 in the proposed list because DRG 263 fully meets all the conditions for inclusion on the list of 10 DRGS.

2. Postacute Care Settings

Section 1886(d)(5)(J)(ii) of the Act requires the Secretary to define and pay as transfers cases from one of 10 DRGs selected by the Secretary if the individual is discharged to one of the following settings:

- A hospital or hospital unit that is not a subsection [1886](d) hospital, that is a hospital or unit excluded from the inpatient prospective payment system.
- A skilled nursing facility that is, a facility that meets the definition of a skilled nursing facility set forth at section 1819 of the Act.
- Home health services provided by a home health agency, if the services are related to the condition or diagnosis for which the individual received inpatient hospital services, and if the home health services are provided within an appropriate period (as determined by the Secretary).

Section 1886(d)(1)(B) of the Act defines the hospitals and hospital units that are excluded from the prospective payment system as the following: psychiatric, rehabilitation, childrens', long-term care, and cancer hospitals and psychiatric and rehabilitation distinct part units of a hospital. Therefore, any discharge from a prospective payment hospital from one of the 10 proposed DRGS that is admitted to one of these types of facilities on the date of discharge from the acute hospital, on or after October 1, 1998, would be considered a transfer and paid accordingly under the prospective payment systems (operating and capital) for inpatient hospital services.

A discharge from a prospective payment hospital to a skilled nursing facility would include cases discharged from one of the 10 DRGS from an inpatient bed in the hospital to a bed in the same hospital that has been designated for the provision of skilled nursing care (a ''swing'' bed). The swing bed provision allows certain small rural hospitals to furnish services in inpatient beds which, if furnished by a skilled nursing facility, would constitute extended care services. In addition, any patient who receives swing-bed services is deemed to have received extended care services as if furnished by a skilled nursing facility. Thus, if swing beds are not included in the transfer policy, those hospitals with swing bed agreements could move patients assigned to one of the 10 selected DRGs as if it were a discharge from an inpatient bed to a swing bed and receive payment. We do not believe that this would be a fair policy in that it would create a payment advantage for swing bed hospitals. Therefore, we are providing in the regulations that a discharge to a swing bed will be paid as a transfer when the patient is classified to one of the 10 selected DRGs.

Section 1886(d)(5)(J)(ii)(III) of the Act states that the discharge of an individual who receives home health services upon discharge will be treated as a transfer if ''such services are provided within an appropriate period (as determined by the Secretary) * * *.'' As discussed above in section IV.A.1, we began our analysis using 7 days (one week) as the time period we would consider. We now believe that 3 days after the date of discharge is a more appropriate timeframe. Based on our analysis of the FY 1996 bills, approximately 90 percent of patients began receiving home health care within 3 days. We are particularly interested in receiving comments on the appropriate period of time in which home health services should begin in the context of the transfer policy.

With regard to an appropriate definition of ''home health services * * * relate[d] to the condition or diagnosis for which the individual received inpatient hospital services * * *'', we considered several possible approaches. Under one approach we could compare the principal diagnosis of the inpatient stay to the diagnosis code indicated on the home health bill, similar to our policy on the 3-day payment window for preadmission services. However, we believe that is far too restrictive in terms of qualifying discharges for transfer payment. In addition, a hospital will not know when it discharges a patient to home health what diagnosis code the home health agency will put on the bill. Therefore, the hospital would not be able to correctly code the inpatient bill as a transfer or discharge.

We also considered proposing that any home health care that begins within the designated timeframe be included ''as related'' in our definition. However, this definition might be too broad and the hospital would not be able to predict which cases should be coded as transfers because the hospital often may not know about home health services that are provided upon discharge but were not ordered or planned for as part of the hospital discharge plan.

We are proposing that home health services would be considered related to the hospital discharge if the patient is discharged from the hospital with a written plan of care for the provision of home health care services from a home health agency. In this way, the hospital would be fully aware of the status of the patient when discharged and could be held responsible for correctly coding the

discharge as a transfer on the inpatient bill. In general, this would mean that the home health service would qualify as a Part A home health benefit under section 1861(tt) of the Act as added by section 4611(b) of the BBA.

We note, however, that we plan to compare inpatient bills with home health service bills for care provided within 3 days after discharge, similar to our current claims edit for hospital to hospital transfers. If we find that home health services were provided within the postdischarge window, the hospital will be notified and the hospital payment adjusted unless the hospital can submit documentation verifying the discharge status of the patient. This will alert hospitals if there are problems with their discharge/transfer billing and allow them to adjust their discharge planning process and billing practices. If we find a continued pattern of a hospital billing for cases from the 10 DRGs as discharges and our records indicate that the patients are receiving postacute care services from an excluded hospital, a skilled nursing facility, or within the 3-day home health service window, the hospitals may be investigated for fraudulent or abusive billing practices.

3. Payment Methodology

The statute does not dictate the payment methodology we must use for these transfer cases. However, section 1886(d)(5)(J)(i) of the Act provides that the payment amount for a case may not exceed the sum of half the full DRG payment amount and half of the payment amount under the current per diem payment methodology.

Based on our analysis comparing the costs per case for the transfers in the 10 DRGs with payments under our current transfer payment methodology, we found that most of the 10 DRGs are appropriately paid using our current methodology (that is, twice the per diem for the first day and the per diem for each subsequent day). In fact, this payment would, on average, slightly exceed costs. However, this is not true of DRGs 209, 210, and 211. For those three DRGs, a disproportionate percentage (about 50 percent) of the costs of the case are incurred on the first day of the stay. Therefore, we are proposing to pay DRGs 209, 210, and 211 based on 50 percent of the DRG payment for the first day of the stay and 50 percent of the per diem for the remaining days of the stay. The other seven DRGs would be paid under the current transfer payment methodology.

In Appendix E to this proposed rule, we have included tables that illustrate, for 9 of the 10 DRGs, the number of total and postacute discharges by length of stay, the geometric mean lengths of stay from FY 1983 through FY 1997, and the estimated average costs and transfer payments by length of stay. (The summary information for DRG 264 was not available at the time of publication because it was not included in the original data file of 20 DRGs used for our analysis.) For DRGs 209, 210, and 211, the payment line is determined on the basis of the alternative payment formula described above.

These tables demonstrate that a very large number of discharges from these 10 DRGs receive postacute care. In addition, the length of stay for these DRGs has decreased sharply over the last several years. We believe that this proposed policy will both decrease the hospitals' financial incentive to discharge patients very early in the stay, often before the full course of acute care treatment has ended, as well as pay the hospital at an appropriate level when it does move patients into postacute care.

We would revise § 412.4 to reflect these proposed policies. In addition, we would delete the reference in current § 412.4(d)(2) to DRG 456 (Burns, Transferred to Another Acute Care Facility) because we are proposing to replace that DRG, as discussed in section II.B.3 of this preamble. There would no longer be any burn DRG with a transfer designation.

B. Rural Referral Centers (§ 412.96)

Under the authority of section 1886(d)(5)(C)(i) of the Act, § 412.96 sets forth the criteria a hospital must meet in order to receive special treatment under the prospective payment system as a rural referral center. For discharges occurring before October 1, 1994, rural referral centers received the benefit of payment based on the other urban rather than the rural standardized amount. As of that date, the other urban and rural standardized amounts were the same. However, rural referral centers continue to receive special treatment under both the disproportionate share hospital payment adjustment and the criteria for geographic reclassification.

One of the criteria under which a rural hospital may qualify as a rural referral center is to have 275 or more beds available for use. A rural hospital that does not meet the bed size criterion can qualify as a rural referral center if the hospital meets two mandatory criteria (specifying a minimum case-mix index and a minimum number of discharges) and at least one of the three optional criteria (relating to specialty composition of medical staff, source of inpatients, or volume of referrals). With respect to the two mandatory criteria, a hospital may be classified as a rural referral center if its—

- Case-mix index is at least equal to the lower of the median case-mix index for urban hospitals in its census region, excluding hospitals with approved teaching programs, or the median case-mix index for all urban hospitals nationally; and
- Number of discharges is at least 5,000 discharges per year or, if fewer, the median number of discharges for urban hospitals in the census region in which the hospital is located. (The number of discharges criterion for an osteopathic hospital is at least 3,000 discharges per year.)

1. Case-Mix Index

Section 412.96(c)(1) provides that HCFA will establish updated national and regional case-mix index values in each year's annual notice of prospective payment rates for purposes of determining rural referral center status. The methodology we use to determine the proposed national and regional case-mix index values, is set forth in regulations at § 412.96(c)(1)(ii). The proposed national case-mix index value includes all urban hospitals nationwide, and the proposed regional values are the median values of urban hospitals within each census region, excluding those with approved teaching programs (that is, those hospitals receiving indirect medical education payments as provided in § 412.105).

These values are based on discharges occurring during FY 1997 (October 1, 1996 through September 30, 1997) and include bills posted to HCFA's records through December 1997. Therefore, in addition to meeting other criteria, for hospitals with fewer than 275 beds, we are proposing that to qualify for initial rural referral center status for cost reporting periods beginning on or after October 1, 1998, a hospital's case-mix index value for FY 1997 would have to be at least—

- 1.3578; or
- Equal to the median case-mix index value for urban hospitals (excluding hospitals with approved teaching programs as identified in § 412.105) calculated by HCFA for the census region in which the hospital is located.

The median case-mix values by region are set forth in the table below:

Region	Case-mix index value
1. New England (CT, ME, MA, NH, RI, VT)	1.2533
2. Middle Atlantic (PA, NJ, NY)	1.2499
3. South Atlantic (DE, DC, FL, GA, MD, NC, SC, VA, WV)	1.3468

Region	Case-mix index value
4. East North Central (IL, IN, MI, OH, WI)	1.2717
5. East South Central (AL, KY, MS, TN)	1.2965
6. West North Central (IA, KS, MN, MO, NE, ND, SD)	1.2264
7. West South Central (AR, LA, OK, TX)	1.3351
8. Mountain (AZ, CO, ID, MT, NV, NM, UT, WY)	1.3752
9. Pacific (AK, CA, HI, OR, WA)	1.3405

The above numbers will be revised in the final rule to the extent required to reflect the updated MedPAR file, which will contain data from additional bills received for discharges through March 31, 1997.

For the benefit of hospitals seeking to qualify as referral centers or those wishing to know how their case-mix index value compares to the criteria, we are publishing each hospital's FY 1997 case-mix index value in Table 3C in section IV. of the Addendum to this proposed rule. In keeping with our policy on discharges, these case-mix index values are computed based on all Medicare patient discharges subject to DRG-based payment.

2. Discharges

Section 412.96(c)(2)(i) provides that HCFA will set forth the national and regional numbers of discharges in each year's annual notice of prospective payment rates for purposes of determining referral center status. As specified in section 1886(d)(5)(C)(ii) of the Act, the national standard is set at 5,000 discharges. However, we are proposing to update the regional standards. The proposed regional standards are based on discharges for urban hospitals' cost reporting periods that began during FY 1996 (that is, October 1, 1995 through September 30, 1996). That is the latest year for which we have complete discharge data available.

Therefore, in addition to meeting other criteria, we are proposing that to qualify for initial rural referral center status for cost reporting periods beginning on or after October 1, 1998, the number of discharges a hospital must have for its cost reporting period that began during FY 1997 would have to be at least—

- 5,000; or
- Equal to the median number of discharges for urban hospitals in the census region in which the hospital is located, as indicated in the table below.

Region	Number of discharges
1. New England (CT, ME, MA, NH, RI, VT)	6658
2. Middle Atlantic (PA, NJ, NY)	8477
3. South Atlantic (DE, DC, FL, GA, MD, NC, SC, VA, WV)	7505
4. East North Central (IL, IN, MI, OH, WI)	7273
5. East South Central (AL, KY, MS, TN)	6852
6. West North Central (IA, KS, MN, MO, NE, ND, SD)	5346
7. West South Central (AR, LA, OK, TX)	5179
8. Mountain (AZ, CO, ID, MT, NV, NM, UT, WY)	7926
9. Pacific (AK, CA, HI, OR, WA)	5945

We note that the number of discharges for hospitals in each census region is greater than the national standard of 5,000 discharges. Therefore, 5,000 discharges is the minimum criteria for all hospitals. These numbers will be revised in the final rule based on the latest FY 1996 cost report data.

We reiterate that, to qualify for rural referral center status for cost reporting periods beginning on or after October 1, 1998, an osteopathic hospital's number of discharges for its cost reporting period that began during FY 1996 would have to be at least 3,000.

C. Payments to Disproportionate Share Hospitals: Conforming Change Regarding Interpretation of Medicaid Patient Days Included in Disproportionate Patient Percentage (§ 412.106)

Effective for discharges beginning on or after May 1, 1986, hospitals that treat a disproportionately large number of low-income patients receive additional payments through the disproportionate share (DSH) adjustment. One means of determining a hospital's DSH payment adjustment for a cost reporting period requires calculation of its disproportionate patient percentage for the period. The disproportionate patient percentage is the sum of a prescribed Medicare fraction and a Medicaid fraction for the hospital's fiscal period. Under clause (I) of section 1886(d)(5)(F)(vi) of the Act and § 412.106(b)(2), the Medicare fraction is determined by dividing the number of the hospital's patient days for patients who were entitled (for such days) to benefits under both Medicare Part A and Supplemental Security Income (SSI) under Title XVI of the Act, by the total number of the hospital's patient days for the patients who were entitled to Medicare Part A. The Medicaid fraction is determined, in accordance with clause (II) of section 1886(d)(5)(F)(vi) of the Act and § 412.106(b)(4), by dividing the number of the hospital's patient days for patients who (for such days) were eligible for medical assistance under a State Medicaid plan approved under Title XIX of the Act but who were not entitled to Medicare Part A, by the total number of the hospital's patient days for that period.

Initially, HCFA calculated the Medicaid fraction by interpreting section 1886(d)(5)(F)(vi)(II) of the Act to recognize as Medicaid patient days only those days for which the hospital received Medicaid payment for inpatient hospital services. See 51 FR 31454, 31460 (1986). The agency's interpretation was declared invalid by four Federal circuit courts of appeals. See *Cabell Huntington Hosp., Inc.* v. *Shalala*, 101 F.3d 984, 990–91 (4th Cir. 1996) (following three other circuits). These courts held that the statute requires, for purposes of calculating the Medicaid fraction, inclusion of each patient day of service for which a patient was eligible on that day for medical assistance under an approved State Medicaid plan. Specifically, the statute requires inclusion of each hospital patient day for a patient eligible for Medicaid on such day, regardless of whether particular items or services were covered or paid under the State Medicaid plan.

On February 27, 1997, the HCFA Administrator issued HCFA Ruling 97–2, which acquiesced in the four adverse appellate court decisions. The Ruling changed the agency's statutory construction to comport with those decisions, in order to facilitate nationwide uniformity in the calculation of the Medicaid fraction. Like the court decisions, the Ruling provides that a hospital's Medicaid patient days include each patient day of service for which a patient was eligible on such day for medical assistance under an approved State Medicaid plan, regardless of whether particular items or services were covered or paid under the State plan. The Ruling also reflects the hospital's burden of furnishing data adequate to prove each claimed Medicaid patient day, and of verifying with the State that a patient was eligible for Medicaid during each day of the inpatient hospital stay.

The Ruling further provides that the agency's new interpretation is effective February 27, 1997 for each cost reporting period that: (1) Begins on or after that effective date; (2) was not settled, as of that date, on the Medicaid patient days issue, by means of an applicable notice of program reimbursement (NPR) (see § 405.1803); or (3) was settled through such an NPR

as of the Ruling's effective date and is the subject of a pending administrative appeal or civil action that satisfies all applicable jurisdictional requirements of the Medicare statute and regulations. The Ruling also provides, however, that the change in statutory interpretation effected by the Ruling is not a basis for reopening a hospital cost reporting period (see §§ 405.1885–405.1889) that was finalized previously on the same matter at issue.

We propose to revise § 412.106(b)(4) in order to conform the Medicare regulations to the new statutory construction issued in HCFA Ruling 97–2. The revisions are necessary to ensure that the regulations comport with the four appellate court decisions that declared invalid the agency's prior interpretation and led to the issuance of the HCFA Ruling. The proposed revisions will further facilitate nationwide uniformity in the calculation of the Medicaid fraction.

Since the proposed revisions are intended simply to conform the regulations to HCFA Ruling 97–2 (and hence to the four adverse court decisions), revised § 412.106(b)(4) would reiterate the Ruling's change of interpretation that the Medicaid fraction under section 1886(d)(5)(F)(vi)(II) of the Act includes each hospital patient day for a patient eligible for Medicaid on such day, regardless of whether particular items or services were covered or paid under the State Medicaid Plan. Our proposed revisions to § 412.106(b)(4), like the Ruling, would continue to place on the hospital the burdens of production, proof, and verification as to each claimed Medicaid patient day.

Under our proposal, revised § 412.106(b)(4) would apply to cost reporting periods beginning on or after October 1, 1998. HCFA Ruling 97–2, which includes the same provisions as proposed § 412.106(b)(4), would continue to apply to any cost reporting period beginning before October 1, 1998 provided that, as of February 27, 1997, there is for such period: no submitted cost report; no cost report settled on the Medicaid patient days issue through an applicable NPR; or a cost report settled on that issue, which is also the subject of a jurisdictionally proper administrative appeal or civil action on the issue.

D. Payment for Bad Debts (§ 413.80)

Section 4451 of the Balanced Budget Act of 1997 reduces the payment for enrollee bad debt for hospitals. Specifically, this provision reduces the amount of bad debts otherwise treated as allowable costs, attributable to the deductibles and coinsurance amounts under this title, by 25 percent for cost reporting periods beginning during fiscal year 1998, by 40 percent for cost reporting periods beginning during fiscal year 1999, and by 45 percent for cost reporting periods beginning during a subsequent fiscal year. This proposed rule would conform the regulations to the statute.

Section 4451 of the Balanced Budget Act of 1997 also provides that in determining such reasonable costs for hospitals, any copayments reduced under the election available for hospital outpatient services under section 1833(t)(5)(B) of the Act will not be treated as a bad debt. This provision will be implemented in the outpatient prospective payment system regulation that implements section 4521, 4522, and 4523 of the Balanced Budget Act of 1997, to be published later this year.

E. Payment for Direct Costs of Graduate Medical Education to Hospitals and Nonhospital Providers (§§ 405.2468, 413.85, and 413.86)

1. Introduction

Currently, under section 1886(h) of the Act, Medicare pays only hospitals for the costs of graduate medical education (GME) training. We do not pay nonhospital sites for the costs they incur in training medical residents. There has been a general trend to shift patient care from the inpatient setting to the less expensive nonhospital setting where appropriate. Consistent with this trend in patient care, the BBA allows for direct GME payment to qualified nonhospital providers to encourage more training of future physicians in nonhospital settings.

Under section 1886(k) of the Act, as added by section 4625 of the BBA, the Secretary is now authorized, but not required, to pay qualified nonhospital providers for the direct costs of GME training. The Conference Report also notes that the Conferees believe paying nonhospital providers for GME costs may help alleviate physician shortages in underserved rural areas. We believe that providing Medicare payment directly to nonhospital providers may facilitate more training and better quality training in nonhospital sites.

2. Statutory Background

Section 1886(k) of the Act states: ''For cost reporting periods beginning on or after October 1, 1997, the Secretary may establish rules for payment to qualified nonhospital providers for their direct costs of medical education, if those costs are incurred in the operation of an approved medical residency training programs described in subsection (h).'' The statute further provides that, to the extent the Secretary exercises this broad discretionary authority, the rules ''shall specify the amounts, form, and manner in which such payments will be made and the portion of such payments that will be made from each of the trust funds under this title.''

a. Payments Only to ''Qualified Nonhospital Providers''. The statute confers broad discretion on the Secretary regarding whether and how to pay nonhospital providers for direct GME costs. However, the statute does specify the entities whom the Secretary can pay—''qualified nonhospital providers.'' Section 1886(k)(2) of the Act defines ''qualified nonhospital providers'' to include: Federally Qualified Health Centers (FQHCs), as defined in section 1861(aa)(4); Rural Health Centers (RHCs), as defined in section 1861(aa)(2); Medicare+Choice organizations; and such other providers (other than hospitals) as the Secretary determines to be appropriate.

b. Payments Only for the ''Direct Costs'' of Training. The statute also specifies the costs the Secretary can pay for under section 1886(k) of the Act. Medicare pays hospitals for both the direct and indirect costs of medical education under sections 1886(h) and 1886(d)(5)(B) of the Act respectively, but section 1886(k) of the Act provides for payment to nonhospital providers only for the direct costs of medical education.

In addition, section 1886(k) of the Act provides for payment for the direct costs of training medical residents only if those costs are incurred in the operation of an ''approved medical residency training program.'' Section 1886(h)(5)(A) of the Act defines an ''approved medical residency training program'' as a ''residency or other postgraduate medical training program participation in which may be counted toward certification in a specialty or subspecialty and includes formal postgraduate training programs in geriatric medicine approved by the Secretary.'' Implementing regulations at § 413.86(b) state that an approved medical residency training program includes allopathic and osteopathic training programs as well as training programs for dentistry and podiatry. Therefore, the statute authorizes Medicare payments to nonhospital providers only for the costs of training medical residents, not for the costs of training other health professionals.

In addition to adding section 1886(k) of the Act, section 4625 of the BBA amends section 1886(h)(3)(B) of the Act to prohibit double payments for direct

GME to a hospital and a qualified nonhospital provider. This prohibition on double payments requires that the Secretary reduce a hospital's GME payments (the ''aggregate approved amount'' as defined in section 1886(h)(3)(b) of the Act) to the extent we pay a nonhospital provider for GME under section 1886(k) of the Act.

3. Proposed Policies

Pursuant to section 4625 of the BBA, we are proposing policies to provide Medicare payment to nonhospital providers for the direct costs of GME training, effective for portions of cost reporting periods occurring on or after January 1, 1999. We believe that these payments will serve the Congressional intent to encourage and support training in nonhospital settings.

a. Definition of ''Qualified Non-Hospital Providers''. Under our proposed policy, Medicare would make GME payments to the following ''qualified nonhospital providers''—FQHCs, RHCs, and Medicare+Choice organizations. Under the authority of section 1886(k)(2)(D) of the Act, the Secretary may expand the definition of a ''qualified nonhospital provider'' to include such other providers (other than hospitals) as the Secretary determines to be appropriate. Once we have gained experience providing direct GME payments to FQHCs, RHCs, and Medicare+Choice organizations, we may consider including other types of nonhospital providers in the definition of a ''qualified nonhospital provider.''

Additionally, we propose that, under certain circumstances, a hospital may continue to receive GME payments for residents who train in the nonhospital setting. In those instances where a hospital is eligible to continue receiving GME payments for residents who train in the nonhospital setting, the nonhospital provider could receive payment from the hospital for costs they incur in training medical residents. Thus, our policy promotes the intent of section 4625 of the BBA to provide financial support, either directly from Medicare or through the hospital, to nonhospital providers for the direct costs of training residents in the nonhospital site.

b. Definition of ''Direct Costs'' of Medical Education for Non-Hospital Providers. Section 4625 of the BBA provides for payment to nonhospital providers only for the direct costs of training residents. Our proposed definition of ''direct costs'' for nonhospital providers is comparable to the direct costs for hospitals under section 1886(h) of the Act. Under our proposed policy, direct GME costs are those costs that are incurred by the nonhospital site for the education activities of the approved program and that are the proximate result of training medical residents in the nonhospital site. Direct costs for nonhospital providers would include:

- Residents' salaries and fringe benefits (including related travel and lodging expenses where applicable);
- That portion of costs of the teaching physicians' salaries and fringe benefits that are related to the time spent in teaching and supervision of residents; and
- Other related GME overhead costs.

Consistent with our policies on direct GME costs for hospitals, direct GME costs for nonhospital providers would not include normal operating costs or the marginal increase in costs that the nonhospital site experiences as a result of having an approved medical residency training program. For example, a decrease in productivity and increased intensity in treatment patterns as the result of a training program do not constitute ''direct costs'' of training residents in the nonhospital setting; rather, these are the ''indirect costs'' of such training.

Also consistent with our policies for direct GME payments to hospitals, we propose to pay qualified nonhospital providers only for training that is related to the delivery of patient care services. Sections 1886(h) (''Payments for Direct GME Costs'') and 1886(h)(4)(E) of the Act (''Counting Time Spent in Outpatient Settings'') provide support continuing our longstanding policy of paying only for training that is associated with patient care services. In particular, section 1886(h)(4)(E) of the Act states:

> Such rules shall provide that *only time spent in activities relating to patient care* shall be counted and that all the time so spent by a resident under an approved medical residency training program shall be counted towards the determination of full-time equivalency, without regard to the setting in which the activities are performed, if the hospital incurs all, or substantially all, of the costs for the training program in that setting.

In addition, section 1861(b) of the Act describes the types of patient care services that are reimbursable. Specifically, section 1861(b)(6) of the Act indicates that the training of interns or residents under an approved teaching program are included as reimbursable patient care costs.

Moreover, direct GME costs for nonhospital providers, like direct GME costs for hospitals, would include only that portion of costs of the teaching physicians' salaries and fringe benefits associated with time spent in teaching and supervising residents. Specifically, a teaching physician's time spent on teaching of a general nature would constitute a direct GME cost, while teaching of a patient-specific nature would not constitute a direct cost. In addition, direct costs in the nonhospital setting would include that portion of teaching physicians' salaries and fringe benefits associated with time spent developing resident schedules and evaluating or rating the residents. Direct costs would also include a teaching physician's office costs allocated to GME.

By contrast, direct GME costs for nonhospital providers would not include the following: A teaching physician's time spent in the care of individual patients which results in billable services; teaching physicians' activities that are related to the education of other health professionals (i.e., classroom instruction in connection with approved activities other than GME such as provider-operated nursing programs); teaching physicians' time spent on administrative and supervisory services to the provider that are unrelated to approved educational activities (i.e. operating costs); and teaching physician activities that involve nonallowable costs such as research and medical school activities that are not related to patient care in the nonhospital setting.

GME overhead costs include only those costs that are allocable to direct GME and that are not used in patient care. For example, a portion of administrative and general costs could be appropriately allocated to an RHC or FQHC's GME cost center. Similarly, a conference room that is dedicated specifically for the training of residents could be appropriately allocated to an RHC or FQHC's GME cost center. By contrast, patient care rooms added to an RHC or an FQHC cannot be appropriately allocated to an RHC or FQHC's GME cost center.

One of the advantages of our proposed definition of ''direct costs'' is that it is administratively feasible. Our definition of ''direct costs'' for nonhospital providers is comparable to the direct costs that are included in the per resident amount paid to hospitals under section 1886(h) of the Act. At present, there is limited information regarding the actual costs of training residents in nonhospital sites. After we gain experience providing direct GME payments to qualified nonhospital providers and have reviewed the GME costs separately reported by these nonhospital providers, we may revise the definition of ''direct costs.'' We are

soliciting comments on other elements that may constitute direct costs of GME in the nonhospital site that can be identified, reported, and verified as directly attributable to GME activities through the cost reporting process. We are interested in comments on whether we should include other costs in the definition of ''direct costs'' for nonhospital providers and on the administrative feasibility of identifying the GME portion of those costs.

c. Determining Direct Costs. One of our major concerns in developing policies for paying nonhospital providers for the direct costs of GME is the administrative feasibility of determining the amount of direct costs incurred by the nonhospital provider. It is our understanding that, currently, hospitals and nonhospital sites often share, to varying degrees, the costs of training residents in the nonhospital site. Because of the difficulty in apportioning costs between the hospital and the nonhospital for the training in the nonhospital site, we believe that it is not administratively feasible to pay both the hospital and the nonhospital site for the cost of training in the nonhospital site. We have been unable to devise a method for accurately apportioning costs between the two entities.

Furthermore, the potential for both the hospital and the nonhospital site to be paid for the same direct GME expenses poses a significant problem for complying with section 1886(h)(3)(B) of the Act, as amended by the BBA, which specifically prohibits double payments. Under this provision, the Secretary shall reduce the hospital's GME payment (the ''aggregate approved amount'') to the extent we pay nonhospital providers for GME costs under section 1886(k) of the Act. Consequently, our policy must ensure that Medicare does not pay two entities for the same training time in the nonhospital site.

Given that the hospital's per resident amount can include, but is not necessarily based on the costs of training in the nonhospital site, we were not able to devise an equitable way of reducing the hospital's per resident payment to reflect payments made under section 1886(k) of the Act. It would not be equitable to subtract the exact amount of payment made to the qualified nonhospital provider from the hospital's per resident payment because the payment made to the nonhospital site is unrelated to the hospital's per resident amount. The hospital per resident amount is based on specific GME costs incurred by the hospital in the 1984 base year. Those costs included in the per resident amount have no relevance to the costs incurred in the nonhospital setting almost 15 years after the 1984 base year. We believe that the residents' salaries, teaching physicians' salaries, and overhead costs for the nonhospital setting will constitute a different proportion of the total GME costs in the nonhospital setting as compared with the hospital setting. Rather, it would be more equitable to determine the proportion of costs incurred by each entity and reduce the hospital's per resident payment by the proportion of GME costs incurred by the nonhospital site; however, since specific components of the per resident amount were not identified in the hospital's GME base year (1984), we cannot accurately determine the appropriate amount to reduce the current year hospital per resident payment amount. Moreover, to reduce the hospital's GME payments based solely on the amount paid to the nonhospital site could result in inequitable payments to the hospital, which has ongoing costs even when the resident is training in the nonhospital site. In fact, it could leave the hospital at risk of receiving no payment for the GME costs it has incurred.

In order to encourage training in nonhospital sites, it is important to develop a policy that, while providing payment to nonhospital providers, would also be equitable to hospitals. We believe that paying only the nonhospital site for the training costs could result in hospitals choosing not to rotate their residents to the nonhospital site. We have been unable to devise an equitable and accurate method for dividing up the GME payment for training in the nonhospital site if neither the hospital, nor the nonhospital site incurs ''all or substantially all'' of the costs. As such, we are soliciting comment on possible methods for allocating the GME payments for training in the nonhospital site where neither the hospital nor the nonhospital provider is incurring ''all or substantially all'' of the costs for the training program. We believe that the proposed policies discussed below are equitable to both hospital and nonhospital providers and will achieve Congress' objective of encouraging and supporting training in the nonhospital setting.

Given our concerns about administrative feasibility, the statutory prohibition on double payments, and developing policies that are equitable to hospitals as well as nonhospital providers, we believe the only feasible way to pay for training in nonhospital settings is to pay either the hospital or the nonhospital provider. Currently, hospitals may receive payment for the time residents spend in the nonhospital setting if the hospital incurs ''all or substantially all'' of the training costs. We propose to adopt a similar policy for nonhospital providers; that is, a qualified nonhospital provider may receive payment for the direct costs of GME if the nonhospital provider incurs ''all or substantially all'' of the training costs.

d. Modifications of Policy To Pay Hospitals For GME. In the course of developing our policies for nonhospital providers, we have reviewed our method for paying hospitals for the costs of training residents in the nonhospital site. Accordingly, as part of our policy to pay nonhospital providers for the costs of training residents, we are proposing necessary and appropriate modifications to our current policy for paying hospitals for such nonhospital training. Specifically, as part of our proposal to implement section 1886(k) of the Act, we propose to modify the regulations at § 413.86(f).

Presently, under sections 1886(d)(5)(B)(iv) and 1886(h)(4)(E) of the Act, if a hospital incurs ''all or substantially all'' of the costs of training residents in the nonhospital site, then the hospital may include the resident in its indirect medical education (IME) and direct GME full-time equivalent count. Under § 413.86(f)(1)(iii), currently a hospital incurs ''all or substantially all'' of the costs of training the resident in the nonhospital site if the hospital pays the residents' salaries and fringe benefits. Based on our review of data in Medicare cost reports on the Hospital Cost Reporting Information System (HCRIS), we decided to reexamine the issue of what constitutes ''all or substantially all'' of the costs of training the resident. In our analysis, we determined that, on average, residents' salaries and fringe benefits are less than half of the total amount of the direct costs of a hospital's GME program. Therefore, we are proposing to revise the standard for incurring ''all or substantially all'' of the costs for the training program in the nonhospital setting.

We propose to redefine ''all or substantially all'' of the costs for the training program in the nonhospital setting to include at a minimum:

- the portion of costs of the teaching physicians' salaries and fringe benefits that are related to the time spent in teaching and supervision of residents; and
- residents' salaries and fringe benefits (including travel and lodging expenses where applicable).

e. Payment Proposal. In light of the numerous considerations discussed

above, we are proposing a system whereby we will pay either the hospital or the nonhospital site for the cost of training in the nonhospital site, depending on which entity incurs ''all or substantially all'' of the costs of training in the nonhospital site. An entity incurs ''all or substantially all'' of the costs for the training program in the nonhospital setting if it pays for, at a minimum: that portion of the costs of the teaching physicians' salaries and fringe benefits that are related to the time spent in teaching and supervision of residents; and residents' salaries and fringe benefits (including travel and lodging expenses where applicable). Our proposal accommodates three alternative payment scenarios that are discussed below.

i. Payment to FQHCs and RHCs. In the first payment scenario, if the FQHC or RHC incurs ''all or substantially all'' of the costs for the training program in the nonhospital setting, we are proposing to pay the nonhospital site cost-based reimbursement for the direct costs of training. By reporting these direct GME costs in a reimbursable cost center on the cost report, an FQHC or RHC would be attesting that it is incurring ''all or substantially all'' of the costs for the training program in the nonhospital site. Conversely, where an FQHC or RHC is not incurring ''all or substantially all'' of the costs of training residents in the nonhospital site, the FQHC or RHC would report these training costs in a nonreimbursable cost center on the cost report.

As previously stated, we propose to define the direct costs of training to include:

- Residents' salaries and fringe benefits (including related travel and lodging expenses where applicable);
- That portion of the costs of teaching physicians' salaries and fringe benefits that are related to the time spent in teaching and supervision of residents; and
- Other related overhead costs that are allocated to GME.

We are proposing that the FQHC's and RHC's allowable direct GME costs be subject to reasonable cost principles in 42 CFR part 413 and other relevant provisions referenced in part 413. As such we are proposing to add language to § 415.60 to make the reasonable cost principles applicable to FQHC's and RHC's. In addition, the FQHC's and RHC's direct GME costs would be subject to the Reasonable Compensation Equivalency limits under §§ 415.60 and 415.70. Accordingly, we are proposing to add language to § 415.70 to make the reasonable compensation equivalency limits applicable to FQHC's and RHC's.

Also, Medicare would pay only for Medicare's share of the direct costs of training in the nonhospital site. We are proposing that the FQHC's and RHC's Medicare share equal the nonhospital provider's ratio of Medicare visits to total visits. Thus, the amount of Medicare payment would equal the product of the clinic's Medicare allowed direct GME costs and the clinic's ratio of Medicare visits to total visits.

For FQHCs and RHCs that incur ''all or substantially all'' of the costs for the training program in the nonhospital setting, the direct GME costs are not subject to the existing per visit payment caps for reimbursement under sections 505.1 and 505.2 of the Medicare Rural Health Clinic and Federally Qualified Health Centers Manual. Moreover, we believe participation in GME training should not affect any FQHCs or RHCs ability to meet the productivity standards outlined in section 503 of the Medicare Rural Health Clinic and Federally Qualified Health Centers Manual. Therefore, we are proposing that, where payment is available under section 1886(k) of the Act for residents working in either an FQHC or an RHC, the FQHCs and RHCs do not need to include residents as health care staff in the calculation of productivity standards under section 503 of the Manual.

ii. Payment to Medicare+Choice organizations. In the second payment scenario, if a Medicare+Choice organization incurs ''all or substantially all'' of the costs for the training program in the nonhospital setting, we propose making the direct GME payment to the Medicare+Choice organization. The Medicare+Choice organization would be eligible to receive cost-based reimbursement for the residents' salaries and fringe benefits only for the time that the resident spends in the nonhospital setting. In addition, we are proposing that the Medicare+Choice organization's allowed costs include only that portion of the teaching physician salaries and fringe benefits that is related to training in the nonhospital setting.

Unlike our proposed policy in paying FQHCs and RHCs for GME, at this time we are not proposing to pay Medicare+Choice organizations for the costs of overhead that are directly associated with a GME program. We have no historical data on the GME costs of managed care organizations and the extent to which these costs are incurred directly or indirectly under contracts between the managed care organization and physician groups or other providers engaged in ambulatory care. Moreover, we have an established methodology for allocating and reporting overhead costs for FQHCs and RHCs on Medicare cost reports that does not currently exist for Medicare+Choice organizations. Since Medicare+Choice organizations do not use the Medicare cost report, there is currently no mechanism to review and audit these costs in the managed care context. Because Medicare+Choice organizations are paid on a capitated basis, we have no method for paying Medicare+Choice organizations for variable costs such as GME overhead that require a sophisticated cost allocation methodology. By contrast, it is currently feasible to pay Medicare+Choice organizations for the costs of the residents' salaries and teaching physicians' salaries because those costs are more readily documented and auditable.

However, we are open to suggestions about how we can create a methodology for allocating and reporting overhead costs for Medicare+Choice organizations. Any comments should include not only a proposed methodology for paying Medicare+Choice organizations for GME overhead costs, but also proposed mechanisms for the audit and review of the costs of these organizations.

Similar to our proposed policy for paying FQHCs and RHCs for direct costs of GME, the Medicare+Choice organization's reimbursement for residents' salaries and fringe benefits (including related travel and lodging expenses where applicable) would be subject to the reasonable cost principles in 42 CFR part 413 and any other relevant provisions referenced in part 413. As such we are proposing to add language to § 415.60 to make the reasonable cost principles applicable to Medicare+Choice organizations. In addition, the Medicare+Choice organization's GME reimbursement would also be subject to the Reasonable Compensation Equivalency limits under §§ 415.60 and 415.70. Accordingly, we are proposing to add language to § 415.70 to make reasonable compensation equivalency limits applicable to Medicare+Choice organizations. While we would pay the Medicare+Choice organization for certain GME costs in nonhospital settings under this proposal, the cost of residents' and teaching physicians' salaries and fringe benefits in the hospital setting would be paid to the hospital, not the Medicare+Choice organization.

The Medicare+Choice organization would receive direct GME payment only for the direct costs of training in the nonhospital site that are associated with the delivery of patient care services. In

determining the amount of direct GME payments to Medicare+Choice organizations, we must adjust for Medicare's share of those education costs. Medicare's share would equal the ratio of the total number of Medicare enrollees in the Medicare+Choice organization to total enrollees in the Medicare+Choice organization.

We are proposing that, in order to receive the direct GME payment, the Medicare+Choice organization must produce a contractual agreement between itself and the nonhospital providers. Medicare+Choice organizations may contract with any nonhospital patient care site, including freestanding clinics, nursing homes, and physicians' offices in connection with approved programs. The contract between the Medicare+Choice organization and the nonhospital site must indicate that, for the time that residents spend in the nonhospital site, the Medicare+Choice organization agrees to pay for the cost of residents' salaries and fringe benefits. In addition, the contract must indicate that the Medicare+Choice organization agrees to pay the portion of the costs of teaching physicians' salaries and fringe benefits that is related to the time spent in teaching and supervision of residents and that is unrelated to the volume of services. The contract must stipulate the portion of each teaching physician's time that will be spent training residents in the nonhospital setting. Moreover, the contract must indicate that the Medicare+Choice organization agrees to identify an amount for the cost of the teaching physician's salary based on the time that the resident spends in the nonhospital setting, not based upon a capitated rate for the delivery of physician services.

Under our proposed rule, we could pay a Medicare+Choice organization for the direct costs of training medical residents in a physician's office if such office had a contractual agreement with the organization whereby the organization agrees to pay for ''all or substantially all'' of the costs for the training program in the nonhospital setting. However, an independent physician office would not be eligible to receive payment directly from Medicare for the cost of training residents because it would not be a ''qualified nonhospital provider'' under our proposed policy. Similarly, if a hospital rotates a resident through a physician's office, the hospital must pay for ''all or substantially all'' of the costs of training the resident in the physician's office in order to include that resident in its FTE count for IME and direct GME purposes. (In this instance, the hospital's responsibility in assuming ''all or substantially all'' of the costs of training the resident in the nonhospital site would not be based on section 4625 of BBA which permits payment to nonhospital providers.) The hospital would have to assume ''all or substantially all'' of the training costs for that nonhospital training time in order to avail itself of the benefit of including the resident in the hospital's FTE count for IME and direct GME purposes based on the proposed modifications to § 413.86.

iii. Payment to Hospitals. In the third payment scenario, if the hospital itself incurs ''all or substantially all'' of the costs for the training program in the nonhospital setting, then the hospital may include the residents' training time in the nonhospital setting in the hospital's FTE counts for direct GME and for IME. In order to include the residents' training in the nonhospital site, the hospital must produce a contractual agreement between the hospital and the nonhospital provider. Under § 413.86(f)(1)(iii), hospitals may contract with any nonhospital patient care provider such as freestanding clinics, nursing homes, and physicians' offices in connection with approved programs.

Currently, a hospital must produce a written agreement between the hospital and the nonhospital provider that states that the resident's compensation for training time spent outside of the hospital setting is to be paid by the hospital. Since this proposal changes the definition of what constitutes ''all or substantially all'' of the costs of training in the nonhospital site, hospitals must produce a written agreement that demonstrates that they are assuming responsibility for more of the costs of training in the nonhospital site than had previously been required.

In accordance with our proposed definition of what constitutes ''all or substantially all'' of the costs of training while the resident is in the nonhospital site, we are proposing that the contract must indicate that the hospital is assuming financial responsibility for, at a minimum, the cost of residents' salaries and fringe benefits (including travel and lodging expenses where applicable) and the costs for that portion of teaching physicians' salaries and fringe benefits related to the time spent in teaching and supervision of residents.

The contract must indicate that the hospital is assuming financial responsibility for these costs directly or that the hospital agrees to reimburse the nonhospital provider for such costs. The contract must also contain an acknowledgment on the part of the nonhospital provider that, since the residents' time is being counted by the hospital, the nonhospital site cannot claim GME costs on their Medicare cost report. The nonhospital provider must agree to report its direct GME costs as well as any money received from the hospital for GME purposes in a nonallowable cost center on its cost report. In addition, in order to determine teaching physician compensation that may be allocated to direct GME, the nonhospital provider must specify the portion of the teaching physicians' time that will be spent training residents in the nonhospital setting. Finally, any payment to the hospital for the direct costs of GME training in the nonhospital setting will continue to reflect Medicare's share, which equals the hospital's ratio of Medicare inpatient days to total inpatient days.

Hospitals that have residents who rotate to nonhospital sites are, like all teaching hospitals, subject to an institutional cap on the number of FTE residents that may be counted for both indirect and direct GME under sections 1886(d)(5)(B)(v) and 1886(h)(6)(F) of the Act. For hospitals that have residents who rotate to a nonhospital site, those residents will be subject to the hospital's FTE caps.

f. Trust Funds. Under section 1886(k)(1) of the Act, the rules established by the Secretary for paying nonhospital providers for GME must specify the portion of Medicare payments that will be made from each of the Medicare trust funds. We propose that GME payments made directly to an FQHC, RHC, or Medicare+Choice organization would be made from the Federal Supplementary Medical Insurance Trust Fund.

g. Conclusion. Under this proposed rule, clinics that are presently ineligible to receive payments for direct GME may now receive such payments. Moreover, this proposal provides Medicare+Choice organizations the opportunity to receive direct GME payments for training residents in the nonhospital setting. As Medicare+Choice organizations, managed care entities will, for the first time, be eligible to receive direct GME payments for training residents in various types of nonhospital sites. This proposed rule would help bridge the disparity between hospital and nonhospital providers in obtaining payment for direct GME costs.

We believe this proposed rule may encourage the development of new programs in nonhospital settings. Similarly, it may also encourage approved residency training programs to

rotate additional residents to nonhospital sites.

In developing this proposed rule, we considered establishing a fixed payment rate for the direct costs of training residents in the nonhospital setting. We are not proposing a policy of a fixed payment at this time because we presently have no reliable data on the direct costs of training residents in nonhospital settings. Moreover, we are concerned that a fixed payment for these costs may not be appropriate if there is significant variation in cost among participating nonhospital sites.

Given these considerations, our policy to pay FQHCs, RHCs, and Medicare+Choice organizations on a cost reimbursement basis may be revised in the future. Once we have acquired data such that we can estimate the direct costs of training residents in the nonhospital site, we will revisit our payment methodology for paying FQHCs, RHCs, and Medicare+Choice organizations for direct GME. We believe that ultimately it might be appropriate to pay FQHCs, RHCs, and Medicare+Choice organizations using a national average per resident amount. This national per resident amount would be based on the national average for the direct costs of training medical residents in the nonhospital site. As such, we are interested in receiving comments on a fixed payment methodology and on how to derive such a payment. These comments should include empirical data on training costs in nonhospital sites.

The effective date of these provisions for FQHCs, RHCs, Medicare+Choice organizations, and hospitals will be January 1, 1999. In particular, the effective date for IME payments to hospitals under this provision applies to discharges occurring on or after January 1, 1999. In addition, the effective date for direct medical education payments to FQHCs, RHCs, Medicare+Choice organizations, and hospitals applies to that portion of cost reporting periods occurring on or after January 1, 1999.

VI. Changes to the Prospective Payment System for Capital-Related Costs

A. Proposed Cap on the Capital Indirect Medical Education Adjustment Ratio (§ 417.322)

Under section 1886(g) of the Act, the Secretary has broad discretion in implementing the capital prospective payment system. Section 412.322 of the regulations specifies the formula for the capital indirect medical education (IME) adjustment factor. The capital IME adjustment is intended to pay the capital prospective payment system share of the indirect costs of medical education to teaching hospitals. The formula was adopted in the August 30, 1991 final rule for the capital prospective payment system (56 FR 43380) and uses the ratio of interns and residents to average daily census (defined as total inpatient days divided by the number of days in the cost reporting period). Section 1886(d)(5)(B) of the Act requires the use of the ratio of residents-to-beds to calculate the IME adjustment for the operating Prospective payment system. However, pursuant to our authority under section 1886(g) of the Act, we adopted the resident to average daily census ratio for the capital prospective payment system because we believed it was a more appropriate method for measuring teaching intensity and because we believed it was less subject to manipulation.

The IME adjustment factor increases by approximately 2.8 percentage points for each .10 increase in the hospital's ratio of residents to average daily census. The IME adjustment for inpatient capital-related costs for hospitals paid under the prospective payment system takes the form of e raised to the power (.2822 × ratio of interns and residents to average daily census)-1] where e is the natural antilogy of 1, based on the total cost regression results. In order to determine the Federal rate portion of the hospital's payment, the IME adjustment factor is multiplied by the standard federal rate, the DRG weight, the geographic adjustment factor, and any other relevant payment adjustments such as the DSH adjustment or the large urban add-on. The formula is as follows: (Standard Federal Rate) × (DRG weight) × (GAF) × (Large Urban Add-on, if applicable) × (COLA adjustment for hospitals located in Alaska and Hawaii) × (1 + Disproportionate Share Adjustment Factor + IME Adjustment Factor, if applicable).

It has come to our attention that because of the application of the capital IME adjustment, one hospital would receive a capital IME payment greater than its total hospital costs. We have also recently learned that of the approximately 1,200 teaching hospitals in the United States, based on December 1997 data, 8 hospitals have a resident to average daily census ratio of more than 1.5. A resident to average daily census ratio of 1.5 results in a capital IME adjustment factor of .53, which increases the Federal rate portion of the hospital's capital payment by 53 percent.

To address this unintended effect of the capital IME methodology, we are proposing to cap the capital IME ratio at 1.5. A ratio greater than 1.5 means a hospital has, on average, considerably more residents than inpatients. Capping the ratio at 1.5 would allow for one resident per patient on the inpatient side plus some outpatient training, and would keep capital IME payments more consistent with the costs incurred. Because of the large number of unoccupied beds in most hospitals, the operating IME ratio has only slightly exceeded 1.0 in two cases. This change would ensure that the capital IME adjustment is more in line with hospital costs.

B. Payment Methodology for Mergers Involving New Hospitals (§ 412.331)

The August 30, 1991 final rule (56 FR 43418), which implemented the capital prospective payment system, established special payment provisions for new hospitals. Under § 412.324(b), a new hospital is paid 85 percent of its allowable Medicare capital-related costs through its first cost reporting period ending at least 2 years after the hospital accepts its first patient. The first cost reporting period beginning at least 1 year after the hospital accepts its first patient is the hospital's base year for purposes of determining its hospital-specific rate. Section 412.302(b) defines a new hospital's old capital costs as allowable capital-related costs for land and depreciable assets that were put in use for patient care on or before the last day of the hospital's base year cost reporting period. Beginning with the third year, the hospital is paid under the fully prospective or hold-harmless payment methodology, as appropriate. If the hospital is paid under the hold-harmless payment methodology, the hospital's hold-harmless payments for its old capital costs can continue for up to 8 years.

In the August 30, 1991 final rule, we defined a new hospital as one that had operated (under previous or present ownership) for less than 2 years and did not have a 12-month cost reporting period that ended on or before December 31, 1990. In the September 1, 1992 final rule (57 FR 39789), as a result of situations brought to our attention after publication of the prospective payment system final rule, we clarified the new hospital exemption under the capital prospective payment system. We explained that the new hospital exemption would not apply to a facility that opened as an acute care hospital if that hospital had previously operated under current or prior ownership and had a historic asset base. We also clarified that a hospital that replaced its entire facility (with or without a change of ownership) would not qualify for a

new hospital exemption and that a previously existing excluded hospital (paid under section 1886(b) of the Act) that became an acute care hospital (paid under section 1886(d)) of the Act would not qualify.

We explained our belief that the reasonable cost payment protection under the new hospital exemption should only be available to those hospitals that had not received reasonable cost payments in the past and needed special protection during their initial period of operation. We also stated in the June 4, 1992 proposed rule (57 FR 23649) that we were clarifying the new hospital exemption to ensure that hospitals that had an existing asset base before December 31, 1990 were not provided with an extended transition period and inappropriately higher payments relative to other hospitals. We also explained our belief that it was essential to maintain the integrity of the capital prospective payment system by allowing only truly new providers of hospital care to qualify for the new hospital exemption.

Since publication of our last clarification of the payment rules for new hospitals, questions have arisen regarding application of our rules for payment of new hospitals in merger situations. Consistent with our previously stated policy that only truly new hospitals without an existing asset base should be eligible for the new hospital exemption, we are further clarifying the new hospital payment provisions.

If during the period it is eligible for payment as a new hospital (as defined at § 412.300(b) and § 412.328(b)), a new hospital merges with one or more existing hospitals and the merger meets the existing capital-related reasonable cost rules regarding the criteria for recognizing a merger at § 413.134 and the new hospital is the surviving corporation (as defined in § 413.134(l)(2)) we would treat as old capital only those assets of the existing hospital that met the definition of old capital (as defined in § 412.302(b)) prior to the merger, for purposes of determining payments after the merger.

Any assets of the existing hospital that were considered new capital prior to the merger will still be considered new capital after the merger. The merger cannot be used to convert the existing hospital's new capital into old capital. After the merger, the discharges of each campus of the merged entity would maintain their pre-merger payment methodology until the end of the 2 year period that the ''new hospital'' campus was eligible for reasonable cost reimbursement as defined at § 412.324(b). At the end of this period, the intermediary would devise a hospital specific rate for the ''new'' campus of the merged hospital. Finally, the calculation methodology for hospital mergers at new § 412.331(a)(1) and (2) would be performed and a combined hospital-specific rate would be determined and a payment methodology selected for the merged hospital as a whole.

The calculation at § 412.331(a)(1) and (2) uses each hospital's base year old capital costs. Any new capital of the previously existing hospital would not be used in the determination. If the new merged entity qualifies for the hold-harmless payment methodology, only the capital which meets the definition of old capital at § 412.302(b) would be eligible for hold-harmless payments.

We note that this proposed change is consistent with the principles underlying existing § 412.331(a)(3), which provides that in the case of a merger only the existing capital-related costs related to the assets of each merged or consolidated hospital as of December 31, 1990 are recognized as old capital costs during the transition period. If the hospital is paid under the hold-harmless methodology after merger or consolidation, only that original base year old capital is eligible for hold-harmless payments.

Example: Hospital A is a new hospital in its first 2 years of operation and is being paid 85 percent of its allowable Medicare inpatient hospital capital-related costs. Hospital A's base year for establishing its hospital-specific rate will end September 30, 1998. Hospital B is an existing hospital whose base year for capital prospective payment system purposes was June 30, 1990. Hospital B is a hold-harmless hospital paid 100 percent of the Federal rate. Hospital A merged with Hospital B (in accordance with to § 413.134(l)) on March 1, 1998, and Hospital A is a new merged entity, with two campuses: one which used to be the original Hospital A—the ''new'' hospital, and one which used to be hospital B—the ''existing'' hospital). The merged Hospital A retains the corporate structure, provider number, and cost reporting period of the original Hospital A, which is the surviving hospital. The merged Hospital A's discharges will be paid under two different payment methodologies until the ''new'' campus completes its base period under the payment rules for new hospitals and a hospital-specific rate and a payment methodology can be determined for the merged Hospital A. Until that time, the discharges of the ''new'' hospital campus (previously the original Hospital A) will be paid in accordance with § 412.324(b) as a new hospital. Any capital that meets the definition of old capital acquired by the ''new'' campus before the end of its base year will be accorded old capital status in accordance with § 412.302(b). The ''existing'' hospital campus (previously hospital B) will continue to be paid on a hold-harmless basis. Any capital acquired by the ''existing'' campus will be accorded new capital status in accordance with section 2807.3A of the Provider Reimbursement Manual (PRM). At the end of the ''new'' campus' base year, a hospital-specific rate will be determined for that campus. After a hospital specific rate is determined, the calculation methodology for hospital mergers at § 412.331(a)(1) and (2) will be performed. As part of the calculation and before combining the data, the base years of the two hospitals used to establish the hospital-specific rate are brought to the same point by discharge-weighting and updating. The calculation uses only the old capital costs of each hospital in order to determine a combined hospital-specific rate and payment methodology. After a payment methodology determination is made, the two campuses will be paid using the same payment methodology for all of their discharges.

VII. Changes for Hospitals and Units Excluded From the Prospective Payment System

Limits on and Adjustments to the Target Amounts for Excluded Hospitals and Units (§ 413.40(g))

1. Updated Caps

Section 1886(b)(3) of the Act as amended by section 4414 of the BBA established caps on the target amounts for excluded hospitals and units for cost reporting periods beginning on or after October 1, 1997, through September 30, 2002. The caps on the target amounts apply to the following three categories of excluded hospitals: psychiatric hospitals and units, rehabilitation hospitals and units, and long-term care hospitals.

A discussion of how the caps on the target amounts were calculated can be found in the August 29, 1997 final rule with comment period (62 FR 46018). For purposes of calculating the caps for cost reporting periods beginning during FY 1999 through FY 2002, the statute requires us to calculate the 75th percentile of the target amounts for each class of hospital (psychiatric, rehabilitation, or long-term care) for cost reporting periods ending during FY 1996. The resulting amounts are updated by the market basket percentage to the applicable fiscal year.

The projected market basket for excluded hospitals and units for FY 1999 is 2.5 percent. Accordingly, the caps on the target amount for FY 1999 as follows:

(1) Psychiatric hospitals and units: $10,443

(2) Rehabilitation hospitals and units: $18,938

(3) Long-term care hospitals: $37,360

2. Classification of Hospitals and Units

Since publication of the August 29, 1997 final rule with comment period, some excluded facilities have suggested that if they are currently excluded as one class of hospital or unit but also qualify for exclusion as another class of hospital, they should be permitted to choose which classification applies for purposes of applying the cap on target amounts. For example, some hospitals that participate in Medicare as psychiatric hospitals (defined under section 1861(f) of the Act, and the special conditions of participation in 42 CFR part 482 subpart E) have noted that they have average lengths of stay greater than 25 days. Those hospitals have asked to be ''reclassified'' as long-term care hospitals and given the benefit of the higher cap on target amounts applicable to that hospital class.

We have considered these hospitals' suggestions, but we believe it would not be appropriate to adopt them. Section 1886(b)(3)(H)(iv) of Act makes it clear that each category of hospital and corresponding units—psychiatric (section 1886(d)(1)(B)(I)), rehabilitation (section 1886(d)(1)(B)(ii)), and long-term care hospitals (section 1886(d)(1)(B)(iv)) is treated separately. We believe it is consistent with effective implementation of this provision to prevent hospitals or units that could potentially be assigned to more than one category of excluded facility from choosing the category to which they wish to be assigned. Even though some hospitals or units in one group might potentially have been assigned to a different group, each group has its own limit based on the target amounts for similarly classified facilities. It would not be appropriate to apply a limit to a hospital or unit based on the target amount derived from the cost experience of differently classified hospitals and units.

In addition, there are a number of hospitals that could potentially move from the psychiatric hospital cap to the long-term care hospital cap. This movement would have a significant impact on the appropriateness of both caps. In the case of the psychiatric hospitals, had those hospitals with the longest lengths of stay and therefore higher per discharge target amount been excluded in the original calculation of the caps, the cap for all remaining psychiatric hospitals would invariably have been lower. Furthermore, had those psychiatric hospitals been included in the calculation of the long-term care hospital cap, that cap could also have been lower. To allow such a significant change in the application of the caps is to raise a serious question as to the appropriateness of the current caps for all psychiatric and long-term care hospitals.

Thus, to clarify the application of the caps, we propose to revise § 413.40(c)(4)(iii) to specify that, for purposes of that paragraph, the classification of a hospital that was excluded from the prospective payment system for its cost reporting period ending in FY 1996 will be determined by its classification (that is, the basis on which it was excluded) in FY 1996. If a hospital or unit was not excluded for a cost reporting period ending in FY 1996 but could be excluded on more than one basis (for example, as either a rehabilitation or long-term care hospital) it will be assigned to the classification group with the lowest limit.

3. Exceptions

The August 29, 1997 final rule with comment period (62 FR 46018) specified that a hospital that has a target amount that is capped at the 75th percentile would not be granted an adjustment payment to the target amount (also referred to as an exception payment) as governed by § 413.40(g) based solely on a comparison of its costs or patient mix in its base year to its costs or patient mix in the payment year. Since the hospital's target amount would not be determined based on its own experience in a base year, any comparison of costs or patient mix in its base year to costs or patient mix in the payment year would be irrelevant.

We propose to clarify that, to the extent we grant an exception to a hospital not affected by the cap, the amount of the exception would be limited to the cap on the hospital's target amount. This policy is consistent with the caps. By establishing caps on TEFRA target amounts, Congress has limited payments to individual hospitals based on amounts that reflect the cost experience of other hospitals. Therefore, in determining the extent of any adjustment paid to a hospital as an exception under our regulations at § 413.40(g)(3), we believe it is consistent with Congressional intent to limit the extent of the adjustment to the hospital's cap on its target amount.

We propose to revise § 413.40(g)(1) to set forth the limitation on the adjustment payments.

VIII. MedPAC Recommendations

We have reviewed the March 1998 report submitted by MedPAC to Congress and have given its recommendations careful consideration in conjunction with the proposals set forth in this document. Recommendations concerning the update factors for inpatient operating costs and for hospitals and hospital distinct-part units excluded from the prospective payment system are discussed in Appendix D, to this proposed rule. The remaining recommendations are discussed below.

A. Disproportionate Share Hospitals (DSH)

Recommendation: The Medicare Payment Advisory Commission (MedPAC) made several recommendations concerning the Medicare disproportionate share adjustment calculation. In general, the Commission's proposal would base the amount of DSH payment each hospital receives on its volume and mix of cases paid under the prospective payment system and its share of low-income patients. The low-income share measure would reflect the costs of care provided to low-income individuals (Medicare patients eligible for Supplemental Security Income (SSI), Medicaid patients, patients sponsored by local indigent care programs, and patients receiving uncompensated care) as a proportion of total patient care expenses. Both inpatient and outpatient costs were included in the data used to calculate the low-income shares, although payment would be made only on inpatient discharges.

The same formula would be applied to all prospective payment hospitals. Under the recommendation, there would be a threshold or minimum low-income share, that must be reached for a hospital to receive any Medicare disproportionate share adjustment. The payment the hospital would receive is proportionate to the segment of its low-income share that lies above the threshold. MedPAC simulated the potential effects of applying their approach on the distribution of Medicare disproportionate share payments made in 1995. For purposes of MedPAC's simulations, the threshold was set at a level that would limit payments to about 40 percent of prospective payment hospitals—roughly the same as under the current DSH adjustment. MedPAC stated that this proportion could be adjusted, or the threshold could be set using a different method, as deemed appropriate by policy makers. (For more information see Volume 1, chapter 6, page 63 of the March 1998 report.)

Response: Section 1886(d)(5)(F) of the Act, as amended by section 4403(b) of the BBA, requires us to prepare a report to Congress, due by August 5, 1998, which will include our recommendations for an appropriate

formula for determining DSH payments. We appreciate MedPAC's efforts to assist HCFA in restructuring the Medicare disproportionate share adjustment and we will further examine and consider their recommendations as we develop our report to Congress.

B. Potential Effects of Target Amount Caps

Recommendation: The wage-related portion of the excluded hospital target amount caps should be adjusted by the appropriate hospital wage index to account for geographic differences in wages. (For more information see Volume 1, chapter 7, page 71 of the March 1998 report.)

Response: As MedPAC indicated in its recommendation, legislation would be required to adjust the target amount caps in such a substantial manner as to adjust for differences in area labor costs.

IX. Other Required Information

A. Requests for Data From the Public

In order to respond promptly to public requests for data related to the prospective payment system, we have set up a process under which commenters can gain access to the raw data on an expedited basis. Generally, the data are available in computer tape or cartridge format; however, some files are available on diskette as well as on the Internet at HTTP://WWW.HCFA.GOV/STATS/PUBFILES.HTML. Data files are listed below with the cost of each. Anyone wishing to purchase data tapes, cartridges, or diskettes should submit a written request along with a company check or money order (payable to HCFA–PUF) to cover the cost to the following address: Health Care Financing Administration, Public Use Files, Accounting Division, P.O. Box 7520, Baltimore, Maryland 21207–0520, (410) 786–3691. Files on the Internet may be downloaded without charge.

1. Expanded Modified MEDPAR-Hospital (National)

The Medicare Provider Analysis and Review (MedPAR) file contains records for 100 percent of Medicare beneficiaries using hospital inpatient services in the United States. (The file is a Federal fiscal year file, that is, discharges occurring October 1 through September 30 of the requested year.)

The records are stripped of most data elements that will permit identification of beneficiaries. The hospital is identified by the 6-position Medicare billing number. The file is available to persons qualifying under the terms of the Notice of Proposed New Routine Uses for an Existing System of Records published in the **Federal Register** on December 24, 1984 (49 FR 49941), and amended by the July 2, 1985 notice (50 FR 27361). The national file consists of approximately 11 million records. Under the requirements of these notices, an agreement for use of HCFA Beneficiary Encrypted Files must be signed by the purchaser before release of these data. For all files requiring a signed agreement, please write or call to obtain a blank agreement form before placing an order. Two versions of this file are created each year. They support the following:

- Notice of Proposed Rulemaking (NPRM) published in the **Federal Register**, usually available by the end of May (April beginning in 1998). This file is derived from the MedPAR file with a cutoff of 3 months after the end of the fiscal year (December file).
- Final Rule published in the **Federal Register**, usually available by the first week of September (August beginning with the FY 1999 final rule). For final rules published before 1998, this file is derived from the MedPAR file with a cutoff of 9 months after the end of the fiscal year (June file). The FY 1997 MedPar file used for the FY 1999 final rule will have a cutoff of 6 months after the end of the fiscal year (March file).

Media: Tape/Cartridge
File Cost: $3,415.00 per fiscal year
Periods Available: FY 1988 through FY 1997

2. Expanded Modified MedPAR-Hospital (State)

The State MedPAR file contains records for 100 percent of Medicare beneficiaries using hospital inpatient services in a particular State. The records are stripped of most data elements that will permit identification of beneficiaries. The hospital is identified by the 6-position Medicare billing number. The file is available to persons qualifying under the terms of the Notice of Proposed New Routine Uses for an Existing System of Records published in the December 24, 1984 **Federal Register** notice, and amended by the July 2, 1985 notice. This file is a subset of the Expanded Modified MedPAR-Hospital (National) as described above. Under the requirements of these notices, an agreement for use of HCFA Beneficiary Encrypted Files must be signed by the purchaser before release of these data. Two versions of this file are created each year. They support the following:

- NPRM published in the **Federal Register**, usually available by the end of May (April beginning in 1998). This file is derived from the MedPAR file with a cutoff of 3 months after the end of the fiscal year (December file).
- Final Rule published in the **Federal Register**, usually available by the first week of September (August beginning with the FY 1999 final rule). For final rules published before 1998, this file is derived from the MedPAR file with a cutoff of 9 months after the end of the fiscal year (June file). The FY 1997 MedPar file used for the FY 1999 final rule will be cut off 6 months after the end of the fiscal year (March file).

Media: Tape/Cartridge
File Cost: $1,050.00 per State per year
Periods Available: FY 1988 through FY 1997

3. HCFA Wage Data

This file contains the hospital hours and salaries for 1995 used to create the proposed FY 1999 prospective payment system wage index. The file will be available by the beginning of February for the NPRM and the beginning of May for the final rule.

Processing year	Wage data year	PPS fiscal year
1998	1995	1999
1997	1994	1998
1996	1993	1997
1995	1992	1996
1994	1991	1995
1993	1990	1994
1992	1989	1993
1991	1988	1992

These files support the following:

- NPRM published in the **Federal Register**, usually by the end of April.
- Final Rule published in the **Federal Register**, usually by the first week of August.

Media: Diskette/Internet
File Cost: $145.00 per year
Periods Available: FY 1999 PPS Update

4. HCFA Hospital Wages Indices (Formally: Urban and Rural Wage Index Values Only)

This file contains a history of all wage indices since October 1, 1983.

Media: Diskette/Internet
File Cost: $145.00 per year
Periods Available: FY 1999 PPS Update

5. PPS SSA/FIPS MSA State and County Crosswalk

This file contains a crosswalk of State and county codes used by the Social Security Administration (SSA) and the Federal Information Processing Standards (FIPS), county name, and a historical list of Metropolitan Statistical Area (MSA).

Media: Diskette/Internet

File Cost: $145.00 per year
Periods Available: FY 1999 PPS Update

6. Reclassified Hospitals by Provider Only

This file contains a list of hospitals that were reclassified for the purpose of the proposed FY 1999 wage index. Two versions of these files are created each year.

They support the following:

- NPRM published in the **Federal Register**, usually by the end of April.
- Final Rule published in the **Federal Register**, usually by the first week of August.

Media: Diskette/Internet
File Cost: $145.00 per year
Periods Available: FY 1999 PPS Update

7. PPS–IV to PPS–XII Minimum Data Sets

The Minimum Data Set contains cost, statistical, financial, and other information from Medicare hospital cost reports. The data set includes only the most current cost report (as submitted, final settled, or reopened) submitted for a Medicare participating hospital by the Medicare Fiscal Intermediary to HCFA. This data set is updated at the end of each calendar quarter and is available on the last day of the following month.

MEDIA: TAPE/CARTRIDGE

	Periods beginning on or after	and before
PPS IV	10/01/86	10/01/87
PPS V	10/01/87	10/01/88
PPS VI	10/01/88	10/01/89
PPS VII	10/01/89	10/01/90
PPS VIII	10/01/90	10/01/91
PPS IX	10/01/91	10/01/92
PPS X	10/01/92	10/01/93
PPS XI	10/01/93	10/01/94
PPS XII	10/01/94	10/01/95

(**Note:** The PPS XIII Minimum Data Set covering FY 1997 will not be available until July 31, 1998.)

File Cost: $715.00 per year

8. PPS–IX to PPS–XII Capital Data Set

The Capital Data Set contains selected data for capital-related costs, interest expense and related information and complete balance sheet data from the Medicare hospital cost report. The data set includes only the most current cost report (as submitted, final settled or reopened) submitted for a Medicare certified hospital by the Medicare fiscal intermediary to HCFA. This data set is updated at the end of each calendar quarter and is available on the last day of the following month.

MEDIA: TAPE/CARTRIDGE

	Periods beginning on or after	and before
PPS IX	10/01/91	10/01/92
PPS X	10/01/92	10/01/93
PPS XI	10/01/93	10/01/94
PPS XII	10/01/94	10/01/95

(**Note:** The PPS XIII Capital Data Set covering FY 1997 will not be available until July 31, 1998.)

File Cost: $715.00 per year

9. Provider-Specific File

This file is a component of the PRICER program used in the fiscal intermediary's system to compute DRG payments for individual bills. The file contains records for all prospective payment system eligible hospitals, including hospitals in waiver States, and data elements used in the prospective payment system recalibration processes and related activities. Beginning with December 1988, the individual records were enlarged to include pass-through per diems and other elements.

Media: Diskette/Internet
File Cost: $265.00
Periods Available: FY 1998 PPS Update

10. HCFA Medicare Case-Mix Index File

This file contains the Medicare case-mix index by provider number as published in each year's update of the Medicare hospital inpatient prospective payment system. The case-mix index is a measure of the costliness of cases treated by a hospital relative to the cost of the national average of all Medicare hospital cases, using DRG weights as a measure of relative costliness of cases. Two versions of this file are created each year. They support the following:

- NPRM published in the **Federal Register**, usually by the end of May (April beginning in 1998).
- Final rule published in the **Federal Register**, usually by the first week of September (August beginning in 1998).

Media: Diskette/Internet
Price: $145.00 per year
Periods Available: FY 1985 through FY 1997 (Internet—FY 1997)

11. DRG Relative Weights (Formerly Table 5 DRG)

This file contains a listing of DRGs, DRG narrative description, relative weights, and geometric and arithmetic mean lengths of stay as published in the **Federal Register**. The hardcopy image has been copied to diskette. There are two versions of this file as published in the **Federal Register**:

a. NPRM, usually published by the end of May (April beginning in 1998).

b. Final rule, usually published by the first week of September (August beginning in 1999).

Media: Diskette/Internet
File Cost: $145.00
Periods Available: FY 1999 PPS Update

12. PPS Payment Impact File

This file contains data used to estimate payments under Medicare's hospital inpatient prospective payment systems for operating and capital-related costs. The data are taken from various sources, including the Provider-Specific File, Minimum Data Sets, and prior impact files. The data set is abstracted from an internal file used for the impact analysis of the changes to the prospective payment systems published in the **Federal Register**. This file is available for release 1 month after the proposed and final rules are published in the **Federal Register**.

Media: Diskette/Internet
File Cost: $145.00
Periods Available: FY 1999 PPS Update

13. AOR/BOR Tables

This file contains data used to develop the DRG relative weights. It contains mean, maximum, minimum, standard deviation, and coefficient of variation statistics by DRG for length of stay and standardized charges. The BOR tables are ''Before Outliers Removed'' and the AOR is ''After Outliers Removed.'' (Outliers refers to statistical outliers, not payment outliers.) Two versions of this file are created each year. They support the following:

- NPRM published in the **Federal Register**, usually by the end of April.
- Final rule published in the **Federal Register**, usually by the first week of August.

Media: Diskette/Internet
File Cost: $145.00
Periods Available: FY 1999 PPS Update

For further information concerning these data tapes, contact Mary R. White at (410) 786–3691.

Commenters interested in obtaining or discussing any other data used in constructing this rule should contact Stephen Phillips at (410) 786–4548.

B. Public Comments

Because of the large number of items of correspondence we normally receive on a proposed rule, we are not able to acknowledge or respond to them individually. However, in preparing the final rule, we will consider all comments concerning the provisions of this proposed rule that we receive by the date and time specified in the **DATES**

section of this preamble and respond to those comments in the preamble to that rule. We emphasize that, given the statutory requirement under section 1886(e)(5) of the Act that our final rule for FY 1999 be published by August 1, 1998, we will consider only those comments that deal specifically with the matters discussed in this proposed rule.

List of Subjects

42 CFR Part 405

Administrative practice and procedure, Health facilities, Health professions, Kidney diseases, Medicare, Reporting and recordkeeping requirements, Rural areas, X-rays.

42 CFR Part 412

Administrative practice and procedure, Health facilities, Medicare, Puerto Rico, Reporting and recordkeeping requirements.

42 CFR Part 413

Health facilities, Kidney diseases, Medicare, Puerto Rico, Reporting and recordkeeping requirements.

42 CFR Chapter IV would be amended as set forth below:

A. Part 405 is amended as follows:

PART 405—FEDERAL HEALTH INSURANCE FOR THE AGED AND DISABLED

1. The authority citation for part 405 is revised to read as follows:

Authority: Secs. 1102, 1861, 1862(a), 1871, 1874, 1881, and 1886(k) of the Social Security Act (42 U.S.C. 1302, 1395x, 1395y(a), 1395hh, 1395kk, 1395rr and 1395ww(k)), and sec. 353 of the Public Health Service Act (42 U.S.C. 263a), unless otherwise noted.

Subpart X—Rural Health Clinic and Federally Qualified Health Center Services

§ 405.2468 [Amended]

2. In § 405.2468, a new paragraph (f) is added to read as follows:

* * * * *

(f) *Graduate medical education.* (1) Effective for that portion of cost reporting periods occurring on or after January 1, 1999, if an RHC or an FQHC incurs ''all or substantially all'' of the costs for the training program in the nonhospital setting as defined in § 413.86(b) of this chapter, the RHC or FQHC may receive direct graduate medical education payment for those residents.

(2) Direct graduate medical education costs are not included as allowable cost under § 405.2466(b)(1)(i); and therefore, are not subject to the limit on the all-inclusive rate for allowable costs.

(3) Allowable graduate medical education costs must be reported on the RHC's or the FQHC's cost report under a separate cost center.

(4) Allowable direct graduate medical education costs under paragraphs (f)(5) and (6)(i) of this section, are subject to reasonable cost principles under part 413 and the reasonable compensation equivalency limits in §§ 415.60 and 415.70 of this chapter.

(5) The allowable direct graduate medical education costs are those costs incurred by the nonhospital site for the educational activities associated with patient care services of an approved program, subject to the redistribution and community support principles in § 413.85(c).

(i) The following costs are included in allowable direct graduate medical education costs to the extent that they are reasonable—

(A) The costs of the residents' salaries and fringe benefits (including travel and lodging expenses where applicable).

(B) The portion of teaching physicians' salaries and fringe benefits that are related to the time spent teaching and supervising residents.

(C) Facility overhead costs that are allocated to direct graduate medical education.

(ii) The following costs are not included as allowable graduate medical education costs—

(A) Costs associated with training, but not related to patient care services.

(B) Normal operating and capital-related costs.

(C) The marginal increase in patient care costs that the RHC or FQHC experiences as a result of having an approved program.

(D) The costs associated with activities described in § 413.85(d) of this chapter.

(6) Payment is equal to the product of—

(i) The RHC's or the FQHC's allowable direct graduate medical education costs; and

(ii) Medicare's share of the direct graduate medical education payment which is equal to the ratio of Medicare visits to the total number of visits (as defined in § 405.2463).

(7) Direct graduate medical education payments to RHCs and FQHCs made under this section are made from the Federal Supplementary Medical Insurance Trust Fund.

* * * * *

B. Part 412 is amended as set forth below:

PART 412—PROSPECTIVE PAYMENT SYSTEMS FOR INPATIENT HOSPITAL SERVICES

1. The authority citation for part 412 continues to read as follows:

Authority: Secs. 1102 and 1871 of the Social Security Act (42 U.S.C. 1302 and 1895hh).

Subpart A—General Provisions

2. Section 412.4 is revised to read as follows:

§ 412.4 Discharges and transfers.

(a) *Discharges.* Subject to the provisions of paragraphs (b) and (c) of this section, a hospital inpatient is considered discharged from a hospital paid under the prospective payment system when —

(1) The patient is formally released from the hospital; or

(2) The patient dies in the hospital.

(b) *Transfer—Basic rule.* A discharge of a hospital inpatient is considered to be a transfer for purposes of payment under this part if the discharge is made under any of the following circumstances:

(1) From a hospital to the care of another hospital that is—

(i) Paid under the prospective payment system; or

(ii) Excluded from being paid under the prospective payment system because of participation in an approved Statewide cost control program as described in subpart C of part 403 of this chapter.

(2) From one inpatient area or unit of a hospital to another inpatient area or unit of the hospital that is paid under the prospective payment system.

(c) *Transfers—Special 10 DRG rule.* For discharges occurring on or after October 1, 1998, a discharge of a hospital inpatient is considered to be a transfer for purposes of this part when the patient's discharge is assigned, as described in § 412.60(c), to one of the qualifying diagnosis-related groups (DRGs) listed in paragraph (d) of this section and the discharge is made under any of the following circumstances—

(1) To a hospital or distinct part hospital unit excluded from the prospective payment system under subpart B of this part.

(2) To a skilled nursing facility or to a swing bed in the hospital that meets the provisions of § 482.66 of this chapter.

(3) To home under a written plan of care for the provision of home health services from a home health agency and those services begin within 3 days after the date of discharge.

(d) *Qualifying DRGs.* The qualifying DRGs for purposes of paragraph (c) of this section are DRGs 14, 113, 209, 210, 211, 236, 263, 264, 429, and 483.

(e) *Payment for discharges.* The hospital discharging an inpatient (under paragraph (a) of this section) is paid in full, in accordance with § 412.2(b).

(f) *Payment for transfers*—(1) *General rule.* Except as provided in paragraph (f)(2) or (f)(3) of this section, a hospital that transfers an inpatient under the circumstances described in paragraph (b) or (c) of this section, is paid a graduated per diem rate for each day of the patient's stay in that hospital, not to exceed the amount that would have been paid under subparts D and M of this part if the patient had been discharged to another setting. The per diem rate is determined by dividing the appropriate prospective payment rates (as determined under subparts D, and M of this part) by the geometric mean length of stay for the specific which the case is assigned. Payment is graduated by paying twice the per diem amount for the first day of the stay, and the per diem amount for each subsequent day, up to the full DRG payment.

(2) *Special rule for DRGs 209, 210, and 211.* A hospital that transfers an inpatient under the circumstances described in paragraph (c) of this section and the transfer is assigned to DRGs 209, 210 or 211 is paid as follows:

(i) 50 percent of the appropriate prospective payment rate (as determined under subparts D and M of this part) for the first day of the stay; and

(ii) 50 percent of the per diem amount as calculated under paragraph (f)(1) of this section for the remaining days of the stay, up to the full DRG payment.

(3) *Transfer assigned to DRG 385.* If a transfer is classified into DRG No. 385 (Neonates, died or transferred) the transferring hospital is paid in accordance with § 412.2(e).

(4) *Outliers.* Effective with discharges occurring on or after October 1, 1994, a transferring hospital may qualify for an additional payment for extraordinarily high-cost cases that meet the criteria for cost outliers as described in subpart F of this part.

Subpart G—Special Treatment of Certain Facilities Under the Prospective Payment System for Inpatient Operating Costs

3. In § 412.106, paragraph (b)(4) is revised to read as follows:

§ 412.106 Special treatment: Hospitals that serve a disproportionate share of low-income patients.

* * * * *

(b) * * *

(4) *Second computation.* The fiscal intermediary determines, for the same cost reporting period used for the first computation, the number of the hospital's patient days of service for which patients were eligible for Medicaid but not entitled to Medicare Part A, and divides that number by the total number of patient days in the same period.

(i) For purpose of paragraph (b)(4), a patient is deemed eligible for Medicaid on a given day if the patient is eligible for medical assistance under an approved State Medicaid plan on such day, regardless of whether particular items or services were covered or paid under the State plan.

(ii) The hospital has the burden of furnishing data adequate to prove eligibility for each Medicaid patient day claimed under this paragraph, and of verifying with the State that a patient was eligible for Medicaid during each claimed patient hospital day.

* * * * *

Subpart M—Prospective Payment System for inpatient Hospital Capital Costs

4. In § 412.322, a new sentence is added at the end of paragraph (a)(3) to read as follows:

§ 412.322 Indirect medical education adjustment factor.

(a) * * *

(3) * * * This ratio cannot exceed 1.5.

* * * * *

5. In § 412.331, paragraphs (a) and (b) are redesignated as paragraphs (b) and (c) respectively, a new paragraph (a) is added, and the first sentences of new paragraphs (b) introductory text and (b)(2) are revised to read as follows:

§ 412.331 Determining hospital-specific rates in cases of hospital merger, consolidation, or dissolution.

(a) *New hospital merger or consolidation.* If, after a new hospital accepts its first patient but before the end of its base year, it merges with one or more existing hospitals, and two or more separately located hospital campuses are maintained, hospital specific rate and payment determination for the merged entity are determined as follows—

(1) The ''new'' campus continues to be paid based on reasonable costs until the end of its base year. The existing campus remains on its previous payment methodology until the end of the new campus' base year. Effective with the first cost reporting period beginning after the ''new'' campus, the intermediary determines a hospital-specific rate applicable to the new campus, and then determines a revised hospital-specific rate for the merged entity in accordance with paragraph(a) of this section.

(2) *Payment determination.* To determine the applicable payment methodology under § 412.336 and for payment purposes under § 412.340 or § 412.344, the discharge-weighted hospital-specific rate is compared to the Federal rate. The revised payment methodology is effective on the first day of the cost reporting period beginning after the end of the ''new'' campus'' base year.

(b) *Hospital merger or consolidation.* If, after the base year, two or more hospitals merge or consolidate into one hospital as provided for under § 413.134(k) of this chapter and are not subject to the provisions of paragraph (a) of this section, the intermediary determines a revised hospital-specific rate applicable to the combined facility under § 412.328, which is effective beginning with the date of merger or consolidation. * * *

(2) *Payment determination.* To determine the applicable payment methodology under § 412.336 and for payment purposes under § 412.340 or § 412.344, the discharge-weighted hospital-specific rate is compared to the Federal rate. * * *

* * * * *

C. Part 413 is amended as set forth below:

PART 413—PRINCIPLES OF REASONABLE COST REIMBURSEMENT; PAYMENT FOR END-STAGE RENAL DISEASE SERVICES; OPTIONAL PROSPECTIVELY DETERMINED PAYMENT FOR SKILLED NURSING FACILITIES

1. The authority citation for part 413 is revised to read as follows:

Authority: Secs. 1102, 1812(d), 1814(b), 1815, 1833(a), (I) and (n), 1861(v), 1871, 1881, 1883, and 1866 of the Social Security Act (42 U.S.C. 1302, 1395f(b), 1395g, 1395l, 1395l(a), (I) and (n), 1395x(v), 1395hh, 1395rr, 1395tt, and 1395ww).

Subpart C—Limits on Cost Reimbursement

2. In § 413.40, paragraph (c)(4)(iv) is redesignated as paragraph (v), a new paragraph (iv) is added, and paragraph (g)(1) is revised to read as follows:

§ 413.40 Ceiling on the rate of increase in hospital inpatient costs.

* * * * *

(c) * * *

(4) * * *

(iv) For purposes of the limits on target amounts established under paragraph (c)(4)(iii) of this section, each hospital or unit that was excluded from the prospective payment system for its cost reporting period ending during FY 1996 will be classified in the same way (that is, as a psychiatric hospital or unit, or a long-term care hospital) as it was classified under subpart B of part 412 of this chapter for purposes of exclusion from prospective payment systems for its cost reporting period ending during FY 1996. If a hospital or unit was not excluded from the prospective payment system for a cost reporting period ending during FY 1996 but could qualify to be classified in more than one way under the exclusion criteria in subpart B of part 412 of this chapter, the hospital is assigned to the classification group that has the lowest limit on its target amounts.

* * * * *

(g) *Adjustments*—(1) *General rule.* HCFA may adjust the amount of the operating costs considered in establishing the rate-of-increase ceiling for one or more cost reporting periods, including both periods subject to the ceiling and the hospital's base period, under the circumstances specified below. When an adjustment is requested by the hospital, HCFA makes an adjustment only to the extent that the hospital's operating costs are reasonable, attributable to the circumstances specified separately identified by the hospital, and verified by the intermediary. HCFA may grant an adjustment requested by the hospital only if the hospital's operating costs exceed the rate-of-increase ceiling imposed under this section. In the case of a psychiatric hospital or unit, rehabilitation hospital or unit, or long term care hospital, the amount of payment made to a hospital after an adjustment under paragraph (g)(3) of this section may not exceed the 75th percentile of the target amounts for hospitals of the same class as described in § 413.40(c)(4)(iii).

Subpart F—Specific Categories of Costs

3. In § 413.80, paragraph (h) is redesignated as paragraph (i), and a new paragraph (h) is added to read as follows:

§ 413.80 Bad debts, charity, and courtesy allowances.

* * * * *

(h) *Limitations on bad debts.* In determining reasonable costs for hospitals, the amount of bad debts otherwise treated as allowable costs (as defined in paragraph (e) of this section) is reduced—

(1) For cost reporting periods beginning during fiscal year 1998, by 25 percent;

(2) For cost reporting periods beginning during fiscal year 1999, by 40 percent; and

(3) For cost reporting periods beginning during a subsequent fiscal year, by 45 percent.

* * * * *

4. In § 413.85, a new paragraph (h) is added to read as follows:

§ 413.85 Cost of educational activities.

* * * * *

(h) *Medicare+Choice organizations.* (1) Effective for that portion of cost reporting periods occurring on or after January 1, 1999, Medicare+Choice organizations may receive direct graduate medical education payments for the time that residents spend in nonhospital provider settings such as freestanding clinics, nursing homes, and physicians' offices in connection with approved programs.

(2) Medicare+Choice organizations may receive direct graduate medical education payments if all of the following conditions are met—

(i) The resident spends his or her time in patient care activities.

(ii) The Medicare+Choice organization incurs ''all or substantially all'' of the costs for the training program in the nonhospital setting as defined in § 413.86(b).

(iii) There is a written agreement between the Medicare+Choice organization and the nonhospital provider that contains—

(A) A statement by the nonhospital provider that, all or substantially all of the direct graduate medical education costs as defined in paragraph (f)(1)(ii) of this section are being assumed by the Medicare+Choice organization;

(B) A statement that the nonhospital site agrees to offset the revenue received from the Medicare+Choice organization.

(C) A statement that the nonhospital site agrees to report its direct graduate medical education costs in a nonreimbursable cost center on its cost report; and

(D) A statement indicating how much time the teaching physicians will spend training residents in the nonhospital setting, subject to the provisions of §§ 415.60 and 415.70 of this chapter.

(3) A Medicare+Choice organization's allowable direct graduate medical education costs, subject to the redistribution and community support principles in § 413.85(c), consist of—

(i) Residents' salaries and fringe benefits (including travel and lodging where applicable); and

(ii) The portion of teaching physicians' salaries and fringe benefits that are related to the time spent in teaching and supervising residents.

(4) Allowable direct graduate medical education costs under paragraph (h)(3) of this section are subject to the reasonable cost principles of part 413 and the reasonable compensation equivalency limits in §§ 415.60 and 415.70 of this chapter.

(5) The direct graduate medical education payment is equal to the product of—

(i) The Medicare+Choice organization's allowable direct graduate medical education costs as defined in paragraph (h)(3) of this section; and

(ii) Medicare's share of the Medicare+Choice organization's direct graduate medical education payment in the nonhospital site which is equal to the ratio of the number of Medicare beneficiaries enrolled to the total number of individuals enrolled in the Medicare+Choice organization.

(6) Direct graduate medical education payments made to Medicare+Choice organizations under this section are made from the Federal Supplementary Medical Insurance Trust Fund.

* * * * *

5. In § 413.86, the introductory text of paragraph (b) is republished, a new definition in alphabetical order is added to paragraph (b), paragraphs (i) and (j) are redesignated as paragraphs (j) and (k) respectively, paragraph (f)(2) is redesignated as new paragraph (i), paragraphs (f)(2)(i) through (vii) are redesignated as paragraphs (i)(1) through (7) respectively, the introductory text of paragraph (f)(1) is redesignated as the introductory text of paragraph (f), paragraphs (f)(1)(i) through (iii) are redesignated as paragraphs (f)(1) through (3) respectively, paragraphs (f)(1)(iii)(A) and (B) are redesignated as (f)(3)(i) and (ii) respectively, new paragraph (f)(2) and the introductory text of new paragraph (f)(3) are revised, and a new paragraph (f)(4) is added to read as follows:

§ 413.86 Direct graduate medical education payments.

* * * * *

(b) *Definitions.* For purposes of this section, the following definitions apply:

* * * * *

All or substantially all of the costs for the training program in the nonhospital setting means the residents' salaries and fringe benefits (including travel and lodging where applicable) and the

portion of the cost of teaching physicians' salaries and fringe benefits.

* * * * *

(f) * * *

(2) No individual may be counted as more than one FTE. If a resident spends time in more than one hospital or, except as provided in paragraphs (f)(3) and (4) of this section, in a nonprovider setting, the resident counts as partial FTE based on the proportion of time worked at the hospital to the total time worked. A part-time resident counts as a partial FTE based on the proportion of allowable time worked compared to the total time necessary to fill a full-time internship or residency slot.

(3) On or after July 1, 1987 and for the portion of the cost reporting period ocurring before January 1, 1999, the time residents spend in nonprovider settings such as freestanding clinics, nursing homes, and physicians' offices in connection with approved programs is not excluded in determining the number of FTE residents in the calculation of a hospital's resident count if the following conditions are met—

* * * * *

(4) On or after July 1, 1987 and for the portion cost reporting period occurring on or after January 1, 1999, the time residents spend in nonprovider settings such as freestanding clinics, nursing homes, and physicians' offices in connection with approved programs is not excluded in determining the number of FTE residents in the calculation of a hospital's resident count if the following conditions are met—

(i) The resident spends his or her time in patient care activities.

(ii) The written agreement between the hospital and the nonhospital provider must contain—

(A) A statement by the nonhospital provider that, all or substantially all of the direct graduate medical education costs as defined in paragraph (b) of this section are being assumed by the hospital;

(B) A statement that the nonhospital site agrees to offset the revenue received from the hospital;

(C) A statement that the nonhospital site agrees to report its direct graduate medical education costs on its cost report in a graduate medical education cost center; and

(D) A statement indicating how much time the teaching physicians will spend training residents in the nonhospital setting, subject to the provisions of §§ 415.60 and 415.70 of this chapter.

* * * * *

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

Dated: April 28, 1998.

Nancy-Ann Min DeParle,

Administrator, Health Care Financing Administration.

Dated: May 1, 1998.

Donna E. Shalala,

Secretary.

[**Editorial Note:** The following addendum and appendixes will not appear in the Code of Federal Regulations.]

Addendum—Proposed Schedule of Standardized Amounts Effective With Discharges Occurring On or After October 1, 1998 and Update Factors and Rate-of-Increase Percentages Effective With Cost Reporting Periods Beginning On or After October 1, 1998

I. Summary and Background

In this addendum, we are setting forth the proposed amounts and factors for determining prospective payment rates for Medicare inpatient operating costs and Medicare inpatient capital-related costs. We are also setting forth proposed rate-of-increase percentages for updating the target amounts for hospitals and hospital units excluded from the prospective payment system.

For discharges occurring on or after October 1, 1998, except for sole community hospitals, Medicare-dependent, small rural hospitals, and hospitals located in Puerto Rico, each hospital's payment per discharge under the prospective payment system will be based on 100 percent of the Federal national rate.

Sole community hospitals are paid based on whichever of the following rates yield the greatest aggregate payment: The Federal national rate, the updated hospital-specific rate based on FY 1982 cost per discharge, or the updated hospital-specific rate based on FY 1987 cost per discharge. Medicare-dependent, small rural hospitals are paid based on the Federal national rate or, if higher, the Federal national rate plus 50 percent of the difference between the Federal national rate and the updated hospital-specific rate based on FY 1982 or FY 1987 cost per discharge, whichever is higher. For hospitals in Puerto Rico, the payment per discharge is based on the sum of 50 percent of a Puerto Rico rate and 50 percent of a national rate.

As discussed below in section II, we are proposing to make changes in the determination of the prospective payment rates for Medicare inpatient operating costs. The changes, to be applied prospectively, would affect the calculation of the Federal rates. In section III of this addendum, we discuss our proposed changes for determining the prospective payment rates for Medicare inpatient capital-related costs. Section IV of this addendum sets forth our proposed changes for determining the rate-of-increase limits for hospitals excluded from the prospective payment system. The tables to which we refer in the preamble to the proposed rule are presented at the end of this addendum in section V.

II. Proposed Changes to Prospective Payment Rates for Inpatient Operating Costs for FY 1999

The basic methodology for determining prospective payment rates for inpatient operating costs is set forth at § 412.63 for hospitals located outside of Puerto Rico. The basic methodology for determining the prospective payment rates for inpatient operating costs for hospitals located in Puerto Rico is set forth at §§ 412.210 and 412.212. Below, we discuss the proposed factors used for determining the prospective payment rates. The Federal and Puerto Rico rate changes, once issued as final, would be effective with discharges occurring on or after October 1, 1998. As required by section 1886(d)(4)(C) of the Act, we must also adjust the DRG classifications and weighting factors for discharges in FY 1999.

In summary, the proposed standardized amounts set forth in Tables 1A and 1C of section V of this addendum reflect—

- Updates of 0.7 percent for all areas (that is, the market basket percentage increase of 2.6 percent minus 1.9 percentage points);
- An adjustment to ensure budget neutrality as provided for in sections 1886(d)(4)(C)(iii) and (d)(3)(E) of the Act by applying new budget neutrality adjustment factors to the large urban and other standardized amounts;
- An adjustment to ensure budget neutrality as provided for in section 1886(d)(8)(D) of the Act by removing the FY 1998 budget neutrality factor and applying a revised factor;
- An adjustment to apply the revised outlier offset by removing the FY 1998 outlier offsets and applying a new offset; and
- An adjustment in the Puerto Rico standardized amounts to reflect the application of a Puerto Rico-specific wage index.

The standardized amounts set forth in Tables 1E and 1F of section V of this addendum, which apply to ''temporary relief'' hospitals (see 62 FR 46001 for a discussion of these hospitals), reflect updates of 1.0 percent for all areas but otherwise reflect the same adjustments

as the national standardized amounts. As described in § 412.107, these hospitals receive an update that is 0.3 percentage points more than the update factor applicable to all other prospective payment hospitals for FY 1999.

A. Calculation of Adjusted Standardized Amounts

1. Standardization of Base-Year Costs or Target Amounts

Section 1886(d)(2)(A) of the Act required the establishment of base-year cost data containing allowable operating costs per discharge of inpatient hospital services for each hospital. The preamble to the September 1, 1983 interim final rule (48 FR 39763) contains a detailed explanation of how base-year cost data were established in the initial development of standardized amounts for the prospective payment system and how they are used in computing the Federal rates.

Section 1886(d)(9)(B)(i) of the Act required that Medicare target amounts be determined for each hospital located in Puerto Rico for its cost reporting period beginning in FY 1987. The September 1, 1987 final rule contains a detailed explanation of how the target amounts were determined and how they are used in computing the Puerto Rico rates (52 FR 33043, 33066).

The standardized amounts are based on per discharge averages of adjusted hospital costs from a base period or, for Puerto Rico, adjusted target amounts from a base period, updated and otherwise adjusted in accordance with the provisions of section 1886(d) of the Act. Sections 1886(d)(2)(B) and (C) of the Act required that the base-year per discharge costs be updated for FY 1984 and then standardized in order to remove from the cost data the effects of certain sources of variation in cost among hospitals. These include case mix, differences in area wage levels, cost of living adjustments for Alaska and Hawaii, indirect medical education costs, and payments to hospitals serving a disproportionate share of low-income patients.

Under sections 1886(d)(2)(H) and (d)(3)(E) of the Act, in making payments under the prospective payment system, the Secretary estimates from time to time the proportion of costs that are wages and wage-related costs. Since October 1, 1997, when the market basket was last revised, we have considered 71.1 percent of costs to be labor-related for purposes of the prospective payment system. We are revising the Puerto Rico standardized amounts by the average labor share in Puerto Rico of 71.3 percent. We are revising the discharge-weighted national standardized amount for Puerto Rico to reflect the proportion of discharges in large urban and other areas from the FY 1997 MedPAR file.

2. Computing Large Urban and Other Area Averages

Sections 1886(d) (2)(D) and (3) of the Act require the Secretary to compute two average standardized amounts for discharges occurring in a fiscal year: One for hospitals located in large urban areas and one for hospitals located in other areas. In addition, under sections 1886(d)(9)(B)(iii) and (C)(i) of the Act, the average standardized amount per discharge must be determined for hospitals located in urban and other areas in Puerto Rico. Hospitals in Puerto Rico are paid a blend of 50 percent of the applicable Puerto Rico standardized amount and 50 percent of a national standardized payment amount.

Section 1886(d)(2)(D) of the Act defines ''urban area'' as those areas within a Metropolitan Statistical Area (MSA). A ''large urban area'' is defined as an urban area with a population of more than 1,000,000. In addition, section 4009(i) of Public Law 100–203 provides that a New England County Metropolitan Area (NECMA) with a population of more than 970,000 is classified as a large urban area. As required by section 1886(d)(2)(D) of the Act, population size is determined by the Secretary based on the latest population data published by the Bureau of the Census. Urban areas that do not meet the definition of a ''large urban area'' are referred to as ''other urban areas.'' Areas that are not included in MSAs are considered ''rural areas'' under section 1886(d)(2)(D) of the Act. Payment for discharges from hospitals located in large urban areas will be based on the large urban standardized amount. Payment for discharges from hospitals located in other urban and rural areas will be based on the other standardized amount.

Based on 1996 population estimates published by the Bureau of the Census, 60 areas meet the criteria to be defined as large urban areas for FY 1999. These areas are identified by a footnote in Table 4A.

3. Updating the Average Standardized Amounts

Under section 1886(d)(3)(A) of the Act, we update the area average standardized amounts each year. In accordance with section 1886(d)(3)(A)(iv) of the Act, we are proposing to update the large urban and the other areas average standardized amounts for FY 1999 using the applicable percentage increases specified in section 1886(b)(3)(B)(i) of the Act. Section 1886(b)(3)(B)(i)(XIV) of the Act specifies that, for hospitals in all areas, the update factor for the standardized amounts for FY 1999 is equal to the market basket percentage increase minus 1.9 percentage points. The ''temporary relief'' provision under section 4401 of Public Law 105–33 provides for an update equal to the market basket percentage increase minus 1.6 percentage points for hospitals that are not Medicare-dependent, small rural hospitals, that receive no IME or DSH payments, that are located in a state in which aggregate Medicare operating payments for such hospitals were less than their aggregate allowable Medicare operating costs for their cost reporting periods beginning during FY 1995, and whose Medicare operating payments are less than their allowable Medicare operating costs for their cost reporting period beginning during FY 1999.

The percentage change in the market basket reflects the average change in the price of goods and services purchased by hospitals to furnish inpatient care. The most recent forecast of the proposed hospital market basket increase for FY 1999 is 2.6 percent. Thus, for FY 1999, the proposed update to the average standardized amounts equals 0.7 percent (1.0 percent for those hospitals qualifying under the ''temporary relief'' provision of Public Law 105–33).

As in the past, we are adjusting the FY 1998 standardized amounts to remove the effects of the FY 1998 geographic reclassifications and outlier payments before applying the FY 1999 updates. That is, we are increasing the standardized amounts to restore the reductions that were made for the effects of geographic reclassification and outliers. We then apply the new offsets to the standardized amounts for outliers and geographic reclassifications for FY 1999.

Although the update factor for FY 1999 is set by law, we are required by section 1886(e)(3) of the Act to report to Congress on our initial recommendation of update factors for FY 1999 for both prospective payment hospitals and hospitals excluded from the prospective payment system. For general information purposes, we have included the report to Congress as Appendix C to this proposed rule. Our proposed recommendation on the update factors (which is required by sections 1886(e)(4)(A) and (e)(5)(A) of the Act), as well as our responses to MedPAC's recommendation concerning the update factor, are set forth as Appendix D to this proposed rule.

4. Other Adjustments to the Average Standardized Amounts

a. Recalibration of DRG Weights and Updated Wage Index—Budget Neutrality Adjustment. Section 1886(d)(4)(C)(iii) of the Act specifies that beginning in FY 1991, the annual DRG reclassification and recalibration of the relative weights must be made in a manner that ensures that aggregate payments to hospitals are not affected. As discussed in section II of the preamble, we normalized the recalibrated DRG weights by an adjustment factor, so that the average case weight after recalibration is equal to the average case weight prior to recalibration.

Section 1886(d)(3)(E) of the Act specifies that the hospital wage index must be updated on an annual basis beginning October 1, 1993. This provision also requires that any updates or adjustments to the wage index must be made in a manner that ensures that aggregate payments to hospitals are not affected by the change in the wage index.

To comply with the requirement of section 1886(d)(4)(C)(iii) of the Act that DRG reclassification and recalibration of the relative weights be budget neutral, and the requirement in section 1886(d)(3)(E) of the Act that the updated wage index be budget neutral, we used historical discharge data to simulate payments and compared aggregate payments using the FY 1998 relative weights and wage index to aggregate payments using the proposed FY 1999 relative weights and wage index. The same methodology was used for the FY 1998 budget neutrality adjustment. (See the discussion in the September 1, 1992 final rule (57 FR 39832).) Based on this comparison, we computed a budget neutrality adjustment factor equal to 0.999227. We adjust the Puerto Rico-specific standardized amounts for the effect of DRG reclassification and recalibration. We computed a budget neutrality adjustment factor for Puerto Rico-specific standardized amounts equal to 0.998946. These budget neutrality adjustment factors are applied to the standardized amounts without removing the effects of the FY 1998 budget neutrality adjustments. We do not remove the prior budget neutrality adjustment because estimated aggregate payments after the changes in the DRG relative weights and wage index should equal estimated aggregate payments prior to the changes. If we removed the prior year adjustment, we would not satisfy this condition.

In addition, we are proposing to continue to apply the same FY 1999 adjustment factor to the hospital-specific rates that are effective for cost reporting periods beginning on or after October 1, 1998, in order to ensure that we meet the statutory requirement that aggregate payments neither increase nor decrease as a result of the implementation of the FY 1999 DRG weights and updated wage index. (See the discussion in the September 4, 1990 final rule (55 FR 36073).)

b. Reclassified Hospitals—Budget Neutrality Adjustment. Section 1886(d)(8)(B) of the Act provides that certain rural hospitals are deemed urban effective with discharges occurring on or after October 1, 1988. In addition, section 1886(d)(10) of the Act provides for the reclassification of hospitals based on determinations by the Medicare Geographic Classification Review Board (MGCRB). Under section 1886(d)(10) of the Act, a hospital may be reclassified for purposes of the standardized amount or the wage index, or both.

Under section 1886(d)(8)(D) of the Act, the Secretary is required to adjust the standardized amounts so as to ensure that total aggregate payments under the prospective payment system after implementation of the provisions of sections 1886(d)(8)(B) and (C) and 1886(d)(10) of the Act are equal to the aggregate prospective payments that would have been made absent these provisions. To calculate this budget neutrality factor, we used historical discharge data to simulate payments, and compared total prospective payments (including IME and DSH payments) prior to any reclassifications to total prospective payments after reclassifications. We are applying an adjustment factor of 0.994019 to ensure that the effects of reclassification are budget neutral.

The adjustment factor is applied to the standardized amounts after removing the effects of the FY 1998 budget neutrality adjustment factor. We note that the proposed FY 1999 adjustment reflects wage index and standardized amount reclassifications approved by the MGCRB or the Administrator as of February 27, 1998. The effects of any additional reclassification changes resulting from appeals and reviews of the MGCRB decisions for FY 1999 or from a hospital's request for the withdrawal of a reclassification request will be reflected in the final budget neutrality adjustment required under section 1886(d)(8)(D) of the Act and published in the final rule for FY 1999.

c. Outliers. Section 1886(d)(5)(A) of the Act provides for payments in addition to the basic prospective payments for ''outlier'' cases, cases involving extraordinarily high costs (cost outliers). Section 1886(d)(3)(B) of the Act requires the Secretary to adjust both the large urban and other area national standardized amounts by the same factor to account for the estimated proportion of total DRG payments made to outlier cases. Similarly, section 1886(d)(9)(B)(iv) of the Act requires the Secretary to adjust the large urban and other standardized amounts applicable to hospitals in Puerto Rico to account for the estimated proportion of total DRG payments made to outlier cases. Furthermore, under section 1886(d)(5)(A)(iv) of the Act, outlier payments for any year must be projected to be not less than 5 percent nor more than 6 percent of total payments based on DRG prospective payment rates.

For FY 1998, the fixed loss cost outlier threshold is equal to the prospective payment for the DRG plus $11,050 ($10,080 for hospitals that have not yet entered the prospective payment system for capital-related costs). The marginal cost factor for cost outliers (the percent of costs paid after costs for the case exceed the threshold) is 80 percent. We applied an outlier adjustment to the FY 1998 standardized amounts of 0.948840 for the large urban and other areas rates and 0.9382 for the capital Federal rate.

We are proposing a fixed loss cost outlier threshold in FY 1999 equal to the prospective payment rate for the DRG plus $11,350 ($10,355 for hospitals that have not yet entered the prospective payment system for capital-related costs). In addition, we are proposing to maintain the marginal cost factor for cost outliers at 80 percent.

In accordance with section 1886(d)(5)(A)(iv) of the Act, we calculated proposed outlier thresholds so that outlier payments are projected to equal 5.1 percent of total payments based on DRG prospective payment rates. In accordance with section 1886(d)(3)(E), we reduced the proposed FY 1999 standardized amounts by the same percentage to account for the projected proportion of payments paid to outliers.

As stated in the September 1, 1993 final rule (58 FR 46348), we establish outlier thresholds that are applicable to both inpatient operating costs and inpatient capital-related costs. When we modeled the combined operating and capital outlier payments, we found that using a common set of thresholds resulted in a higher percentage of outlier payments for capital-related costs than for operating costs. We project that the proposed thresholds for FY 1999 will result in outlier payments equal to 5.1

percent of operating DRG payments and 6.2 percent of capital payments based on the Federal rate.

The proposed outlier adjustment factors applied to the standardized amounts for FY 1999 are as follows:

	Operating standardized amounts	Capital federal rate
National	0.948819	0.9378
Puerto Rico	0.972962	0.9626

We apply the proposed outlier adjustment factors after removing the effects of the FY 1998 outlier adjustment factors on the standardized amounts.

Table 8A in section V of this addendum contains the updated Statewide average operating cost-to-charge ratios for urban hospitals and for rural hospitals to be used in calculating cost outlier payments for those hospitals for which the intermediary is unable to compute a reasonable hospital-specific cost-to-charge ratio. These Statewide average ratios would replace the ratios published in the August 29, 1997 final rule with comment period (62 FR 46113), effective October 1, 1998. Table 8B contains comparable Statewide average capital cost-to-charge ratios. These average ratios would be used to calculate cost outlier payments for those hospitals for which the intermediary computes operating cost-to-charge ratios lower than 0.217279 or greater than 1.28985 and capital cost-to-charge ratios lower than 0.01281 or greater than 0.18084. This range represents 3.0 standard deviations (plus or minus) from the mean of the log distribution of cost-to-charge ratios for all hospitals. We note that the cost-to-charge ratios in Tables 8A and 8B would be used during FY 1999 when hospital-specific cost-to-charge ratios based on the latest settled cost report are either not available or outside the three standard deviations range.

In the August 29, 1997 final rule with comment period (62 FR 46041), we stated that, based on available data, we estimated that actual FY 1997 outlier payments would be approximately 4.8 percent of actual total DRG payments. This was computed by simulating payments using actual FY 1996 bill data available at the time. That is, the estimate of actual outlier payments did not reflect actual FY 1997 bills but instead reflected the application of FY 1997 rates and policies to available FY 1996 bills. Our current estimate, using available FY 1997 bills, is that actual outlier payments for FY 1997 were approximately 5.5 percent of actual total DRG payments. We note that the MedPAR file for FY 1997 discharges continues to be updated.

We currently estimate that actual outlier payments for FY 1998 will be approximately 5.4 percent of actual total DRG payments, slightly higher than the 5.1 percent we projected in setting outlier policies for FY 1998. This estimate is based on simulations using the December 1997 update of the provider-specific file and the December 1997 update of the FY 1997 MedPAR file (discharge data for FY 1997 bills). We used these data to calculate an estimate of the actual outlier percentage for FY 1998 by applying FY 1998 rates and policies to available FY 1997 bills.

In FY 1994, we began using a cost inflation factor rather than a charge inflation factor to update billed charges for purposes of estimating outlier payments. This refinement was made to improve our estimation methodology. For FY 1998, we used a cost inflation factor of minus 2.005 percent (a cost per case decrease of 2.005 percent). For FY 1999, based on more recent data, we are proposing a cost inflation factor of minus 1.831 percent to set outlier thresholds. We will reevaluate this factor when we develop the final rule for FY 1999. At that time, more recent data should be available for analysis, specifically, cost report data for cost reporting periods beginning in FY 1997.

5. FY 1999 Standardized Amounts

The adjusted standardized amounts are divided into labor and nonlabor portions. Table 1A (Table 1E for ''temporary relief'' hospitals) contains the two national standardized amounts that we are proposing to be applicable to all hospitals, except for hospitals in Puerto Rico. Under section 1886(d)(9)(A)(ii) of the Act, the Federal portion of the Puerto Rico payment rate is based on the discharge-weighted average of the national large urban standardized amount and the national other standardized amount (as set forth in Table 1A and 1E). The labor and nonlabor portions of the national average standardized amounts for Puerto Rico hospitals are set forth in Table 1C (Table 1F for ''temporary relief'' hospitals). These tables also include the Puerto Rico standardized amounts.

B. Adjustments for Area Wage Levels and Cost of Living

Tables 1A, 1C, 1E and 1F, as set forth in this addendum, contain the proposed labor-related and nonlabor-related shares that would be used to calculate the prospective payment rates for hospitals located in the 50 States, the District of Columbia, and Puerto Rico. This section addresses two types of adjustments to the standardized amounts that are made in determining the prospective payment rates as described in this addendum.

1. Adjustment for Area Wage Levels

Sections 1886(d)(3)(E) and 1886(d)(9)(C)(iv) of the Act require that an adjustment be made to the labor-related portion of the prospective payment rates to account for area differences in hospital wage levels. This adjustment is made by multiplying the labor-related portion of the adjusted standardized amounts by the appropriate wage index for the area in which the hospital is located. In section III of the preamble, we discuss certain revisions we are making to the wage index. The wage index is set forth in Tables 4A through 4F of this addendum.

2. Adjustment for Cost of Living in Alaska and Hawaii

Section 1886(d)(5)(H) of the Act authorizes an adjustment to take into account the unique circumstances of hospitals in Alaska and Hawaii. Higher labor-related costs for these two States are taken into account in the adjustment for area wages described above. For FY 1999, we propose to adjust the payments for hospitals in Alaska and Hawaii by multiplying the nonlabor portion of the standardized amounts by the appropriate adjustment factor contained in the table below. If the Office of Personnel Management releases revised cost-of-living adjustment factors before July 1, 1998, we will publish them in the final rule and use them in determining FY 1999 payments.

TABLE OF COST-OF-LIVING ADJUSTMENT FACTORS, ALASKA AND HAWAII HOSPITALS

Alaska—All areas	1.25
Hawaii:	
County of Honolulu	1.225
County of Hawaii	1.15
County of Kauai	1.225
County of Maui	1.225
County of Kalawao	1.225

(The above factors are based on data obtained from the U.S. Office of Personnel Management.)

C. DRG Relative Weights

As discussed in section II of the preamble, we have developed a classification system for all hospital discharges, assigning them into DRGs, and have developed relative weights for each DRG that reflect the resource utilization of cases in each DRG relative

to Medicare cases in other DRGs. Table 5 of section V of this addendum contains the relative weights that we propose to use for discharges occurring in FY 1999. These factors have been recalibrated as explained in section II of the preamble.

D. Calculation of Prospective Payment Rates for FY 1999

General Formula for Calculation of Prospective Payment Rates for FY 1999

Prospective payment rate for all hospitals located outside of Puerto Rico except sole community hospitals and Medicare-dependent, small rural hospitals = Federal rate.

Prospective payment rate for sole community hospitals = Whichever of the following rates yields the greatest aggregate payment: 100 percent of the Federal rate, 100 percent of the updated FY 1982 hospital-specific rate, or 100 percent of the updated FY 1987 hospital-specific rate.

Prospective payment rate for Medicare-dependent, small rural hospitals = 100 percent of the Federal rate plus, if the greater of the updated FY 1982 hospital-specific rate or the updated FY 1987 hospital-specific rate is higher than the Federal rate, 50 percent of the difference between the applicable hospital-specific rate and the Federal rate.

Prospective payment rate for Puerto Rico = 50 percent of the Puerto Rico rate + 50 percent of a discharge-weighted average of the national large urban standardized amount and the national other standardized amount.

1. Federal Rate

For discharges occurring on or after October 1, 1998 and before October 1, 1999, except for sole community hospitals, Medicare-dependent, small rural hospitals, and hospitals in Puerto Rico, the hospital's payment is based exclusively on the Federal national rate.

The payment amount is determined as follows:

Step 1—Select the appropriate national standardized amount considering the type of hospital and designation of the hospital as large urban or other (see Tables 1A or 1E, in section V of this addendum).

Step 2—Multiply the labor-related portion of the standardized amount by the applicable wage index for the geographic area in which the hospital is located (see Tables 4A, 4B, and 4C of section V of this addendum).

Step 3—For hospitals in Alaska and Hawaii, multiply the nonlabor-related portion of the standardized amount by the appropriate cost-of-living adjustment factor.

Step 4—Add the amount from Step 2 and the nonlabor-related portion of the standardized amount (adjusted if appropriate under Step 3).

Step 5—Multiply the final amount from Step 4 by the relative weight corresponding to the appropriate DRG (see Table 5 of section V of this addendum).

2. Hospital-Specific Rate (Applicable Only to Sole Community Hospitals and Medicare-Dependent, Small Rural Hospitals)

Sections 1886(d)(5)(D)(i) and (b)(3)(C) of the Act provide that sole community hospitals are paid based on whichever of the following rates yields the greatest aggregate payment: the Federal rate, the updated hospital-specific rate based on FY 1982 cost per discharge, or the updated hospital-specific rate based on FY 1987 cost per discharge.

Sections 1886(d)(5)(G) and (b)(3)(D) of the Act provide that Medicare-dependent, small rural hospitals are paid based on whichever of the following rates yields the greatest aggregate payment: the Federal rate or the Federal rate plus 50 percent of the difference between the Federal rate and the greater of the updated hospital-specific rate based on FY 1982 and FY 1987 cost per discharge.

Hospital-specific rates have been determined for each of these hospitals based on both the FY 1982 cost per discharge and the FY 1987 cost per discharge. For a more detailed discussion of the calculation of the FY 1982 hospital-specific rate and the FY 1987 hospital-specific rate, we refer the reader to the September 1, 1983 interim final rule (48 FR 39772); the April 20, 1990 final rule with comment (55 FR 15150); and the September 4, 1990 final rule (55 FR 35994).

a. Updating the FY 1982 and FY 1987 Hospital-Specific Rates for FY 1999. We are proposing to increase the hospital-specific rates by 0.7 percent (the hospital market basket percentage increase of 2.6 percent minus 1.9 percentage points) for sole community hospitals and Medicare-dependent, small rural hospitals located in all areas for FY 1999. Section 1886(b)(3)(C)(iv) of the Act provides that the update factor applicable to the hospital-specific rates for sole community hospitals equals the update factor provided under section 1886(b)(3)(B)(iv) of the Act, which, for FY 1999, is the market basket rate of increase minus 1.9 percentage points. Section 1886(b)(3)(D) of the Act provides that the update factor applicable to the hospital-specific rates for Medicare-dependent, small rural hospitals equals the update factor provided under section 1886(b)(3)(B)(iv) of the Act, which, for FY 1999, is the market basket rate of increase minus 1.9 percentage points.

b. Calculation of Hospital-Specific Rate. For sole community hospitals and Medicare-dependent, small rural hospitals, the applicable FY 1999 hospital-specific rate would be calculated by increasing the hospital's hospital-specific rate for the preceding fiscal year by the applicable update factor (0.7 percent), which is the same as the update for all prospective payment hospitals except ''temporary relief'' hospitals. In addition, the hospital-specific rate would be adjusted by the budget neutrality adjustment factor (that is, 0.999227) as discussed in section II.A.4.a of this Addendum. This resulting rate would be used in determining under which rate a sole community hospital or Medicare-dependent, small rural hospital is paid for its discharges beginning on or after October 1, 1998, based on the formula set forth above.

3. General Formula for Calculation of Prospective Payment Rates for Hospitals Located in Puerto Rico Beginning On or After October 1, 1998 and Before October 1, 1999.

a. Puerto Rico Rate. The Puerto Rico prospective payment rate is determined as follows:

Step 1—Select the appropriate adjusted average standardized amount considering the large urban or other designation of the hospital (see Table 1C or 1F of section V of the addendum).

Step 2—Multiply the labor-related portion of the standardized amount by the appropriate Puerto Rico-specific wage index (see Table 4F of section V of the addendum).

Step 3—Add the amount from Step 2 and the nonlabor-related portion of the standardized amount.

Step 4—Multiply the result in Step 3 by 50 percent.

Step 5—Multiply the amount from Step 4 by the appropriate DRG relative weight (see Table 5 of section V of the addendum).

b. National Rate. The national prospective payment rate is determined as follows:

Step 1—Multiply the labor-related portion of the national average standardized amount (see Table 1C or 1F of section V of the addendum) by the appropriate national wage index (see Tables 4A and 4B of section V of the addendum).

Step 2—Add the amount from Step 1 and the nonlabor-related portion of the national average standardized amount.

Step 3—Multiply the result in Step 2 by 50 percent.

Step 4—Multiply the amount from Step 3 by the appropriate DRG relative weight (see Table 5 of section V of the addendum).

The sum of the Puerto Rico rate and the national rate computed above equals the prospective payment for a given discharge for a hospital located in Puerto Rico.

III. Proposed Changes to Payment Rates for Inpatient Capital-Related Costs for FY 1999

The prospective payment system for hospital inpatient capital-related costs was implemented for cost reporting periods beginning on or after October 1, 1991. Effective with that cost reporting period and during a 10-year transition period extending through FY 2001, hospital inpatient capital-related costs are paid on the basis of an increasing proportion of the capital prospective payment system Federal rate and a decreasing proportion of a hospital's historical costs for capital.

The basic methodology for determining Federal capital prospective rates is set forth at §§ 412.308 through 412.352. Below we discuss the factors that we used to determine the proposed Federal rate and the hospital-specific rates for FY 1999. The rates will be effective for discharges occurring on or after October 1, 1998.

For FY 1992, we computed the standard Federal payment rate for capital-related costs under the prospective payment system by updating the FY 1989 Medicare inpatient capital cost per case by an actuarial estimate of the increase in Medicare inpatient capital costs per case. Each year after FY 1992 we update the standard Federal rate, as provided in § 412.308(c)(1), to account for capital input price increases and other factors. Also, § 412.308(c)(2) provides that the Federal rate is adjusted annually by a factor equal to the estimated proportion of outlier payments under the Federal rate to total capital payments under the Federal rate. In addition, § 412.308(c)(3) requires that the Federal rate be reduced by an adjustment factor equal to the estimated proportion of payments for exceptions under § 412.348. Furthermore, § 412.308(c)(4)(ii) requires that the Federal rate be adjusted so that the annual DRG reclassification and the recalibration of DRG weights and changes in the geographic adjustment factor are budget neutral. For FYs 1992 through 1995, § 412.352 required that the Federal rate also be adjusted by a budget neutrality factor so that aggregate payments for inpatient hospital capital costs were projected to equal 90 percent of the payments that would have been made for capital-related costs on a reasonable cost basis during the fiscal year. That provision expired in FY 1996. Section 412.308(b)(2) describes the 7.4 percent reduction to the rate which was made in FY 1994, and § 412.308(b)(3) describes the 0.28 percent reduction to the rate made in FY 1996 as a result of the revised policy of paying for transfers. In the FY 1998 final rule with comment period (62 FR 45966) we implemented section 4402 of the BBA, which required that for discharges occurring on or after October 1, 1997, and before October 1, 2002, the unadjusted standard Federal rate was reduced by 17.78 percent. A small part of that reduction will be restored effective October 1, 2002.

For each hospital, the hospital-specific rate was calculated by dividing the hospital's Medicare inpatient capital-related costs for a specified base year by its Medicare discharges (adjusted for transfers), and dividing the result by the hospital's case mix index (also adjusted for transfers). The resulting case-mix adjusted average cost per discharge was then updated to FY 1992 based on the national average increase in Medicare's inpatient capital cost per discharge and adjusted by the exceptions payment adjustment factor and the budget neutrality adjustment factor to yield the FY 1992 hospital-specific rate. Since FY 1992, the hospital-specific rate has been updated annually for inflation and for changes in the exceptions payment adjustment factor. For FYs 1992 through 1995, the hospital-specific rate was also adjusted by a budget neutrality adjustment factor. In the FY 1998 final rule with comment period (62 FR 46012) we implemented section 4402 of the BBA, which required that for discharges occurring on or after October 1, 1997, and before October 1, 2002, the unadjusted hospital-specific rate should be reduced by 17.78 percent. A small part of that reduction will also be restored effective October 1, 2002.

To determine the appropriate budget neutrality adjustment factor and the exceptions payment adjustment factor, we developed a dynamic model of Medicare inpatient capital-related costs, that is, a model that projects changes in Medicare inpatient capital-related costs over time. With the expiration of the budget neutrality provision, the model is still used to estimate the exceptions payment adjustment and other factors. The model and its application are described in greater detail in Appendix B of this proposed rule.

In accordance with section 1886(d)(9)(A) of the Act, under the prospective payment system for inpatient operating costs, hospitals located in Puerto Rico are paid for operating costs under a special payment formula. Prior to FY 1998, hospitals in Puerto Rico were paid a blended rate that consisted of 75 percent of the applicable standardized amount specific to Puerto Rico hospitals and 25 percent of the applicable national average standardized amount. However, effective October 1, 1998, as a result of section 4406 of the BBA, operating payments to hospitals in Puerto Rico are based on a blend of 50 percent of the applicable standardized amount specific to Puerto Rico hospitals and 50 percent of the applicable national average standardized amount. In conjunction with this change to the operating blend percentage, effective with discharges on or after October 1, 1997, we compute capital payments to hospitals in Puerto Rico based on a blend of 50 percent of the Puerto Rico rate and 50 percent of the Federal rate. Section 412.374 provides for the use of this blended payment system for payments to Puerto Rico hospitals under the prospective payment system for inpatient capital-related costs. Accordingly, for capital-related costs we compute a separate payment rate specific to Puerto Rico hospitals using the same methodology used to compute the national Federal rate for capital.

A. Determination of Federal Inpatient Capital-Related Prospective Payment Rate Update

For FY 1998, the Federal rate is $371.51. With the changes we are proposing to the factors used to establish the Federal rate, the proposed FY 1999 Federal rate is $377.25.

In the discussion that follows, we explain the factors that were used to determine the proposed FY 1999 Federal rate. In particular, we explain why the proposed FY 1999 Federal rate has increased 1.55 percent compared to the FY 1998 Federal rate. Even though we estimate that Medicare hospital inpatient discharges will decline by approximately 2.25 between FY 1998 and FY 1999, we also estimate that aggregate capital payments will increase by 2.60 percent during this same period. This aggregate increase is primarily due to the change in the federal rate blend percentage from 70 percent to 80 percent, the 1.55 percent increase in the rate, and a projected increase in case mix.

The major factor contributing to the increase in the proposed capital Federal rate for FY 1999 relative to FY 1998 is

that the proposed FY 1999 exceptions reduction factor is 1.06 percent higher than the factor for FY 1998. The exceptions reduction factor equals 1 minus the projected percentage of exceptions payments. We estimate that the projected percentage of exceptions payments for FY 1999 will be lower than the projected percentage for FY 1998; accordingly, the proposed FY 1999 rate reflects less of a reduction to account for exceptions than the FY 1998 rate.

Total payments to hospitals under the prospective payment system are relatively unaffected by changes in the capital prospective payments. Since capital payments constitute about 10 percent of hospital payments, a 1 percent change in the capital Federal rate yields only about 0.1 percent change in actual payments to hospitals. Aggregate payments under the capital prospective payment transition system are estimated to increase in FY 1999 compared to FY 1998.

1. Standard Federal Rate Update

a. Description of the Update Framework. Under section 412.308(c)(1), the standard Federal rate is updated on the basis of an analytical framework that takes into account changes in a capital input price index and other factors. The update framework consists of a capital input price index (CIPI) and several policy adjustment factors. Specifically, we have adjusted the projected CIPI rate of increase as appropriate each year for case-mix index related changes, for intensity, and for errors in previous CIPI forecasts. The proposed update factor for FY 1999 under that framework is 0.2 percent. This proposal is based on a projected 0.8 percent increase in the CIPI, policy adjustment factors of -0.2, and a forecast error correction of −0.4 percent. We explain the basis for the FY 1999 CIPI projection in section II.D of this addendum. Here we describe the policy adjustments.

The case-mix index is the measure of the average DRG weight for cases paid under the prospective payment system. Because the DRG weight determines the prospective payment for each case, any percentage increase in the case-mix index corresponds to an equal percentage increase in hospital payments.

The case-mix index can change for any of several reasons:

- The average resource use of Medicare patients changes (''real'' case-mix change);
- Changes in hospital coding of patient records result in higher weight DRG assignments (''coding effects''); and
- The annual DRG reclassification and recalibration changes may not be budget neutral (''reclassification effect'').

We define real case-mix change as actual changes in the mix (and resource requirements) of Medicare patients as opposed to changes in coding behavior that result in assignment of cases to higher-weighted DRGs but do not reflect higher resource requirements. In the update framework for the prospective payment system for operating costs, we adjust the update upwards to allow for real case-mix change, but remove the effects of coding changes on the case-mix index. We also remove the effect on total payments of prior changes to the DRG classifications and relative weights, in order to retain budget neutrality for all case-mix index-related changes other than patient severity. (For example, we adjusted for the effects of the FY 1992 DRG reclassification and recalibration as part of our FY 1994 update recommendation.) The operating adjustment consists of a reduction for total observed case-mix change, an increase for the portion of case-mix change that we determine is due to real case-mix change rather than coding modifications, and an adjustment for the effect of prior DRG reclassification and recalibration changes. We have adopted this case-mix index adjustment in the capital update framework as well.

For FY 1999, we are projecting a 1.0 percent increase in the case-mix index. We estimate that real case-mix increase will equal 0.8 percent in FY 1999. Therefore, the proposed net adjustment for case-mix change in FY 1999 is -0.2 percentage points.

We estimate that DRG reclassification and recalibration result in a 0.0 percent change in the case mix when compared with the case-mix index that would have resulted if we had not made the reclassification and recalibration changes to the DRGs.

The capital update framework contains an adjustment for forecast error. The input price index forecast is based on historical trends and relationships ascertainable at the time the update factor is established for the upcoming year. In any given year there may be unanticipated price fluctuations that may result in differences between the actual increase in prices faced by hospitals and the forecast used in calculating the update factors. In setting a prospective payment rate under the proposed framework, we make an adjustment for forecast error only if our estimate of the capital input price index rate of increase for any year is off by 0.25 percentage points or more. There is a 2-year lag between the forecast and the measurement of the forecast error. Thus, for example, we would adjust for a forecast error made in FY 1997 through an adjustment to the FY 1999 update. Because we only introduced this analytical framework in FY 1996, FY 1998 was the first year in which a forecast error adjustment could be required. We estimate that the FY 1997 CIPI was 0.4 percentage points higher than our current data show, which means that we estimate a forecast error of -0.4 percentage points for FY 1997. Therefore we are making an -0.4 percent adjustment for forecast error in FY 1999.

Under the capital prospective payment system framework, we also make an adjustment for changes in intensity. We calculate this adjustment using the same methodology and data as in the framework for the operating prospective payment system. The intensity factor for the operating update framework reflects how hospital services are utilized to produce the final product, that is, the discharge. This component accounts for changes in the use of quality-enhancing services, changes in within-DRG severity, and expected modification of practice patterns to remove cost-ineffective services.

We calculate case-mix constant intensity as the change in total charges per admission, adjusted for price level changes (the CPI hospital component), and changes in real case mix. The use of total charges in the calculation of the proposed intensity factor makes it a total intensity factor, that is, charges for capital services are already built into the calculation of the factor. We have, therefore, incorporated the intensity adjustment from the operating update framework into the capital update framework. Without reliable estimates of the proportions of the overall annual intensity increases that are due, respectively, to ineffective practice patterns and to the combination of quality-enhancing new technologies and within-DRG complexity, we assume, as in the revised operating update framework, that one-half of the annual increase is due to each of these factors. The capital update framework thus provides an add-on to the input price index rate of increase of one-half of the estimated annual increase in intensity to allow for within-DRG severity increases and the adoption of quality-enhancing technology.

For FY 1999, we have developed a Medicare-specific intensity measure based on a 5-year average using FY 1993–1997 data. In determining case-mix constant intensity, we found that observed case-mix increase was 0.9 percent in FY 1993, 0.8 percent in FY

1994, 1.7 percent in FY 1995, 1.6 percent in FY 1996, and 0.3 percent in FY 1997. For FY 1995 and FY 1996, we estimate that real case-mix increase was 1.0 to 1.4 percent each year. The estimate for those years is supported by past studies of case-mix change by the RAND Corporation. The most recent study was ''Has DRG Creep Crept Up? Decomposing the Case Mix Index Change Between 1987 and 1988'' by G. M. Carter, J. P. Newhouse, and D. A. Relles, R–4098–HCFA/ProPAC(1991). The study suggested that real case-mix change was not dependent on total change, but was usually a fairly steady 1.0 to 1.5 percent per year. We use 1.4 percent as the upper bound because the RAND study did not take into account that hospitals may have induced doctors to document medical records more completely in order to improve payment. Following that study, we consider up to 1.4 percent of observed case-mix change as real for FY 1992 through FY 1997. Based on this analysis, we believe that all of the observed case-mix increase for FY 1993, FY 1994 and FY 1997 is real.

We calculate case-mix constant intensity as the change in total charges per admission, adjusted for price level changes (the CPI hospital component), and changes in real case-mix. Given estimates of real case mix of 0.9 percent for FY 1993, 0.8 percent for FY 1994, 1.0 percent for FY 1995, and 1.0 percent for FY 1996, and 0.3 percent for FY 1997, we estimate that case-mix constant intensity declined by an average 1.5 percent during FYs 1993 through 1997, for a cumulative decrease of 7.3 percent. If we assume that real case-mix increase was 0.9 percent for FY 1993, 0.8 percent for FY 1994, 1.4 percent for FY 1995, 1.4 percent for FY 1996 and 0.3 percent for FY 1997, we estimate that case-mix constant intensity declined by an average 1.6 percent during FYs 1993 through 1997, for a cumulative decrease of 7.7 percent. Since we estimate that intensity has declined during that period, we are recommending a 0.0 percent intensity adjustment for FY 1999.

b. Comparison of HCFA and MedPAC Update Recommendations. MedPAC recommends a 0.0 to 0.7 percent update to the standard Federal rate and we are recommending a 0.2 percent update. There are some significant differences between the HCFA and MedPAC update frameworks, which account for the difference in the respective update recommendations. A major difference is the input price index which each framework uses as a beginning point to estimate the change in input prices since the previous year. The HCFA capital input price index (the CIPI) includes price measures for interest expense, which are an indicator of the interest rates facing hospitals during their capital purchasing decisions. The MedPAC capital market basket does not include interest expense; instead the MedPAC update framework includes an adjustment when necessary to account for the prolonged changes in interest rates. HCFA's CIPI is vintage-weighted, meaning that it takes into account price changes from past purchases of capital when determining the current period update. MedPAC's capital market basket is not vintage-weighted, accounting only for the current year price changes. This year, due to the difference between HCFA's and MedPAC's input price index, the percentage change in HCFA's CIPI is 0.8 percent, and the percentage change in MedPAC's market basket is 2.4 percent.

MedPAC and HCFA also differ in the adjustments they make to their price indices. (See Table 1 for a comparison of HCFA and MedPAC's update recommendations.) MedPAC makes an adjustment for productivity, while HCFA has not adopted an adjustment for capital productivity or efficiency. MedPAC employs the same productivity adjustment in its operating and capital framework. We have identified a total intensity factor but have not identified an adequate total productivity measure. The Commission also includes a product change adjustment to account for changes in the service content of hospital stays, which adjusts the base payment rates to eliminate overpayments in the future. MedPAC recommends a −3.0 to a −1.0 adjustment for product change for FY 1999. For FY 1999 MedPAC recommends a −0.7 to a −0.3 adjustment for productivity. We recommend a 0.0 intensity adjustment.

We recommend a −0.2 total case mix adjustment since we are projecting a 1.0 percent increase in the case mix index and we estimate that real case-mix increase will equal 0.8 percent in FY 1999. MedPAC makes a two part adjustment for case mix changes, which takes into account changes in case mix in the past year. They recommend a −0.2 to −0.0 adjustment for coding change and an 0.0 to 0.2 adjustment for within-DRG complexity change. We recommend a −0.4 adjustment for forecast error correction, and MedPAC recommends a −0.4 adjustment for forecast error correction.

The net result of these adjustments is that MedPAC's capital update framework suggests a −1.9 to 1.4 percent update. MedPAC has recommended a 0.0 to 0.7 percent update to the rate for FY 1999. This range is consistent with the PPS operating update recommended by the Commission. We describe the basis for our proposed 0.2 percent total update in the preceding section. HCFA and MedPAC's update recommendations are quite close, with HCFA's recommendation within the range recommended by MedPAC.

TABLE 1.—HCFA'S FY 1999 UPDATE FACTOR AND MEDPAC'S RECOMMENDATION

	HCFA's update factor	MedPAC's recommendation
Capital Input Price Index	0.8	2.4
Policy Adjustment Factors:		
Productivity		−0.7 to −0.3
Intensity	0.0	
Science and Technology		0.0 to 0.5
Intensity		(1)
Real within DRG Change		(2)
Product Change		−3.0 to −1.0
Subtotal	0.0	−3.7 to −0.8
Case-Mix Adjustment Factors:		
Projected Case-Mix Change	−1.0	
Real Across DRG Change	0.8	

TABLE 1.—HCFA'S FY 1999 UPDATE FACTOR AND MEDPAC'S RECOMMENDATION—Continued

	HCFA's update factor	MedPAC's recommendation
Coding Change	.....	−0.2 to −0.0
Real within DRG Change	([3])	0.0 to 0.2
Subtotal	−0.2	−0.2 to 0.2
Effect of FY 1996 Reclassification and Recalibration	0.0	
Forecast Error Correction	−0.4	−0.4
Total Update	0.2	−1.9 to 1.4

[1] Included in MedPAC's productivity measure.
[2] Included in MedPAC's case-mix adjustment.
[3] Included in HCFA's intensity factor.

2. Outlier Payment Adjustment Factor

Section 412.312(c) establishes a unified outlier methodology for inpatient operating and inpatient capital-related costs. A single set of thresholds is used to identify outlier cases for both inpatient operating and inpatient capital-related payments. Outlier payments are made only on the portion of the Federal rate that is used to calculate the hospital's inpatient capital-related payments (for example, 80 percent for cost reporting periods beginning in FY 1999 for hospitals paid under the fully prospective methodology). Section 412.308(c)(2) provides that the standard Federal rate for inpatient capital-related costs be reduced by an adjustment factor equal to the estimated proportion of outlier payments under the Federal rate to total inpatient capital-related payments under the Federal rate. The outlier thresholds are set so that operating outlier payments are projected to be 5.1 percent of total operating DRG payments. The inpatient capital-related outlier reduction factor reflects the inpatient capital-related outlier payments that would be made if all hospitals were paid 100 percent of the Federal rate. For purposes of calculating the outlier thresholds and the outlier reduction factor, we model payments as if all hospitals were paid 100 percent of the Federal rate because, as explained above, outlier payments are made only on the portion of the Federal rate that is included in the hospital's inpatient capital-related payments.

In the August 29, 1997 final rule with comment period, we estimated that outlier payments for capital in FY 1998 would equal 6.18 percent of inpatient capital-related payments based on the Federal rate. Accordingly, we applied an outlier adjustment factor of 0.9382 to the Federal rate. Based on the thresholds as set forth in section II.A.4.d of this Addendum, we estimate that outlier payments for capital will equal 6.22 percent of inpatient capital-related payments based on the Federal rate in FY 1999. We are, therefore, proposing an outlier adjustment factor of 0.9378 to the Federal rate. Thus, estimated capital outlier payments for FY 1999 represent a higher percentage of total capital standard payments than in FY 1998.

The outlier reduction factors are not built permanently into the rates; that is, they are not applied cumulatively in determining the Federal rate. Therefore, the proposed net change in the outlier adjustment to the Federal rate for FY 1999 is 0.9996 (0.9378/0.9382). Thus, the outlier adjustment decreases the FY 1999 Federal rate by 0.04 percent (0.9996—1) compared with the FY 1998 outlier adjustment.

3. Budget Neutrality Adjustment Factor for Changes in DRG Classifications and Weights and the Geographic Adjustment Factor

Section 412.308(c)(4)(ii) requires that the Federal rate be adjusted so that aggregate payments for the fiscal year based on the Federal rate after any changes resulting from the annual DRG reclassification and recalibration and changes in the GAF are projected to equal aggregate payments that would have been made on the basis of the Federal rate without such changes. We use the actuarial model, described in Appendix B of this proposed rule, to estimate the aggregate payments that would have been made on the basis of the Federal rate without changes in the DRG classifications and weights and in the GAF. We also use the model to estimate aggregate payments that would be made on the basis of the Federal rate as a result of those changes. We then use these figures to compute the adjustment required to maintain budget neutrality for changes in DRG weights and in the GAF.

For FY 1998, we calculated a GAF/DRG budget neutrality factor of 0.9989. For FY 1999, we are proposing a GAF/DRG budget neutrality factor of 1.0032. The GAF/DRG budget neutrality factors are built permanently into the rates; that is, they are applied cumulatively in determining the Federal rate. This follows from the requirement that estimated aggregate payments each year be no more than they would have been in the absence of the annual DRG reclassification and recalibration and changes in the GAF. The proposed incremental change in the adjustment from FY 1998 to FY 1999 is 1.0032. The proposed cumulative change in the rate due to this adjustment is 1.0034 (the product of the incremental factors for FY 1993, FY 1994, FY 1995, FY 1996, FY 1997, FY 1998, and the proposed incremental factor for FY 1999: $0.9980 \times 1.0053 \times 0.9998 \times 0.9994 \times 0.9987 \times 0.9989 \times 1.0032 = 1.0034$).

This proposed factor accounts for DRG reclassifications and recalibration and for changes in the GAF. It also incorporates the effects on the GAF of FY 1999 geographic reclassification decisions made by the MGCRB compared to FY 1998 decisions. However, it does not account for changes in payments due to changes in the disproportionate share and indirect medical education adjustment factors or in the large urban add-on.

4. Exceptions Payment Adjustment Factor

Section 412.308(c)(3) requires that the standard Federal rate for inpatient capital-related costs be reduced by an adjustment factor equal to the estimated proportion of additional payments for exceptions under § 412.348 relative to total payments under the hospital-specific rate and Federal rate. We use the model originally developed for determining the budget neutrality adjustment factor to determine the

exceptions payment adjustment factor. We describe that model in Appendix B to this proposed rule.

For FY 1998, we estimated that exceptions payments would equal 3.41 percent of aggregate payments based on the Federal rate and the hospital-specific rate. Therefore, we applied an exceptions reduction factor of 0.9659 (1–0.0341) in determining the Federal rate. For this proposed rule, we estimate that exceptions payments for FY 1999 will equal 2.39 percent of aggregate payments based on the Federal rate and the hospital-specific rate. Therefore, we are proposing an exceptions payment reduction factor of 0.9761 to the Federal rate for FY 1999. The proposed exceptions reduction factor for FY 1999 is 1.06 percent higher than the factor for FY 1998.

The exceptions reduction factors are not built permanently into the rates; that is, the factors are not applied cumulatively in determining the Federal rate. Therefore, the proposed net adjustment to the FY 1999 Federal rate is 0.9761/0.9659, or 1.0106.

5. Standard Capital Federal Rate for FY 1999

For FY 1998, the capital Federal rate was $371.51. With the changes we are proposing to the factors used to establish the Federal rate, the FY 1999 Federal rate would be $377.25. The proposed Federal rate for FY 1999 was calculated as follows:

- The proposed FY 1999 update factor is 1.0020, that is, the proposed update is 0.20 percent.
- The proposed FY 1999 budget neutrality adjustment factor that is applied to the standard Federal payment rate for changes in the DRG relative weights and in the GAF is 1.0032.
- The proposed FY 1999 outlier adjustment factor is 0.9378.
- The proposed FY 1999 exceptions payments adjustment factor is 0.9761.

Since the Federal rate has already been adjusted for differences in case mix, wages, cost of living, indirect medical education costs, and payments to hospitals serving a disproportionate share of low-income patients, we propose to make no additional adjustments in the standard Federal rate for these factors other than the budget neutrality factor for changes in the DRG relative weights and the GAF.

We are providing a chart that shows how each of the factors and adjustments for FY 1999 affected the computation of the proposed FY 1999 Federal rate in comparison to the FY 1998 Federal rate. The proposed FY 1999 update factor has the effect of increasing the Federal rate by 0.20 percent compared to the rate in FY 1998, while the proposed geographic and DRG budget neutrality factor has the effect of increasing the Federal rate by 0.32 percent. The proposed FY 1999 outlier adjustment factor has the effect of decreasing the Federal rate by 0.04 percent compared to FY 1998. The proposed FY 1999 exceptions reduction factor has the effect of increasing the Federal rate by 1.06 percent compared to the exceptions reduction for FY 1998. The combined effect of all the proposed changes is to increase the proposed Federal rate by 1.55 percent compared to the Federal rate for FY 1998.

Comparison of Factors and Adjustments—FY 1998 Federal Rate and Proposed FY 1999 Federal Rate

	FY 98	Proposed FY 99	Change	Percent change
Update factor[1]	1.0090	1.0020	1.0020	0.20
GAF/DRG Adjustment Factor[1]	0.9989	1.0032	1.0032	0.32
Outlier Adjustment Factor[2]	0.9382	0.9378	0.9996	−0.04
Exceptions Adjustment Factor[2]	0.9659	0.9761	1.0106	1.06
Federal Rate	$371.51	$377.25	1.0155	1.55

[1] The update factor and the GAF/DRG budget neutrality factors are built permanently into the rates. Thus, for example, the incremental change from FY 1998 to FY 1999 resulting from the application of the 1.0032 GAF/DRG budget neutrality factor for FY 1999 is 1.0032.

[2] The outlier reduction factor and the exceptions reduction factor are not built permanently into the rates; that is, these factors are not applied cumulatively in determining the rates. Thus, for example, the net change resulting from the application of the FY 1999 outlier reduction factor is 0.9378/0.9382, or 0.9996.

6. Special Rate for Puerto Rico Hospitals

As explained at the beginning of this section, hospitals in Puerto Rico are paid based on 50 percent of the Puerto Rico rate and 50 percent of the Federal rate. The Puerto Rico rate is derived from the costs of Puerto Rico hospitals only, while the Federal rate is derived from the costs of all acute care hospitals participating in the prospective payment system (including Puerto Rico). To adjust hospitals' capital payments for geographic variations in capital costs, we apply a geographic adjustment factor (GAF) to both portions of the blended rate. The GAF is calculated using the operating PPS wage index and varies depending on the MSA or rural area in which the hospital is located. We use the Puerto Rico wage index to determine the GAF for the Puerto Rico part of the capital blended rate and the national wage index to determine the GAF for the national part of the blended rate.

Since we implemented a separate GAF for Puerto Rico, we also propose to apply separate budget neutrality adjustments for the national GAF and for the Puerto Rico GAF. We propose to apply the same budget neutrality factor for DRG reclassifications and recalibration nationally and for Puerto Rico. Separate adjustments were unnecessary for FY 1998 since the Puerto Rico specific GAF was implemented that year. The Puerto Rico GAF budget neutrality factor is 0.9989, while the DRG adjustment is 1.0033, for a combined cumulative adjustment of 1.0022. (For a more detailed explanation of this proposed change see Appendix B.)

In computing the payment for a particular Puerto Rico hospital, the Puerto Rico portion of the rate (50%) is multiplied by the Puerto Rico-specific GAF for the MSA in which the hospital is located, and the national portion of the rate (50%) is multiplied by the national GAF for the MSA in which the hospital is located (which is computed from national data for all hospitals in the United States and Puerto Rico). In FY 1998, we implemented a 17.78 percent reduction to the Puerto Rico rate as a result of the BBA.

For FY 1998, before application of the GAF, the special rate for Puerto Rico hospitals was $177.57. With the changes we are proposing to the factors used to determine the rate, the proposed FY 1999 special rate for Puerto Rico is $180.73.

B. Determination of Hospital-Specific Rate Update

Section 412.328(e) of the regulations provides that the hospital-specific rate for FY 1999 be determined by adjusting

the FY 1998 hospital-specific rate by the following factors:

1. Hospital-Specific Rate Update Factor

The hospital-specific rate is updated in accordance with the update factor for the standard Federal rate determined under § 412.308(c)(1). For FY 1999, we are proposing that the hospital-specific rate be updated by a factor of 1.0020.

2. Exceptions Payment Adjustment Factor

For FYs 1992 through FY 2001, the updated hospital-specific rate is multiplied by an adjustment factor to account for estimated exceptions payments for capital-related costs under § 412.348, determined as a proportion of the total amount of payments under the hospital-specific rate and the Federal rate. For FY 1999, we estimate that exceptions payments will be 2.39 percent of aggregate payments based on the Federal rate and the hospital-specific rate. Therefore, we propose that the updated hospital-specific rate be reduced by a factor of 0.9761. The exceptions reduction factors are not built permanently into the rates; that is, the factors are not applied cumulatively in determining the hospital-specific rate. The proposed net adjustment to the FY 1999 hospital-specific rate is 0.9761/0.9659, or 1.0106.

3. Net Change to Hospital-Specific Rate

We are providing a chart to show the net change to the hospital-specific rate. The chart shows the factors for FY 1998 and FY 1999 and the net adjustment for each factor. It also shows that the proposed cumulative net adjustment from FY 1998 to FY 1999 is 1.0126, which represents a proposed increase of 1.26 percent to the hospital-specific rate. For each hospital, the proposed FY 1999 hospital-specific rate is determined by multiplying the FY 1998 hospital-specific rate by the cumulative net adjustment of 1.0126.

PROPOSED FY 1999 UPDATE AND ADJUSTMENTS TO HOSPITAL-SPECIFIC RATES

	FY 98	Proposed FY 99	Net Adjustment	Percent Change
Update Factor	1.0090	1.0020	1.0020	0.20
Exceptions Payment Adjustment Factor	0.9659	0.9761	1.0106	1.06
Cumulative Adjustments	0.9746	0.9869	1.0026	1.26

Note: The update factor for the hospital-specific rate is applied cumulatively in determining the rates. Thus, the incremental increase in the update factor from FY 1998 to FY 1999 is 1.0020. In contrast, the exceptions payment adjustment factor is not applied cumulatively. Thus, for example, the incremental increase in the exceptions reduction factor from FY 1998 to FY 1999 is 0.9761/0.9659, or 1.0106.

C. Calculation of Inpatient Capital-Related Prospective Payments for FY 1999

During the capital prospective payment system transition period, a hospital is paid for the inpatient capital-related costs under one of two payment methodologies—the fully prospective payment methodology or the hold-harmless methodology. The payment methodology applicable to a particular hospital is determined when a hospital comes under the prospective payment system for capital-related costs by comparing its hospital-specific rate to the Federal rate applicable to the hospital's first cost reporting period under the prospective payment system.

The applicable Federal rate was determined by making adjustments as follows:

- For outliers by dividing the standard Federal rate by the outlier redution factor for that fiscal year; and,
- For the payment adjustment factors applicable to the hospital (that is, the hospital's GAF, the disproportionate share adjustment factor, and the indirect medical education adjustment factor, when appropriate).
- If the hospital-specific rate is above the applicable Federal rate, the hospital is paid under the hold-harmless methodology. If the hospital-specific rate is below the applicable Federal rate, the hospital is paid under the fully prospective methodology.

For purposes of calculating payments for each discharge under both the hold-harmless payment methodology and the fully prospective payment methodology, the standard Federal rate is adjusted as follows:

(Standard Federal Rate) x (DRG weight) x (GAF) x (Large Urban Add-on, if applicable) x (COLA adjustment for hospitals located in Alaska and Hawaii) x (1 + Disproportionate Share Adjustment Factor + IME Adjustment Factor, if applicable).

The result is the adjusted Federal rate.

Payments under the hold-harmless methodology are determined under one of two formulas. A hold-harmless hospital is paid the higher of the following:

- 100 percent of the adjusted Federal rate for each discharge; or
- An old capital payment equal to 85 percent (100 percent for sole community hospitals) of the hospital's allowable Medicare inpatient old capital costs per discharge for the cost reporting period plus a new capital payment based on a percentage of the adjusted Federal rate for each discharge. The percentage of the adjusted Federal rate equals the ratio of the hospital's allowable Medicare new capital costs to its total Medicare inpatient capital-related costs in the cost reporting period.

Once a hospital receives payment based on 100 percent of the adjusted Federal rate in a cost reporting period beginning on or after October 1, 1994 (or the first cost reporting period after obligated capital that is recognized as old capital under § 412.302(c) is put in use for patient care, if later), the hospital continues to receive capital prospective payment system payments on that basis for the remainder of the transition period.

Payment for each discharge under the fully prospective methodology is the sum of the following:

- The hospital-specific rate multiplied by the DRG relative weight for the discharge and by the applicable hospital-specific transition blend percentage for the cost reporting period; and
- The adjusted Federal rate multiplied by the Federal transition blend percentage.
- The blend percentages for cost reporting periods beginning in FY 1999 are 80 percent of the adjusted Federal rate and 20 percent of the hospital-specific rate.

Hospitals may also receive outlier payments for those cases that qualify under the thresholds established for each fiscal year. Section 412.312(c) provides for a single set of thresholds to identify outlier cases for both inpatient operating and inpatient capital-related payments. Outlier payments are made only on that portion of the Federal rate that is used to calculate the hospital's inpatient capital-related payments. For fully prospective hospitals, that portion is 80 percent of the Federal rate for

discharges occurring in cost reporting periods beginning during FY 1999. Thus, a fully prospective hospital will receive 80 percent of the capital-related outlier payment calculated for the case for discharges occurring in cost reporting periods beginning in FY 1999. For hold-harmless hospitals paid 85 percent of their reasonable costs for old inpatient capital, the portion of the Federal rate that is included in the hospital's outlier payments is based on the hospital's ratio of Medicare inpatient costs for new capital to total Medicare inpatient capital costs. For hold-harmless hospitals that are paid 100 percent of the Federal rate, 100 percent of the Federal rate is included in the hospital's outlier payments.

The proposed outlier thresholds for FY 1999 are in section II.A.4.c of this Addendum. For FY 1999, a case qualifies as a cost outlier if the cost for the case (after standardization for the indirect teaching adjustment and disproportionate share adjustment) is greater than the prospective payment rate for the DRG plus $11,350.

During the capital prospective payment system transition period, a hospital may also receive an additional payment under an exceptions process if its total inpatient capital-related payments are less than a minimum percentage of its allowable Medicare inpatient capital-related costs. The minimum payment level is established by class of hospital under § 412.348. The proposed minimum payment levels for portions of cost reporting periods occurring in FY 1999 are:

- Sole community hospitals (located in either an urban or rural area), 90 percent;
- Urban hospitals with at least 100 beds and a disproportionate share patient percentage of at least 20.2 percent ; and
- Urban hospitals with at least 100 beds that qualify for disproportionate share payments under § 412.106(c)(2), 80 percent; and
- All other hospitals, 70 percent.

Under § 412.348(d), the amount of the exceptions payment is determined by comparing the cumulative payments made to the hospital under the capital prospective payment system to the cumulative minimum payment levels applicable to the hospital for each cost reporting period subject to that system. Any amount by which the hospital's cumulative payments exceed its cumulative minimum payment is deducted from the additional payment that would otherwise be payable for a cost reporting period.

New hospitals are exempted from the capital prospective payment system for their first 2 years of operation and are paid 85 percent of their reasonable costs during that period. A new hospital's old capital costs are its allowable costs for capital assets that were put in use for patient care on or before the later of December 31, 1990 or the last day of the hospital's base year cost reporting period, and are subject to the rules pertaining to old capital and obligated capital as of the applicable date. Effective with the third year of operation, we will pay the hospital under either the fully prospective methodology, using the appropriate transition blend in that Federal fiscal year, or the hold-harmless methodology. If the hold-harmless methodology is applicable, the hold-harmless payment for assets in use during the base period would extend for 8 years, even if the hold-harmless payments extend beyond the normal transition period.

D. Capital Input Price Index

1. Background

Like the prospective payment hospital operating input price index, the Capital Input Price Index (CIPI) is a fixed-weight price index that measures the price changes associated with costs during a given year. The CIPI differs from the operating input price index in one important aspect—the CIPI reflects the vintage nature of capital, which is the acquisition and use of capital over time. Capital expenses in any given year are determined by the stock of capital in that year (that is, capital that remains on hand from all current and prior capital acquisitions). An index measuring capital price changes needs to reflect this vintage nature of capital. Therefore, the CIPI was developed to capture the vintage nature of capital by using a weighted-average of past capital purchase prices up to and including the current year.

Using Medicare cost reports, AHA data, and Securities Data Corporation data, a vintage-weighted price index was developed to measure price increases associated with capital expenses. We periodically update the base year for the operating and capital input prices to reflect the changing composition of inputs for operating and capital expenses. Currently, the CIPI is based to FY 1992 and was last rebased in 1997. The most recent explanation of the CIPI was discussed in the final rule with comment period for FY 1998 published in the August 29, 1997 **Federal Register** (62 FR 46050). The following **Federal Register** documents also describe development and revisions of the methodology involved with the construction of the CIPI: September 1, 1992 (57 FR 40016), May 26, 1993 (58 FR 30448), September 1, 1993 (58 FR 46490), May 27, 1994 (59 FR 27876), September 1, 1994 (59 FR 45517), June 2, 1995 (60 FR 29229), and September 1, 1995 (60 FR 45815), May 31, 1996 (61 FR 27466), August 30, 1996 (61 FR 46196), and June 2, 1997 (62 FR 29953).

2. Forecast of the CIPI for Federal Fiscal Year 1999

DRI forecasts a 0.8 percent increase in the CIPI for FY 1999. This is the outcome of a projected 2.0 percent increase in vintage-weighted depreciation prices (building and fixed equipment, and movable equipment) and a 2.6 percent increase in other capital expense prices in FY 1999, partially offset by a 2.7 percent decline in vintage-weighted interest rates in FY 1999. The weighted average of these three factors produces the 0.8 percent increase for the CIPI as a whole.

IV. Proposed Changes to Payment Rates for Excluded Hospitals and Hospital Units: Rate-of-Increase Percentages

A. Rate-of-Increase Percentages for Excluded Hospitals and Hospital Units

The inpatient operating costs of hospitals and hospital units excluded from the prospective payment system are subject to rate-of-increase limits established under the authority of section 1886(b) of the Act, which is implemented in § 413.40 of the regulations. Under these limits, an annual target amount (expressed in terms of the inpatient operating cost per discharge) is set for each hospital, based on the hospital's own historical cost experience trended forward by the applicable rate-of-increase percentages (update factors). In the case of a psychiatric hospital or unit, rehabilitation hospital or unit, or long-term care hospital, the target amount may not exceed the 75th percentile of target amounts for hospitals and units in the same class (psychiatric, rehabilitation, and long-term care). The target amount is multiplied by the number of Medicare discharges in a hospital's cost reporting period, yielding the ceiling on aggregate Medicare inpatient operating costs for the cost reporting period.

Each hospital's target amount is adjusted annually, at the beginning of its cost reporting period, by an applicable update factor. Section 1886(b)(3)(B) of the Act provides that for cost reporting periods beginning on or after October 1, 1998 and before October 1, 1999, the update factor is the market basket less a percentage point between 0 and 2.5 depending on the hospital's or

unit's costs in relation to the ceiling. For hospitals with costs exceeding the ceiling by 10 percent or more, the update factor is the market basket increase. For hospitals with costs exceeding the ceiling by less than 10 percent, the update factor is the market basket minus .25 percent for each percentage point by which costs are less than 10 percent over the ceiling. For hospitals with costs equal to or less than the ceiling but greater than 66.7 percent of the ceiling, the update factor is the greater of 0 percent or the market basket minus 2.5 percent. For hospitals with costs that do not exceed 66.7 percent of the ceiling, the update factor is 0.

The most recent forecast of the market basket increase for FY 1999 for hospitals and hospital units excluded from the prospective payment system is 2.5 percent; therefore, the update to a hospital's target amount for its cost reporting period beginning in FY 1999 would be between 0 and 2.5 percent.

In addition, section 1886(b)(3)(H) of the Act provides that for cost reporting periods beginning on or after October 1, 1998 and before October 1, 1999, the target amount for psychiatric hospitals and units, rehabilitation hospitals and units, and long-term care hospitals will be the lower of the hospital's specific target amount or the 75th percentile target amount for hospitals in the same class. The FY 1998 75th percentile target amounts were $10,534 for psychiatric hospitals and units, $19,104 for rehabilitation hospital and units, and $37,688 for long-term care hospitals. For 1999, these 75th percentile figures must be updated by the market basket increase. Section 1886(b) of the Act was revised to change the formulas for determining bonus and relief payments for excluded hospitals and also establishes an additional bonus payment for continuous improvement, for cost reporting periods on or after October 1, 1997. Finally, a new statutory payment methodology for new hospitals and units (psychiatric, rehabilitation, and long-term care) was effective October 1, 1997 as governed by section 1886(b)(7) of the Act.

V. Tables

This section contains the tables referred to throughout the preamble to this proposed rule and in this Addendum. For purposes of this proposed rule, and to avoid confusion, we have retained the designations of Tables 1 through 5 that were first used in the September 1, 1983 initial prospective payment final rule (48 FR 39844). Tables 1A, 1C, 1D, 1E, 1F, 3C, 4A, 4B, 4C, 4D, 4E, 4F, 5, 6A, 6B, 6C, 6D, 6E, 6F, 6G, 7A, 7B, 8A, and 8B are presented below. The tables presented below are as follows:

Table 1A—National Adjusted Operating Standardized Amounts, Labor/Nonlabor
Table 1C—Adjusted Operating Standardized Amounts for Puerto Rico, Labor/Nonlabor
Table 1D—Capital Standard Federal Payment Rate
Table 1E—National Adjusted Operating Standardized Amounts for ''Temporary Relief'' Hospitals, Labor/Nonlabor
Table 1F—Adjusted Operating Standardized Amounts for ''Temporary Relief'' Hospitals in Puerto Rico, Labor/Nonlabor
Table 3C—Hospital Case Mix Indexes for Discharges Occurring in Federal Fiscal Year 1997 and Hospital Average Hourly Wage for Federal Fiscal Year 1999 Wage Index
Table 4A—Wage Index and Capital Geographic Adjustment Factor (GAF) for Urban Areas
Table 4B—Wage Index and Capital Geographic Adjustment Factor (GAF) for Rural Areas
Table 4C—Wage Index and Capital Geographic Adjustment Factor (GAF) for Hospitals That Are Reclassified
Table 4D—Average Hourly Wage for Urban Areas
Table 4E—Average Hourly Wage for Rural Areas
Table 4F—Puerto Rico Wage Index and Capital Geographic Adjustment Factor (GAF)
Table 5—List of Diagnosis Related Groups (DRGs), Relative Weighting Factors, Geometric Mean Length of Stay, and Arithmetic Mean Length of Stay Points Used in the Prospective Payment System
Table 6A—New Diagnosis Codes
Table 6B—New Procedure Codes
Table 6C—Invalid Diagnosis Codes
Table 6D—Invalid Procedure Codes
Table 6E—Revised Diagnosis Code Titles
Table 6F—Additions to the CC Exclusions List
Table 6G—Deletions to the CC Exclusions List
Table 7A—Medicare Prospective Payment System Selected Percentile Lengths of Stay FY 97 MEDPAR Update 12/97 GROUPER V15.0
Table 7B—Medicare Prospective Payment System Selected Percentile Lengths of Stay FY 97 MEDPAR Update 12/97 GROUPER V16.0
Table 8A—Statewide Average Operating Cost-to-Charge Ratios for Urban and Rural Hospitals (Case Weighted) March 1998
Table 8B—Statewide Average Capital Cost-to-Charge Ratios (Case Weighted) March 1998

TABLE 1A.—NATIONAL ADJUSTED OPERATING STANDARDIZED AMOUNTS, LABOR/NONLABOR

Large urban areas		Other areas	
Labor-related	Nonlabor-related	Labor-related	Nonlabor-related
2,776.21	1,128.44	2,732.26	1,110.58

TABLE 1C.—ADJUSTED OPERATING STANDARDIZED AMOUNTS FOR PUERTO RICO, LABOR/NONLABOR

	Large urban areas		Other areas	
	Labor	Nonlabor	Labor	Nonlabor
National	2,752.36	1,118.74	2,752.36	1,118.74
Puerto Rico	1,323.01	532.55	1,302.07	524.11

TABLE 1D.—CAPITAL STANDARD FEDERAL PAYMENT RATE

	Rate
National	371.51
Puerto Rico	177.57

TABLE 1E.—NATIONAL ADJUSTED OPERATING STANDARDIZED AMOUNTS FOR ''TEMPORARY RELIEF'' HOSPITALS, LABOR/NONLABOR

Large urban areas		Other areas	
Labor-related	Nonlabor-related	Labor-related	Nonlabor-related
2,790.09	1,134.08	2,745.92	1,116.13

TABLE 1F.—ADJUSTED OPERATING STANDARDIZED AMOUNTS FOR ''TEMPORARY RELIEF'' HOSPITALS IN PUERTO RICO, LABOR/NONLABOR

	Large urban areas		Other areas	
	Labor	Nonlabor	Labor	Nonlabor
National	2,766.12	1,124.33	2,766.12	1,124.33
Puerto Rico	1,329.63	535.21	1,308.58	526.73

TABLE 3C.—HOSPITAL CASE MIX INDEXES FOR DISCHARGES OCCURRING IN FEDERAL FISCAL YEAR 1997; HOSPITAL AVERAGE HOURLY WAGE FOR FEDERAL FISCAL YEAR 1999 WAGE INDEX

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Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
010001	01.4634	15.97	010097	00.9183	14.87	030006	01.5689	18.22	040005	01.0400	13.38	040118	01.3520	15.27
010004	01.0055	13.79	010098	01.1894	13.02	030007	01.3034	17.95	040007	01.8696	18.99	040119	01.1640	15.33
010005	01.1699	15.89	010099	01.1010	09.13	030008	02.2412	14.19	040008	01.0301	13.20	040124	01.0549	16.23
010006	01.4636	16.19	010100	01.3314	15.67	030009	01.2640	17.83	040010	01.3262	16.83	040126	00.9551	13.26
010007	01.1300	14.09	010101	01.0382	14.69	030010	01.4386	20.05	040011	00.9590	11.65	040134	02.6975	.....
010008	01.0838	13.76	010102	00.9504	12.71	030011	01.4734	19.48	040014	01.2138	18.12	050002	01.5241	27.86
010009	01.1456	17.50	010103	01.8119	17.65	030012	01.2358	18.04	040015	01.1668	14.80	050006	01.5662	20.69
010010	01.0888	15.40	010104	01.6869	18.66	030013	01.2951	20.90	040016	01.6762	16.66	050007	01.5312	27.11
010011	01.6411	20.28	010108	01.2192	16.69	030014	01.5263	19.07	040017	01.2700	14.62	050008	01.4438	25.60
010012	01.2728	17.45	010109	01.1224	13.41	030016	01.1871	19.00	040018	01.2583	18.08	050009	01.6484	24.26
010015	01.1428	14.04	010110	01.0248	14.97	030017	01.4718	19.72	040019	01.1438	12.08	050013	01.8476	23.25
010016	01.2538	17.40	010112	01.1997	14.59	030018	01.8083	27.57	040020	01.5404	15.42	050014	01.1816	23.57
010018	00.9607	17.72	010113	01.6522	15.97	030019	01.2636	23.65	040021	01.2056	16.15	050015	01.3820	24.35
010019	01.2435	15.00	010114	01.3201	16.49	030022	01.4160	18.79	040022	01.5321	23.41	050016	01.1889	18.74
010021	01.2461	15.83	010115	00.8706	08.92	030023	01.4822	20.04	040024	01.0031	13.38	050017	02.0973	24.47
010022	01.0069	18.25	010117	00.8624	.....	030024	01.6963	20.87	040025	00.9000	12.48	050018	01.2579	17.02
010023	01.6877	16.06	010118	01.3033	28.66	030025	01.0483	14.97	040026	01.5700	17.88	050021	01.4154	24.41
010024	01.4236	15.62	010119	00.8398	16.57	030027	01.0392	17.17	040027	01.2930	13.77	050022	01.5819	23.22
010025	01.3834	14.53	010120	01.0107	16.62	030030	01.7154	18.21	040028	01.0462	14.24	050024	01.3639	20.68
010027	00.8180	36.37	010121	01.3471	13.03	030033	01.2640	15.67	040029	01.2975	17.64	050025	01.8279	21.99
010029	01.6109	17.24	010123	01.2883	16.28	030034	01.0795	17.44	040030	00.8325	12.20	050026	01.5433	28.62
010031	01.2801	17.36	010124	01.2886	16.44	030035	01.2315	17.93	040032	00.9669	11.81	050028	01.3707	15.51
010032	00.9803	13.81	010125	01.0743	15.15	030036	01.2603	20.35	040035	00.9837	10.12	050029	01.4900	21.71
010033	01.9671	18.82	010126	01.2171	18.91	030037	02.0594	20.18	040036	01.5104	17.85	050030	01.3267	20.82
010034	01.1086	14.54	010127	01.3575	18.07	030038	01.6264	20.57	040037	01.1061	12.40	050032	01.2557	19.03
010035	01.1827	17.08	010128	00.9738	.....	030040	01.1572	14.74	040039	01.2394	13.39	050033	01.4502	24.74
010036	01.1899	17.99	010129	01.0590	12.94	030041	00.9538	14.31	040040	00.9817	15.09	050036	01.6546	15.95
010038	01.3028	19.03	010130	00.9980	15.85	030043	01.2213	17.92	040041	01.2978	17.08	050038	01.4456	29.35
010039	01.7055	17.67	010131	01.3864	17.25	030044	00.9736	16.04	040042	01.2567	15.12	050039	01.6097	21.59
010040	01.6110	18.52	010134	00.8391	10.86	030047	00.9401	18.63	040044	01.0524	13.02	050040	01.2411	32.71
010043	01.0489	11.63	010137	01.2373	18.84	030049	00.9939	20.75	040045	01.0079	17.86	050042	01.2889	22.76
010044	01.1028	15.92	010138	00.9399	12.43	030054	00.8332	14.41	040047	01.1013	15.48	050043	01.5649	31.83
010045	01.2056	14.77	010139	01.6766	20.38	030055	01.2012	17.65	040050	01.1795	12.44	050045	01.2364	18.69
010046	01.5054	17.67	010143	01.2743	15.07	030059	01.3005	22.74	040051	01.1670	13.51	050046	01.1880	22.24
010047	00.9884	12.14	010144	01.3459	16.59	030060	01.1528	17.75	040053	01.1178	15.65	050047	01.5646	34.07
010049	01.1575	13.82	010145	01.3390	16.15	030061	01.6564	20.08	040054	01.0532	13.50	050051	01.1348	20.91
010050	01.1489	14.17	010146	01.2470	16.83	030062	01.2455	16.61	040055	01.4655	15.78	050054	01.1263	18.44
010051	00.9234	11.17	010148	00.9483	.....	030064	01.7664	18.45	040058	01.0463	15.12	050055	01.3276	22.45
010052	01.0479	13.68	010149	01.3349	17.75	030065	01.7843	19.91	040060	00.9290	11.03	050056	01.3074	24.36
010053	01.0750	08.17	010150	01.1552	15.82	030067	01.0939	16.99	040062	01.6786	15.55	050057	01.5828	20.60
010054	01.1995	17.28	010152	01.2892	16.12	030068	01.1092	15.82	040064	01.0657	13.92	050058	01.4871	25.22
010055	01.4737	16.47	010155	01.0788	10.90	030069	01.4037	21.66	040066	01.1801	16.36	050060	01.5008	18.49
010056	01.3306	19.46	020001	01.5208	27.19	030071	01.0057	.....	040067	01.2165	12.63	050061	01.3507	22.13
010058	00.9765	13.47	020002	01.0595	24.09	030072	00.8620	.....	040069	01.1095	15.47	050063	01.4701	23.89
010059	01.0774	15.44	020004	01.1712	25.49	030073	01.0041	.....	040070	00.9098	14.25	050065	01.7005	21.95
010061	01.1893	15.80	020005	00.9285	28.73	030074	00.9408	.....	040071	01.6234	16.49	050066	01.2265	19.77
010062	01.0206	13.27	020006	01.1834	25.07	030075	00.8242	.....	040072	01.0982	15.41	050067	01.3204	21.48
010064	01.7552	20.86	020007	00.9834	25.64	030076	00.9614	.....	040074	01.2503	16.30	050068	01.1315	19.98
010065	01.3692	15.35	020008	01.1238	30.06	030077	00.8060	.....	040075	01.0369	12.15	050069	01.6246	24.57
010066	00.9184	10.89	020009	00.8881	25.77	030078	01.0727	.....	040076	01.0407	16.99	050070	01.3716	31.44
010068	01.2837	17.18	020010	01.0169	25.93	030079	00.8528	.....	040077	01.0621	12.57	050071	01.3791	33.07
010069	01.1851	12.84	020011	00.9299	25.75	030080	01.5008	19.77	040078	01.5099	22.64	050072	01.4414	32.14
010072	01.1579	15.22	020012	01.2746	26.15	030083	01.3763	22.10	040080	01.0790	16.38	050073	01.3063	33.68
010073	01.0650	11.04	020013	01.0266	26.76	030084	01.1228	.....	040081	00.9679	10.85	050075	01.3412	32.86
010078	01.2573	17.97	020014	01.1152	22.90	030085	01.4617	18.59	040082	01.2191	14.71	050076	01.9181	32.26
010079	01.2411	14.42	020017	01.4752	25.14	030086	01.4318	20.19	040084	01.1006	16.62	050077	01.6304	24.52
010081	01.8296	17.69	020018	00.9680	.....	030087	01.6536	19.77	040085	01.1954	15.29	050078	01.3632	25.59
010083	01.0337	15.64	020019	00.9067	.....	030088	01.4231	19.42	040088	01.4395	13.39	050079	01.5434	31.90
010084	01.5048	18.27	020020	00.7369	.....	030089	01.6391	19.70	040090	00.9349	14.77	050080	01.4214	19.44
010085	01.2796	17.32	020021	00.8551	.....	030092	01.6833	21.25	040091	01.1266	18.55	050082	01.6661	21.99
010086	01.0395	15.44	020024	01.1349	22.66	030093	01.3770	18.77	040093	00.9413	13.01	050084	01.6759	22.53
010087	01.6587	16.36	020025	01.0164	26.32	030094	01.2784	19.19	040100	01.2392	12.91	050088	00.9877	19.55
010089	01.2392	18.50	020026	01.2873	.....	030095	01.0461	18.85	040105	01.0353	13.05	050089	01.3688	18.85
010090	01.6235	17.44	020027	01.0891	.....	030099	00.9439	.....	040106	01.0675	13.53	050090	01.2668	23.85
010091	01.0247	13.51	030001	01.3399	19.87	040001	01.1079	13.42	040107	01.1428	16.75	050091	01.1370	21.99
010092	01.4011	15.82	030002	01.7944	20.96	040002	01.1468	13.33	040109	01.1342	13.95	050092	00.9386	16.26
010094	01.2128	16.01	030003	02.0396	22.65	040003	01.0880	13.97	040114	01.8758	17.98	050093	01.5500	23.90
010095	00.9779	12.73	030004	01.1011	12.52	040004	01.6709	17.69	040116	01.2656	16.72	050096	01.2374	21.29

Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
050097	01.3873	18.48	050204	01.5825	24.52	050313	01.2044	22.00	050443	00.9057	18.82	050571	01.5096	20.05
050099	01.4747	23.55	050205	01.2709	21.52	050315	01.3579	20.47	050444	01.2967	22.54	050573	01.6294	28.41
050100	01.6983	33.49	050207	01.2640	20.02	050317	01.2655	21.86	050446	00.9770	10.06	050575	01.1367	.....
050101	01.4168	31.68	050211	01.3186	30.67	050320	01.2324	27.70	050447	01.0672	18.58	050577	01.4644	20.19
050102	01.3532	17.01	050213	01.5794	22.96	050324	01.9664	26.19	050448	01.0974	20.95	050578	01.4689	30.62
050103	01.5661	23.46	050214	01.4659	21.31	050325	01.2308	21.08	050449	01.3366	21.14	050579	01.4970	28.52
050104	01.4815	23.94	050215	01.5572	29.63	050327	01.5599	18.67	050454	01.8425	25.82	050580	01.4380	27.74
050107	01.4511	23.02	050217	01.3457	19.08	050329	01.2928	19.88	050455	01.7746	16.56	050581	01.3930	24.39
050108	01.8295	23.87	050219	01.1139	18.83	050331	01.4843	24.20	050456	01.1694	16.92	050583	01.6266	21.88
050110	01.1656	20.59	050222	01.6256	31.91	050333	01.1427	24.96	050457	02.0310	31.03	050584	01.1966	20.18
050111	01.3578	20.16	050224	01.5705	23.23	050334	01.7269	34.59	050459	01.2985	29.51	050585	01.2772	27.19
050112	01.4824	19.36	050225	01.6075	22.02	050335	01.4534	21.39	050464	01.8738	22.01	050586	01.3490	20.52
050113	01.3756	31.25	050226	01.4119	24.79	050336	01.3695	20.14	050468	01.3879	19.71	050588	01.3220	24.70
050114	01.3693	23.13	050228	01.2880	30.89	050342	01.3706	17.71	050469	01.0972	16.63	050589	01.2474	24.07
050115	01.5640	20.46	050230	01.3342	25.40	050343	01.0225	14.95	050470	01.1474	18.51	050590	01.3578	24.92
050116	01.4487	23.36	050231	01.6681	25.54	050348	01.6579	25.44	050471	01.8883	23.41	050591	01.3784	22.87
050117	01.4515	20.79	050232	01.7123	21.50	050349	00.8825	14.57	050476	01.3512	21.10	050592	01.3661	18.46
050118	01.1901	23.81	050234	01.2536	30.23	050350	01.3957	24.28	050477	01.4936	26.90	050593	01.1846	.....
050121	01.3531	24.60	050235	01.6014	24.55	050351	01.4653	32.84	050478	00.9635	21.11	050594	01.6739	19.05
050122	01.5966	26.85	050236	01.4693	25.40	050352	01.3034	19.07	050481	01.4648	27.13	050597	01.2665	21.36
050124	01.3182	17.12	050238	01.5517	24.76	050353	01.6669	24.77	050482	01.0978	16.07	050598	01.3875	32.07
050125	01.3970	27.55	050239	01.5877	21.67	050355	00.9808	16.04	050483	01.1821	22.22	050599	01.6318	23.23
050126	01.5414	24.94	050240	01.4863	21.17	050357	01.4011	23.77	050485	01.6561	23.81	050601	01.6150	32.05
050127	01.3406	24.15	050241	01.2337	26.32	050359	01.2854	19.11	050486	01.3493	23.00	050603	01.4035	22.60
050128	01.6211	21.63	050242	01.4284	29.91	050360	01.4136	31.05	050488	01.3349	32.94	050604	01.5622	37.27
050129	01.6194	14.25	050243	01.5930	22.58	050366	01.3455	22.32	050491	01.1935	21.97	050607	01.1545	20.69
050131	01.3023	29.90	050245	01.4385	23.33	050367	01.2485	27.64	050492	01.4113	22.37	050608	01.3080	15.26
050132	01.4257	23.74	050248	01.2618	27.54	050369	01.2376	21.58	050494	01.2167	26.20	050609	01.4505	32.31
050133	01.2911	25.55	050251	01.0989	14.91	050373	01.4446	24.31	050496	01.7259	31.88	050613	01.0696	31.83
050135	01.3964	25.36	050253	01.2992	25.63	050376	01.3991	26.32	050497	00.8270	10.59	050615	01.6042	23.31
050136	01.4011	24.04	050254	01.2141	14.11	050377	00.9333	19.49	050498	01.2434	24.96	050616	01.3591	22.85
050137	01.4012	30.81	050256	01.7518	23.91	050378	01.1364	20.86	050502	01.7222	22.74	050618	01.1163	22.63
050138	01.9630	33.22	050257	01.1275	19.38	050379	00.9589	15.15	050503	01.3400	23.15	050623	02.0034	27.05
050139	01.2532	31.55	050260	01.0044	24.07	050380	01.6867	29.30	050506	01.4395	27.49	050624	01.3554	22.18
050140	01.2757	31.54	050261	01.2723	18.81	050382	01.3984	23.86	050510	01.3791	31.86	050625	01.6074	25.23
050144	01.6355	29.12	050262	01.8576	27.43	050385	01.4021	26.64	050512	01.5743	33.03	050630	01.3401	23.93
050145	01.3861	31.48	050264	01.3335	27.45	050388	00.9019	20.64	050515	01.3473	32.36	050633	01.3131	21.95
050146	01.4762	.....	050267	01.6544	27.78	050390	01.1857	16.75	050516	01.5400	26.16	050636	01.5051	26.10
050148	01.1151	21.00	050270	01.3573	24.13	050391	01.3292	21.68	050517	01.1822	19.69	050638	01.1025	24.90
050149	01.4748	22.78	050272	01.3703	21.55	050392	00.9917	18.42	050522	01.2252	30.95	050641	01.2588	14.88
050150	01.2678	23.95	050274	00.9903	21.63	050393	01.4860	17.95	050523	01.2384	28.96	050643	00.8426	.....
050152	01.3850	23.39	050276	01.2072	33.01	050394	01.5488	20.22	050526	01.3236	13.42	050644	01.0506	22.44
050153	01.6231	28.40	050277	01.4723	19.05	050396	01.6148	24.12	050528	01.2785	19.70	050660	01.4613	.....
050155	01.0917	22.33	050278	01.5669	22.63	050397	00.9890	20.00	050531	01.1762	20.18	050661	00.8186	20.05
050158	01.3649	27.94	050279	01.3441	19.04	050401	01.1257	19.64	050534	01.4679	23.66	050662	00.8651	33.41
050159	01.2998	19.09	050280	01.7639	25.90	050404	01.0765	15.96	050535	01.3453	23.23	050663	01.1547	24.12
050167	01.2885	21.83	050281	01.5490	33.56	050406	01.0708	19.56	050537	01.3680	18.57	050666	00.9460	34.46
050168	01.5276	22.07	050282	01.3068	23.58	050407	01.3597	29.45	050539	01.2567	19.52	050667	01.0189	28.01
050169	01.4399	24.49	050283	01.5231	27.35	050410	01.0632	13.08	050541	01.5665	33.44	050668	01.1332	39.35
050170	01.4906	21.04	050286	00.8525	18.46	050411	01.3589	33.17	050542	01.1186	14.45	050670	00.7487	20.84
050172	01.2523	19.87	050289	01.6964	30.78	050414	01.3074	23.74	050543	00.9409	23.72	050674	01.3219	32.55
050173	01.3729	21.72	050290	01.6895	33.81	050417	01.3155	20.45	050545	00.8583	27.87	050675	01.9709	14.65
050174	01.6799	29.40	050291	01.1544	30.54	050419	01.4360	16.25	050546	00.6946	31.14	050676	00.9474	16.75
050175	01.3660	23.84	050292	01.0469	22.19	050420	01.3375	23.41	050547	00.8417	36.25	050677	01.3998	32.89
050177	01.2731	16.69	050293	01.1254	20.70	050423	01.0173	19.31	050549	01.7120	26.33	050678	01.2229	.....
050179	01.3003	21.22	050295	01.4947	21.01	050424	01.8153	23.48	050550	01.4607	22.49	050680	01.1971	28.94
050180	01.6017	32.17	050296	01.1902	23.74	050425	01.3094	34.22	050551	01.3289	24.83	050682	00.8928	22.32
050183	01.1126	19.44	050298	01.3275	22.54	050426	01.3708	25.47	050552	01.2293	20.52	050684	01.2450	17.19
050186	01.2933	27.51	050299	01.3607	20.49	050427	00.9189	19.93	050557	01.5109	21.78	050685	01.2468	28.37
050188	01.4286	26.90	050300	01.4936	19.23	050430	01.0555	19.53	050559	01.3996	23.82	050686	01.3134	32.42
050189	01.0831	22.39	050301	01.2481	24.81	050432	01.6129	22.37	050561	01.1996	32.15	050688	01.2792	25.15
050191	01.4729	20.67	050302	01.3482	27.55	050433	01.1058	20.42	050564	01.3309	06.57	050689	01.4155	30.16
050192	01.1901	20.19	050305	01.5457	29.10	050434	01.1365	19.87	050565	01.3544	13.81	050690	01.5124	32.17
050193	01.3308	22.67	050307	01.3027	19.99	050435	01.2208	29.08	050566	00.9061	13.99	050693	01.3049	29.48
050194	01.2435	27.41	050308	01.4832	27.92	050436	00.9412	15.20	050567	01.6269	24.54	050694	01.3586	18.36
050195	01.5834	33.92	050309	01.3376	24.61	050438	01.8098	19.83	050568	01.3990	19.06	050695	01.0960	28.46
050196	01.3052	15.36	050310	01.0912	20.24	050440	01.3403	18.63	050569	01.3783	23.26	050696	02.3021	26.75
050197	01.8716	30.49	050312	01.9222	24.66	050441	02.0343	26.41	050570	01.7110	23.79	050697	01.4515	20.60

Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
050698	00.9075	.....	060073	01.0655	16.43	100009	01.4921	21.67	100102	01.0245	18.11	100210	01.6031	18.18
050699	00.6236	20.97	060075	01.3102	24.34	100010	01.5263	24.50	100103	00.9830	16.14	100211	01.3282	20.20
050700	01.5678	31.31	060076	01.3829	19.28	100012	01.6950	16.74	100105	01.4360	21.03	100212	01.6623	20.46
050701	01.3360	30.27	060085	00.9348	12.76	100014	01.4918	21.94	100106	01.0823	16.69	100213	01.5199	18.60
050704	01.1294	15.23	060087	01.6777	21.08	100015	01.4344	17.47	100107	01.3253	18.60	100217	01.3379	18.88
050707	01.0702	27.09	060088	00.9931	23.16	100017	01.4976	17.71	100108	01.0633	14.31	100220	01.7265	26.34
050708	01.2629	22.59	060090	00.9777	13.54	100018	01.5086	21.03	100109	01.3838	18.97	100221	01.7374	25.21
050709	01.3280	18.88	060096	01.0685	21.94	100019	01.5290	19.50	100110	01.4040	20.80	100222	01.4127	20.13
050710	01.3480	26.13	060100	01.5060	.....	100020	01.3336	23.86	100112	00.9244	12.57	100223	01.4858	18.81
050713	00.8060	.....	060103	01.2902	23.16	100022	01.9055	24.49	100113	02.1161	19.93	100224	01.4049	20.57
050714	01.3480	.....	060104	01.2502	21.91	100023	01.4358	17.35	100114	01.4078	18.20	100225	01.4014	20.59
050715	01.7138	.....	060107	01.1286	.....	100024	01.3638	19.67	100117	01.3161	19.37	100226	01.4003	18.53
050716	03.8652	.....	070001	01.7599	25.86	100025	01.8449	18.06	100118	01.2409	19.51	100228	01.3287	20.31
050717	00.8003	.....	070002	01.8086	24.34	100026	01.5872	18.06	100121	01.2121	16.03	100229	01.3032	18.10
050718	00.9336	.....	070003	01.1454	25.30	100027	00.9920	15.86	100122	01.3058	16.67	100230	01.3648	22.35
050899	00.5288	.....	070004	01.2352	24.34	100028	01.2339	18.03	100124	01.3284	14.64	100231	01.7051	16.97
060001	01.6504	20.31	070005	01.4131	24.84	100029	01.4199	19.56	100125	01.3273	18.00	100232	01.3660	19.83
060003	01.3293	18.91	070006	01.4122	27.20	100030	01.3066	19.01	100126	01.4408	18.89	100234	01.5349	18.94
060004	01.2793	20.57	070007	01.3912	24.35	100032	01.8893	17.78	100127	01.6387	19.58	100235	01.5525	17.92
060006	01.1829	18.36	070008	01.2534	22.94	100034	01.7634	19.44	100128	02.1517	21.53	100236	01.4246	19.87
060007	01.1389	15.33	070009	01.2944	24.56	100035	01.6050	17.98	100129	01.2696	17.72	100237	02.2024	23.28
060008	01.1684	15.83	070010	01.6774	20.35	100038	01.5798	18.23	100130	01.2454	18.62	100238	01.5894	13.88
060009	01.4660	21.35	070011	01.4579	23.69	100039	01.5397	21.36	100131	01.3794	20.96	100239	01.4442	19.35
060010	01.5585	22.31	070012	01.2488	23.36	100040	01.7626	17.97	100132	01.3098	19.53	100240	00.7775	15.37
060011	01.3645	22.12	070015	01.4162	24.05	100043	01.3643	15.33	100134	00.9935	13.03	100241	00.9329	13.90
060012	01.4391	18.62	070016	01.3810	23.00	100044	01.4082	21.18	100135	01.6123	17.62	100242	01.4132	16.91
060013	01.3221	16.29	070017	01.3702	24.60	100045	01.4052	19.25	100137	01.3170	18.60	100243	01.4048	24.16
060014	01.7402	.....	070018	01.4229	28.54	100046	01.4822	20.36	100138	01.0153	10.76	100244	01.4078	19.39
060015	01.5816	21.13	070019	01.2953	24.83	100047	01.7725	18.92	100139	01.1145	15.04	100246	01.4106	17.86
060016	01.2616	17.07	070020	01.3139	24.55	100048	00.9695	13.58	100140	01.2249	17.48	100248	01.6271	18.75
060018	01.2400	17.15	070021	01.2930	24.85	100049	01.3276	17.97	100142	01.2594	18.68	100249	01.3503	18.84
060020	01.6773	17.56	070022	01.8192	23.48	100050	01.1456	15.90	100144	01.2818	19.61	100252	01.2846	21.94
060022	01.6160	19.49	070024	01.3153	23.84	100051	01.2118	19.11	100146	01.0877	16.15	100253	01.5082	20.97
060023	01.6591	17.02	070025	01.8600	19.43	100052	01.4303	16.90	100147	01.0605	14.54	100254	01.5827	18.66
060024	01.7966	22.84	070026	01.1616	18.55	100053	01.2198	18.09	100150	01.3984	19.96	100255	01.2900	24.34
060027	01.6866	21.24	070027	01.2854	23.11	100054	01.3283	17.76	100151	01.7240	18.08	100256	02.0081	18.90
060028	01.4966	21.55	070028	01.5443	24.77	100055	01.3757	17.93	100154	01.5955	19.74	100258	01.6280	21.07
060029	00.9005	15.35	070029	01.3587	21.95	100056	01.4068	19.38	100156	01.2007	19.92	100259	01.4194	18.73
060030	01.3241	19.00	070030	01.2292	25.18	100057	01.4184	18.63	100157	01.5860	21.06	100260	01.4513	21.73
060031	01.6355	19.53	070031	01.2535	23.12	100060	01.7365	21.02	100159	00.9550	11.69	100262	01.3943	21.16
060032	01.4770	20.78	070033	01.4122	26.38	100061	01.4813	21.68	100160	01.2495	18.43	100263	01.2482	18.64
060033	01.0722	13.41	070034	01.3825	29.05	100062	01.7465	18.11	100161	01.7073	21.30	100264	01.4012	17.62
060034	01.5666	.....	070035	01.4072	22.69	100063	01.2890	18.31	100162	01.4540	19.83	100265	01.3352	15.01
060036	01.1694	15.76	070036	01.5709	27.95	100067	01.4095	16.81	100165	01.1337	13.18	100266	01.3566	18.10
060037	01.0286	13.56	070038	01.0707	.....	100068	01.3733	17.72	100166	01.4808	19.75	100267	01.3379	19.83
060038	01.0310	13.78	070039	00.9302	23.64	100069	01.3153	15.88	100167	01.4454	20.58	100268	01.2241	22.61
060041	00.9383	14.14	080001	01.7025	27.32	100070	01.4966	18.19	100168	01.3650	19.91	100269	01.4247	20.37
060042	01.0363	14.73	080002	01.2023	15.33	100071	01.2953	16.97	100169	01.8710	20.54	100270	00.8682	20.06
060043	00.9025	12.99	080003	01.3849	20.16	100072	01.2360	23.32	100170	01.4100	15.49	100271	01.7428	20.02
060044	01.1085	16.07	080004	01.3094	19.45	100073	01.7511	20.04	100172	01.3995	14.68	100275	01.4146	20.36
060046	01.0901	18.50	080006	01.4184	21.83	100075	01.6523	18.22	100173	01.6957	17.25	100276	01.2702	22.13
060047	00.9872	13.98	080007	01.4486	16.75	100076	01.3180	17.07	100174	01.3787	17.95	100277	01.0519	15.24
060049	01.3479	20.25	090001	01.5888	27.79	100077	01.3753	16.82	100175	01.2198	15.49	100279	01.3775	12.47
060050	01.2593	16.03	090002	01.3122	19.74	100078	01.1969	16.33	100176	02.0937	23.45	100280	01.3550	16.99
060052	01.0840	13.49	090003	01.3697	25.82	100079	01.6561	19.15	100177	01.3473	18.58	100281	01.3003	22.78
060053	01.1047	14.93	090004	01.7397	24.43	100080	01.6318	22.70	100179	01.7319	19.47	100282	01.1124	17.70
060054	01.3319	18.61	090005	01.3450	23.71	100081	01.0539	14.21	100180	01.4631	19.43	110001	01.3047	15.63
060056	00.9946	15.37	090006	01.3214	20.39	100082	01.4614	18.91	100181	01.2111	21.61	110002	01.3058	16.54
060057	01.0133	23.55	090007	01.3635	19.38	100084	01.4186	20.77	100183	01.2830	18.48	110003	01.3845	15.24
060058	00.9506	15.60	090008	01.4969	20.72	100085	01.3915	21.33	100187	01.4150	19.92	110004	01.3881	18.05
060060	00.9769	14.53	090010	01.0223	17.93	100086	01.2392	21.23	100189	01.3952	24.14	110005	01.1802	17.38
060062	00.9096	16.53	090011	02.0090	25.70	100087	01.8553	21.28	100191	01.2949	20.19	110006	01.4001	19.78
060064	01.4880	21.56	100001	01.4825	16.62	100088	01.6726	21.08	100199	01.3616	19.76	110007	01.6056	16.12
060065	01.3260	22.85	100002	01.4763	19.92	100090	01.3888	17.89	100200	01.3456	21.55	110008	01.2651	18.30
060066	01.0226	15.09	100004	01.0119	13.82	100092	01.5281	19.47	100204	01.6026	19.37	110009	01.1532	15.80
060068	01.0475	18.74	100006	01.6406	20.10	100093	01.5080	15.93	100206	01.3988	19.96	110010	02.1459	24.74
060070	01.1221	17.17	100007	01.8866	20.87	100098	01.1552	19.33	100208	01.5848	22.72	110011	01.2262	16.24
060071	01.2194	16.52	100008	01.7096	20.20	100099	01.2922	13.50	100209	01.5855	17.58	110013	01.1130	16.61

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Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
110014	01.0448	16.21	110101	01.1323	12.27	110198	01.3303	25.48	130048	01.0690	14.17	140081	01.0654	14.36
110015	01.1788	19.15	110103	00.9185	11.59	110200	01.8824	19.23	130049	01.2597	19.05	140082	01.4505	22.85
110016	01.2943	16.27	110104	01.0983	15.18	110201	01.5092	18.30	130054	00.8904	17.88	140083	01.3069	18.82
110017	00.8766	13.46	110105	01.2904	15.96	110203	00.9956	20.45	130056	00.8204	17.37	140084	01.2298	19.27
110018	01.1447	18.80	110107	01.8386	18.54	110204	00.8148	18.89	130060	01.3078	20.72	140086	01.1655	15.72
110020	01.3285	18.61	110108	00.9689	17.58	110205	01.0763	22.85	130061	00.9403	09.29	140087	01.3956	17.07
110023	01.2840	18.65	110109	01.0955	15.30	110207	01.1607	12.46	130063	01.1768	.....	140088	01.7029	21.97
110024	01.4669	19.21	110111	01.1955	15.74	110208	00.9903	15.74	140001	01.3044	15.14	140089	01.2384	17.29
110025	01.4282	17.90	110112	01.1297	18.83	110209	00.7381	16.57	140002	01.3201	18.33	140090	01.4953	23.24
110026	01.2060	14.58	110113	01.1014	14.21	110211	00.9586	.....	140003	01.0457	15.69	140091	01.8169	18.10
110027	01.1287	15.90	110114	01.0561	15.10	110212	01.1651	.....	140004	01.0989	16.55	140093	01.1840	18.79
110028	01.6783	20.65	110115	01.6734	22.60	110213	00.7480	.....	140005	00.9503	10.22	140094	01.3097	20.06
110029	01.3697	20.27	110118	01.0544	11.38	120001	01.8279	27.25	140007	01.4925	21.24	140095	01.3835	20.89
110030	01.2736	17.81	110120	01.0683	12.89	120002	01.2601	23.99	140008	01.5269	20.27	140097	00.9245	15.85
110031	01.2780	19.47	110121	01.2134	14.59	120003	01.1064	24.14	140010	01.3777	23.35	140100	01.3042	20.50
110032	01.3079	15.70	110122	01.3699	18.25	120004	01.2164	24.55	140011	01.1962	16.35	140101	01.2281	18.42
110033	01.4405	21.48	110124	01.3180	14.58	120005	01.2966	21.62	140012	01.2712	18.24	140102	01.1167	15.46
110034	01.6284	18.31	110125	01.2718	16.36	120006	01.3249	24.64	140013	01.5981	16.59	140103	01.4637	15.98
110035	01.4374	23.29	110127	00.9214	14.72	120007	01.6729	21.82	140014	01.2346	18.98	140105	01.3523	20.16
110036	01.7729	.....	110128	01.1853	18.34	120009	00.9647	19.58	140015	01.2859	14.77	140107	01.0723	14.19
110038	01.4872	17.19	110129	01.6924	17.61	120010	01.8131	23.76	140016	00.9826	12.09	140108	01.3529	22.83
110039	01.3748	19.83	110130	01.0679	11.85	120011	01.3231	32.97	140018	01.3572	19.73	140109	01.2235	14.65
110040	01.1392	17.40	110132	01.1281	13.98	120012	00.8889	21.42	140019	01.0877	14.26	140110	01.2260	18.89
110041	01.1919	16.68	110134	00.9052	12.22	120014	01.3437	23.53	140024	00.9826	13.82	140112	01.1475	14.27
110042	01.2326	16.85	110135	01.3155	17.76	120015	00.8945	23.63	140025	01.0844	16.04	140113	01.5963	18.16
110043	01.8013	16.83	110136	01.1358	15.43	120016	01.0773	26.99	140026	01.2533	16.60	140114	01.3451	19.18
110044	01.1835	15.11	110140	01.0384	15.81	120018	01.0119	22.29	140027	01.3199	17.12	140115	01.3318	19.21
110045	01.2010	19.00	110141	01.0430	13.17	120019	01.2134	20.93	140029	01.4133	20.69	140116	01.2572	20.69
110046	01.2702	19.27	110142	00.9278	10.94	120021	00.8363	19.89	140030	01.7236	21.88	140117	01.5466	20.39
110048	01.2958	14.77	110143	01.4312	20.93	120022	01.6938	17.36	140031	01.1981	14.47	140118	01.6712	23.20
110049	01.0595	12.66	110144	01.1053	18.09	120026	01.2420	24.30	140032	01.3088	17.51	140119	01.7295	21.17
110050	01.2663	17.24	110146	01.1084	16.74	120027	01.4788	22.77	140033	01.2949	22.13	140120	01.4493	16.54
110051	01.0328	13.87	110149	01.1383	18.93	120028	01.2495	.....	140034	01.1849	18.25	140121	01.4033	14.91
110052	01.1633	08.57	110150	01.3908	18.34	130001	00.9237	20.88	140035	01.0753	13.77	140122	01.5946	22.76
110054	01.3234	18.80	110152	01.0769	15.05	130002	01.3874	15.94	140036	01.2318	17.01	140124	01.2207	25.20
110056	01.1047	16.02	110153	01.0943	18.60	130003	01.3296	19.77	140037	01.0362	13.33	140125	01.3391	16.31
110059	01.3075	12.05	110154	01.0296	13.75	130005	01.4326	19.70	140038	01.2131	14.65	140127	01.4371	18.66
110061	01.0818	13.87	110155	01.1450	14.18	130006	01.8387	19.10	140040	01.3081	15.90	140128	01.0565	16.08
110062	00.8961	14.52	110156	01.0223	15.53	130007	01.6496	19.28	140041	01.1977	16.33	140129	01.1941	16.61
110063	01.1382	15.19	110161	01.3086	20.74	130008	00.9899	12.07	140042	01.0291	13.94	140130	01.2719	24.16
110064	01.3862	18.18	110162	00.8099	.....	130009	00.9347	15.62	140043	01.1678	17.93	140132	01.5121	23.60
110065	01.0241	12.93	110163	01.5208	18.71	130010	00.9101	19.08	140045	01.0478	15.21	140133	01.3440	20.51
110066	01.4714	20.37	110164	01.4277	21.27	130011	01.3476	19.35	140046	01.3159	15.70	140135	01.2990	16.16
110069	01.2824	18.52	110165	01.4010	18.70	130012	01.0020	22.02	140047	01.1731	16.57	140137	01.0428	17.24
110070	01.1006	17.18	110166	01.5150	18.65	130013	01.3101	19.25	140048	01.3315	21.58	140138	01.0982	14.18
110071	01.1356	11.04	110168	01.7223	20.47	130014	01.3693	17.03	140049	01.5511	20.89	140139	01.1145	15.86
110072	01.0173	12.51	110169	01.1931	18.66	130015	00.9264	17.50	140051	01.5114	19.42	140140	01.1906	18.58
110073	01.2272	14.32	110171	01.4942	20.46	130016	00.9173	17.25	140052	01.3990	17.19	140141	01.3059	14.79
110074	01.4541	17.24	110172	01.4235	21.34	130017	01.1709	16.55	140053	02.0119	18.24	140143	01.1514	17.94
110075	01.3591	16.51	110174	00.9675	15.24	130018	01.7382	17.35	140054	01.3761	22.90	140144	01.0424	17.37
110076	01.5073	20.04	110176	02.5217	20.96	130019	01.1641	17.99	140055	00.9267	13.99	140145	01.1604	16.19
110078	01.7630	21.73	110177	01.5788	19.87	130021	00.9692	15.30	140058	01.2943	16.54	140146	01.0612	16.77
110079	01.3856	19.30	110178	02.9393	16.83	130022	01.2437	18.53	140059	01.2264	15.77	140147	01.3933	15.62
110080	01.2083	18.22	110179	01.1105	20.42	130024	01.0773	18.00	140061	01.1070	14.15	140148	01.8210	17.46
110082	02.1044	21.81	110181	00.9493	14.70	130025	01.1043	14.20	140062	01.2892	26.44	140150	01.5671	25.02
110083	01.7148	20.98	110183	01.3855	21.18	130026	01.1592	19.63	140063	01.4336	22.90	140151	01.0723	19.64
110086	01.2336	13.04	110184	01.2704	19.37	130027	00.8923	19.57	140064	01.3056	17.80	140152	01.1727	21.63
110087	01.3469	20.67	110185	01.1237	15.51	130028	01.2366	16.83	140065	01.5316	24.12	140155	01.3024	17.47
110089	01.2215	17.12	110186	01.3551	15.59	130029	01.1095	17.62	140066	01.2213	15.60	140158	01.3851	22.91
110091	01.3195	19.73	110187	01.3406	19.18	130030	00.8668	18.40	140067	01.7964	17.99	140160	01.2137	16.52
110092	01.1612	15.18	110188	01.3408	18.49	130031	00.9616	16.44	140068	01.2411	18.98	140161	01.2198	18.07
110093	00.9463	11.69	110189	01.1257	17.51	130034	01.0096	19.35	140069	01.0622	16.04	140162	01.7869	17.93
110094	01.0827	14.08	110190	01.0981	15.41	130035	01.0090	19.47	140070	01.2423	17.31	140164	01.4470	20.29
110095	01.3819	14.69	110191	01.3627	17.96	130036	01.3025	13.66	140074	01.0465	17.25	140165	01.1078	13.70
110096	01.1427	14.85	110192	01.4687	21.41	130037	01.2910	16.97	140075	01.4117	14.13	140166	01.3247	17.54
110097	01.0561	14.44	110193	01.2426	17.89	130043	00.9508	15.79	140077	01.2351	16.89	140167	01.1271	15.06
110098	00.9804	15.28	110194	00.9257	14.21	130044	01.1952	10.50	140079	01.2417	17.22	140168	01.1771	16.36
110100	01.0482	16.39	110195	01.1159	13.34	130045	00.9956	15.28	140080	01.6294	20.58	140170	01.0929	13.81

Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
140171	00.9828	12.95	140300	01.5868	23.72	150074	01.6442	19.08	160030	01.3920	18.00	160109	01.0993	14.76
140172	01.6579	18.91	150001	01.1146	19.10	150075	01.1491	15.63	160031	01.1010	14.50	160110	01.5914	15.04
140173	00.9180	16.52	150002	01.5657	18.51	150076	01.1723	21.36	160032	01.1307	16.27	160111	01.0133	12.29
140174	01.5914	20.01	150003	01.6957	19.07	150077	01.1446	17.40	160033	01.8232	17.57	160112	01.4106	16.06
140176	01.2364	19.89	150004	01.5034	19.60	150078	01.0704	17.34	160034	01.1382	15.15	160113	01.0099	13.35
140177	01.3461	17.27	150005	01.1843	18.97	150079	01.2096	15.90	160035	01.0002	16.77	160114	01.0199	15.40
140179	01.3420	20.09	150006	01.2849	18.75	150082	01.5715	18.22	160036	00.9948	19.22	160115	01.0123	15.21
140180	01.4432	20.79	150007	01.2112	23.06	150084	01.9333	21.85	160037	01.0667	17.12	160116	01.1438	16.05
140181	01.4074	19.27	150008	01.4533	20.34	150086	01.3607	16.73	160039	01.0325	17.49	160117	01.4481	16.57
140182	01.4406	15.18	150009	01.3592	17.29	150088	01.3868	18.67	160040	01.3654	17.43	160118	01.0367	15.14
140184	01.2681	15.18	150010	01.3797	16.85	150089	01.4239	19.56	160041	01.1128	14.40	160120	01.0155	11.33
140185	01.5341	17.64	150011	01.2435	18.61	150090	01.2347	18.94	160043	01.0103	14.43	160122	01.0901	18.27
140186	01.3891	20.30	150012	01.6411	21.50	150091	01.0113	16.53	160044	01.2318	15.75	160124	01.2824	16.47
140187	01.4964	16.84	150013	01.1763	15.74	150092	01.0684	14.87	160045	01.7278	18.63	160126	01.0538	15.68
140188	00.9537	13.20	150014	01.5052	18.35	150094	00.9903	17.59	160046	00.9983	11.21	160129	01.0655	15.03
140189	01.1992	17.72	150015	01.2408	20.85	150095	01.0953	18.41	160047	01.3985	16.53	160130	01.2040	14.80
140190	01.1009	16.47	150017	01.8553	19.45	150096	01.0629	17.95	160048	01.0493	13.27	160131	01.0625	14.49
140191	01.4397	22.26	150018	01.3501	18.66	150097	01.1098	17.18	160049	00.9436	12.67	160134	00.9376	12.70
140193	01.1059	14.46	150019	01.1845	14.94	150098	01.1241	16.63	160050	01.0811	15.90	160135	01.0142	15.11
140197	01.2541	16.79	150020	01.1512	13.22	150099	01.2843	17.66	160051	00.9312	13.79	160138	01.0655	14.59
140199	01.1100	17.14	150021	01.6165	18.36	150100	01.6568	17.51	160052	01.0078	14.41	160140	01.1400	16.69
140200	01.4621	21.75	150022	01.1136	17.58	150101	01.1211	19.95	160054	01.0121	13.35	160142	01.1009	15.31
140202	01.3111	21.58	150023	01.6061	19.97	150102	01.1598	12.14	160055	00.9931	13.61	160143	00.9819	15.10
140203	01.1647	22.19	150024	01.3888	18.92	150103	00.9512	19.44	160056	01.1741	14.54	160145	01.1407	14.85
140205	00.9675	15.10	150025	01.4888	17.26	150104	01.0823	16.22	160057	01.3770	17.28	160146	01.4416	16.29
140206	01.2352	20.80	150026	01.2078	18.81	150105	01.3386	17.27	160058	01.7722	19.62	160147	01.3353	17.49
140207	01.3748	20.67	150027	01.0411	17.50	150106	01.0981	15.15	160060	01.1076	15.15	160151	01.1079	16.09
140208	01.6884	24.61	150029	01.3890	20.73	150109	01.4355	18.03	160061	01.1171	16.03	160152	01.0039	14.39
140209	01.6540	14.76	150030	01.2567	17.00	150110	01.0392	15.28	160062	00.9454	15.66	160153	01.8054	18.68
140210	01.0799	14.99	150031	01.0946	15.03	150111	01.1656	15.08	160063	01.1546	16.85	170001	01.1951	16.74
140211	01.2061	19.50	150032	01.8612	19.41	150112	01.3267	18.92	160064	01.6269	18.72	170004	01.0677	13.57
140213	01.3176	21.25	150033	01.5986	21.73	150113	01.2282	18.52	160065	01.0220	16.04	170006	01.1576	15.84
140215	01.0859	14.05	150034	01.4872	21.18	150114	01.0692	17.02	160066	01.1481	15.76	170008	00.9797	13.42
140217	01.3129	22.52	150035	01.5616	19.66	150115	01.3601	17.18	160067	01.4072	17.52	170009	01.2006	17.07
140218	01.0528	15.20	150036	01.0369	18.92	150122	01.1376	18.53	160068	01.0212	15.43	170010	01.3037	16.52
140220	01.1009	17.26	150037	01.2481	18.31	150123	01.0540	14.07	160069	01.4919	17.39	170012	01.4254	15.95
140223	01.6061	23.21	150038	01.4463	18.74	150124	01.1303	15.08	160070	00.9590	14.55	170013	01.3060	16.49
140224	01.3499	22.21	150039	00.9739	16.62	150125	01.4487	19.02	160072	01.0768	14.19	170014	01.0310	17.45
140228	01.6505	17.83	150042	01.2851	16.54	150126	01.4679	20.96	160073	00.9704	13.66	170015	00.9909	15.23
140230	00.9336	15.97	150043	01.0389	16.96	150127	01.0314	15.89	160074	01.0474	15.71	170016	01.6836	22.29
140231	01.5659	21.90	150044	01.2351	18.03	150128	01.2813	18.07	160075	01.1806	15.77	170017	01.2077	18.08
140233	01.8328	18.16	150045	01.1303	16.21	150129	01.1222	24.48	160076	01.0409	17.07	170018	01.1380	14.10
140234	01.2359	17.76	150046	01.4926	16.66	150130	01.3484	16.53	160077	01.0730	11.38	170019	01.2203	16.42
140236	01.0046	14.29	150047	01.6176	19.11	150132	01.4914	18.89	160079	01.4250	17.85	170020	01.2910	15.58
140239	01.7410	18.31	150048	01.2267	18.58	150133	01.1644	17.44	160080	01.2026	17.07	170022	01.1333	16.84
140240	01.4331	22.78	150049	01.1415	15.37	150134	01.1629	17.56	160081	01.0971	15.21	170023	01.3998	17.38
140242	01.6616	22.15	150050	01.2343	16.20	150136	00.8607	20.95	160082	01.9400	17.26	170024	01.1587	13.03
140245	01.2200	15.19	150051	01.4673	18.63	150145	03.7024	.....	160083	01.6760	17.94	170025	01.1942	16.10
140246	01.1107	12.78	150052	01.1526	14.50	160001	01.2869	18.91	160085	00.9877	15.41	170026	01.1060	13.45
140250	01.3085	23.24	150053	01.0122	18.92	160002	01.1579	14.48	160086	00.9510	15.78	170027	01.3149	15.96
140251	01.3487	20.32	150054	01.0954	15.80	160003	01.0272	14.39	160088	01.1853	16.87	170030	01.0487	12.94
140252	01.4849	23.55	150056	01.8319	23.14	160005	01.0962	15.72	160089	01.2264	16.16	170031	00.8797	12.80
140253	01.3970	14.08	150057	02.3139	18.25	160007	01.0149	13.81	160090	01.0121	15.53	170032	01.0645	15.46
140258	01.5859	22.07	150058	01.7734	20.30	160008	01.1611	14.74	160091	01.0690	12.74	170033	01.3680	15.54
140271	01.0367	14.78	150059	01.3588	21.47	160009	01.2225	15.87	160092	01.0710	15.37	170034	01.0172	13.85
140275	01.2393	16.99	150060	01.1408	14.72	160012	01.0015	15.93	160093	01.0603	15.71	170035	00.8913	14.00
140276	02.0402	21.39	150061	01.2235	15.33	160013	01.2088	16.74	160094	01.1200	15.60	170036	00.9101	14.08
140280	01.3633	17.80	150062	01.1228	17.69	160014	00.9551	14.41	160095	01.0625	14.27	170037	01.0368	16.58
140281	01.6894	22.14	150063	01.0545	16.90	160016	01.2452	17.25	160097	01.0952	14.59	170038	00.9220	12.68
140285	01.2529	26.86	150064	01.2804	16.17	160018	00.9374	13.77	160098	01.0002	15.05	170039	01.0941	14.19
140286	01.1496	18.53	150065	01.2062	18.66	160020	01.0918	13.84	160099	00.9166	12.91	170040	01.6491	19.98
140288	01.7475	22.93	150066	01.0055	17.04	160021	01.0569	15.16	160101	01.0582	17.55	170041	01.0778	11.22
140289	01.3491	16.32	150067	01.1690	16.20	160023	01.0267	14.75	160102	01.4133	16.83	170044	00.9909	13.97
140290	01.3868	20.06	150069	01.2637	17.75	160024	01.5208	18.26	160103	01.0464	16.71	170045	01.0394	15.99
140291	01.3999	23.45	150070	01.0571	17.16	160026	01.0784	17.30	160104	01.2767	17.17	170049	01.2914	18.45
140292	01.1440	20.62	150071	01.1147	14.38	160027	01.1359	15.04	160106	01.0226	15.39	170051	00.9111	13.41
140294	01.1807	18.17	150072	01.2157	16.13	160028	01.2457	29.74	160107	01.1907	16.26	170052	01.1183	14.31
140297	03.6153	42.09	150073	01.0490	20.53	160029	01.5683	20.19	160108	01.1241	15.98	170053	00.9906	13.83

Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
170054	01.0978	13.64	170150	01.1546	14.00	180067	01.9594	17.80	190034	01.1818	15.36	190155	00.7261	16.10
170055	01.0862	14.51	170151	00.9807	12.49	180069	01.1523	17.35	190035	01.4071	.....	190156	01.0217	12.27
170056	00.8958	14.93	170152	01.0368	14.21	180070	01.1536	13.55	190036	01.6970	20.46	190158	01.1942	20.62
170057	00.9835	12.90	170160	01.0025	11.81	180072	01.1750	15.81	190037	00.9050	11.28	190160	01.2638	17.06
170058	01.1567	17.07	170164	01.0153	15.00	180075	01.6587	12.66	190039	01.4112	16.98	190161	01.0650	14.05
170060	01.1064	14.95	170166	01.1487	17.40	180078	01.0858	18.97	190040	01.3258	20.34	190162	01.0985	19.57
170061	01.1697	14.15	170171	01.0693	12.88	180079	01.2462	12.71	190041	01.5988	19.98	190164	01.2766	14.89
170063	00.8588	11.84	170175	01.3959	17.67	180080	01.0624	15.09	190043	01.0674	12.52	190167	01.1707	18.78
170066	01.0038	13.66	170176	01.6751	23.94	180087	01.3024	14.29	190044	01.1587	21.11	190170	00.9093	13.69
170067	01.0353	14.44	170182	01.4638	21.54	180088	01.5749	21.13	190045	01.4309	21.34	190173	01.4304	19.33
170068	01.2562	17.01	170183	02.0468	15.05	180092	01.2237	15.98	190046	01.4383	18.69	190175	01.6161	20.46
170070	01.0330	12.73	170184	01.7569	.....	180093	01.3704	16.69	190048	01.2557	15.02	190176	01.6907	20.76
170073	01.1796	15.56	180001	01.3958	17.78	180094	01.0627	12.86	190049	00.9841	15.98	190177	01.7756	18.85
170074	01.1210	13.48	180002	01.1271	17.71	180095	01.1988	13.96	190050	01.0974	14.68	190178	00.9828	10.60
170075	00.9167	10.71	180004	01.1260	15.79	180099	01.2011	12.83	190053	01.1305	12.51	190182	01.2638	19.89
170076	01.0539	12.59	180005	01.2488	18.80	180101	01.2773	16.26	190054	01.3434	16.77	190183	01.1934	15.22
170077	00.9613	12.55	180006	00.9249	12.49	180102	01.4712	18.17	190059	00.8927	14.11	190184	01.0340	15.61
170079	00.9525	12.75	180007	01.4823	16.55	180103	02.2948	18.25	190060	01.4334	14.94	190185	01.3460	19.22
170080	00.9784	12.95	180009	01.4022	20.11	180104	01.5599	16.85	190064	01.5728	22.67	190186	00.9219	14.11
170081	00.9351	11.91	180010	01.9106	18.13	180105	00.9458	15.32	190065	01.4938	18.08	190190	00.8904	12.48
170082	00.9822	12.06	180011	01.3471	18.96	180106	00.8758	13.13	190071	00.9048	12.68	190191	01.2236	19.55
170084	00.9112	29.87	180012	01.4127	18.41	180108	00.8320	13.64	190077	00.9403	13.95	190196	00.9611	16.22
170085	00.9055	12.47	180013	01.4174	17.18	180115	01.0027	16.43	190078	01.1522	12.81	190197	01.1855	17.51
170086	01.7294	18.97	180014	01.7276	18.00	180116	01.3502	16.15	190079	01.3216	17.02	190199	01.2599	10.95
170088	00.9532	10.70	180016	01.3059	14.83	180117	01.1374	17.24	190081	00.9314	13.70	190200	01.5884	20.17
170089	00.9736	12.13	180017	01.3626	14.79	180118	01.0477	11.54	190083	01.1019	16.51	190201	01.0893	18.83
170090	00.9993	11.36	180018	01.3348	15.32	180120	01.0374	16.25	190086	01.3466	15.04	190202	01.2511	18.81
170092	00.8320	12.01	180019	01.2531	16.76	180121	01.3111	14.05	190088	01.3395	19.01	190203	01.5559	22.35
170093	00.9126	12.94	180020	01.1266	16.86	180122	01.1060	15.93	190089	01.0953	12.63	190204	01.4971	20.42
170094	00.9330	16.97	180021	01.0695	14.26	180123	01.4019	18.92	190090	01.1136	16.03	190205	01.9390	18.91
170095	01.1284	13.41	180023	00.9119	14.80	180124	01.4305	16.87	190092	01.4163	21.19	190206	01.6020	21.26
170097	00.9893	14.02	180024	01.4455	15.89	180125	01.1083	17.87	190095	01.0410	15.00	190207	01.2223	17.10
170098	01.1633	14.54	180025	01.1748	16.40	180126	01.2108	11.42	190098	01.4884	19.10	190208	00.8302	10.93
170099	01.2147	12.86	180026	01.2509	13.57	180127	01.3576	16.72	190099	01.2333	17.67	190218	01.1701	17.36
170100	01.0623	13.73	180027	01.3139	15.23	180128	01.1777	16.18	190102	01.5818	18.10	190227	00.8692	30.27
170101	00.9176	13.46	180028	01.0814	17.78	180129	01.0392	15.30	190103	00.8978	11.00	190231	01.4412	13.27
170102	01.0142	12.99	180029	01.3033	16.86	180130	01.4202	17.56	190106	01.1713	17.85	190235	01.6524	.....
170103	01.2839	15.92	180030	01.1614	16.38	180132	01.2846	16.14	190109	01.2506	14.31	190236	01.4037	.....
170104	01.4518	20.25	180031	01.1179	14.02	180133	01.3195	22.68	190110	00.9671	13.76	200001	01.4021	16.84
170105	01.0732	15.22	180032	01.0939	16.97	180134	01.0985	14.44	190111	01.5353	19.83	200002	01.1101	23.41
170106	00.9680	10.48	180033	01.1805	16.08	180136	01.6663	19.72	190112	01.6582	20.08	200003	01.1421	16.08
170109	00.9935	16.20	180034	01.1401	15.45	180138	01.2692	17.70	190113	01.3372	19.82	200006	01.0161	18.67
170110	01.0011	15.05	180035	01.6042	19.58	180139	01.1175	17.89	190114	01.0360	13.12	200007	01.0238	16.64
170112	01.0327	13.55	180036	01.2081	18.69	180140	01.0543	22.60	190115	01.2011	19.30	200008	01.2487	20.05
170113	01.0910	15.23	180037	01.3315	19.96	180141	01.7850	.....	190116	01.1612	15.43	200009	01.8248	20.28
170114	01.0309	14.05	180038	01.4356	15.84	190001	00.9574	22.06	190118	01.0653	13.08	200012	01.1253	16.83
170115	00.9963	12.43	180040	01.9798	18.75	190002	01.7233	18.29	190120	01.0389	13.99	200013	01.1175	15.39
170116	01.0782	15.42	180041	01.1067	14.94	190003	01.4208	18.68	190122	01.3127	13.83	200015	01.2672	17.80
170117	00.9897	13.41	180042	01.1356	15.00	190004	01.4619	16.87	190124	01.6393	19.92	200016	01.0377	16.48
170119	00.9907	13.57	180043	01.1907	19.10	190005	01.5814	16.64	190125	01.5379	18.47	200018	01.2179	16.45
170120	01.3100	12.93	180044	01.2212	17.26	190006	01.3309	15.31	190128	01.1054	18.95	200019	01.2635	18.12
170122	01.7443	18.82	180045	01.3799	17.34	190007	01.0296	14.17	190130	00.9720	12.14	200020	01.1295	19.42
170123	01.7876	18.98	180046	01.1868	16.65	190008	01.6750	19.37	190131	01.2328	17.54	200021	01.1599	18.52
170124	00.9925	13.55	180047	01.0316	14.66	190009	01.3215	14.70	190133	00.9626	12.86	200023	00.9037	14.08
170126	00.9618	12.53	180048	01.2731	16.28	190010	01.1133	16.24	190134	01.0045	16.50	200024	01.4120	19.55
170128	00.9122	14.70	180049	01.3932	16.09	190011	01.1696	15.32	190135	01.4522	20.69	200025	01.1595	19.60
170131	01.1686	12.10	180050	01.2650	17.25	190013	01.3473	16.26	190136	01.2074	11.11	200026	01.0448	15.97
170133	01.1015	16.69	180051	01.3715	15.43	190014	01.1457	16.03	190138	00.8637	20.29	200027	01.2326	16.90
170134	00.9044	13.04	180053	01.1052	14.96	190015	01.2583	18.74	190140	00.9874	11.98	200028	00.9883	16.14
170137	01.1656	17.98	180054	01.1345	15.82	190017	01.3983	14.84	190142	00.9321	14.53	200031	01.2524	15.04
170139	01.0729	12.91	180055	01.2319	14.70	190018	01.1580	17.48	190144	01.2665	16.26	200032	01.2974	17.40
170142	01.2852	17.02	180056	01.1288	16.33	190019	01.7296	19.64	190145	01.0068	14.74	200033	01.7963	.....
170143	01.1875	15.24	180058	01.0463	13.04	190020	01.1693	17.77	190146	01.6123	21.10	200034	01.2207	18.06
170144	01.6583	13.79	180059	00.8671	15.28	190025	01.3335	13.33	190147	00.9695	14.36	200037	01.2183	16.94
170145	01.1081	14.18	180063	01.1789	11.94	190026	01.5020	18.00	190148	00.9710	13.91	200038	01.1302	19.07
170146	01.5294	18.68	180064	01.3252	14.68	190027	01.5422	17.46	190149	01.0118	14.40	200039	01.2896	19.74
170147	01.2024	18.98	180065	01.0035	12.89	190029	01.1748	17.67	190151	01.2151	12.80	200040	01.1290	19.05
170148	01.4951	17.89	180066	01.1563	18.08	190033	00.9756	10.02	190152	01.4896	20.71	200041	01.1543	18.64

Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
200043	00.7365	18.37	220017	01.3977	14.12	220153	01.0232	22.56	230100	01.1670	15.57	230213	00.9993	15.25
200050	01.1575	17.35	220019	01.1645	19.12	220154	00.9445	22.42	230101	01.1095	18.36	230216	01.5651	17.80
200051	01.0114	19.57	220020	01.2268	19.47	220162	01.2697	.....	230103	01.0400	20.72	230217	01.2521	22.94
200052	01.0406	15.56	220023	00.6107	19.30	220163	02.1199	24.87	230104	01.5911	22.43	230219	00.8768	19.28
200055	01.1614	17.37	220024	01.2158	21.22	220171	01.6207	22.92	230105	01.7568	20.27	230221	00.8720	24.54
200062	00.9472	15.91	220025	01.1292	18.70	230001	01.1902	18.07	230106	01.3003	20.51	230222	01.4495	19.43
200063	01.3059	18.34	220028	01.4722	21.01	230002	01.2759	20.69	230107	00.9076	14.72	230223	01.3326	21.85
200066	01.1622	16.74	220029	01.1851	24.16	230003	01.1581	18.62	230108	01.2121	18.37	230227	01.4724	21.56
210001	01.4925	21.16	220030	01.1533	15.00	230004	01.7098	22.86	230110	01.3576	17.83	230230	01.6794	22.01
210002	01.9930	18.07	220031	01.9215	.....	230005	01.2844	18.86	230113	00.9199	20.15	230232	00.9510	17.15
210003	01.6014	21.93	220033	01.2840	20.97	230006	01.1008	18.53	230115	01.0388	17.19	230235	01.0957	16.27
210004	01.3657	23.18	220035	01.2837	24.51	230007	00.9571	18.95	230116	00.9248	16.31	230236	01.3249	21.58
210005	01.2762	19.38	220036	01.5965	21.66	230012	00.8563	12.18	230117	01.8993	26.08	230239	01.1389	13.72
210006	01.1400	17.16	220038	01.2959	26.32	230013	01.4022	21.05	230118	01.2189	17.43	230241	01.1643	17.52
210007	01.7371	25.17	220041	01.2273	23.41	230015	01.2010	20.91	230119	01.2966	21.44	230244	01.3959	21.17
210008	01.3938	19.26	220042	01.2464	24.13	230017	01.5028	28.89	230120	01.1514	18.40	230253	00.9911	18.85
210009	01.8131	21.72	220046	01.3702	23.14	230019	01.4696	22.20	230121	01.2299	20.61	230254	01.2624	21.20
210010	01.1495	15.64	220049	01.3541	18.47	230020	01.7404	21.30	230122	01.3428	19.37	230257	00.7824	18.51
210011	01.3419	19.67	220050	01.1242	19.98	230021	01.5653	18.27	230124	01.1625	18.52	230259	01.1882	21.59
210012	01.6374	22.07	220051	01.2183	21.10	230022	01.2543	18.76	230128	01.3957	22.70	230264	01.6939	14.86
210013	01.3219	19.82	220052	01.3247	24.59	230024	01.4460	22.98	230130	01.6687	22.34	230269	01.3782	22.69
210015	01.2992	19.60	220053	01.2325	20.02	230027	01.1127	17.48	230132	01.3690	24.82	230270	01.1731	20.20
210016	01.8243	22.33	220055	01.2994	13.69	230029	01.5562	19.51	230133	01.2687	17.99	230273	01.4465	22.29
210017	01.2218	15.90	220057	01.4056	22.67	230030	01.3295	16.78	230135	01.3180	23.03	230275	00.5262	19.58
210018	01.3056	21.29	220058	01.1529	18.51	230031	01.4311	19.42	230137	01.1560	18.31	230276	00.6644	21.40
210019	01.5805	18.39	220060	01.2952	25.42	230032	01.7502	19.80	230141	01.6323	22.96	230277	01.2430	23.05
210022	01.5039	21.14	220062	00.5762	19.65	230034	01.2739	18.80	230142	01.3057	19.01	230278	01.4214	17.82
210023	01.3373	21.51	220063	01.2663	19.84	230035	01.0906	20.47	230143	01.3112	18.35	230279	00.6584	15.95
210024	01.5453	20.11	220064	01.2830	21.51	230036	01.2229	20.75	230144	01.1462	20.61	230280	00.9997	12.33
210025	01.3740	18.95	220065	01.2956	19.95	230037	01.1368	17.66	230145	01.1934	18.05	240001	01.5448	22.78
210026	01.3830	17.97	220066	01.3789	21.73	230038	01.6671	21.58	230146	01.2748	19.36	240002	01.7516	20.94
210027	01.2945	17.66	220067	01.3230	22.81	230040	01.1819	20.58	230147	01.3954	17.47	240004	01.5826	21.10
210028	01.2229	18.31	220070	01.2219	19.89	230041	01.2518	19.27	230149	01.1505	16.14	240005	00.9321	17.38
210029	01.2710	14.51	220071	01.9036	24.06	230042	01.2328	20.08	230151	01.4024	21.20	240006	01.1358	20.97
210030	01.1576	19.24	220073	01.3068	25.94	230046	01.9346	23.28	230153	01.1458	16.66	240007	01.0656	15.50
210031	01.2844	16.76	220074	01.4397	28.44	230047	01.3796	19.17	230154	00.9500	14.32	240008	01.1157	19.71
210032	01.1792	18.71	220075	01.4818	20.18	230053	01.6002	24.58	230155	01.0478	17.35	240009	00.9226	14.31
210033	01.2737	18.96	220076	01.1822	.....	230054	01.8075	19.80	230156	01.7144	23.80	240010	01.9880	24.41
210034	01.3510	20.17	220077	01.7973	24.84	230055	01.1704	19.01	230157	01.2003	22.20	240011	01.1532	17.81
210035	01.2976	19.08	220079	01.1889	21.38	230056	00.9664	15.57	230159	01.3458	17.84	240013	01.3350	18.17
210037	01.2736	18.27	220080	01.3076	19.50	230058	01.0994	18.45	230162	01.0605	19.93	240014	01.0774	20.29
210038	01.4108	21.78	220081	01.0949	26.78	230059	01.5035	19.06	230165	01.8769	22.77	240016	01.3927	18.22
210039	01.1817	19.69	220082	01.2893	19.76	230060	01.2247	18.53	230167	01.7979	19.39	240017	01.0659	17.25
210040	01.2977	23.05	220083	01.1675	21.76	230062	00.9643	15.71	230169	01.3453	23.25	240018	01.2884	17.23
210043	01.3140	21.29	220084	01.3389	26.31	230063	01.3202	19.89	230171	01.0161	14.41	240019	01.2645	21.39
210044	01.3429	21.63	220086	01.7743	.....	230065	01.3020	20.37	230172	01.1855	19.10	240020	01.1651	20.04
210045	01.0234	11.01	220088	01.6385	23.68	230066	01.3702	21.26	230174	01.3641	20.84	240021	01.0408	16.96
210048	01.2485	22.46	220089	01.2541	21.52	230069	01.1366	22.24	230175	03.7062	.....	240022	01.1137	19.13
210049	01.1655	17.20	220090	01.2774	21.06	230070	01.6318	20.99	230176	01.2172	22.12	240023	00.9935	19.88
210051	01.4205	22.78	220092	01.2563	29.72	230071	01.1883	22.62	230178	01.0025	17.48	240025	01.1418	16.29
210054	01.3626	21.94	220094	01.4476	18.10	230072	01.2717	19.89	230180	01.1699	14.55	240027	01.0297	16.33
210055	01.2721	22.10	220095	01.2243	18.87	230075	01.4810	20.07	230184	01.1598	18.23	240028	01.1529	18.52
210056	01.3993	17.67	220098	01.3462	17.39	230076	01.3291	22.97	230186	01.2450	15.20	240029	01.1603	18.10
210057	01.4721	24.67	220100	01.2697	25.09	230077	01.9370	19.36	230188	01.1176	15.81	240030	01.2834	17.99
210058	01.4828	18.67	220101	01.4781	24.24	230078	01.2553	16.56	230189	00.9585	15.39	240031	00.9756	16.71
210059	01.2611	21.98	220104	01.4373	23.69	230080	01.2411	19.94	230190	01.0724	24.98	240036	01.5650	20.26
210060	01.2540	.....	220105	01.3499	20.60	230081	01.2578	16.66	230191	00.9623	17.58	240037	01.0233	18.19
210061	01.1774	18.56	220106	01.2300	23.09	230082	01.1162	17.08	230193	01.2584	17.77	240038	01.4973	24.56
220001	01.2775	27.10	220108	01.1989	22.28	230085	01.0922	18.91	230195	01.3347	21.46	240040	01.2454	20.15
220002	01.5400	18.62	220110	02.0189	29.18	230086	00.9486	17.36	230197	01.4218	21.17	240041	01.1644	17.48
220003	01.1363	17.49	220111	01.2643	21.79	230087	01.0889	16.19	230199	01.1115	19.29	240043	01.1966	17.00
220006	01.4328	20.39	220116	01.9394	.....	230089	01.2754	23.86	230201	01.1456	15.09	240044	01.1842	18.04
220008	01.2873	21.58	220119	01.3311	23.69	230092	01.3562	19.28	230204	01.4307	21.66	240045	01.0477	21.34
220010	01.3417	21.70	220123	01.0577	23.94	230093	01.2768	19.05	230205	01.0377	16.37	240047	01.5436	21.26
220011	01.1581	28.81	220126	01.3572	19.87	230095	01.1791	17.06	230207	01.2683	19.90	240048	01.2443	22.64
220012	01.3404	35.18	220128	00.8929	21.18	230096	01.0974	24.02	230208	01.3205	17.76	240049	01.7730	22.43
220015	01.1918	22.77	220133	00.9081	27.36	230097	01.6121	19.12	230211	00.9047	21.59	240050	01.1639	24.71
220016	01.3686	21.58	220135	01.3076	26.10	230099	01.1463	19.68	230212	01.0827	23.46	240051	01.0123	18.49

Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
240052	01.3097	18.64	240139	00.9667	16.59	250042	01.2795	15.45	260003	01.1304	13.48	260105	01.8950	20.26
240053	01.5210	20.25	240141	01.1702	21.09	250043	00.9854	12.25	260004	01.0516	13.31	260107	01.4575	19.81
240056	01.2479	21.74	240142	01.1458	19.27	250044	01.0267	15.41	260005	01.6188	20.26	260108	01.8607	21.29
240057	01.8120	22.68	240143	00.9530	13.94	250045	01.2004	18.75	260006	01.5009	20.55	260109	00.9884	12.92
240058	00.9732	14.79	240144	01.0302	16.74	250047	00.9728	15.45	260008	01.3629	16.53	260110	01.6869	15.15
240059	01.0983	21.81	240145	01.0332	15.57	250048	01.5487	15.26	260009	01.2581	16.29	260113	01.1477	14.76
240061	01.8085	24.36	240146	00.9306	19.10	250049	00.8905	11.34	260011	01.6980	18.75	260115	01.2593	17.02
240063	01.4355	22.81	240148	01.0485	14.55	250050	01.2741	13.43	260012	01.1050	12.84	260116	01.0817	15.06
240064	01.2914	21.93	240150	00.9199	12.84	250051	00.8862	10.57	260013	01.1935	15.32	260119	01.2307	15.30
240065	01.0337	12.44	240152	01.0164	19.91	250057	01.2316	15.59	260015	01.2710	16.27	260120	01.1985	16.64
240066	01.3815	21.19	240153	01.0056	15.23	250058	01.1873	14.40	260017	01.2333	15.54	260122	01.1738	12.73
240069	01.1890	19.07	240154	01.0449	17.00	250059	01.0410	14.21	260018	00.9010	10.09	260123	01.0789	14.05
240071	01.1104	19.55	240155	00.8945	19.40	250060	00.7799	08.90	260019	01.0877	14.52	260127	01.0109	15.92
240072	01.0197	16.80	240157	01.0929	14.13	250061	00.8857	17.69	260020	01.7249	20.07	260128	01.0125	10.96
240073	00.9372	16.40	240160	01.0026	16.30	250063	00.8515	12.44	260021	01.4657	17.59	260129	01.2317	15.69
240075	01.1813	19.91	240161	00.9970	14.99	250065	00.9231	12.61	260022	01.2879	19.05	260131	01.2494	18.04
240076	01.0703	21.04	240162	01.0628	16.59	250066	00.9111	13.53	260023	01.4980	34.66	260134	01.1693	15.67
240077	00.9446	14.31	240163	00.9935	17.79	250067	01.1344	14.67	260024	00.9639	12.96	260137	01.7177	15.26
240078	01.4829	23.66	240166	01.1120	15.60	250068	00.8476	11.36	260025	01.3101	14.68	260138	01.8700	21.26
240079	01.0280	15.37	240169	00.9128	15.98	250069	01.3525	17.35	260027	01.6202	21.58	260141	01.9087	19.54
240080	01.5649	22.34	240170	01.1056	17.38	250071	00.9308	11.63	260029	01.2388	19.02	260142	01.1144	15.65
240082	01.1936	17.03	240171	01.0726	15.79	250072	01.4199	18.43	260030	01.1850	10.36	260143	00.9985	12.75
240083	01.3140	17.90	240172	00.9529	15.82	250077	00.9293	11.97	260031	01.6090	18.38	260147	00.9753	13.55
240084	01.2434	20.04	240173	00.8928	16.66	250078	01.4771	14.93	260032	01.6629	18.43	260148	00.9263	10.32
240085	00.9719	17.41	240179	01.0132	16.66	250079	00.8824	17.44	260034	01.0573	15.99	260158	01.0224	12.65
240086	01.0849	17.64	240184	00.9886	13.04	250081	01.3211	16.03	260035	01.0046	11.74	260159	00.9863	19.26
240087	01.2026	14.87	240187	01.1930	18.48	250082	01.4033	13.51	260036	01.0154	15.34	260160	01.0544	15.82
240088	01.3869	19.81	240193	01.0223	17.61	250083	00.9515	12.27	260039	01.1258	13.86	260162	01.5557	20.64
240089	00.9840	17.72	240196	00.6319	22.78	250084	01.1844	17.73	260040	01.6625	15.28	260163	01.2241	14.59
240090	01.0465	14.69	240200	00.8680	14.48	250085	00.9749	12.58	260042	01.2599	17.82	260164	00.9519	13.24
240093	01.3293	17.64	240205	00.9138	.....	250088	01.0022	16.53	260044	01.0487	15.91	260166	01.2346	19.78
240094	00.9622	20.49	240206	00.8411	.....	250089	01.2121	13.89	260047	01.4767	17.20	260172	00.9986	12.55
240096	00.9800	17.63	240207	01.2109	21.80	250093	01.1337	14.36	260048	01.2953	20.70	260173	01.0314	12.21
240097	01.0196	21.79	240210	01.2788	22.90	250094	01.3184	15.45	260050	01.0431	16.40	260175	01.1175	16.34
240098	00.9533	20.33	240211	00.9038	14.75	250095	01.0053	15.92	260052	01.3352	19.75	260176	01.6500	17.62
240099	01.0631	13.30	250001	01.5514	17.39	250096	01.1988	17.01	260053	01.1737	11.73	260177	01.2846	20.19
240100	01.2892	18.97	250002	00.9820	17.13	250097	01.3216	15.83	260054	01.3147	16.07	260178	01.4976	20.94
240101	01.1825	20.41	250003	01.0084	18.40	250098	00.8380	16.66	260055	00.9908	10.97	260179	01.6431	20.52
240102	00.9603	12.87	250004	01.4873	17.91	250099	01.2609	14.01	260057	01.1503	16.96	260180	01.7064	18.96
240103	01.0505	16.28	250005	00.9412	09.95	250100	01.2905	15.26	260059	01.2691	14.66	260183	01.5177	16.58
240104	01.2301	21.81	250006	00.9862	14.60	250101	00.8850	16.65	260061	01.1020	14.06	260186	01.4347	17.27
240105	00.9597	13.46	250007	01.2808	19.42	250102	01.6048	17.06	260062	01.2033	18.91	260188	01.2198	18.37
240106	01.4052	26.55	250008	00.9814	13.33	250104	01.4486	17.62	260063	01.0697	15.44	260189	00.8526	10.87
240107	00.9916	17.31	250009	01.2300	17.50	250105	00.9434	13.40	260064	01.3240	16.92	260190	01.2045	18.00
240108	01.0081	17.24	250010	01.0398	12.77	250107	00.8815	14.53	260065	01.8217	18.25	260191	01.2516	18.58
240109	00.9484	12.99	250012	00.9311	19.88	250109	00.8949	15.37	260066	01.0266	15.01	260193	01.2915	26.66
240110	00.9668	16.33	250015	01.0847	10.44	250112	00.9717	13.07	260067	00.8671	13.74	260195	01.2198	16.53
240111	01.0666	19.00	250017	00.9989	16.64	250117	01.0769	14.70	260068	01.6718	20.21	260197	01.1405	25.99
240112	00.9994	14.73	250018	00.9513	13.02	250119	01.1164	12.45	260070	01.0429	14.48	260198	01.3077	16.46
240114	00.9257	14.74	250019	01.4335	17.00	250120	01.1106	13.09	260073	01.1387	12.89	260200	01.2666	19.43
240115	01.6191	21.63	250020	00.9455	13.52	250122	01.2481	16.91	260074	01.3021	13.93	260205	01.3757	.....
240116	00.9343	13.96	250021	00.8815	08.57	250123	01.2786	18.73	260077	01.7307	17.13	270002	01.3026	14.15
240117	01.1588	18.18	250023	00.9552	12.77	250124	00.9126	11.59	260078	01.1782	14.62	270003	01.2653	21.02
240119	00.8258	20.58	250024	00.9084	13.60	250125	01.3155	16.38	260079	01.0765	14.32	270004	01.6961	18.01
240121	00.9397	21.27	250025	01.2071	18.06	250126	00.9754	14.17	260080	01.0516	11.77	270006	00.9221	16.35
240122	01.0517	18.93	250027	00.9570	11.90	250127	00.8201	.....	260081	01.6079	18.83	270007	00.8770	12.23
240123	01.0109	15.03	250029	00.8773	12.96	250128	01.0941	12.06	260082	01.1768	13.93	270009	01.1201	19.32
240124	00.9676	18.39	250030	00.9739	14.45	250131	01.0232	11.03	260085	01.5720	19.71	270011	01.0312	18.28
240125	00.9278	11.73	250031	01.3079	18.54	250134	00.9919	16.70	260086	01.0978	15.09	270012	01.5921	18.33
240127	01.1171	14.25	250032	01.2608	16.21	250136	00.8821	17.66	260091	01.7219	19.76	270014	01.8294	17.81
240128	01.1221	15.77	250033	01.0514	15.66	250138	01.2904	17.90	260094	01.1985	16.48	270016	00.8992	15.97
240129	01.0143	17.56	250034	01.6577	14.46	250141	01.2616	15.71	260095	01.4477	16.89	270017	01.2378	19.09
240130	00.9625	15.66	250035	00.8681	13.84	250145	00.8232	10.04	260096	01.5927	22.03	270019	01.0001	15.86
240132	01.2209	22.40	250036	00.9700	14.48	250146	00.9630	13.97	260097	01.2007	14.79	270021	01.1771	16.67
240133	01.1986	17.72	250037	00.9132	10.05	250148	01.0955	19.08	260100	01.0435	15.72	270023	01.3055	21.22
240135	00.8725	14.11	250038	00.9700	14.37	250149	00.8930	12.04	260102	01.0442	18.57	270026	00.8850	14.97
240137	01.2258	18.97	250039	00.9941	13.36	260001	01.7040	18.05	260103	01.2885	17.51	270027	01.1158	12.40
240138	00.9522	12.97	250040	01.3026	16.20	260002	01.4644	21.10	260104	01.7564	18.42	270028	01.1217	15.50

Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
270029	00.9579	18.18	280051	01.0812	15.15	290021	01.6244	21.94	310041	01.4067	23.71	320023	01.0840	16.73
270032	01.1262	16.20	280052	01.0846	13.32	290022	01.7010	17.94	310042	01.2416	23.53	320030	01.1495	16.84
270033	00.8614	15.58	280054	01.2607	17.98	290027	00.9528	17.23	310043	01.1431	20.86	320031	00.8258	17.05
270035	01.0099	18.28	280055	00.9182	14.40	290029	00.9833	.....	310044	01.2847	20.70	320032	00.9003	17.10
270036	00.8802	12.78	280056	00.9752	14.45	290032	01.4115	22.30	310045	01.4639	27.19	320033	01.1552	22.76
270039	01.0024	15.36	280057	00.9835	15.40	290036	00.9391	51.78	310047	01.3682	24.34	320035	01.0299	22.89
270040	01.1080	18.24	280058	01.3029	18.34	290038	00.9923	19.95	310048	01.2820	22.81	320037	01.2216	23.31
270041	01.1062	15.74	280060	01.5871	18.65	290039	01.3219	.....	310049	01.2927	25.66	320038	01.2326	16.83
270044	01.1453	13.98	280061	01.4293	17.06	300001	01.3935	21.15	310050	01.2323	23.05	320046	01.2948	20.88
270046	00.9619	14.85	280062	01.0987	13.35	300003	01.9474	23.98	310051	01.3560	24.27	320048	01.2823	14.43
270048	01.1003	16.41	280064	01.0290	15.52	300005	01.2963	20.28	310052	01.2951	22.60	320057	00.9566	.....
270049	01.7959	20.21	280065	01.2779	18.54	300006	01.1897	19.05	310054	01.3459	24.60	320058	00.7512	.....
270050	01.0985	17.98	280066	01.0654	12.50	300007	01.1006	18.33	310057	01.3357	21.17	320059	01.0062	.....
270051	01.3389	21.08	280068	00.9650	09.45	300008	01.2856	19.44	310058	01.1060	24.61	320060	00.8691	.....
270052	01.0417	17.86	280070	01.0106	11.19	300009	01.1291	19.41	310060	01.2001	18.63	320061	01.1829	.....
270057	01.2418	18.93	280073	01.0056	13.68	300010	01.1911	19.48	310061	01.2520	21.39	320062	00.8839	.....
270058	00.9052	13.38	280074	01.1152	14.02	300011	01.3744	22.78	310062	01.3076	20.98	320063	01.3049	16.68
270059	00.7748	15.90	280075	01.1776	13.70	300012	01.3351	21.77	310063	01.3696	21.02	320065	01.2881	16.05
270060	00.9593	15.08	280076	01.0520	13.95	300013	01.1894	17.57	310064	01.3195	24.32	320067	00.8533	15.74
270063	00.9957	14.82	280077	01.3183	17.95	300014	01.2855	19.49	310067	01.3185	22.76	320068	00.9287	16.40
270072	00.8066	13.85	280079	01.0646	10.61	300015	01.2367	18.54	310069	01.2924	22.42	320069	00.9720	10.83
270073	01.1764	11.83	280080	01.1041	13.61	300016	01.2347	18.83	310070	01.4173	23.33	320070	00.9663	.....
270074	00.8989	.....	280081	01.7829	18.66	300017	01.3038	21.18	310072	01.3090	21.25	320074	01.0956	18.00
270075	00.9172	.....	280082	01.0111	13.50	300018	01.3126	20.22	310073	01.6320	25.21	320079	01.1739	17.24
270076	00.7682	.....	280083	01.0442	14.26	300019	01.2127	19.97	310074	01.4198	22.66	330001	01.1965	25.94
270079	00.8978	13.71	280084	01.0067	11.42	300020	01.3060	20.45	310075	01.4342	24.11	330002	01.4751	25.86
270080	01.1930	16.88	280088	01.7594	.....	300021	01.0885	17.07	310076	01.4454	29.78	330003	01.3224	15.68
270081	01.0272	12.52	280089	01.0559	17.29	300022	01.0547	17.35	310077	01.6821	25.08	330004	01.2944	19.87
270082	01.0743	16.17	280090	00.9608	14.34	300023	01.3847	20.45	310078	01.3970	23.81	330005	01.8198	23.51
270083	01.0915	15.30	280091	01.1064	14.54	300024	01.2611	19.20	310081	01.3268	21.63	330006	01.2708	26.60
270084	00.8820	14.83	280092	00.9797	13.94	300028	01.2139	17.28	310083	01.3087	22.57	330007	01.3120	18.50
280001	01.1071	14.99	280094	01.1321	15.40	300029	01.3666	22.33	310084	01.3916	21.85	330008	01.1599	16.96
280003	02.1164	18.85	280097	00.9649	11.94	300033	01.1353	16.28	310086	01.2187	21.24	330009	01.2889	30.94
280005	01.4013	17.73	280098	00.9699	10.71	300034	02.0334	22.41	310087	01.3224	20.28	330010	01.3763	12.50
280009	01.7524	18.19	280101	01.1002	13.51	310001	01.8034	25.91	310088	01.2207	20.56	330011	01.3000	19.95
280011	00.8691	12.42	280102	00.9272	12.45	310002	01.8222	25.58	310090	01.3629	24.24	330012	01.6985	29.74
280013	01.9321	21.09	280104	00.9947	13.11	310003	01.2776	23.65	310091	01.2907	20.77	330013	02.0896	17.73
280014	00.9234	13.35	280105	01.2732	18.10	310005	01.2322	21.08	310092	01.3142	21.20	330014	01.3552	29.38
280015	01.0353	15.29	280106	00.9818	14.48	310006	01.2754	22.66	310093	01.1662	20.42	330016	01.0658	16.94
280017	01.1197	14.01	280107	01.0910	11.45	310008	01.3528	23.42	310096	01.8816	23.74	330019	01.3051	27.77
280018	01.0384	13.73	280108	01.1303	15.09	310009	01.3133	23.49	310105	01.3010	24.12	330020	01.0469	14.30
280020	01.6464	19.60	280109	00.9214	10.58	310010	01.2849	20.79	310108	01.4365	24.39	330023	01.2634	23.47
280021	01.2618	16.90	280110	01.0019	11.44	310011	01.2108	21.51	310110	01.2714	20.54	330024	01.8333	31.66
280022	01.0382	14.17	280111	01.2495	18.27	310012	01.6569	26.14	310111	01.3831	23.33	330025	01.1052	13.57
280023	01.3988	16.83	280114	00.9200	13.00	310013	01.4193	21.54	310112	01.3408	21.93	330027	01.3596	31.94
280024	00.9571	11.90	280115	00.9323	16.12	310014	01.6973	25.20	310113	01.2698	21.81	330028	01.4711	25.53
280025	00.9430	12.87	280117	01.0899	15.93	310015	01.9538	25.55	310115	01.3332	21.37	330029	01.0082	19.40
280026	01.2113	14.79	280118	00.9335	16.45	310016	01.2558	24.30	310116	01.2758	22.74	330030	01.2557	16.43
280028	01.1079	15.15	280119	00.8703	.....	310017	01.3828	23.95	310118	01.2657	22.78	330033	01.2798	16.66
280029	01.1344	15.52	280123	00.8938	.....	310018	01.1258	21.68	310119	01.7103	30.34	330034	00.6391	30.46
280030	01.7044	27.82	280125	01.2392	.....	310019	01.6672	24.86	310120	01.0971	20.79	330036	01.3056	19.62
280031	01.0150	13.61	290001	01.6935	23.03	310020	01.3887	22.65	320001	01.3857	17.43	330037	01.1546	15.46
280032	01.3002	16.45	290002	00.9128	16.13	310021	01.3817	23.63	320002	01.3670	19.13	330038	01.2340	15.52
280033	01.0406	15.69	290003	01.6810	25.76	310022	01.3156	21.10	320003	01.1238	13.29	330041	01.3043	36.69
280035	01.0337	13.65	290005	01.4874	20.79	310024	01.3022	23.65	320004	01.2792	14.96	330043	01.3194	33.46
280037	01.0415	15.48	290006	01.2561	19.14	310025	01.2009	21.93	320005	01.3531	20.75	330044	01.3085	18.10
280038	01.0023	15.49	290007	01.8502	27.93	310026	01.2043	23.19	320006	01.4170	14.55	330045	01.4176	27.45
280039	01.0469	15.70	290008	01.2147	19.60	310027	01.3265	21.41	320009	01.6244	17.17	330046	01.4603	30.06
280040	01.6269	19.18	290009	01.6221	17.91	310028	01.2526	21.94	320011	01.0077	17.05	330047	01.1772	16.85
280041	00.9134	12.05	290010	01.2399	14.00	310029	01.9458	23.14	320012	00.9924	16.53	330048	01.2917	17.45
280042	01.0344	15.14	290011	00.9015	15.52	310031	02.8675	22.58	320013	01.1521	17.67	330049	01.2386	17.85
280043	01.0147	15.47	290012	01.3753	21.50	310032	01.3467	22.51	320014	01.1514	14.63	330053	01.1874	14.83
280045	01.0969	16.10	290013	01.0527	18.62	310034	01.2580	21.58	320016	01.1211	15.17	330055	01.6244	29.81
280046	01.1072	12.37	290014	00.9699	17.46	310036	01.1893	19.11	320017	01.2111	16.75	330056	01.4395	30.22
280047	01.0907	18.01	290015	00.9197	15.18	310037	01.3653	27.57	320018	01.5827	18.43	330057	01.6763	18.74
280048	01.2131	13.82	290016	01.1837	22.67	310038	01.9545	26.13	320019	01.4848	19.57	330058	01.3057	16.66
280049	01.0412	15.08	290019	01.3426	19.74	310039	01.2827	21.22	320021	01.7502	17.99	330059	01.5787	33.67
280050	00.9263	13.71	290020	01.0445	17.29	310040	01.2393	23.99	320022	01.2213	16.24	330061	01.3166	24.36

Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
330062	01.0733	17.10	330179	00.9045	14.60	330275	01.2903	22.06	340031	01.0066	12.83	340129	01.2985	18.11
330064	01.4892	32.11	330180	01.1983	16.27	330276	01.1685	17.92	340032	01.3624	18.77	340130	01.3225	19.83
330065	01.2030	18.54	330181	01.3528	31.07	330277	01.1085	16.57	340035	01.1531	17.23	340131	01.5209	18.16
330066	01.2766	17.98	330182	02.5453	30.48	330279	01.3577	19.05	340036	01.2139	18.25	340132	01.3256	16.27
330067	01.3948	20.64	330183	01.4677	19.94	330285	01.8458	22.66	340037	01.0873	14.46	340133	01.1268	14.74
330072	01.4097	29.92	330184	01.3264	27.58	330286	01.3379	24.38	340038	01.1012	16.68	340137	01.1310	15.62
330073	01.2255	15.82	330185	01.2827	24.72	330290	01.6841	32.27	340039	01.2681	19.88	340138	01.0625	16.94
330074	01.3127	17.25	330186	00.5618	20.30	330293	01.1953	15.09	340040	01.8191	18.61	340141	01.7229	20.28
330075	01.0589	17.73	330188	01.1830	18.71	330304	01.2338	27.04	340041	01.2094	17.69	340142	01.2350	15.79
330078	01.4268	17.96	330189	01.3232	16.54	330306	01.4286	28.10	340042	01.2260	15.70	340143	01.4228	19.62
330079	01.2427	17.22	330191	01.3283	18.17	330307	01.2663	19.23	340044	01.1020	18.87	340144	01.3656	18.96
330080	01.3325	27.06	330193	01.3516	28.64	330314	01.3785	21.50	340045	00.9956	14.02	340145	01.4314	18.88
330084	01.0696	17.68	330194	01.7808	31.20	330315	16.0413	30.36	340047	01.8288	19.42	340146	01.1145	14.28
330085	01.2974	18.59	330195	01.6416	31.94	330316	01.3084	22.23	340048	01.0275	05.23	340147	01.2535	19.21
330086	01.2666	26.87	330196	01.2608	27.80	330327	00.9713	16.98	340049	01.0355	17.75	340148	01.4937	18.55
330088	01.0531	22.43	330197	01.1287	16.79	330331	01.3121	29.10	340050	01.2003	17.95	340151	01.2078	15.67
330090	01.5991	17.92	330198	01.3837	23.21	330332	01.2892	26.99	340051	01.3356	16.79	340153	01.8814	19.87
330091	01.3584	18.01	330199	01.3382	25.90	330333	01.2444	51.91	340052	01.0223	21.14	340155	01.3840	21.24
330092	01.0542	14.25	330201	01.6866	40.72	330336	01.3094	30.29	340053	01.6440	19.44	340156	00.7966	.....
330094	01.2399	17.06	330202	01.3886	27.41	330338	01.2333	20.97	340054	01.2239	14.35	340158	01.1278	16.49
330095	01.2452	18.40	330203	01.3959	19.61	330339	00.9320	18.87	340055	01.2769	17.40	340159	01.1375	16.21
330096	01.1887	15.81	330204	01.3552	28.88	330340	01.2344	22.43	340060	01.1293	17.75	340160	01.1672	14.11
330097	01.2171	15.32	330205	01.1763	19.85	330350	01.6747	28.46	340061	01.7280	20.31	340162	01.1787	16.56
330100	00.7936	28.03	330208	01.2263	26.41	330353	01.2772	31.43	340063	01.0171	22.75	340164	01.4579	20.69
330101	01.8106	30.39	330209	01.1811	24.53	330354	01.5676	.....	340064	01.2364	17.05	340166	01.2776	19.58
330102	01.3312	17.00	330211	01.2029	18.46	330357	01.3809	34.81	340065	01.2854	15.89	340168	00.4875	15.15
330103	01.2449	16.63	330212	01.1468	24.26	330359	00.9373	29.31	340067	01.1587	18.20	340171	01.2031	.....
330104	01.4313	27.69	330213	01.1701	18.39	330372	01.1964	22.25	340068	01.2139	16.56	340173	01.2130	.....
330106	01.6949	34.04	330214	01.8173	31.94	330381	01.2852	29.21	340069	01.8495	20.34	350001	00.9857	14.51
330107	01.3314	26.04	330215	01.2026	17.11	330385	01.1940	29.15	340070	01.3026	18.49	350002	01.8548	16.86
330108	01.2467	16.97	330218	01.0527	20.44	330386	01.2158	23.26	340071	01.0889	15.86	350003	01.1701	16.63
330111	01.0751	15.08	330219	01.6629	20.87	330387	00.7923	30.68	340072	01.1279	15.86	350004	01.9174	18.34
330114	00.9490	15.82	330221	01.2904	29.07	330389	01.7245	31.92	340073	01.5386	19.84	350005	01.0598	14.07
330115	01.2405	16.12	330222	01.2606	18.36	330390	01.3751	31.67	340075	01.1939	16.88	350006	01.5142	16.25
330116	00.9611	15.34	330223	01.0770	16.39	330393	01.7444	25.45	340080	01.0339	15.49	350007	00.8879	13.24
330118	01.6591	20.00	330224	01.2569	21.50	330394	01.5407	18.21	340084	01.0889	16.12	350008	00.9420	16.74
330119	01.7636	32.85	330225	01.1739	24.76	330395	01.3488	33.16	340085	01.1663	16.33	350009	01.1468	17.04
330121	01.0383	15.12	330226	01.2590	17.82	330396	01.1754	31.55	340087	01.1169	16.53	350010	01.1050	13.74
330122	01.0650	22.97	330229	01.3257	16.25	330397	01.3150	30.46	340088	01.1258	18.13	350011	01.8836	20.64
330125	01.9179	20.66	330230	01.3791	29.27	330398	01.3550	29.49	340089	01.0120	13.83	350012	01.1086	13.55
330126	01.1519	22.70	330231	01.0674	29.53	330399	01.2625	29.60	340090	01.1444	17.83	350013	01.1051	16.53
330127	01.3403	29.65	330232	01.2445	17.76	340001	01.4796	17.91	340091	01.7002	19.89	350014	00.9841	13.14
330128	01.2625	29.68	330233	01.4948	30.49	340002	01.8416	18.45	340093	01.0697	13.96	350015	01.7381	16.56
330132	01.2001	13.55	330234	02.3119	31.88	340003	01.1252	17.14	340094	01.4789	18.27	350016	01.0963	11.47
330133	01.3701	34.67	330235	01.1204	19.21	340004	01.4483	18.79	340096	01.1483	17.40	350017	01.3990	16.68
330135	01.1994	19.14	330236	01.4074	28.47	340005	01.1650	14.89	340097	01.1445	17.69	350018	01.0846	17.93
330136	01.2894	19.26	330238	01.1749	15.02	340006	01.0428	14.76	340098	01.6889	19.32	350019	01.6863	18.72
330140	01.7769	18.58	330239	01.1666	16.21	340007	01.1704	16.96	340099	01.2134	13.03	350021	01.0260	12.00
330141	01.3850	24.49	330240	01.3279	27.67	340008	01.1373	17.84	340101	01.0627	11.87	350023	00.9286	15.16
330144	00.9394	15.19	330241	01.9705	21.51	340010	01.2998	17.56	340104	00.9970	11.37	350024	01.0368	16.47
330148	01.0767	15.47	330242	01.3423	25.14	340011	01.1622	15.71	340105	01.3725	18.85	350025	01.0095	14.00
330151	01.1172	14.68	330245	01.3076	17.00	340012	01.3162	17.04	340106	01.2505	20.04	350027	00.9540	14.46
330152	01.4137	30.10	330246	01.3839	25.91	340013	01.2800	17.33	340107	01.3591	17.08	350029	00.8728	12.98
330153	01.7338	16.97	330247	00.9015	27.38	340014	01.5587	22.23	340109	01.3186	17.38	350030	01.0496	16.65
330154	01.7268	.....	330249	01.1933	16.18	340015	01.3007	20.37	340111	01.1989	14.63	350033	00.9198	14.40
330157	01.3501	19.72	330250	01.2870	17.98	340016	01.1912	16.24	340112	00.9917	15.24	350034	00.9924	17.45
330158	01.4999	20.48	330252	00.9461	16.84	340017	01.2474	14.31	340113	01.8577	20.59	350035	00.9005	10.21
330159	01.2907	17.88	330254	01.1696	17.12	340018	01.2456	16.25	340114	01.5500	20.34	350038	01.0922	15.28
330160	01.4736	29.42	330258	01.3355	30.01	340019	01.0224	20.26	340115	01.5723	19.35	350039	01.0288	14.75
330162	01.2185	27.06	330259	01.5025	23.47	340020	01.1977	19.04	340116	01.8178	19.81	350041	01.0442	17.60
330163	01.1905	19.14	330261	01.2944	26.17	340021	01.2336	17.51	340119	01.2970	16.41	350042	01.1142	15.19
330164	01.4954	19.87	330263	01.0305	17.91	340022	01.0586	16.91	340120	01.0817	13.56	350043	01.5670	14.65
330166	01.0125	13.56	330264	01.2135	21.71	340023	01.3771	17.77	340121	01.0648	15.43	350044	00.8768	11.49
330167	01.6539	29.65	330265	01.3931	16.33	340024	01.1393	16.33	340123	01.0906	15.57	350047	01.1941	16.54
330169	01.4639	32.41	330267	01.3643	23.95	340025	01.2234	15.47	340124	01.0127	13.98	350049	01.3354	13.86
330171	01.4007	23.94	330268	00.9663	15.02	340027	01.2058	16.89	340125	01.4796	16.50	350050	00.9591	11.89
330175	01.1894	15.10	330270	01.9872	31.03	340028	01.5976	16.85	340126	01.3940	16.50	350051	00.9832	15.74
330177	00.9633	14.78	330273	01.3059	25.72	340030	02.0173	21.06	340127	01.3339	17.51	350053	01.0118	11.88

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350055	00.9999	13.76	360074	01.3337	18.00	360159	01.2116	19.84	370029	01.2602	13.51	370149	01.2900	15.69
350056	00.9564	13.88	360075	01.4441	21.40	360161	01.2549	13.69	370030	01.1832	16.49	370153	01.0658	14.06
350058	00.9230	12.18	360076	01.3645	18.64	360163	01.8032	20.26	370032	01.5887	16.17	370154	01.0434	14.12
350060	00.8587	08.80	360077	01.5831	19.38	360164	00.9634	15.60	370033	01.0599	12.34	370156	01.0577	17.29
350061	01.0645	15.31	360078	01.2491	19.90	360165	01.1732	17.81	370034	01.2337	14.36	370158	01.0253	12.09
350063	00.8843	.....	360079	01.8666	21.04	360166	01.1873	16.01	370035	01.6429	16.77	370159	01.3951	15.05
350064	00.8364	.....	360080	01.1462	15.68	360170	01.3808	16.53	370036	01.0721	10.54	370163	01.0022	14.57
360001	01.3790	17.65	360081	01.3761	19.70	360172	01.3455	17.89	370037	01.7160	18.63	370165	01.1291	11.97
360002	01.1925	17.82	360082	01.3254	23.27	360174	01.3284	18.44	370038	01.0052	11.68	370166	01.1323	15.55
360003	01.7561	22.14	360084	01.6045	20.53	360175	01.1937	20.19	370039	01.2616	13.93	370169	01.0593	11.91
360006	01.8372	20.93	360085	01.8333	21.47	360176	01.1290	15.34	370040	01.0977	15.04	370170	01.0046	.....
360007	01.0627	15.95	360086	01.4331	17.81	360177	01.2931	18.27	370041	00.9733	16.47	370171	01.0182	.....
360008	01.2396	17.78	360087	01.4291	18.51	360178	01.2433	17.16	370042	00.8835	13.98	370172	00.9229	.....
360009	01.4867	17.38	360088	01.3676	19.09	360179	01.3391	19.50	370043	00.9443	15.18	370173	01.1000	.....
360010	01.2461	17.09	360089	01.1769	17.84	360180	02.1577	23.00	370045	00.9900	09.83	370174	00.7547	.....
360011	01.3403	18.91	360090	01.2425	19.75	360184	00.4293	18.76	370046	00.9817	10.89	370176	01.2219	16.29
360012	01.3150	19.72	360091	01.2836	20.40	360185	01.2259	18.13	370047	01.3904	15.04	370177	00.9737	10.48
360013	01.1386	18.36	360092	01.1263	19.47	360186	01.1539	10.45	370048	01.2228	15.40	370178	01.0021	11.20
360014	01.2083	18.87	360093	01.1654	17.64	360187	01.4085	17.67	370049	01.3327	15.44	370179	00.7441	15.19
360016	01.6147	18.36	360094	01.3940	18.15	360188	00.9725	17.11	370051	00.9867	11.30	370180	00.9135	.....
360017	01.8633	21.51	360095	01.2581	19.83	360189	01.1592	16.98	370054	01.4696	16.32	370183	01.0309	10.35
360018	01.6285	19.87	360096	01.1266	17.46	360192	01.3663	21.31	370056	01.5245	18.44	370186	00.9921	13.32
360019	01.2657	21.76	360098	01.4265	18.26	360193	01.2971	16.98	370057	01.1165	15.27	370190	01.5486	26.42
360020	01.4424	20.72	360099	01.0479	19.53	360194	01.2855	17.89	370059	01.0974	17.49	370192	01.2229	16.30
360024	01.3762	17.75	360100	01.2888	18.00	360195	01.1587	19.33	370060	01.1260	13.90	370196	00.8240	.....
360025	01.3562	19.40	360101	01.3901	21.04	360197	01.1688	19.16	370063	01.1782	16.95	370197	00.9846	.....
360026	01.3485	16.21	360102	01.2869	19.19	360200	01.0276	15.62	370064	00.9593	10.71	370198	01.7997	.....
360027	01.4597	20.14	360103	01.3578	19.87	360203	01.2094	14.41	370065	00.9924	15.36	380001	01.2902	18.13
360028	01.4846	17.21	360106	01.1021	16.08	360204	01.2422	19.09	370071	01.0530	10.05	380002	01.2715	18.07
360029	01.1846	17.74	360107	01.2417	17.37	360210	01.2012	20.61	370072	00.8635	14.04	380003	01.2260	28.86
360030	01.2891	16.67	360108	01.0913	16.45	360211	01.2671	19.64	370076	01.2612	12.45	380004	01.7003	23.04
360031	01.2807	19.33	360109	01.1094	18.64	360212	01.3941	20.16	370078	01.7411	16.06	380005	01.2187	22.81
360032	01.0729	17.87	360112	01.8012	23.33	360213	01.2686	18.05	370079	00.9534	15.91	380006	01.2870	19.61
360034	01.3225	14.77	360113	01.3630	15.36	360218	01.3047	18.29	370080	00.9738	14.18	380007	01.6852	24.92
360035	01.6186	20.73	360114	01.1017	17.48	360230	01.5624	21.16	370082	00.9220	13.85	380008	01.0543	19.56
360036	01.3579	19.04	360115	01.2554	17.92	360231	01.1494	12.39	370083	00.9508	12.81	380009	01.8821	22.90
360037	02.0580	21.38	360116	01.0983	17.49	360234	01.3469	16.44	370084	01.0827	13.65	380010	01.0520	22.58
360038	01.5828	20.60	360118	01.3521	18.34	360236	01.2893	25.36	370085	00.8717	13.21	380011	01.0490	19.05
360039	01.3135	17.40	360121	01.2409	19.22	360239	01.3034	19.65	370086	01.1713	11.51	380013	01.3177	20.62
360040	01.3495	17.81	360123	01.2744	19.33	360241	00.4699	21.14	370089	01.2580	15.23	380014	01.6295	22.02
360041	01.3392	18.83	360125	01.0992	17.41	360242	01.8068	.....	370091	01.7259	19.16	380017	01.9390	25.87
360042	01.1862	18.02	360126	01.2179	20.75	360243	00.7287	14.26	370092	01.0247	14.09	380018	01.8034	20.94
360044	01.1205	15.83	360127	01.1844	17.85	360245	00.7295	15.21	370093	01.8539	17.71	380019	01.2880	21.45
360045	01.4762	20.73	360128	01.1314	15.05	360247	00.4164	.....	370094	01.5130	19.25	380020	01.5022	21.41
360046	01.1449	17.71	360129	00.9665	15.12	360248	01.7504	.....	370095	00.9994	11.75	380021	01.2890	21.57
360047	01.1368	14.51	360130	01.1237	15.93	370001	01.7845	20.06	370097	01.3708	17.38	380022	01.1715	22.57
360048	01.8279	21.60	360131	01.3442	18.99	370002	01.1524	13.71	370099	01.1771	14.07	380023	01.2243	18.43
360049	01.1856	19.60	360132	01.4255	18.28	370004	01.2310	16.67	370100	01.0076	14.49	380025	01.3449	25.35
360050	01.0987	12.40	360133	01.5948	18.70	370005	01.0032	14.07	370103	00.9320	16.27	380026	01.1604	19.09
360051	01.6396	23.55	360134	01.7247	20.07	370006	01.2654	15.48	370105	01.9777	18.43	380027	01.2943	22.82
360052	01.7665	18.65	360136	01.0811	16.90	370007	01.2216	14.36	370106	01.5469	18.37	380029	01.1592	18.33
360054	01.2934	16.53	360137	01.6532	19.95	370008	01.3784	17.77	370108	01.1298	11.81	380031	00.9808	22.48
360055	01.2577	19.64	360140	00.9788	16.21	370011	01.0524	12.91	370112	01.0696	14.65	380033	01.7744	24.22
360056	01.4280	20.89	360141	01.5661	23.32	370012	00.8733	09.87	370113	01.1887	15.11	380035	01.2910	21.53
360057	01.1603	15.46	360142	01.0197	16.62	370013	01.8435	19.24	370114	01.6464	15.79	380036	01.0585	20.79
360058	01.2702	17.56	360143	01.4294	19.90	370014	01.2842	19.35	370121	01.1723	16.84	380037	01.2761	20.52
360059	01.6935	21.65	360144	01.3319	19.89	370015	01.2181	17.16	370122	01.1283	12.45	380038	01.3383	25.28
360062	01.5157	20.52	360145	01.6848	18.18	370016	01.3747	16.52	370123	01.3288	17.25	380039	01.3184	21.50
360063	01.1355	18.29	360147	01.2300	16.40	370017	01.1872	11.23	370125	00.9809	12.01	380040	01.2643	21.08
360064	01.6110	21.73	360148	01.1746	17.80	370018	01.3459	18.25	370126	00.9821	12.07	380042	01.0847	17.33
360065	01.2978	18.23	360149	01.2144	18.68	370019	01.3577	14.79	370131	00.9568	15.71	380047	01.7005	21.15
360066	01.5064	18.92	360150	01.2765	20.02	370020	01.3041	11.86	370133	01.1458	11.04	380048	01.0727	15.35
360067	01.1473	13.46	360151	01.3441	17.15	370021	00.9234	10.38	370138	01.0828	15.12	380050	01.4632	18.30
360068	01.7403	21.49	360152	01.5138	19.73	370022	01.3220	17.34	370139	01.1101	11.70	380051	01.6000	20.79
360069	01.1413	17.25	360153	01.1322	13.86	370023	01.3350	16.03	370140	01.0074	11.92	380052	01.2194	17.97
360070	01.6991	16.22	360154	01.0127	13.29	370025	01.3416	16.09	370141	01.3413	15.22	380055	01.0479	25.16
360071	01.3655	14.35	360155	01.3655	20.38	370026	01.4980	16.66	370146	01.1663	11.23	380056	01.1095	16.82
360072	01.2294	17.52	360156	01.2889	18.45	370028	01.9096	20.31	370148	01.4901	27.04	380060	01.4546	22.68

Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
380061	01.5010	21.24	390054	01.1925	16.20	390138	01.3274	17.99	390242	01.3211	18.77	400120	01.3210	09.45
380062	01.2271	18.32	390055	01.8803	26.53	390139	01.5292	23.00	390244	00.9008	12.10	400121	00.9061	06.57
380063	01.2398	18.55	390056	01.1583	16.53	390142	01.6012	28.56	390245	01.4283	21.37	400122	01.0071	07.20
380064	01.3645	18.24	390057	01.3181	19.58	390145	01.3627	20.30	390246	01.2381	17.91	400123	01.1923	08.39
380065	01.2612	22.48	390058	01.2736	18.64	390146	01.2696	16.85	390247	01.0888	20.42	400124	02.6899	11.00
380066	01.3314	20.01	390060	01.2044	16.88	390147	01.2520	20.55	390249	01.0117	12.79	410001	01.3885	21.15
380068	00.9929	21.71	390061	01.5126	20.08	390150	01.1850	20.98	390256	01.8065	24.05	410004	01.3542	21.95
380069	01.1237	19.35	390062	01.1873	16.43	390151	01.2236	19.88	390258	01.3894	20.71	410005	01.3893	22.97
380070	01.3856	25.32	390063	01.7711	20.19	390152	01.0833	17.35	390260	01.2324	23.05	410006	01.3047	21.58
380071	01.2895	20.13	390065	01.2445	19.95	390153	01.2347	22.04	390262	01.8663	18.17	410007	01.6895	21.22
380072	00.9525	16.03	390066	01.2979	19.58	390154	01.2149	17.37	390263	01.4746	19.75	410008	01.2641	20.03
380075	01.3760	19.99	390067	01.7841	19.97	390156	01.4353	20.56	390265	01.3029	19.06	410009	01.3206	23.53
380078	00.9840	18.28	390068	01.3034	19.04	390157	01.3790	18.98	390266	01.2200	16.95	410010	01.0628	26.80
380081	01.1300	18.28	390069	01.3386	20.08	390158	01.5582	19.47	390267	01.3089	19.01	410011	01.2360	23.92
380082	01.3109	21.55	390070	01.3343	19.37	390160	01.2930	19.68	390268	01.3484	21.17	410012	01.8346	21.15
380083	01.2950	21.90	390071	01.0930	15.04	390161	01.1318	13.75	390270	01.3595	17.08	410013	01.2926	24.44
380084	01.2579	21.98	390072	01.0866	15.49	390162	01.5617	21.02	390272	00.4562	.....	420002	01.3852	21.83
380087	01.0848	12.91	390073	01.6243	19.82	390163	01.2249	16.11	390277	00.5292	23.14	420004	01.8530	18.30
380088	01.0227	18.65	390074	01.2608	16.62	390164	02.1585	22.59	390278	00.6728	16.94	420005	01.1718	15.14
380089	01.3275	23.92	390075	01.3632	17.48	390166	01.1125	18.97	390279	01.0386	14.40	420006	01.1714	17.68
380090	01.2856	25.49	390076	01.4253	21.97	390167	01.3655	21.84	400001	01.2646	09.39	420007	01.5056	17.78
380091	01.3021	24.95	390078	01.0805	18.92	390168	01.2845	18.12	400002	01.6156	10.99	420009	01.2431	17.01
390001	01.4101	21.89	390079	01.7802	17.91	390169	01.2814	18.85	400003	01.3181	08.34	420010	01.2029	15.22
390002	01.2997	19.71	390080	01.3128	18.40	390170	01.8882	21.93	400004	01.1998	08.16	420011	01.1862	15.88
390003	01.2251	17.48	390081	01.3443	21.33	390173	01.2026	17.81	400005	01.0804	06.50	420014	01.0521	15.49
390004	01.3957	17.68	390083	01.2260	17.49	390174	01.6821	28.75	400006	01.2047	07.62	420015	01.3602	17.27
390005	01.0449	16.56	390084	01.1848	15.92	390176	01.1634	18.54	400007	01.1616	07.13	420016	00.9967	14.27
390006	01.7963	18.43	390086	01.1623	17.91	390178	01.3125	19.14	400009	01.0382	07.64	420018	01.8076	19.64
390007	01.2165	20.24	390088	01.3418	21.04	390179	01.3565	21.31	400010	00.9135	10.07	420019	01.1909	14.81
390008	01.1475	16.70	390090	01.7964	20.56	390180	01.4771	23.13	400011	01.0608	07.81	420020	01.2623	17.58
390009	01.6945	19.72	390091	01.1404	18.52	390181	01.0478	19.10	400012	01.1906	07.69	420023	01.4452	19.27
390010	01.2666	16.99	390093	01.1546	15.95	390183	01.1759	18.03	400013	01.2834	08.06	420026	01.8876	18.73
390011	01.2805	18.32	390095	01.2041	15.21	390184	01.1047	18.24	400014	01.3803	08.68	420027	01.3581	17.34
390012	01.2209	19.43	390096	01.5027	17.87	390185	01.2232	17.20	400015	01.3729	.....	420030	01.2949	17.49
390013	01.2405	18.14	390097	01.2959	22.07	390189	01.1429	19.19	400016	01.3717	11.37	420031	00.9613	12.23
390015	01.1529	13.06	390100	01.6655	20.58	390191	01.2270	16.80	400017	01.2069	06.56	420033	01.2721	19.24
390016	01.2456	17.76	390101	01.2042	17.62	390192	01.1586	15.64	400018	01.2977	09.29	420036	01.4355	18.46
390017	01.2175	15.86	390102	01.3763	19.60	390193	01.2088	17.26	400019	01.7668	09.58	420037	01.1963	21.60
390018	01.3160	19.26	390103	01.1383	18.62	390194	01.1410	18.95	400021	01.4606	09.43	420038	01.3331	15.74
390019	01.1409	16.01	390104	01.0956	14.75	390195	01.8448	22.62	400022	01.3456	11.18	420039	01.1544	16.21
390022	01.3648	20.49	390106	01.0527	15.96	390196	01.3776	.....	400024	01.0267	07.45	420042	01.1022	14.56
390023	01.2385	18.03	390107	01.3456	19.43	390197	01.3002	17.67	400026	00.9852	06.04	420043	01.2299	18.79
390024	01.0879	23.53	390108	01.3676	19.21	390198	01.2119	15.83	400027	01.1410	08.07	420048	01.2492	13.44
390025	00.6397	15.37	390109	01.2783	14.91	390199	01.3245	15.86	400028	01.0099	07.98	420049	01.1743	16.46
390026	01.3006	21.98	390110	01.6319	19.36	390200	01.0981	17.18	400029	01.0884	10.05	420051	01.6278	17.99
390027	01.8620	28.88	390111	01.8454	29.97	390201	01.2808	20.12	400031	01.2349	09.50	420053	01.1996	16.08
390028	01.8946	19.73	390112	01.2860	13.72	390203	01.3856	22.12	400032	01.2495	08.99	420054	01.2953	17.01
390029	01.9719	18.87	390113	01.2274	17.00	390204	01.3041	20.57	400044	01.1780	09.84	420055	01.0131	15.72
390030	01.2422	18.37	390114	01.2178	21.25	390206	01.3925	19.09	400048	01.1548	08.23	420056	01.0853	13.21
390031	01.1866	18.45	390115	01.3792	23.95	390209	01.0699	16.37	400061	01.6558	14.42	420057	01.1687	14.71
390032	01.2567	19.11	390116	01.2709	23.74	390211	01.2499	18.17	400079	01.2819	10.43	420059	00.9796	15.11
390035	01.2478	17.14	390117	01.1848	16.64	390213	01.1615	19.15	400087	01.4420	10.90	420061	01.1681	17.58
390036	01.4518	19.18	390118	01.1802	16.48	390215	01.2938	24.51	400094	01.0401	06.88	420062	01.4640	15.61
390037	01.3834	19.24	390119	01.3516	18.05	390217	01.2323	20.29	400098	01.3576	08.48	420064	01.1124	14.50
390039	01.1357	16.31	390121	01.3576	19.61	390219	01.3267	19.86	400102	01.1698	04.27	420065	01.3464	18.10
390040	00.9663	16.73	390122	01.1007	18.49	390220	01.2025	18.22	400103	01.4518	09.30	420066	00.9577	16.65
390041	01.2908	18.92	390123	01.3805	20.31	390222	01.2859	20.89	400104	01.3442	09.05	420067	01.2622	18.10
390042	01.5647	21.41	390125	01.2001	15.48	390223	01.5318	22.49	400105	01.2514	08.85	420068	01.4309	17.58
390043	01.1558	18.18	390126	01.2793	19.94	390224	00.9047	15.35	400106	01.2522	08.61	420069	01.0556	18.03
390044	01.6721	19.24	390127	01.2446	21.39	390225	01.1782	17.76	400109	01.4903	09.61	420070	01.2279	16.89
390045	01.8045	17.60	390128	01.2398	19.93	390226	01.7896	23.48	400110	01.0649	08.99	420071	01.3120	18.25
390046	01.5550	20.26	390130	01.1635	16.56	390228	01.2819	19.19	400111	01.1917	08.80	420072	00.9800	11.63
390047	01.9134	30.25	390131	01.3311	16.73	390231	01.4331	24.08	400112	01.1131	08.91	420073	01.3017	20.68
390048	01.1814	18.12	390132	01.2825	22.21	390233	01.3151	18.31	400113	01.2139	08.29	420074	01.0054	13.73
390049	01.6700	21.29	390133	01.8226	22.97	390235	01.5371	23.51	400114	01.0730	08.19	420075	00.9408	13.75
390050	02.1813	22.47	390135	01.2353	21.67	390236	01.1865	16.40	400115	01.0700	08.58	420078	01.8491	21.18
390051	02.1743	25.65	390136	01.1261	15.10	390237	01.6160	19.08	400117	01.1921	09.36	420079	01.5774	19.07
390052	01.1794	15.47	390137	01.5138	16.40	390238	01.4870	18.78	400118	01.2634	10.06	420080	01.3760	24.17

Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
420082	01.5220	18.32	440011	01.3887	17.79	440135	01.2276	19.84	450039	01.4508	17.93	450150	00.9615	10.86
420083	01.2939	19.79	440012	01.6038	18.49	440137	01.0953	13.42	450040	01.5337	17.64	450151	01.1421	15.82
420085	01.4964	17.31	440014	00.9585	14.66	440141	01.0489	16.14	450042	01.7796	17.20	450152	01.2733	16.88
420086	01.4475	18.16	440015	01.7375	15.39	440142	01.0746	12.75	450044	01.5602	20.09	450153	01.5917	18.67
420087	01.6840	18.21	440016	01.0127	12.66	440143	01.0957	17.21	450046	01.4559	12.99	450154	01.1522	14.43
420088	01.1409	16.23	440017	01.7209	19.76	440144	01.2961	17.79	450047	01.1070	11.09	450155	01.0382	24.42
420089	01.2826	21.79	440018	01.3665	16.68	440145	00.9607	13.88	450050	00.9968	11.53	450157	01.1365	15.32
420091	01.2793	16.06	440019	01.6964	20.11	440147	01.5847	16.28	450051	01.6355	19.77	450160	00.9535	15.51
420093	01.0268	.....	440020	01.2407	15.60	440148	01.1655	16.26	450052	01.0576	13.42	450162	01.2604	21.24
430004	01.1554	16.77	440023	01.1507	14.25	440149	01.1555	14.35	450053	01.0823	14.15	450163	01.0682	16.72
430005	01.3595	15.32	440024	01.3297	17.96	440150	01.3246	18.41	450054	01.6306	21.89	450164	01.2194	14.62
430007	01.0638	13.91	440025	01.2064	13.85	440151	01.3017	17.69	450055	01.0921	12.18	450165	01.0931	13.25
430008	01.1481	16.06	440029	01.3155	17.57	440152	01.8871	18.01	450056	01.6523	16.13	450166	00.9365	10.68
430010	01.1348	14.54	440030	01.2445	13.96	440153	01.2219	16.01	450058	01.6081	16.97	450169	00.7896	12.56
430011	01.2481	15.59	440031	01.0365	13.97	440156	01.5838	22.45	450059	01.3520	13.67	450170	00.9586	11.25
430012	01.3134	16.94	440032	01.0487	14.25	440157	01.0574	15.33	450063	00.9136	12.64	450176	01.3488	14.31
430013	01.2626	16.44	440033	01.1447	11.81	440159	01.3462	13.80	450064	01.4496	15.32	450177	01.2792	13.51
430014	01.3447	18.19	440034	01.5652	19.30	440161	01.9004	19.94	450065	01.1111	19.22	450178	00.9692	13.80
430015	01.1468	16.06	440035	01.2851	17.56	440166	01.6175	18.67	450068	01.8913	24.40	450181	01.0425	19.19
430016	01.8285	18.86	440039	01.7990	18.40	440168	01.0818	16.29	450072	01.2252	19.03	450184	01.5030	23.29
430018	00.9273	14.23	440040	01.0268	14.47	440173	01.6639	17.92	450073	01.2014	18.74	450185	01.0475	10.84
430022	00.9234	11.69	440041	01.0192	12.50	440174	01.0421	15.12	450076	01.6720	.....	450187	01.2512	19.67
430023	00.9009	11.59	440046	01.2308	14.28	440175	01.1542	17.31	450078	00.9841	09.74	450188	01.0367	14.02
430024	01.0343	14.51	440047	00.9274	16.03	440176	01.4262	19.42	450079	01.4681	20.51	450191	01.0301	19.15
430027	01.7770	18.58	440048	01.8485	16.82	440178	01.2426	22.63	450080	01.2200	17.44	450192	01.2312	17.99
430028	01.0635	15.50	440049	01.6623	17.56	440180	01.2421	16.19	450081	01.0655	15.61	450193	02.0166	22.67
430029	01.0237	15.69	440050	01.3806	16.99	440181	01.0545	10.98	450082	01.0038	13.31	450194	01.2934	20.99
430031	00.9251	12.23	440051	00.9613	14.08	440182	00.9998	16.20	450083	01.7323	19.48	450196	01.4438	17.07
430033	00.9805	13.99	440052	01.1465	15.14	440183	01.5912	20.71	450085	01.0847	12.24	450200	01.4043	14.95
430034	01.0590	12.76	440053	01.3823	17.37	440184	01.3803	19.32	450087	01.4908	17.64	450201	01.0004	17.33
430036	01.0975	12.56	440054	01.1902	13.52	440185	01.2481	18.83	450090	01.2450	13.44	450203	01.2382	18.28
430037	00.8770	14.57	440056	01.1204	14.40	440186	01.0953	17.87	450092	01.2228	12.47	450209	01.5951	18.25
430038	00.9865	11.26	440057	01.0459	12.35	440187	01.2081	15.76	450094	01.3052	.....	450210	01.1066	13.17
430040	01.0299	13.59	440058	01.2301	15.98	440189	01.5755	18.56	450096	01.4605	16.91	450211	01.3831	16.37
430041	00.9403	14.87	440059	01.3550	13.94	440192	01.2296	16.54	450097	01.4472	18.03	450213	01.6843	16.75
430043	01.1676	12.87	440060	01.2762	16.56	440193	01.2803	17.93	450098	01.1799	16.58	450214	01.3531	19.24
430044	00.8239	16.48	440061	01.2361	17.43	440194	01.2787	22.50	450099	01.2415	17.53	450217	01.0704	11.12
430047	01.0575	14.80	440063	01.6979	18.02	440197	01.3863	19.25	450101	01.4681	16.40	450219	01.1743	12.93
430048	01.2187	17.49	440064	01.1639	17.44	440200	01.1095	16.93	450102	01.7052	17.78	450221	01.2410	19.52
430049	00.8976	13.24	440065	01.2574	19.20	440203	00.9488	14.18	450104	01.1807	14.62	450222	01.5738	17.18
430051	00.9900	16.00	440067	01.2538	17.02	440205	01.1295	14.78	450107	01.6561	19.78	450224	01.3931	21.57
430054	01.0254	13.60	440068	01.2810	17.51	440206	01.0269	17.93	450108	00.9943	13.51	450229	01.6431	15.88
430056	00.8484	13.33	440070	01.0737	15.47	440210	00.8638	.....	450109	00.9201	14.10	450231	01.6402	17.02
430057	00.8887	13.52	440071	01.3827	15.29	440211	00.8634	.....	450110	01.3519	18.61	450234	01.0158	11.70
430060	00.9648	09.05	440072	01.4283	17.03	450002	01.5007	16.67	450111	01.2674	19.21	450235	01.0278	13.81
430064	01.1062	13.30	440073	01.3083	18.15	450004	01.1706	13.46	450112	01.3283	14.83	450236	01.1414	12.89
430066	00.9328	12.75	440078	01.0126	12.13	450005	01.2847	14.90	450113	01.2951	16.69	450237	01.5569	16.22
430073	01.0259	15.30	440081	01.1637	14.99	450007	01.2371	18.19	450118	01.5992	18.24	450239	01.0932	16.23
430076	00.9397	11.72	440082	02.0438	21.84	450008	01.3035	15.35	450119	01.4448	19.05	450241	00.9370	17.05
430077	01.6490	17.05	440083	01.1524	12.07	450010	01.3484	15.69	450121	01.5409	18.89	450243	00.9835	11.45
430079	00.9894	13.32	440084	01.1534	13.82	450011	01.5105	16.02	450123	01.1160	18.35	450249	00.9517	10.86
430081	00.8564	.....	440091	01.6220	18.42	450014	01.0623	15.48	450124	01.7023	18.45	450250	00.9991	15.66
430082	00.9185	.....	440100	01.0732	14.88	450015	01.6551	16.86	450126	01.4337	17.01	450253	01.1681	12.65
430083	00.7926	.....	440102	01.1389	13.79	450016	01.5914	18.01	450128	01.2114	13.18	450258	01.0492	12.74
430084	00.8631	.....	440103	01.2114	17.04	450018	01.4744	20.02	450130	01.4736	18.04	450264	00.8597	15.18
430085	00.8586	.....	440104	01.6329	18.95	450020	00.9726	16.92	450131	01.2712	20.21	450269	01.0555	15.78
430087	00.7737	10.24	440105	01.5362	15.40	450021	01.8369	20.79	450132	01.6805	17.53	450270	01.2103	11.06
430089	00.8702	.....	440109	01.1650	13.89	450023	01.4090	17.41	450133	01.6198	14.09	450271	01.2446	15.37
430090	01.6368	.....	440110	01.0533	16.25	450024	01.3806	17.30	450135	01.6577	19.58	450272	01.3032	15.86
430091	01.2774	.....	440111	01.3627	20.00	450025	01.4884	16.75	450137	01.5282	21.67	450276	01.0699	12.98
440001	01.1359	14.55	440114	01.0912	14.77	450028	01.5646	18.21	450140	00.9498	11.63	450278	00.9644	12.52
440002	01.6162	17.64	440115	01.0532	15.54	450029	01.5963	15.23	450143	00.9918	12.21	450280	01.5125	18.38
440003	01.2559	17.39	440120	01.5957	18.89	450031	01.4996	18.63	450144	01.0331	12.01	450283	01.0389	12.79
440006	01.4841	18.92	440125	01.5453	18.50	450032	01.3522	13.79	450145	00.8532	14.34	450288	01.1750	15.16
440007	01.0194	10.84	440130	01.1768	14.86	450033	01.6513	17.18	450146	01.0084	23.62	450289	01.4006	17.39
440008	00.9915	14.52	440131	01.1562	14.49	450034	01.6287	18.76	450147	01.3928	16.89	450292	01.1576	19.69
440009	01.2565	14.35	440132	01.1233	13.67	450035	01.4187	19.20	450148	01.2800	19.65	450293	00.9323	12.72
440010	00.9659	12.64	440133	01.5603	19.98	450037	01.6096	18.97	450149	01.5185	19.99	450296	01.4152	19.20

Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
450299	01.4072	17.64	450508	01.3603	17.56	450666	01.3312	17.90	450795	01.1350	11.54	470023	01.2895	20.23
450303	01.0154	09.91	450514	01.1700	21.10	450668	01.5943	20.06	450796	01.1114	18.43	470024	01.1727	19.52
450306	01.3057	13.64	450517	00.9399	10.56	450669	01.4186	18.58	450797	00.6077	20.39	490001	01.1946	22.18
450307	00.8801	14.50	450518	01.5820	18.69	450670	01.3482	19.53	450798	00.8050	13.86	490002	01.1337	13.48
450309	01.0743	11.89	450523	01.5399	20.21	450672	01.6957	15.51	450801	01.4763	15.51	490003	00.6057	17.48
450315	01.0586	19.19	450530	01.2367	14.42	450673	01.0679	13.71	450802	01.3938	21.70	490004	01.2252	17.71
450320	01.2414	18.72	450534	00.9886	15.40	450674	01.2022	19.92	450803	00.9037	14.23	490005	01.5926	15.95
450321	00.9614	13.82	450535	01.2414	21.39	450675	01.4594	18.09	450804	01.7378	18.83	490006	01.1499	14.40
450322	00.6639	17.10	450537	01.3383	20.33	450677	01.3331	18.92	450807	00.8978	09.72	490007	02.0606	17.85
450324	01.6384	16.95	450539	01.4022	16.04	450678	01.4407	20.79	450808	01.2265	20.55	490009	01.9210	21.78
450327	01.0202	15.94	450544	01.2272	18.82	450683	01.3459	16.70	450809	01.6064	11.29	490010	01.1786	18.22
450330	01.1889	17.95	450545	01.2791	10.16	450684	01.2082	18.70	450810	00.9015	.....	490011	01.4566	17.62
450334	01.0427	12.16	450547	01.1421	14.03	450686	01.5023	14.59	450811	02.1718	.....	490012	01.2121	13.77
450337	01.1368	15.71	450551	01.0935	11.37	450688	01.3506	18.63	450812	01.4107	.....	490013	01.2228	16.47
450340	01.4648	13.10	450558	01.8402	18.19	450690	01.4263	17.85	450813	00.9625	.....	490014	01.5159	22.68
450341	01.0639	17.56	450561	01.6276	17.05	450694	01.1099	20.41	460001	01.7571	20.72	490015	01.4427	21.35
450346	01.5308	16.52	450563	01.2546	26.74	450696	01.8786	18.73	460003	01.6596	13.31	490017	01.3665	14.05
450347	01.1688	17.43	450565	01.2517	16.37	450697	01.5484	15.64	460004	01.7671	21.27	490018	01.3418	17.01
450348	01.0269	11.60	450570	01.0924	15.62	450698	00.9596	13.36	460005	01.6688	17.23	490019	01.2321	16.49
450351	01.2346	20.05	450571	01.4622	16.04	450700	01.0540	13.52	460006	01.3436	19.96	490020	01.2247	16.07
450352	01.2368	17.88	450573	01.0277	13.94	450702	01.5379	17.73	460007	01.4903	20.38	490021	01.3831	18.08
450353	01.2532	18.38	450574	00.9377	11.77	450703	01.5073	10.03	460008	01.4270	16.77	490022	01.4805	20.25
450355	01.1328	14.56	450575	01.0523	17.94	450704	01.3187	18.39	460009	01.8533	20.44	490023	01.2675	18.77
450358	02.0759	22.13	450578	00.9641	14.60	450705	00.8680	17.81	460010	02.0765	21.33	490024	01.8219	17.17
450362	01.0834	14.11	450580	01.1420	14.05	450706	01.3743	20.77	460011	01.4411	15.69	490027	01.1416	14.52
450369	01.0290	11.76	450583	01.0040	11.81	450709	01.2530	18.28	460013	01.4727	18.36	490030	01.1740	11.44
450370	01.1810	09.42	450584	01.1354	12.88	450711	01.6382	26.65	460014	01.3196	16.46	490031	01.1290	13.85
450371	01.3147	12.05	450586	01.0874	12.54	450712	00.7382	11.77	460015	01.2639	19.92	490032	01.7735	19.88
450372	01.2321	21.35	450587	01.2170	17.55	450713	01.5244	20.73	460016	00.9270	16.64	490033	01.1962	17.39
450373	01.1823	18.71	450591	01.2310	17.41	450715	01.4406	18.46	460017	01.4957	17.56	490035	01.0236	07.57
450374	00.9860	12.21	450596	01.3163	18.97	450716	01.3997	19.33	460018	00.9784	16.10	490037	01.1888	14.88
450378	01.0667	21.41	450597	01.0268	13.68	450717	01.3232	22.11	460019	01.1733	16.25	490038	01.2703	14.98
450379	01.5480	20.94	450603	00.7219	14.21	450718	01.2781	17.49	460020	00.9866	17.05	490040	01.4415	21.70
450381	01.0325	13.87	450604	01.3496	14.64	450723	01.4075	18.75	460021	01.3876	20.12	490041	01.2682	16.01
450388	01.8150	15.21	450605	01.2166	16.69	450724	01.3091	18.28	460022	00.9246	18.19	490042	01.3042	16.38
450389	01.2994	14.80	450609	00.8719	12.26	450725	01.0043	19.85	460023	01.2160	20.38	490043	01.3803	19.82
450393	01.3200	11.86	450610	01.4645	18.06	450727	01.0811	16.87	460025	00.8007	20.08	490044	01.3514	17.17
450395	01.0597	16.54	450614	01.0531	12.79	450728	00.8837	07.46	460026	01.0552	17.32	490045	01.2228	19.98
450399	00.9655	11.15	450615	01.1326	12.36	450730	01.2614	21.03	460027	00.8883	20.44	490046	01.5215	17.89
450400	01.1933	13.63	450617	01.3492	19.91	450733	01.6021	15.09	460029	01.0308	17.00	490047	01.1505	16.65
450403	01.3197	19.63	450620	01.1109	12.27	450735	00.9833	13.78	460030	01.1423	16.55	490048	01.5931	17.94
450411	00.9264	13.09	450623	01.2008	18.97	450742	01.2757	20.17	460032	01.0597	19.39	490050	01.4805	20.95
450417	01.2299	15.17	450626	01.0125	16.38	450743	01.4277	17.77	460033	00.9172	17.19	490052	01.6347	16.26
450418	01.4876	21.54	450628	00.9890	17.19	450746	01.0074	14.71	460035	00.9441	12.43	490053	01.3129	15.12
450419	01.2224	20.33	450630	01.6105	19.66	450747	01.3436	17.58	460036	01.0266	20.56	490054	01.0153	15.45
450422	00.8593	25.07	450631	01.6903	13.59	450749	00.9909	14.54	460037	00.9572	18.38	490057	01.5481	18.87
450423	01.4768	22.62	450632	01.0398	11.43	450750	01.0134	12.54	460039	01.0909	23.84	490059	01.6281	19.99
450424	01.2921	16.39	450633	01.5622	12.13	450751	01.3102	19.24	460041	01.3319	20.51	490060	01.1169	18.19
450429	01.0852	12.33	450634	01.7215	23.78	450754	00.9192	13.20	460042	01.4554	14.11	490063	01.7955	23.28
450431	01.6026	18.46	450638	01.5546	25.20	450755	01.1391	17.26	460043	00.9829	21.91	490066	01.2905	20.77
450438	01.2764	13.12	450639	01.4457	23.25	450757	00.9009	13.23	460044	01.1823	20.42	490067	01.2750	16.60
450446	00.7248	15.16	450641	01.0829	17.56	450758	01.9407	19.90	460046	01.9599	17.71	490069	01.4205	14.56
450447	01.3800	17.19	450643	01.2095	15.10	450760	01.2017	18.55	460047	01.7392	19.91	490071	01.4266	17.71
450451	01.1660	15.20	450644	01.5151	18.19	450761	01.0213	11.87	460049	02.0096	19.97	490073	01.4914	22.82
450457	01.7808	18.77	450646	01.5429	20.32	450763	00.9975	17.58	460050	01.3199	19.33	490074	01.4074	17.39
450460	01.0157	12.81	450647	01.9096	20.84	450766	02.0886	21.59	460051	01.2227	13.29	490075	01.4408	18.79
450462	01.7455	16.26	450648	00.9381	12.65	450769	00.8730	11.77	470001	01.2556	20.25	490077	01.2421	19.03
450464	01.0024	12.89	450649	00.9870	14.53	450770	01.0213	15.47	470003	01.8563	19.92	490079	01.3591	15.64
450465	01.3399	15.41	450651	01.7586	19.35	450771	01.7967	16.42	470004	01.1211	15.87	490084	01.2514	16.34
450467	00.9850	17.15	450652	00.8798	14.52	450774	01.6108	20.17	470005	01.2357	21.12	490085	01.2505	15.31
450469	01.4058	19.15	450653	01.1829	16.63	450775	01.3187	41.14	470006	01.2066	17.97	490088	01.1793	16.50
450473	01.0205	14.61	450654	00.9596	10.61	450776	00.9848	10.16	470008	01.2542	17.91	490089	01.1277	16.41
450475	01.1210	13.56	450656	01.4624	18.35	450777	00.9836	16.72	470010	01.1439	19.71	490090	01.1658	16.31
450484	01.4951	19.64	450658	00.9767	12.49	450779	01.2890	22.50	470011	01.1753	20.37	490091	01.2201	19.80
450488	01.3238	17.72	450659	01.5010	21.19	450780	01.6074	16.21	470012	01.2872	18.28	490092	01.2429	15.01
450489	01.0359	13.90	450661	01.1973	21.13	450785	00.9638	18.31	470015	01.1589	19.34	490093	01.3892	15.78
450497	01.1631	14.82	450662	01.6029	16.56	450788	01.5172	16.06	470018	01.2011	20.89	490094	01.1193	16.40
450498	00.9818	12.66	450665	00.9015	13.23	450794	01.4587	16.66	470020	00.9543	16.28	490095	01.4744	17.31

Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage	Provider	Case mix index	Avg. hour wage
490097	01.2401	15.08	500055	01.1102	22.34	510030	01.0609	15.76	520045	01.6699	18.60	520144	01.0176	16.36
490098	01.2771	13.23	500057	01.2911	17.73	510031	01.4605	16.76	520047	00.9944	17.42	520145	00.9470	16.85
490099	00.9704	16.66	500058	01.5107	21.64	510033	01.3690	16.31	520048	01.4624	18.04	520146	01.0694	15.76
490100	01.5522	18.36	500059	01.0873	22.72	510035	01.3504	18.82	520049	01.9631	19.12	520148	01.1567	16.73
490101	01.2218	23.44	500060	01.4688	23.67	510036	01.0367	12.45	520051	01.8043	15.77	520149	00.9333	12.72
490104	00.8484	21.14	500061	01.0054	20.43	510038	01.1249	14.36	520053	01.1564	15.87	520151	01.0435	16.58
490105	00.5902	30.04	500062	01.1028	19.07	510039	01.3356	15.69	520054	01.0412	19.44	520152	01.1259	17.97
490106	00.8464	21.07	500064	01.6849	24.85	510043	00.9429	14.14	520057	01.1771	18.10	520153	00.9590	14.95
490107	01.3556	22.35	500065	01.2258	20.87	510046	01.3048	17.25	520058	01.1268	20.40	520154	01.1615	18.07
490108	00.9494	19.84	500068	01.0622	18.61	510047	01.2964	18.83	520059	01.3542	19.76	520156	01.1721	19.10
490109	00.9167	20.38	500069	01.1722	19.05	510048	01.1292	18.03	520060	01.4225	17.08	520157	01.0942	15.30
490110	01.3455	15.76	500071	01.3952	20.91	510050	01.6030	16.38	520062	01.3120	17.21	520159	00.9415	19.52
490111	01.2018	15.96	500072	01.2463	24.49	510053	01.0108	14.63	520063	01.2008	19.95	520160	01.7765	19.26
490112	01.6587	19.70	500073	01.0093	18.07	510055	01.2826	22.31	520064	01.5671	20.70	520161	01.0404	17.96
490113	01.2995	22.73	500074	01.0970	18.46	510058	01.2636	17.21	520066	01.5292	19.84	520170	01.2542	21.23
490114	01.1138	15.90	500077	01.3337	22.82	510059	02.4160	15.98	520068	00.9889	18.59	520171	00.9070	14.86
490115	01.1964	16.62	500079	01.3407	21.42	510060	01.0691	15.10	520069	01.1861	18.14	520173	01.1585	19.58
490116	01.1887	16.24	500080	00.8399	13.35	510061	01.0314	13.59	520070	01.5734	17.44	520177	01.6324	19.38
490117	01.1938	10.57	500084	01.2536	21.57	510062	01.2784	17.15	520071	01.2420	18.44	520178	01.1172	16.98
490118	01.7261	20.56	500085	01.0506	18.46	510066	01.1573	13.24	520074	01.0372	16.81	520187	00.2986	.....
490119	01.4062	17.02	500086	01.3459	21.47	510067	01.1882	16.39	520075	01.4602	18.96	530002	01.2253	21.84
490120	01.3763	17.93	500088	01.3211	23.74	510068	01.1347	15.46	520076	01.1673	16.36	530003	00.8835	14.70
490122	01.4040	22.46	500089	01.0985	16.55	510070	01.3876	15.31	520077	00.9774	14.51	530004	00.9574	14.14
490123	01.1230	15.45	500090	00.9182	14.04	510071	01.3472	15.76	520078	01.6274	18.24	530005	01.0465	14.61
490124	01.1222	15.81	500092	00.9896	19.29	510072	01.0515	13.30	520082	01.2908	17.60	530006	01.1196	20.18
490126	01.4055	16.47	500094	00.9176	17.96	510077	01.1535	15.63	520083	01.7091	21.38	530007	01.1095	14.87
490127	01.0287	16.05	500096	01.0080	18.80	510080	01.2046	16.32	520084	01.0866	17.62	530008	01.2996	13.79
490129	01.0607	23.65	500097	01.1573	19.47	510081	01.1996	13.50	520087	01.7203	18.61	530009	00.9922	18.12
490130	01.2347	15.72	500098	01.0903	14.96	510082	01.2149	13.50	520088	01.2637	18.97	530010	01.2158	18.65
490132	01.0026	.....	500101	00.9755	19.08	510084	00.9664	12.91	520089	01.4904	20.44	530011	01.1586	17.22
500001	01.4111	21.97	500102	00.9657	20.71	510085	01.3282	17.98	520090	01.2889	17.51	530012	01.5605	18.08
500002	01.4114	21.64	500104	01.1802	22.63	510086	01.1820	13.59	520091	01.3199	19.68	530014	01.4027	19.27
500003	01.4119	24.03	500106	00.9602	19.85	520002	01.2720	18.86	520092	01.1556	16.83	530015	01.2690	19.02
500005	01.8033	21.24	500107	01.2297	16.68	520003	01.0633	15.78	520094	00.7870	19.19	530016	01.2999	17.19
500007	01.3070	23.24	500108	01.7227	20.48	520004	01.1862	18.46	520095	01.3843	19.38	530017	00.8709	15.80
500008	01.9296	25.09	500110	01.1878	20.80	520006	01.0492	20.59	520096	01.3993	18.60	530018	01.0972	16.71
500011	01.3263	22.98	500118	01.1808	22.66	520007	01.0781	14.87	520097	01.2965	19.05	530019	01.0350	11.26
500012	01.5418	22.34	500119	01.3050	21.86	520008	01.6437	22.59	520098	01.8306	20.96	530022	01.1106	17.60
500014	01.5358	22.94	500122	01.2794	22.76	520009	01.6467	18.07	520100	01.2826	18.08	530023	00.8946	19.55
500015	01.4382	22.41	500123	00.8946	16.33	520010	01.2081	20.01	520101	01.0947	17.84	530025	01.2196	21.13
500016	01.5256	24.13	500124	01.3290	23.72	520011	01.2493	19.33	520102	01.1586	09.85	530026	01.1680	21.55
500019	01.3845	22.33	500125	01.1430	15.98	520013	01.3654	19.29	520103	01.3295	18.39	530027	00.9464	32.50
500021	01.4791	18.72	500129	01.7655	23.34	520014	01.1483	16.47	520107	01.3313	18.69	530029	01.0347	14.86
500023	01.2237	21.48	500132	00.9488	17.26	520015	01.1656	17.59	520109	00.9890	18.27	530031	00.8621	18.36
500024	01.6929	25.17	500134	00.5730	17.47	520016	01.1202	12.53	520110	01.2401	18.59	530032	01.0887	20.69
500025	01.8624	25.48	500138	06.3328	.....	520017	01.1603	18.49	520111	00.9933	17.44			
500026	01.4298	24.13	500139	01.4946	20.62	520018	01.1396	17.51	520112	01.1309	17.67			
500027	01.6083	25.89	500141	01.3409	22.31	520019	01.3102	19.27	520113	01.2560	19.14			
500028	01.1018	17.84	500143	00.5980	15.77	520021	01.3145	19.71	520114	01.1466	15.59			
500029	00.9778	17.28	500146	01.1943	17.52	520024	01.1085	13.94	520115	01.2493	17.57			
500030	01.4685	23.64	510001	01.8062	18.22	520025	01.1185	16.59	520116	01.2386	19.24			
500031	01.3076	22.42	510002	01.3476	17.07	520026	01.0738	18.95	520117	01.0212	17.30			
500033	01.3568	20.98	510005	00.9799	14.53	520027	01.2317	20.05	520118	00.8786	12.73			
500036	01.3789	20.93	510006	01.2876	17.40	520028	01.4023	20.17	520120	00.8917	16.22			
500037	01.1777	20.35	510007	01.5321	19.91	520029	00.9252	17.80	520121	00.9810	16.30			
500039	01.3856	22.97	510008	01.2363	16.30	520030	01.6637	20.22	520122	01.0140	16.52			
500041	01.2891	24.11	510012	01.0194	15.51	520031	01.1181	15.70	520123	01.0617	17.45			
500042	01.4113	21.93	510013	01.1629	16.85	520032	01.1645	16.87	520124	01.0920	16.50			
500043	01.0687	19.43	510015	01.0179	13.81	520033	01.2055	17.42	520130	01.0256	14.89			
500044	01.9209	23.59	510018	01.1368	14.07	520034	01.0827	17.18	520131	01.0431	17.56			
500045	01.0517	22.10	510020	01.0662	12.22	520035	01.3492	17.15	520132	01.1994	17.01			
500048	00.9665	19.03	510022	01.8733	19.32	520037	01.6601	19.33	520134	01.0791	16.37			
500049	01.5515	22.21	510023	01.2461	15.36	520038	01.3396	17.69	520135	00.9793	24.20			
500050	01.3757	20.94	510024	01.4907	18.04	520039	01.0178	18.09	520136	01.5411	19.31			
500051	01.6476	24.14	510026	01.0369	13.05	520040	01.4388	19.39	520138	01.8963	19.63			
500052	01.2052	.....	510027	00.9899	16.49	520041	01.1377	15.58	520139	01.2903	20.36			
500053	01.3356	21.20	510028	01.1102	14.91	520042	01.1067	17.13	520140	01.6170	19.69			
500054	01.8578	22.51	510029	01.2666	16.61	520044	01.4365	17.04	520142	00.8928	16.53			

Note: Case mix indexes do not include discharges from PPS-exempt units.
Case mix indexes include cases received in HCFA Central Office through December 1996.

TABLE 4A.—WAGE INDEX AND CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) FOR URBAN AREAS

Urban area (Constituent counties)	Wage index	GAF
0040 Abilene, TX	0.8081	0.8642
Taylor, TX		
0060 Aguadilla, PR	0.4772	0.6025
Aguada, PR		
Aguadilla, PR		
Moca, PR		
0080 Akron, OH	1.0011	1.0008
Portage, OH		
Summit, OH		
0120 Albany, GA	0.8098	0.8655
Dougherty, GA		
Lee, GA		
0160 [2] Albany-Schenectady-Troy, NY	0.8640	0.9047
Albany, NY		
Montgomery, NY		
Rensselaer, NY		
Saratoga, NY		
Schenectady, NY		
Schoharie, NY		
0200 Albuquerque, NM	0.8813	0.9171
Bernalillo, NM		
Sandoval, NM		
Valencia, NM		
0220 Alexandria, LA	0.8598	0.9017
Rapides, LA		
0240 Allentown-Bethlehem-Easton, PA	1.0219	1.0149
Carbon, PA		
Lehigh, PA		
Northampton, PA		
0280 Altoona, PA	0.9398	0.9584
Blair, PA		
0320 Amarillo, TX	0.8483	0.8935
Potter, TX		
Randall, TX		
0380 Anchorage, AK	1.3088	1.2024
Anchorage, AK		
0440 Ann Arbor, MI	1.1127	1.0759
Lenawee, MI		
Livingston, MI		
Washtenaw, MI		
0450 Anniston, AL	0.8731	0.9113
Calhoun, AL		
0460 Appleton-Oshkosh-Neenah, WI	0.8899	0.9232
Calumet, WI		
Outagamie, WI		
Winnebago, WI		
0470 Arecibo, PR	0.4915	0.6148
Arecibo, PR		
Camuy, PR		
Hatillo, PR		
0480 Asheville, NC	0.9016	0.9315
Buncombe, NC		
Madison, NC		
0500 Athens, GA	0.8746	0.9123
Clarke, GA		
Madison, GA		
Oconee, GA		
0520 [1] Atlanta, GA	1.0024	1.0016
Barrow, GA		
Bartow, GA		
Carroll, GA		
Cherokee, GA		
Clayton, GA		
Cobb, GA		
Coweta, GA		
DeKalb, GA		
Douglas, GA		
Fayette, GA		
Forsyth, GA		
Fulton, GA		
Gwinnett, GA		
Henry, GA		
Newton, GA		
Paulding, GA		
Pickens, GA		
Rockdale, GA		
Spalding, GA		
Walton, GA		
0560 Atlantic-Cape May, NJ	1.0442	1.0301
Atlantic, NJ		
Cape May, NJ		
0600 Augusta-Aiken, GA–SC	0.9309	0.9521
Columbia, GA		
McDuffie, GA		
Richmond, GA		
Aiken, SC		
Edgefield, SC		
0640 [1] Austin-San Marcos, TX	0.8158	0.8699
Bastrop, TX		
Caldwell, TX		
Hays, TX		
Travis, TX		
Williamson, TX		
0680 [2] Bakersfield, CA	0.9976	0.9984
Kern, CA		
0720 [1] Baltimore, MD	0.9760	0.9835
Anne Arundel, MD		
Baltimore, MD		
Baltimore City, MD		
Carroll, MD		
Harford, MD		
Howard, MD		
Queen Anne's, MD		
0733 [2] Bangor, ME	0.8538	0.8974
Penobscot, ME		
0743 Barnstable-Yarmouth, MA	1.5644	1.3586
Barnstable, MA		
0760 Baton Rouge, LA	0.8940	0.9261
Ascension, LA		
East Baton Rouge, LA		
Livingston, LA		
West Baton Rouge, LA		
0840 Beaumont-Port Arthur, TX	0.8660	0.9062
Hardin, TX		
Jefferson, TX		
Orange, TX		
0860 Bellingham, WA	1.1475	1.0988
Whatcom, WA		
0870 [2] Benton Harbor, MI	0.8988	0.9295
Berrien, MI		
0875 [1] Bergen-Passaic, NJ	1.1845	1.1229
Bergen, NJ		
Passaic, NJ		
0880 Billings, MT	0.9220	0.9459
Yellowstone, MT		
0920 Biloxi-Gulfport-Pascagoula, MS	0.8291	0.8796
Hancock, MS		
Harrison, MS		
Jackson, MS		
0960 Binghamton, NY	0.9103	0.9377
Broome, NY		
Tioga, NY		
1000 Birmingham, AL	0.9150	0.9410
Blount, AL		
Jefferson, AL		
St. Clair, AL		
Shelby, AL		
1010 Bismarck, ND	0.8015	0.8594
Burleigh, ND		
Morton, ND		
1020 Bloomington, IN	0.9041	0.9333
Monroe, IN		
1040 Bloomington-Normal, IL	0.8926	0.9251
McLean, IL		
1080 Boise City, ID	0.9267	0.9492
Ada, ID		
Canyon, ID		
1123 [1 2] Boston-Worcester-Lawrence-Lowell-Brockton, MA–NH (Massachusetts Hospitals)	1.0917	1.0619
Bristol, MA		
Essex, MA		
Middlesex, MA		
Norfolk, MA		
Plymouth, MA		
Suffolk, MA		
Worcester, MA		
Hillsborough, NH		
Merrimack, NH		
Rockingham, NH		
Strafford, NH		
1123 [1] Boston-Worcester-Lawrence-Lowell-Brockton, MA–NH (New Hampshire Hospitals)	1.0885	1.0598
Bristol, MA		
Essex, MA		
Middlesex, MA		
Norfolk, MA		
Plymouth, MA		
Suffolk, MA		
Worcester, MA		
Hillsborough, NH		
Merrimack, NH		
Rockingham, NH		
Strafford, NH		
1125 Boulder-Longmont, CO	1.0122	1.0083
Boulder, CO		
1145 Brazoria, TX	0.8895	0.9229
Brazoria, TX		
1150 Bremerton, WA	1.1148	1.0773
Kitsap, WA		
1240 Brownsville-Harlingen-San Benito, TX	0.8291	0.8796
Cameron, TX		
1260 Bryan-College Station, TX	0.7962	0.8555

TABLE 4A.—WAGE INDEX AND CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) FOR URBAN AREAS—Continued

Urban area (Constituent counties)	Wage index	GAF
Brazos, TX		
1280 [1] Buffalo-Niagara Falls, NY	0.9592	0.9719
Erie, NY		
Niagara, NY		
1303 Burlington, VT	0.9612	0.9733
Chittenden, VT		
Franklin, VT		
Grand Isle, VT		
1310 Caguas, PR	0.4445	0.5739
Caguas, PR		
Cayey, PR		
Cidra, PR		
Gurabo, PR		
San Lorenzo, PR		
1320 Canton-Massillon, OH	0.8895	0.9229
Carroll, OH		
Stark, OH		
1350 Casper, WY	0.9227	0.9464
Natrona, WY		
1360 Cedar Rapids, IA	0.8888	0.9224
Linn, IA		
1400 Champaign-Urbana, IL	0.8844	0.9193
Champaign, IL		
1440 Charleston-North Charleston, SC	0.8931	0.9255
Berkeley, SC		
Charleston, SC		
Dorchester, SC		
1480 Charleston, WV	0.9042	0.9334
Kanawha, WV		
Putnam, WV		
1520 [1] Charlotte-Gastonia-Rock Hill, NC–SC	0.9568	0.9702
Cabarrus, NC		
Gaston, NC		
Lincoln, NC		
Mecklenburg, NC		
Rowan, NC		
Stanly, NC		
Union, NC		
York, SC		
1540 Charlottesville, VA	1.0359	1.0244
Albemarle, VA		
Charlottesville City, VA		
Fluvanna, VA		
Greene, VA		
1560 Chattanooga, TN–GA	0.9123	0.9391
Catoosa, GA		
Dade, GA		
Walker, GA		
Hamilton, TN		
Marion, TN		
1580 Cheyenne, WY	0.9354	0.9553
Laramie, WY		
1600 [1] Chicago, IL	1.0507	1.0344
Cook, IL		
DeKalb, IL		
DuPage, IL		
Grundy, IL		
Kane, IL		
Kendall, IL		
Lake, IL		
McHenry, IL		
Will, IL		
1620 Chico-Paradise, CA	1.0231	1.0158
Butte, CA		
1640 [1] Cincinnati, OH–KY–IN	0.9465	0.9630
Dearborn, IN		
Ohio, IN		
Boone, KY		
Campbell, KY		
Gallatin, KY		
Grant, KY		
Kenton, KY		
Pendleton, KY		
Brown, OH		
Clermont, OH		
Hamilton, OH		
Warren, OH		
1660 Clarksville-Hopkinsville, TN–KY	0.8204	0.8732
Christian, KY		
Montgomery, TN		
1680 [1] Cleveland-Lorain-Elyria, OH	0.9970	0.9979
Ashtabula, OH		
Cuyahoga, OH		
Geauga, OH		
Lake, OH		
Lorain, OH		
Medina, OH		
1720 Colorado Springs, CO	0.9469	0.9633
El Paso, CO		
1740 Columbia, MO	0.9678	0.9778
Boone, MO		
1760 Columbia, SC	0.9368	0.9563
Lexington, SC		
Richland, SC		
1800 Columbus, GA-AL	0.8573	0.8999
Russell, AL		
Chattahoochee, GA		
Harris, GA		
Muscogee, GA		
1840 [1] Columbus, OH	0.9929	0.9951
Delaware, OH		
Fairfield, OH		
Franklin, OH		
Licking, OH		
Madison, OH		
Pickaway, OH		
1880 Corpus Christi, TX	0.8112	0.8665
Nueces, TX		
San Patricio, TX		
1900 [2] Cumberland, MD–WV (Maryland Hospitals)	0.8627	0.9038
Allegany, MD		
Mineral, WV		
1900 Cumberland, MD–WV (West Virginia Hospital)	0.8407	0.8880
Allegany, MD		
Mineral, WV		
1920 [1] Dallas, TX	0.9149	0.9409
Collin, TX		
Dallas, TX		
Denton, TX		
Ellis, TX		
Henderson, TX		
Hunt, TX		
Kaufman, TX		
Rockwall, TX		
1950 Danville, VA	0.9121	0.9389
Danville City, VA		
Pittsylvania, VA		
1960 Davenport-Moline-Rock Island, IA–IL	0.8496	0.8944
Scott, IA		
Henry, IL		
Rock Island, IL		
2000 Dayton-Springfield, OH	0.9670	0.9773
Clark, OH		
Greene, OH		
Miami, OH		
Montgomery, OH		
2020 Daytona Beach, FL	0.9211	0.9453
Flagler, FL		
Volusia, FL		
2030 Decatur, AL	0.8302	0.8804
Lawrence, AL		
Morgan, AL		
2040 Decatur, IL	0.8140	0.8686
Macon, IL		
2080 [1] Denver, CO	1.0532	1.0361
Adams, CO		
Arapahoe, CO		
Denver, CO		
Douglas, CO		
Jefferson, CO		
2120 Des Moines, IA	0.8576	0.9001
Dallas, IA		
Polk, IA		
Warren, IA		
2160 [1] Detroit, MI	1.0601	1.0408
Lapeer, MI		
Macomb, MI		
Monroe, MI		
Oakland, MI		
St. Clair, MI		
Wayne, MI		
2180 Dothan, AL	0.7827	0.8455
Dale, AL		
Houston, AL		
2190 Dover, DE	0.9441	0.9614
Kent, DE		
2200 Dubuque, IA	0.8292	0.8796
Dubuque, IA		
2240 Duluth-Superior, MN–WI	1.0133	1.0091
St. Louis, MN		
Douglas, WI		
2281 Dutchess County, NY	0.9860	0.9904
Dutchess, NY		
2290 Eau Claire, WI	0.8755	0.9130
Chippewa, WI		

TABLE 4A.—WAGE INDEX AND CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) FOR URBAN AREAS—Continued

Urban area (Constituent counties)	Wage index	GAF
Eau Claire, WI		
2320 El Paso, TX	0.8978	0.9288
El Paso, TX		
2330 Elkhart-Goshen, IN	0.9168	0.9422
Elkhart, IN		
2335 [2] Elmira, NY	0.8640	0.9047
Chemung, NY		
2340 Enid, OK	0.8050	0.8620
Garfield, OK		
2360 Erie, PA	0.9343	0.9545
Erie, PA		
2400 Eugene-Springfield, OR	1.1288	1.0865
Lane, OR		
2440 Evansville-Henderson, IN–KY	0.8505	0.8950
Posey, IN		
Vanderburgh, IN		
Warrick, IN		
Henderson, KY		
2520 Fargo-Moorhead, ND–MN (North Dakota Hospitals)	0.7905	0.8513
Clay, MN		
Cass, ND		
2520 [2] Fargo-Moorhead, ND–MN (Minnesota Hospitals)	0.8665	0.9065
Clay, MN		
Cass, ND		
2560 Fayetteville, NC	0.8460	0.8918
Cumberland, NC		
2580 Fayetteville-Springdale-Rogers, AR	0.8686	0.9080
Benton, AR		
Washington, AR		
2620 Flagstaff, AZ–UT	0.9602	0.9726
Coconino, AZ		
Kane, UT		
2640 Flint, MI	1.1106	1.0745
Genesee, MI		
2650 Florence, AL	0.7740	0.8391
Colbert, AL		
Lauderdale, AL		
2655 Florence, SC	0.8368	0.8851
Florence, SC		
2670 Fort Collins-Loveland, CO	1.0383	1.0261
Larimer, CO		
2680 [1] Ft. Lauderdale, FL	1.0534	1.0363
Broward, FL		
2700 Fort Myers-Cape Coral, FL	0.9017	0.9316
Lee, FL		
2710 Fort Pierce-Port St. Lucie, FL	0.9847	0.9895
Martin, FL		
St. Lucie, FL		
2720 Fort Smith, AR–OK	0.7687	0.8352
Crawford, AR		
Sebastian, AR		
Sequoyah, OK		
2750 [2] Fort Walton Beach, FL	0.8947	0.9266
Okaloosa, FL		
2760 Fort Wayne, IN	0.8896	0.9230
Adams, IN		
Allen, IN		
De Kalb, IN		
Huntington, IN		
Wells, IN		
Whitley, IN		
2800 [1] Forth Worth-Arlington, TX	0.9192	0.9439
Hood, TX		
Johnson, TX		
Parker, TX		
Tarrant, TX		
2840 Fresno, CA	1.0491	1.0334
Fresno, CA		
Madera, CA		
2880 Gadsden, AL	0.8854	0.9200
Etowah, AL		
2900 Gainesville, FL	0.9542	0.9684
Alachua, FL		
2920 Galveston-Texas City, TX	0.9549	0.9689
Galveston, TX		
2960 Gary, IN	0.9542	0.9684
Lake, IN		
Porter, IN		
2975 [2] Glens Falls, NY	0.8640	0.9047
Warren, NY		
Washington, NY		
2980 Goldsboro, NC	0.8523	0.8963
Wayne, NC		
2985 Grand Forks, ND–MN	0.8996	0.9301
Polk, MN		
Grand Forks, ND		
2995 Grand Junction, CO	0.9110	0.9382
Mesa, CO		
3000 [1] Grand Rapids-Muskegon-Holland, MI	1.0018	1.0012
Allegan, MI		
Kent, MI		
Muskegon, MI		
Ottawa, MI		
3040 Great Falls, MT	0.9362	0.9559
Cascade, MT		
3060 Greeley, CO	0.9856	0.9901
Weld, CO		
3080 Green Bay, WI	0.9323	0.9531
Brown, WI		
3120 [1] Greensboro-Winston-Salem-High Point, NC	0.9418	0.9598
Alamance, NC		
Davidson, NC		
Davie, NC		
Forsyth, NC		
Guilford, NC		
Randolph, NC		
Stokes, NC		
Yadkin, NC		
3150 Greenville, NC	0.9034	0.9328
Pitt, NC		
3160 Greenville-Spartanburg-Anderson, SC	0.9318	0.9528
Anderson, SC		
Cherokee, SC		
Greenville, SC		
Pickens, SC		
Spartanburg, SC		
3180 Hagerstown, MD	1.0268	1.0183
Washington, MD		
3200 Hamilton-Middletown, OH	0.9292	0.9510
Butler, OH		
3240 Harrisburg-Lebanon-Carlisle, PA	0.9572	0.9705
Cumberland, PA		
Dauphin, PA		
Lebanon, PA		
Perry, PA		
3283 [1 2] Hartford, CT	1.2175	1.1443
Hartford, CT		
Litchfield, CT		
Middlesex, CT		
Tolland, CT		
3285 [2] Hattiesburg, MS	0.7359	0.8106
Forrest, MS		
Lamar, MS		
3290 Hickory-Morganton-Lenoir, NC	0.8687	0.9081
Alexander, NC		
Burke, NC		
Caldwell, NC		
Catawba, NC		
3320 Honolulu, HI	1.1628	1.1088
Honolulu, HI		
3350 Houma, LA	0.8266	0.8777
Lafourche, LA		
Terrebonne, LA		
3360 [1] Houston, TX	1.0017	1.0012
Chambers, TX		
Fort Bend, TX		
Harris, TX		
Liberty, TX		
Montgomery, TX		
Waller, TX		
3400 Huntington-Ashland, WV–KY–OH	0.9728	0.9813
Boyd, KY		
Carter, KY		
Greenup, KY		
Lawrence, OH		
Cabell, WV		
Wayne, WV		
3440 Huntsville, AL	0.8428	0.8895
Limestone, AL		
Madison, AL		
3480 [1] Indianapolis, IN	0.9901	0.9932
Boone, IN		
Hamilton, IN		
Hancock, IN		
Hendricks, IN		
Johnson, IN		
Madison, IN		
Marion, IN		
Morgan, IN		
Shelby, IN		
3500 Iowa City, IA	0.9561	0.9697
Johnson, IA		
3520 Jackson, MI	0.9302	0.9517
Jackson, MI		

TABLE 4A.—WAGE INDEX AND CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) FOR URBAN AREAS—Continued

Urban area (Constituent counties)	Wage index	GAF
3560 Jackson, MS	0.8279	0.8787
Hinds, MS		
Madison, MS		
Rankin, MS		
3580 Jackson, TN	0.8632	0.9042
Madison, TN		
Chester, TN		
3600 [1 2] Jacksonville, FL	0.8947	0.9266
Clay, FL		
Duval, FL		
Nassau, FL		
St. Johns, FL		
3605 [2] Jacksonville, NC	0.8162	0.8702
Onslow, NC		
3610 [2] Jamestown, NY	0.8640	0.9047
Chautauqua, NY		
3620 Janesville-Beloit, WI	0.9128	0.9394
Rock, WI		
3640 Jersey City, NJ	1.1372	1.0920
Hudson, NJ		
3660 Johnson City-Kingsport-Bristol, TN–VA	0.8847	0.9195
Carter, TN		
Hawkins, TN		
Sullivan, TN		
Unicoi, TN		
Washington, TN		
Bristol City, VA		
Scott, VA		
Washington, VA		
3680 Johnstown, PA	0.8671	0.9070
Cambria, PA		
Somerset, PA		
3700 Jonesboro, AR	0.7643	0.8319
Craighead, AR		
3710 Joplin, MO	0.7933	0.8534
Jasper, MO		
Newton, MO		
3720 Kalamazoo-Battlecreek, MI	1.2009	1.1336
Calhoun, MI		
Kalamazoo, MI		
Van Buren, MI		
3740 Kankakee, IL	0.9175	0.9427
Kankakee, IL		
3760 [1] Kansas City, KS–MO	0.9672	0.9774
Johnson, KS		
Leavenworth, KS		
Miami, KS		
Wyandotte, KS		
Cass, MO		
Clay, MO		
Clinton, MO		
Jackson, MO		
Lafayette, MO		
Platte, MO		
Ray, MO		
3800 Kenosha, WI	0.9206	0.9449
Kenosha, WI		
3810 Killeen-Temple, TX	1.0180	1.0123
Bell, TX		
Coryell, TX		
3840 Knoxville, TN	0.8569	0.8996
Anderson, TN		
Blount, TN		
Knox, TN		
Loudon, TN		
Sevier, TN		
Union, TN		
3850 Kokomo, IN	0.9350	0.9550
Howard, IN		
Tipton, IN		
3870 La Crosse, WI–MN	0.8989	0.9296
Houston, MN		
La Crosse, WI		
3880 Lafayette, LA	0.8363	0.8848
Acadia, LA		
Lafayette, LA		
St. Landry, LA		
St. Martin, LA		
3920 Lafayette, IN	0.8984	0.9293
Clinton, IN		
Tippecanoe, IN		
3960 Lake Charles, LA	0.7738	0.8389
Calcasieu, LA		
3980 Lakeland-Winter Haven, FL	0.8947	0.9266
Polk, FL		
4000 Lancaster, PA	0.9646	0.9756
Lancaster, PA		
4040 Lansing-East Lansing, MI	1.0130	1.0089
Clinton, MI		
Eaton, MI		
Ingham, MI		
4080 [2] Laredo, TX	0.7404	0.8140
Webb, TX		
4100 Las Cruces, NM	0.9045	0.9336
Dona Ana, NM		
4120 [1] Las Vegas, NV–AZ	1.1349	1.0905
Mohave, AZ		
Clark, NV		
Nye, NV		
4150 Lawrence, KS	0.8728	0.9110
Douglas, KS		
4200 Lawton, OK	0.8770	0.9140
Comanche, OK		
4243 Lewiston-Auburn, ME	0.9226	0.9463
Androscoggin, ME		
4280 Lexington, KY	0.8579	0.9004
Bourbon, KY		
Clark, KY		
Fayette, KY		
Jessamine, KY		
Madison, KY		
Scott, KY		
Woodford, KY		
4320 Lima, OH	0.8885	0.9222
Allen, OH		
Auglaize, OH		
4360 Lincoln, NE	0.9082	0.9362
Lancaster, NE		
4400 Little Rock-North Little Rock, AR	0.8598	0.9017
Faulkner, AR		
Lonoke, AR		
Pulaski, AR		
Saline, AR		
4420 Longview-Marshall, TX	0.8583	0.9007
Gregg, TX		
Harrison, TX		
Upshur, TX		
4480 [1] Los Angeles-Long Beach, CA	1.2124	1.1410
Los Angeles, CA		
4520 Louisville, KY–IN	0.9212	0.9453
Clark, IN		
Floyd, IN		
Harrison, IN		
Scott, IN		
Bullitt, KY		
Jefferson, KY		
Oldham, KY		
4600 Lubbock, TX	0.8460	0.8918
Lubbock, TX		
4640 Lynchburg, VA	0.8680	0.9076
Amherst, VA		
Bedford, VA		
Bedford City, VA		
Campbell, VA		
Lynchburg City, VA		
4680 Macon, GA	0.9109	0.9381
Bibb, GA		
Houston, GA		
Jones, GA		
Peach, GA		
Twiggs, GA		
4720 Madison, WI	1.0103	1.0070
Dane, WI		
4800 Mansfield, OH	0.8606	0.9023
Crawford, OH		
Richland, OH		
4840 Mayaguez, PR	0.4360	0.5664
Anasco, PR		
Cabo Rojo, PR		
Hormigueros, PR		
Mayaguez, PR		
Sabana Grande, PR		
San German, PR		
4880 McAllen-Edinburg-Mission, TX	0.8541	0.8976
Hidalgo, TX		
4890 Medford-Ashland, OR	1.0109	1.0075
Jackson, OR		
4900 Melbourne-Titusville-Palm Bay, FL	0.9289	0.9507
Brevard, Fl		
4920 [1] Memphis, TN–AR–MS	0.8423	0.8891
Crittenden, AR		
DeSoto, MS		
Fayette, TN		
Shelby, TN		
Tipton, TN		
4940 Merced, CA	1.0304	1.0207
Merced, CA		
5000 [1] Miami, FL	0.9427	0.9604
Dade, FL		
5015 [1] Middlesex-Somerset-Hunterdon, NJ	1.0871	1.0589

TABLE 4A.—WAGE INDEX AND CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) FOR URBAN AREAS—Continued

Urban area (Constituent counties)	Wage index	GAF
Hunterdon, NJ		
Middlesex, NJ		
Somerset, NJ		
5080 [1] Milwaukee-Waukesha, WI	0.9470	0.9634
Milwaukee, WI		
Ozaukee, WI		
Washington, WI		
Waukesha, WI		
5120 [1] Minneapolis-St. Paul, MN–WI	1.0956	1.0645
Anoka, MN		
Carver, MN		
Chisago, MN		
Dakota, MN		
Hennepin, MN		
Isanti, MN		
Ramsey, MN		
Scott, MN		
Sherburne, MN		
Washington, MN		
Wright, MN		
Pierce, WI		
St. Croix, WI		
5160 Mobile, AL	0.7942	0.8540
Baldwin, AL		
Mobile, AL		
5170 Modesto, CA	1.0406	1.0276
Stanislaus, CA		
5190 [1] Monmouth-Ocean, NJ	1.1285	1.0863
Monmouth, NJ		
Ocean, NJ		
5200 Monroe, LA	0.8288	0.8793
Ouachita, LA		
5240 Montgomery, AL	0.7919	0.8523
Autauga, AL		
Elmore, AL		
Montgomery, AL		
5280 Muncie, IN	0.9493	0.9650
Delaware, IN		
5330 [2] Myrtle Beach, SC	0.8110	0.8664
Horry, SC		
5345 Naples, FL	1.0205	1.0140
Collier, FL		
5360 [1] Nashville, TN	0.9336	0.9540
Cheatham, TN		
Davidson, TN		
Dickson, TN		
Robertson, TN		
Rutherford TN		
Sumner, TN		
Williamson, TN		
Wilson, TN		
5380 [1] Nassau-Suffolk, NY	1.3123	1.2046
Nassau, NY		
Suffolk, NY		
5483 [1 2] New Haven-Bridgeport-Stamford-Waterbury-Danbury, CT	1.2175	1.1443
Fairfield, CT		
New Haven, CT		
5523 [2] New London-Norwich, CT	1.2175	1.1443
New London, CT		
5560 [1] New Orleans, LA	0.9397	0.9583
Jefferson, LA		
Orleans, LA		
Plaquemines, LA		
St. Bernard, LA		
St. Charles, LA		
St. James, LA		
St. John The Baptist, LA		
St. Tammany, LA		
5600 [1] New York, NY	1.4537	1.2920
Bronx, NY		
Kings, NY		
New York, NY		
Putnam, NY		
Queens, NY		
Richmond, NY		
Rockland, NY		
Westchester, NY		
5640 [1] Newark, NJ	1.0899	1.0607
Essex, NJ		
Morris, NJ		
Sussex, NJ		
Union, NJ		
Warren, NJ		
5660 Newburgh, NY-PA	1.1226	1.0824
Orange, NY		
Pike, PA		
5720 [1] Norfolk-Virginia Beach-Newport News, VA–NC	0.8235	0.8755
Currituck, NC		
Chesapeake City, VA		
Gloucester, VA		
Hampton City, VA		
Isle of Wight, VA		
James City, VA		
Mathews, VA		
Newport News City, VA		
Norfolk City, VA		
Poquoson City, VA		
Portsmouth City, VA		
Suffolk City, VA		
Virginia Beach City VA		
Williamsburg City, VA		
York, VA		
5775 [1] Oakland, CA	1.5309	1.3386
Alameda, CA		
Contra Costa, CA		
5790 Ocala, FL	0.9229	0.9465
Marion, FL		
5800 Odessa-Midland, TX	0.7773	0.8415
Ector, TX		
Midland, TX		
5880 [1] Oklahoma City, OK	0.8764	0.9136
Canadian, OK		
Cleveland, OK		
Logan, OK		
McClain, OK		
Oklahoma, OK		
Pottawatomie, OK		
5910 Olympia, WA	1.1605	1.1073
Thurston, WA		
5920 Omaha, NE–IA	0.9938	0.9958
Pottawattamie, IA		
Cass, NE		
Douglas, NE		
Sarpy, NE		
Washington, NE		
5945 [1] Orange County, CA	1.1153	1.0776
Orange, CA		
5960 [1] Orlando, FL	0.9933	0.9954
Lake, FL		
Orange, FL		
Osceola, FL		
Seminole, FL		
5990 [2] Owensboro, KY	0.7902	0.8511
Daviess, KY		
6015 [2] Panama City, FL	0.8947	0.9266
Bay, FL		
6020 Parkersburg-Marietta, WV–OH (West Virginia Hospitals)	0.8118	0.8669
Washington, OH		
Wood, WV		
6020 [2] Parkersburg-Marietta, WV–OH (Ohio Hospitals)	0.8576	0.9001
Washington, OH		
Wood, WV		
6080 [2] Pensacola, FL	0.8947	0.9266
Escambia, FL		
Santa Rosa, FL		
6120 Peoria-Pekin, IL	0.8157	0.8698
Peoria, IL		
Tazewell, IL		
Woodford, IL		
6160 [1] Philadelphia, PA–NJ	1.1427	1.0957
Burlington, NJ		
Camden, NJ		
Gloucester, NJ		
Salem, NJ		
Bucks, PA		
Chester, PA		
Delaware, PA		
Montgomery, PA		
Philadelphia, PA		
6200 [1] Phoenix-Mesa, AZ	0.9759	0.9834
Maricopa, AZ		
Pinal, AZ		
6240 Pine Bluff, AR	0.8003	0.8585
Jefferson, AR		
6280 [1] Pittsburgh, PA	0.9896	0.9929
Allegheny, PA		
Beaver, PA		
Butler, PA		
Fayette, PA		
Washington, PA		
Westmoreland, PA		
6323 [2] Pittsfield, MA	1.0917	1.0619
Berkshire, MA		
6340 Pocatello, ID	0.8760	0.9133

TABLE 4A.—WAGE INDEX AND CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) FOR URBAN AREAS—Continued

Urban area (Constituent counties)	Wage index	GAF
Bannock, ID		
6360 Ponce, PR	0.4740	0.5998
Guayanilla, PR		
Juana Diaz, PR		
Penuelas, PR		
Ponce, PR		
Villalba, PR		
Yauco, PR		
6403 Portland, ME	0.9537	0.9681
Cumberland, ME		
Sagadahoc, ME		
York, ME		
6440 [1] Portland-Vancouver, OR–WA	1.1274	1.0856
Clackamas, OR		
Columbia, OR		
Multnomah, OR		
Washington, OR		
Yamhill, OR		
Clark, WA		
6483 [1] Providence-Warwick-Pawtucket, RI	1.0888	1.0600
Bristol, RI		
Kent, RI		
Newport, RI		
Providence, RI		
Washington, RI		
6520 Provo-Orem, UT	0.9910	0.9938
Utah, UT		
6560 Pueblo, CO	0.8785	0.9151
Pueblo, CO		
6580 Punta Gorda, FL	0.8994	0.9300
Charlotte, FL		
6600 Racine, WI	0.9207	0.9450
Racine, WI		
6640 [1] Raleigh-Durham-Chapel Hill, NC	0.9909	0.9938
Chatham, NC		
Durham, NC		
Franklin, NC		
Johnston, NC		
Orange, NC		
Wake, NC		
6660 Rapid City, SD	0.8277	0.8785
Pennington, SD		
6680 Reading, PA	0.9282	0.9503
Berks, PA		
6690 Redding, CA	1.2017	1.1341
Shasta, CA		
6720 Reno, NV	1.0169	1.0115
Washoe, NV		
6740 [2] Richland-Kennewick-Pasco, WA	1.0577	1.0392
Benton, WA		
Franklin, WA		
6760 Richmond-Petersburg, VA	0.9257	0.9485
Charles City County, VA		
Chesterfield, VA		
Colonial Heights City, VA		
Dinwiddie, VA		
Goochland, VA		
Hanover, VA		
Henrico, VA		
Hopewell City, VA		
New Kent, VA		
Petersburg City, VA		
Powhatan, VA		
Prince George, VA		
Richmond City, VA		
6780 [1] Riverside-San Bernardino, CA	1.0151	1.0103
Riverside, CA		
San Bernardino, CA		
6800 Roanoke, VA	0.8581	0.9005
Botetourt, VA		
Roanoke, VA		
Roanoke City, VA		
Salem City, VA		
6820 Rochester, MN	1.1797	1.1198
Olmsted, MN		
6840 [1] Rochester, NY	0.9678	0.9778
Genesee, NY		
Livingston, NY		
Monroe, NY		
Ontario, NY		
Orleans, NY		
Wayne, NY		
6880 Rockford, IL	0.8703	0.9093
Boone, IL		
Ogle, IL		
Winnebago, IL		
6895 Rocky Mount, NC	0.8214	0.8740
Edgecombe, NC		
Nash, NC		
6920 [1] Sacramento, CA	1.1952	1.1299
El Dorado, CA		
Placer, CA		
Sacramento, CA		
6960 Saginaw-Bay City-Midland, MI	0.9567	0.9701
Bay, MI		
Midland, MI		
Saginaw, MI		
6980 St. Cloud, MN	0.9667	0.9771
Benton, MN		
Stearns, MN		
7000 St. Joseph, MO	0.9972	0.9981
Andrew, MO		
Buchanan, MO		
7040 [1] St. Louis, MO–IL	0.9063	0.9348
Clinton, IL		
Jersey, IL		
Madison, IL		
Monroe, IL		
St. Clair, IL		
Franklin, MO		
Jefferson, MO		
Lincoln, MO		
St. Charles, MO		
St. Louis, MO		
St. Louis City, MO		
Warren, MO		
7080 Salem, OR	0.9987	0.9991
Marion, OR		
Polk, OR		
7120 Salinas, CA	1.5270	1.3363
Monterey, CA		
7160 [1] Salt Lake City-Ogden, UT	0.9458	0.9626
Davis, UT		
Salt Lake, UT		
Weber, UT		
7200 San Angelo, TX	0.7512	0.8221
Tom Green, TX		
7240 [1] San Antonio, TX	0.7744	0.8394
Bexar, TX		
Comal, TX		
Guadalupe, TX		
Wilson, TX		
7320 [1] San Diego, CA	1.2388	1.1579
San Diego, CA		
7360 [1] San Francisco, CA	1.3621	1.2357
Marin, CA		
San Francisco, CA		
San Mateo, CA		
7400 [1] San Jose, CA	1.3783	1.2457
Santa Clara, CA		
7440 [1] San Juan-Bayamon, PR	0.4521	0.5806
Aguas Buenas, PR		
Barceloneta, PR		
Bayamon, PR		
Canovanas, PR		
Carolina, PR		
Catano, PR		
Ceiba, PR		
Comerio, PR		
Corozal, PR		
Dorado, PR		
Fajardo, PR		
Florida, PR		
Guaynabo, PR		
Humacao, PR		
Juncos, PR		
Los Piedras, PR		
Loiza, PR		
Luguillo, PR		
Manati, PR		
Morovis, PR		
Naguabo, PR		
Naranjito, PR		
Rio Grande, PR		
San Juan, PR		
Toa Alta, PR		
Toa Baja, PR		
Trujillo Alto, PR		
Vega Alta, PR		
Vega Baja, PR		
Yabucoa, PR		
7460 San Luis Obispo-Atascadero-Paso Robles, CA	1.0825	1.0558
San Luis Obispo, CA		
7480 Santa Barbara-Santa Maria-Lompoc, CA	1.1233	1.0829
Santa Barbara, CA		
7485 Santa Cruz-Watsonville, CA	1.4099	1.2652
Santa Cruz, CA		
7490 Santa Fe, NM	0.9525	0.9672

TABLE 4A.—WAGE INDEX AND CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) FOR URBAN AREAS—Continued

Urban area (Constituent counties)	Wage index	GAF
Los Alamos, NM		
Santa Fe, NM		
7500 Santa Rosa, CA	1.3167	1.2073
Sonoma, CA		
7510 Sarasota-Bradenton, FL	0.9567	0.9701
Manatee, FL		
Sarasota, FL		
7520 Savannah, GA	0.8776	0.9145
Bryan, GA		
Chatham, GA		
Effingham, GA		
7560 [2] Scranton-Wilkes-Barre-Hazleton, PA	0.8615	0.9029
Columbia, PA		
Lackawanna, PA		
Luzerne, PA		
Wyoming, PA		
7600 [1] Seattle-Bellevue-Everett, WA	1.1634	1.1092
Island, WA		
King, WA		
Snohomish, WA		
7610 Sharon, PA	0.8948	0.9267
Mercer, PA		
7620 [2] Sheboygan, WI	0.8557	0.8988
Sheboygan, WI		
7640 Sherman-Denison, TX	0.8229	0.8750
Grayson, TX		
7680 Shreveport-Bossier City, LA	0.9436	0.9610
Bossier, LA		
Caddo, LA		
Webster, LA		
7720 Sioux City, IA–NE	0.8530	0.8968
Woodbury, IA		
Dakota, NE		
7760 Sioux Falls, SD	0.8988	0.9295
Lincoln, SD		
Minnehaha, SD		
7800 South Bend, IN	0.9939	0.9958
St. Joseph, IN		
7840 Spokane, WA	1.1020	1.0688
Spokane, WA		
7880 Springfield, IL	0.8793	0.9157
Menard, IL		
Sangamon, IL		
7920 Springfield, MO	0.8151	0.8694
Christian, MO		
Greene, MO		
Webster, MO		
8003 Springfield, MA	1.0917	1.0619
Hampden, MA		
Hampshire, MA		
8050 State College, PA	0.9528	0.9674
Centre, PA		
8080 [2] Steubenville-Weirton, OH–WV (Ohio Hospitals)	0.8576	0.9001
Jefferson, OH		
Brooke, WV		
Hancock, WV		
8080 Steubenville-Weirton, OH–WV (West Virginia Hospitals)	0.8476	0.8929
Jefferson, OH		
Brooke, WV		
Hancock, WV		
8120 Stockton-Lodi, CA	1.1157	1.0779
San Joaquin, CA		
8140 Sumter, SC	0.8195	0.8726
Sumter, SC		
8160 Syracuse, NY	0.9410	0.9592
Cayuga, NY		
Madison, NY		
Onondaga, NY		
Oswego, NY		
8200 [2] Tacoma, WA	1.0577	1.0392
Pierce, WA		
8240 [2] Tallahassee, FL	0.8947	0.9266
Gadsden, FL		
Leon, FL		
8280 [1] Tampa-St. Petersburg-Clearwater, FL	0.9179	0.9430
Hernando, FL		
Hillsborough, FL		
Pasco, FL		
Pinellas, FL		
8320 Terre Haute, IN	0.9063	0.9348
Clay, IN		
Vermillion, IN		
Vigo, IN		
8360 Texarkana, AR-Texarkana, TX	0.7538	0.8240
Miller, AR		
Bowie, TX		
8400 Toledo, OH	1.0132	1.0090
Fulton, OH		
Lucas, OH		
Wood, OH		
8440 Topeka, KS	0.9894	0.9927
Shawnee, KS		
8480 Trenton, NJ	1.0399	1.0272
Mercer, NJ		
8520 Tucson, AZ	0.9104	0.9377
Pima, AZ		
8560 Tulsa, OK	0.8520	0.8961
Creek, OK		
Osage, OK		
Rogers, OK		
Tulsa, OK		
Wagoner, OK		
8600 Tuscaloosa, AL	0.7706	0.8366
Tuscaloosa, AL		
8640 Tyler, TX	0.8792	0.9156
Smith, TX		
8680 [2] Utica-Rome, NY	0.8640	0.9047
Herkimer, NY		
Oneida, NY		
8720 Vallejo-Fairfield-Napa, CA	1.3458	1.2255
Napa, CA		
Solano, CA		
8735 Ventura, CA	1.0764	1.0517
Ventura, CA		
8750 Victoria, TX	0.8451	0.8911
Victoria, TX		
8760 Vineland-Millville-Bridgeton, NJ	1.0460	1.0313
Cumberland, NJ		
8780 Visalia-Tulare-Porterville, CA	1.0168	1.0115
Tulare, CA		
8800 Waco, TX	0.8027	0.8603
McLennan, TX		
8840 [1] Washington, DC–MD–VA–WV	1.0863	1.0583
District of Columbia, DC		
Calvert, MD		
Charles, MD		
Frederick, MD		
Montgomery, MD		
Prince Georges, MD		
Alexandria City, VA		
Arlington, VA		
Clarke, VA		
Culpeper, VA		
Fairfax, VA		
Fairfax City, VA		
Falls Church City, VA		
Fauquier, VA		
Fredericksburg City, VA		
King George, VA		
Loudoun, VA		
Manassas City, VA		
Manassas Park City, VA		
Prince William, VA		
Spotsylvania, VA		
Stafford, VA		
Warren, VA		
Berkeley, WV		
Jefferson, WV		
8920 Waterloo-Cedar Falls, IA	0.8402	0.8876
Black Hawk, IA		
8940 Wausau, WI	0.9814	0.9872
Marathon, WI		
8960 West Palm Beach-Boca Raton, FL	1.0288	1.0196
Palm Beach, FL		
9000 [2] Wheeling, WV–OH (West Virginia Hospitals)	0.7938	0.8537
Belmont, OH		
Marshall, WV		
Ohio, WV		
9000 [2] Wheeling, WV–OH (Ohio Hospitals)	0.8576	0.9001
Belmont, OH		
Marshall, WV		
Ohio, WV		
9040 Wichita, KS	0.8990	0.9297
Butler, KS		
Harvey, KS		
Sedgwick, KS		
9080 Wichita Falls, TX	0.7864	0.8483
Archer, TX		
Wichita, TX		

TABLE 4A.—WAGE INDEX AND CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) FOR URBAN AREAS—Continued

Urban area (Constituent counties)	Wage index	GAF
9140 [2] Williamsport, PA Lycoming, PA	0.8615	0.9029
9160 Wilmington-Newark, DE–MD New Castle, DE Cecil, MD	1.1968	1.1309
9200 Wilmington, NC New Hanover, NC Brunswick, NC	0.9427	0.9604
9260 [2] Yakima, WA Yakima, WA	1.0577	1.0392
9270 Yolo, CA Yolo, CA	1.0702	1.0476
9280 York, PA York, PA	0.9509	0.9661
9320 Youngstown-Warren, OH Columbiana, OH Mahoning, OH Trumbull, OH	0.9897	0.9929
9340 Yuba City, CA Sutter, CA Yuba, CA	1.0957	1.0646
9360 Yuma, AZ Yuma, AZ	1.0143	1.0098

[1] Large Urban Area
[2] Hospitals geographically located in the area are assigned the statewide rural wage index for FY 1999.

TABLE 4B.—WAGE INDEX AND CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) FOR RURAL AREAS

Nonurban area	Wage index	GAF
Alabama	0.7385	0.8125
Alaska	1.2534	1.1673
Arizona	0.8082	0.8643
Arkansas	0.7274	0.8042
California	0.9976	0.9984
Colorado	0.8454	0.8914
Connecticut	1.2175	1.1443
Delaware	0.8590	0.9012
Florida	0.8947	0.9266
Georgia	0.7933	0.8534
Hawaii	1.1011	1.0682
Idaho	0.8548	0.8981
Illinois	0.7985	0.8572
Indiana	0.8429	0.8896
Iowa	0.7846	0.8469
Kansas	0.7334	0.8087
Kentucky	0.7902	0.8511
Louisiana	0.7517	0.8225
Maine	0.8538	0.8974
Maryland	0.8627	0.9038
Massachusetts	1.0917	1.0619
Michigan	0.8988	0.9295
Minnesota	0.8665	0.9065
Mississippi	0.7359	0.8106
Missouri	0.7510	0.8219
Montana	0.8645	0.9051
Nebraska	0.7683	0.8349
Nevada	0.9267	0.9492

TABLE 4B.—WAGE INDEX AND CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) FOR RURAL AREAS—Continued

Nonurban area	Wage index	GAF
New Hampshire	1.0324	1.0221
New Jersey [1]	.....	.....
New Mexico	0.7927	0.8529
New York	0.8640	0.9047
North Carolina	0.8162	0.8702
North Dakota	0.7471	0.8190
Ohio	0.8576	0.9001
Oklahoma	0.7207	0.7991
Oregon	0.9957	0.9971
Pennsylvania	0.8615	0.9029
Puerto Rico	0.4083	0.5415
Rhode Island [1]	.....	.....
South Carolina	0.8110	0.8664
South Dakota	0.7564	0.8260
Tennessee	0.7483	0.8199
Texas	0.7404	0.8140
Utah	0.8851	0.9198
Vermont	0.9489	0.9647
Virginia	0.7890	0.8502
Washington	1.0577	1.0392
West Virginia	0.7938	0.8537
Wisconsin	0.8557	0.8988
Wyoming	0.8763	0.9135

All counties within the State are classified as urban.

TABLE 4C.—WAGE INDEX AND CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) FOR HOSPITALS THAT ARE RECLASSIFIED

Area	Wage index	GAF
Abilene, TX	0.8081	0.8642
Albany, GA	0.7933	0.8534
Albuquerque, NM	0.8813	0.9171
Alexandria, LA	0.8598	0.9017
Allentown-Bethlehem-Easton, PA	1.0219	1.0149
Amarillo, TX	0.8483	0.8935
Anchorage, AK	1.3088	1.2024
Asheville, NC	0.9016	0.9315
Atlanta, GA	1.0024	1.0016
Augusta-Aiken, GA–SC	0.9309	0.9521
Baltimore, MD	0.9760	0.9835
Barnstable-Yarmouth, MA	1.4646	1.2986
Baton Rouge, LA	0.8940	0.9261
Benton Harbor, MI	0.8988	0.9295
Bergen-Passaic, NJ	1.1845	1.1229
Billings, MT	0.9220	0.9459
Binghamton, NY	0.8989	0.9296
Birmingham, AL	0.9150	0.9410
Bismarck, ND	0.7838	0.8464
Boise City, ID	0.9267	0.9492
Boston-Worcester-Lawrence-Lowell-Brockton, MA–NH	1.0885	1.0598
Brazoria, TX	0.8895	0.9229
Bryan-College Station, TX	0.7962	0.8555
Buffalo-Niagara Falls, NY	0.9592	0.9719
Burlington, VT	0.9612	0.9733
Caguas, PR	0.4445	0.5739

TABLE 4C.—WAGE INDEX AND CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) FOR HOSPITALS THAT ARE RECLASSIFIED—Continued

Area	Wage index	GAF
Canton-Massillon, OH	0.8895	0.9229
Casper, WY	0.9227	0.9464
Champaign-Urbana, IL	0.8844	0.9193
Charleston-North Charleston, SC	0.8931	0.9255
Charleston, WV	0.8819	0.9175
Charlotte-Gastonia-Rock Hill, NC–SC	0.9568	0.9702
Charlottesville, VA	0.9803	0.9865
Chattanooga, TN–GA	0.8885	0.9222
Chicago, IL	1.0507	1.0344
Cincinnati, OH–KY–IN	0.9465	0.9630
Clarksville-Hopkinsville, TN–KY	0.8204	0.8732
Cleveland-Lorain-Elyria, OH	0.9970	0.9979
Columbia, MO	0.9331	0.9537
Columbus, GA–AL	0.8573	0.8999
Columbus, OH	0.9929	0.9951
Corpus Christi, TX	0.8112	0.8665
Dallas, TX	0.9149	0.9409
Danville, VA	0.8779	0.9147
Davenport-Moline-Rock Island, IA–IL	0.8496	0.8944
Dayton-Springfield, OH	0.9670	0.9773
Denver, CO	1.0532	1.0361
Des Moines, IA	0.8576	0.9001
Duluth-Superior, MN–WI	1.0133	1.0091
Dutchess County, NY	0.9860	0.9904
Elkhart-Goshen, IN	0.9168	0.9422
Eugene-Springfield, OR	1.1141	1.0768
Evansville-Henderson, IN–KY	0.8505	0.8950
Fargo-Moorhead, ND–MN (Minnesota Hospital)	0.8665	0.9065
Fargo-Moorhead, ND–MN (South Dakota Hospital)	0.7905	0.8513
Fayetteville, NC	0.8460	0.8918
Flagstaff, AZ–UT	0.9602	0.9726
Flint, MI	1.1106	1.0745
Fort Collins-Loveland, CO	1.0383	1.0261
Ft. Lauderdale, FL	1.0534	1.0363
Fort Pierce-Port St. Lucie, FL	0.9847	0.9895
Fort Smith, AR–OK	0.7582	0.8273
Fort Walton Beach, FL	0.8694	0.9086
Forth Worth-Arlington, TX	0.9192	0.9439
Gadsden, AL	0.8854	0.9200
Gainesville, FL	0.9542	0.9684
Goldsboro, NC	0.8366	0.8850
Grand Forks, ND–MN	0.8996	0.9301
Grand Junction, CO	0.9110	0.9382
Grand Rapids-Muskegon-Holland, MI	0.9908	0.9937
Great Falls, MT	0.9362	0.9559
Greeley, CO	0.9663	0.9768
Green Bay, WI	0.9323	0.9531
Greenville, NC	0.8844	0.9193
Greenville-Spartanburg-Anderson, SC	0.9318	0.9528
Harrisburg-Lebanon-Carlisle, PA	0.9572	0.9705

TABLE 4C.—WAGE INDEX AND CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) FOR HOSPITALS THAT ARE RECLASSIFIED—Continued

Area	Wage index	GAF
Hartford, CT	1.1152	1.0775
Hattiesburg, MS	0.7359	0.8106
Hickory-Morganton-Lenoir, NC	0.8687	0.9081
Honolulu, HI	1.1628	1.1088
Houston, TX	1.0017	1.0012
Huntington-Ashland, WV–KY–OH	0.9353	0.9552
Huntsville, AL	0.8269	0.8780
Indianapolis, IN	0.9901	0.9932
Iowa City, IA	0.9441	0.9614
Jackson, MS	0.8279	0.8787
Jackson, TN	0.8632	0.9042
Jacksonville, FL	0.8915	0.9244
Johnson City-Kingsport-Bristol, TN–VA	0.8847	0.9195
Jonesboro, AR	0.7643	0.8319
Joplin, MO	0.7710	0.8369
Kalamazoo-Battlecreek, MI	1.1713	1.1144
Kansas City, KS–MO	0.9672	0.9774
Knoxville, TN	0.8569	0.8996
Lafayette, LA	0.8363	0.8848
Lansing-East Lansing, MI	1.0025	1.0017
Las Cruces, NM	0.9045	0.9336
Las Vegas, NV–AZ	1.1349	1.0905
Lexington, KY	0.8579	0.9004
Lima, OH	0.8715	0.9101
Lincoln, NE	0.8900	0.9233
Little Rock-North Little Rock, AR	0.8598	0.9017
Los Angeles-Long Beach, CA	1.2124	1.1410
Louisville, KY–IN	0.9212	0.9453
Macon, GA	0.8886	0.9223
Madison, WI	1.0103	1.0070
Mansfield, OH	0.8606	0.9023
Memphis, TN–AR–MS	0.8423	0.8891
Merced, CA	1.0304	1.0207
Milwaukee-Waukesha, WI	0.9289	0.9507
Minneapolis-St. Paul, MN–WI	1.0956	1.0645
Modesto, CA	1.0406	1.0276
Monroe, LA	0.8148	0.8691
Montgomery, AL	0.7919	0.8523
Myrtle Beach, SC	0.8162	0.8702
Nashville, TN	0.9336	0.9540
New Haven-Bridgeport-Stamford-Waterbury-Danbury, CT	1.2175	1.1443
New London-Norwich, CT	1.1738	1.1160
New Orleans, LA	0.9397	0.9583
New York, NY	1.4537	1.2920
Newark, NJ	1.0899	1.0607
Newburgh, NY–PA	1.1356	1.0910
Oakland, CA	1.5309	1.3386
Odessa-Midland, TX	0.7773	0.8415
Oklahoma City, OK	0.8764	0.9136
Omaha, NE–IA	0.9938	0.9958
Orange County, CA	1.1153	1.0776
Orlando, FL	0.9933	0.9954
Peoria-Pekin, IL	0.8157	0.8698
Philadelphia, PA–NJ	1.1427	1.0957
Pittsburgh, PA	0.9740	0.9821
Pocatello, ID (Idaho Hospital)	0.8760	0.9133
Pocatello, ID (Wyoming Hospitals)	0.8763	0.9135
Portland, ME	0.9537	0.9681
Portland-Vancouver, OR–WA	1.1274	1.0856
Provo-Orem, UT	0.9910	0.9938
Raleigh-Durham-Chapel Hill, NC	0.9909	0.9938
Rapid City, SD	0.8277	0.8785
Reno, NV	1.0169	1.0115
Rochester, MN	1.1797	1.1198
Rockford, IL	0.8703	0.9093
Sacramento, CA	1.1952	1.1299
Saginaw-Bay City-Midland, MI	0.9567	0.9701
St. Cloud, MN	0.9667	0.9771
St. Louis, MO–IL	0.9063	0.9348
Salt Lake City-Ogden, UT	0.9458	0.9626
San Diego, CA	1.2388	1.1579
Santa Fe, NM	0.9414	0.9595
Santa Rosa, CA	1.3003	1.1970
Seattle-Bellevue-Everett, WA	1.1634	1.1092
Sharon, PA	0.8835	0.9187
Sherman-Denison, TX	0.8061	0.8628
Sioux City, IA–NE	0.8530	0.8968
Sioux Falls, SD	0.8885	0.9222
South Bend, IN	0.9939	0.9958
Spokane, WA	1.0819	1.0554
Springfield, IL	0.8793	0.9157
Springfield, MO	0.8151	0.8694
State College, PA	0.8845	0.9194
Syracuse, NY	0.9410	0.9592
Tallahassee, FL	0.8566	0.8994
Tampa-St. Petersburg-Clearwater, FL	0.9179	0.9430
Texarkana, AR-Texarkana, TX	0.7538	0.8240
Topeka, KS	0.9667	0.9771
Tucson, AZ	0.9104	0.9377
Tulsa, OK	0.8418	0.8888
Tuscaloosa, AL	0.7706	0.8366
Tyler, TX	0.8792	0.9156
Vallejo-Fairfield-Napa, CA	1.3458	1.2255
Victoria, TX	0.8451	0.8911
Washington, DC–MD–VA–WV	1.0863	1.0583
Waterloo-Cedar Falls, IA	0.8402	0.8876
Wausau, WI	0.9501	0.9656
Wichita, KS	0.8853	0.9200
Wichita Falls, TX	0.7695	0.8357
Rural Alabama	0.7385	0.8125
Rural Illinois	0.7985	0.8572
Rural Louisiana	0.7517	0.8225
Rural Massachusetts	1.0481	1.0327
Rural Michigan	0.8988	0.9295
Rural Minnesota	0.8665	0.9065
Rural Missouri	0.7510	0.8219
Rural Nevada	0.8855	0.9201
Rural New Mexico	0.7927	0.8529
Rural Oregon	0.9957	0.9971
Rural Washington	1.0577	1.0392
Rural Wyoming	0.8763	0.9135

TABLE 4D.—AVERAGE HOURLY WAGE FOR URBAN AREAS

Urban area	Average hourly wage
Abilene, TX	16.4503
Aguadilla, PR	9.8326
Akron, OH	20.5582
Albany, GA	16.6839
Albany-Schenectady-Troy, NY	17.3615
Albuquerque, NM	18.1579
Alexandria, LA	17.7146
Allentown-Bethlehem-Easton, PA	21.0540
Altoona, PA	19.3623
Amarillo, TX	17.4756
Anchorage, AK	26.6324
Ann Arbor, MI	22.9259
Anniston, AL	17.9884
Appleton-Oshkosh-Neenah, WI	18.3354
Arecibo, PR	10.1277
Asheville, NC	18.5755
Athens, GA	18.0203
Atlanta, GA	20.6523
Atlantic-Cape May, NJ	23.3952
Augusta-Aiken, GA–SC	19.1799
Austin-San Marcos, TX	16.8088
Bakersfield, CA	18.4123
Baltimore, MD	20.1089
Bangor, ME	16.5207
Barnstable-Yarmouth, MA	32.2329
Baton Rouge, LA	18.4192
Beaumont-Port Arthur, TX	17.8430
Bellingham, WA	23.6418
Benton Harbor, MI	17.7241
Bergen-Passaic, NJ	25.1292
Billings, MT	18.9960
Biloxi-Gulfport-Pascagoula, MS	17.0828
Binghamton, NY	18.7554
Birmingham, AL	18.8514
Bismarck, ND	16.5132
Bloomington,IN	18.6271
Bloomington-Normal, IL	18.3900
Boise City, ID	19.0323
Boston-Worcester-Lawrence-Lowell-Brockton, MA–NH	22.3344
Boulder-Longmont, CO	20.8550
Brazoria, TX	18.3273
Bremerton, WA	22.9686
Brownsville-Harlingen-San Benito, TX	17.0823
Bryan-College Station, TX	16.3918
Buffalo-Niagara Falls, NY	19.7621
Burlington, VT	19.7504
Caguas, PR	9.1371
Canton-Massillon, OH	18.3270
Casper, WY	18.0774
Cedar Rapids, IA	18.3134
Champaign-Urbana, IL	18.1242
Charleston-North Charleston, SC	18.4009
Charleston, WV	18.6306

TABLE 4D.—AVERAGE HOURLY WAGE FOR URBAN AREAS—Continued

Urban area	Average hourly wage
Charlotte-Gastonia-Rock Hill, NC–SC	19.7132
Charlottesville, VA	21.3425
Chattanooga, TN–GA	18.7967
Cheyenne, WY	19.2719
Chicago, IL	21.6476
Chico-Paradise, CA	21.0787
Cincinnati, OH–KY–IN	19.5020
Clarksville-Hopkinsville, TN–KY	16.6908
Cleveland-Lorain-Elyria, OH	20.5422
Colorado Springs, CO	19.5098
Columbia, MO	19.9392
Columbia, SC	19.3016
Columbus, GA–AL	17.6626
Columbus, OH	20.4569
Corpus Christi, TX	16.6221
Cumberland, MD–WV	17.3219
Dallas, TX	18.9048
Danville, VA	18.7936
Davenport-Moline-Rock Island, IA–IL	17.5045
Dayton-Springfield, OH	19.9239
Daytona Beach, FL	18.9775
Decatur, AL	17.1051
Decatur, IL	16.7703
Denver, CO	21.6957
Des Moines, IA	17.5941
Detroit, MI	21.8417
Dothan, AL	16.1254
Dover, DE	19.4527
Dubuque, IA	17.0843
Duluth-Superior, MN–WI	20.7877
Dutchess County, NY	21.5269
Eau Claire, WI	18.0385
El Paso, TX	18.4982
Elkhart-Goshen, IN	18.7060
Elmira, NY	17.5584
Enid, OK	16.5863
Erie, PA	19.2498
Eugene-Springfield, OR	23.2566
Evansville, Henderson, IN–KY	17.5235
Fargo-Moorhead, ND–MN	15.4103
Fayetteville, NC	17.4302
Fayetteville-Springdale-Rogers, AR	17.8965
Flagstaff, AZ–UT	19.7008
Flint, MI	22.8823
Florence, AL	15.9479
Florence, SC	17.2402
Fort Collins-Loveland, CO	21.3936
Fort Lauderdale, FL	20.3768
Fort Myers-Cape Coral, FL	18.5790
Fort Pierce-Port St. Lucie, FL	19.9753
Fort Smith, AR–OK	15.8375
Fort Walton Beach, FL	17.8995
Fort Wayne, IN	18.3283
Fort Worth-Arlington, TX	18.8266
Fresno, CA	21.6143
Gadsden, AL	18.2411
Gainesville, FL	19.6396
Galveston-Texas City, TX	19.6738
Gary, IN	19.5496
Glens Falls, NY	17.6404
Goldsboro, NC	17.5612
Grand Forks, ND–MN	18.4172
Grand Junction, CO	17.0997
Grand Rapids-Muskegon-Holland, MI	20.6411
Great Falls, MT	18.4336
Greeley, CO	20.3075
Green Bay, WI	19.0230
Greensboro-Winston-Salem-High Point, NC	19.4045
Greenville, NC	18.6140
Greenville-Spartanburg-Anderson, SC	19.1991
Hagerstown, MD	21.1564
Hamilton-Middletown, OH	19.1458
Harrisburg-Lebanon-Carlisle, PA	19.7220
Hartford, CT	22.8114
Hattiesburg, MS	15.0868
Hickory-Morganton-Lenoir, NC	18.4430
Honolulu, HI	23.9579
Houma, LA	17.0314
Houston, TX	20.6380
Huntington-Ashland, WV–KY–OH	20.0441
Huntsville, AL	17.3657
Indianapolis, IN	20.3998
Iowa City, IA	19.6992
Jackson, MI	19.1645
Jackson, MS	17.0541
Jackson, TN	17.7852
Jacksonville, FL	18.3674
Jacksonville, NC	15.6996
Jamestown, NY	15.9060
Janesville-Beloit, WI	18.8060
Jersey City, NJ	23.4307
Johnson City-Kingsport-Bristol, TN–VA	18.2276
Johnstown, PA	17.8659
Jonesboro, AR	15.3904
Joplin, MO	16.3448
Kalamazoo-Battlecreek, MI	24.7428
Kankakee, IL	18.9037
Kansas City, KS–MO	19.9286
Kenosha, WI	18.9676
Killeen-Temple, TX	20.9746
Knoxville, TN	17.6557
Kokomo, IN	19.2639
La Crosse, WI–MN	18.5196
Lafayette, LA	17.1506
Lafayette, IN	18.3693
Lake Charles, LA	15.9437
Lakeland-Winter Haven, FL	18.5691
Lancaster, PA	19.8739
Lansing-East Lansing, MI	20.8707
Laredo, TX	15.2064
Las Cruces, NM	18.4298
Las Vegas, NV–AZ	23.3827
Lawrence, KS	17.9827
Lawton, OK	18.0698
Lewiston-Auburn, ME	19.0090
Lexington, KY	17.6767
Lima, OH	18.3062
Lincoln, NE	18.7127
Little Rock-North Little Rock, AR	17.6667
Longview-Marshall, TX	17.6848
Los Angeles-Long Beach, CA	24.9118
Louisville, KY–IN	18.9791
Lubbock, TX	17.4301
Lynchburg, VA	17.8831
Macon, GA	18.7672
Madison, WI	20.8155
Mansfield, OH	17.7321
Mayaguez, PR	8.9825
McAllen-Edinburg-Mission, TX	17.5983
Medford-Ashland, OR	20.8288
Melbourne-Titusville-Palm Bay, FL	19.1394
Memphis, TN–AR–MS	17.3550
Merced, CA	20.8449
Miami, FL	20.7248
Middlesex-Somerset-Hunterdon, NJ	23.1938
Milwaukee-Waukesha, WI	19.5106
Minneapolis-St. Paul, MN–WI	22.5733
Mobile, AL	16.3627
Modesto, CA	21.4409
Monmouth-Ocean, NJ	23.2510
Monroe, LA	17.0762
Montgomery, AL	16.2493
Muncie, IN	19.5589
Myrtle Beach, SC	16.4379
Naples, FL	21.0253
Nashville, TN	19.2358
Nassau-Suffolk, NY	28.5558
New Haven-Bridgeport-Stamford-Waterbury-Danbury, CT	24.7905
New London-Norwich, CT	24.1351
New Orleans, LA	19.3612
New York, NY	29.9516
Newark, NJ	24.1961
Newburgh, NY–PA	23.1287
Norfolk-Virginia Beach-Newport News, VA–NC	16.9674
Oakland, CA	31.0918
Ocala, FL	19.0159
Odessa-Midland, TX	16.0153
Oklahoma City, OK	18.0573
Olympia, WA	23.9108
Omaha, NE–IA	20.4749
Orange County, CA	23.1127
Orlando, FL	20.4664
Owensboro, KY	16.1460
Panama City, FL	17.6753
Parkersburg-Marietta, WV–OH	16.7267
Pensacola, FL	16.9466
Peoria-Pekin, IL	16.7415
Philadelphia, PA–NJ	23.5434
Phoenix-Mesa, AZ	20.1062
Pine Bluff, AR	16.4882
Pittsburgh, PA	20.3893
Pittsfield, MA	22.4781
Pocatello, ID	18.0491
Ponce, PR	9.7656
Portland, ME	19.6358
Portland-Vancouver, OR–WA	23.2280
Providence-Warwick, RI	22.4328
Provo-Orem, UT	20.4158
Pueblo, CO	18.1010
Punta Gorda, FL	18.5303
Racine, WI	18.9689
Raleigh-Durham-Chapel Hill, NC	20.4162
Rapid City, SD	17.0546
Reading, PA	19.1241
Redding, CA	24.7586
Reno, NV	20.9521
Richland-Kennewick-Pasco, WA	21.3732
Richmond-Petersburg, VA	19.0728
Riverside-San Bernardino, CA	21.3055
Roanoke, VA	17.6802
Rochester, MN	24.3054
Rochester, NY	19.9396
Rockford, IL	17.9308
Rocky Mount, NC	18.5969
Sacramento, CA	24.6188
Saginaw-Bay City-Midland, MI	19.7109
St. Cloud, MN	19.9167

TABLE 4D.—AVERAGE HOURLY WAGE FOR URBAN AREAS—Continued

Urban area	Average hourly wage
St. Joseph, MO	20.5465
St. Louis, MO–IL	18.6721
Salem, OR	20.5776
Salinas, CA	31.4614
Salt Lake City-Ogden, UT	19.4515
San Angelo, TX	15.4776
San Antonio, TX	15.9548
San Diego, CA	25.4297
San Francisco, CA	28.9991
San Jose, CA	28.6758
San Juan-Bayamon, PR	9.3148
San Luis Obispo-Atascadero-Paso Robles, CA	22.3026
Santa Barbara-Santa Maria-Lompoc, CA	23.1439
Santa Cruz-Watsonville, CA	29.0487
Santa Fe, NM	19.6247
Santa Rosa, CA	28.2324
Sarasota-Bradenton, FL	19.7119
Savannah, GA	18.0808
Scranton-Wilkes Barre-Hazleton, PA	17.5663
Seattle-Bellevue-Everett, WA	23.9527
Sharon, PA	18.4366
Sheboygan, WI	17.0899
Sherman-Denison, TX	16.9538
Shreveport-Bossier City, LA	19.4408
Sioux City, IA–NE	17.5754
Sioux Falls, SD	18.5187
South Bend, IN	20.4772
Spokane, WA	22.7055
Springfield, IL	18.1176
Springfield, MO	16.7941
Springfield, MA	22.7477
State College, PA	19.6319
Steubenville-Weirton, OH–WV	17.4636
Stockton-Lodi, CA	22.9869
Sumter, SC	16.8850
Syracuse, NY	19.3881
Tacoma, WA	21.5661
Tallahassee, FL	17.5545
Tampa-St. Petersburg-Clearwater, FL	18.7444
Terre Haute, IN	18.6722
Texarkana, AR-Texarkana, TX	14.8193
Toledo, OH	20.8755
Topeka, KS	20.3862

TABLE 4D.—AVERAGE HOURLY WAGE FOR URBAN AREAS—Continued

Urban area	Average hourly wage
Trenton, NJ	21.4255
Tucson, AZ	18.7576
Tulsa, OK	17.5538
Tuscaloosa, AL	15.8762
Tyler, TX	18.1141
Utica-Rome, NY	17.2785
Vallejo-Fairfield-Napa, CA	27.9551
Ventura, CA	22.7487
Victoria, TX	17.4131
Vineland-Millville-Bridgeton, NJ	21.5511
Visalia-Tulare-Porterville, CA	20.9493
Waco, TX	16.5375
Washington, DC–MD–VA–WV	22.3812
Waterloo-Cedar Falls, IA	16.5347
Wausau, WI	20.2214
West Palm Beach-Boca Raton, FL	21.2686
Wheeling, OH–WV	15.8460
Wichita, KS	18.5231
Wichita Falls, TX	16.2020
Williamsport, PA	17.5305
Wilmington-Newark, DE–MD	24.6591
Wilmington, NC	19.4232
Yakima, WA	21.4371
Yolo, CA	22.0507
York, PA	19.5923
Youngstown-Warren, OH	20.3921
Yuba City, CA	22.5751
Yuma, AZ	20.8977

TABLE 4E.—AVERAGE HOURLY WAGE FOR RURAL AREAS

Nonurban area	Average hourly wage
Alabama	15.1489
Alaska	25.8250
Arizona	16.6528
Arkansas	14.9880
California	20.5534
Colorado	17.4187
Connecticut	25.0854
Delaware	17.6976
Florida	18.4340

TABLE 4E.—AVERAGE HOURLY WAGE FOR RURAL AREAS—Continued

Nonurban area	Average hourly wage
Georgia	16.3451
Hawaii	22.6872
Idaho	17.6124
Illinois	16.4317
Indiana	17.3659
Iowa	16.1658
Kansas	15.1110
Kentucky	16.2801
Louisiana	15.4622
Maine	17.5914
Maryland	17.7750
Massachusetts	22.4920
Michigan	18.5026
Minnesota	17.8522
Mississippi	15.1615
Missouri	15.4743
Montana	17.8114
Nebraska	15.8291
Nevada	19.0933
New Hampshire	21.2716
New Jersey [1]	.....
New Mexico	16.3322
New York	17.8012
North Carolina	16.8177
North Dakota	15.3932
Ohio	17.6689
Oklahoma	14.8488
Oregon	20.5099
Pennsylvania	17.7499
Puerto Rico	8.4134
Rhode Island [1]	.....
South Carolina	16.7085
South Dakota	15.5851
Tennessee	15.4168
Texas	15.2542
Utah	18.2372
Vermont	19.5500
Virginia	16.2563
Washington	21.7931
West Virginia	16.3543
Wisconsin	17.6308
Wyoming	18.0559

[1] All counties within the State are classified as urban.

TABLE 4F.—PUERTO RICO WAGE INDEX AND CAPITAL GEOGAPHIC ADJUSTMENT FACTOR (GAF)

Area	Wage index	GAF	Wage index—Reclass. hospitals	GAF—Reclass. hospitals
Aguadilla, PR	1.0534	1.0363	.....	.....
Arecibo, PR	1.0850	1.0575	.....	.....
Caguas, PR	0.9812	0.9871	0.9812	0.9871
Mayaguez, PR	0.9624	0.9741	.....	.....
Ponce, PR	1.0462	1.0314	.....	.....
San Juan-Bayamon, PR	0.9980	0.9986	.....	.....
Rural Puerto Rico	0.9014	0.9314	.....	.....

TABLE 5.—LIST OF DIAGNOSIS RELATED GROUPS (DRGS), RELATIVE WEIGHTING FACTORS, GEOMETRIC AND ARITHMETIC MEAN LENGTH OF STAY

				Relative weights	Geometric mean LOS	Arithmetic mean LOS
1	01	SURG	CRANIOTOMY AGE >17 EXCEPT FOR TRAUMA	3.0645	6.8	9.6
2	01	SURG	CRANIOTOMY FOR TRAUMA AGE >17	3.1009	7.5	10.1
3	01	SURG	*CRANIOTOMY AGE 0–17	1.9573	12.7	12.7
4	01	SURG	SPINAL PROCEDURES	2.3259	5.1	7.7
5	01	SURG	EXTRACRANIAL VASCULAR PROCEDURES	1.4845	2.7	3.6
6	01	SURG	CARPAL TUNNEL RELEASE	.7763	2.1	3.0
7	01	SURG	PERIPH & CRANIAL NERVE & OTHER NERV SYST PROC W CC	2.3911	6.8	10.1
8	01	SURG	PERIPH & CRANIAL NERVE & OTHER NERV SYST PROC W/O CC	1.2891	2.2	3.2
9	01	MED	SPINAL DISORDERS & INJURIES	1.2867	4.8	6.6
10	01	MED	NERVOUS SYSTEM NEOPLASMS W CC	1.2113	5.1	7.0
11	01	MED	NERVOUS SYSTEM NEOPLASMS W/O CC	.8233	3.1	4.2
12	01	MED	DEGENERATIVE NERVOUS SYSTEM DISORDERS	.9034	4.8	6.7
13	01	MED	MULTIPLE SCLEROSIS & CEREBELLAR ATAXIA	.7792	4.4	5.5
14	01	MED	SPECIFIC CEREBROVASCULAR DISORDERS EXCEPT TIA	1.1973	4.9	6.4
15	01	MED	TRANSIENT ISCHEMIC ATTACK & PRECEREBRAL OCCLUSIONS	.7327	3.1	3.9
16	01	MED	NONSPECIFIC CEREBROVASCULAR DISORDERS W CC	1.0715	4.5	5.9
17	01	MED	NONSPECIFIC CEREBROVASCULAR DISORDERS W/O CC	.6186	2.7	3.4
18	01	MED	CRANIAL & PERIPHERAL NERVE DISORDERS W CC	.9285	4.3	5.6
19	01	MED	CRANIAL & PERIPHERAL NERVE DISORDERS W/O CC	.6463	3.0	3.8
20	01	MED	NERVOUS SYSTEM INFECTION EXCEPT VIRAL MENINGITIS	2.6134	7.9	10.5
21	01	MED	VIRAL MENINGITIS	1.4785	5.1	6.8
22	01	MED	HYPERTENSIVE ENCEPHALOPATHY	.8984	3.6	4.7
23	01	MED	NONTRAUMATIC STUPOR & COMA	.7776	3.2	4.3
24	01	MED	SEIZURE & HEADACHE AGE >17 W CC	.9579	3.8	5.1
25	01	MED	SEIZURE & HEADACHE AGE >17 W/O CC	.5905	2.7	3.4
26	01	MED	SEIZURE & HEADACHE AGE 0–17	.6950	2.4	3.1
27	01	MED	TRAUMATIC STUPOR & COMA, COMA >1 HR	1.3017	3.4	5.3
28	01	MED	TRAUMATIC STUPOR & COMA, COMA <1 HR AGE >17 W CC	1.1699	4.3	6.0
29	01	MED	TRAUMATIC STUPOR & COMA, COMA <1 HR AGE >17 W/O CC	.6370	2.7	3.6
30	01	MED	*TRAUMATIC STUPOR & COMA, COMA <1 HR AGE 0–17	.3310	2.0	2.0
31	01	MED	CONCUSSION AGE >17 W CC	.8039	3.2	4.4
32	01	MED	CONCUSSION AGE >17 W/O CC	.5138	2.2	3.0
33	01	MED	*CONCUSSION AGE 0–17	.2080	1.6	1.6
34	01	MED	OTHER DISORDERS OF NERVOUS SYSTEM W CC	1.0067	4.1	5.5
35	01	MED	OTHER DISORDERS OF NERVOUS SYSTEM W/O CC	.5915	2.7	3.6
36	02	SURG	RETINAL PROCEDURES	.6873	1.3	1.5
37	02	SURG	ORBITAL PROCEDURES	.9614	2.5	3.7
38	02	SURG	PRIMARY IRIS PROCEDURES	.4876	1.9	2.6
39	02	SURG	LENS PROCEDURES WITH OR WITHOUT VITRECTOMY	.5686	1.5	2.0
40	02	SURG	EXTRAOCULAR PROCEDURES EXCEPT ORBIT AGE >17	.7937	2.1	3.2
41	02	SURG	*EXTRAOCULAR PROCEDURES EXCEPT ORBIT AGE 0–17	.3369	1.6	1.6
42	02	SURG	INTRAOCULAR PROCEDURES EXCEPT RETINA, IRIS & LENS	.6034	1.6	2.1
43	02	MED	HYPHEMA	.4370	2.7	3.4
44	02	MED	ACUTE MAJOR EYE INFECTIONS	.6100	4.2	5.1
45	02	MED	NEUROLOGICAL EYE DISORDERS	.6822	2.8	3.5
46	02	MED	OTHER DISORDERS OF THE EYE AGE >17 W CC	.7546	3.6	4.7
47	02	MED	OTHER DISORDERS OF THE EYE AGE >17 W/O CC	.4618	2.5	3.3
48	02	MED	*OTHER DISORDERS OF THE EYE AGE 0–17	.2969	2.9	2.9
49	03	SURG	MAJOR HEAD & NECK PROCEDURES	1.7597	3.7	5.0
50	03	SURG	SIALOADENECTOMY	.8288	1.6	2.0
51	03	SURG	SALIVARY GLAND PROCEDURES EXCEPT SIALOADENECTOMY	.8590	1.8	2.8
52	03	SURG	CLEFT LIP & PALATE REPAIR	.9567	2.0	2.8
53	03	SURG	SINUS & MASTOID PROCEDURES AGE >17	1.1402	2.3	3.7
54	03	SURG	*SINUS & MASTOID PROCEDURES AGE 0–17	.4812	3.2	3.2
55	03	SURG	MISCELLANEOUS EAR, NOSE, MOUTH & THROAT PROCEDURES	.8886	2.0	3.0
56	03	SURG	RHINOPLASTY	.9008	2.1	2.8
57	03	SURG	T&A PROC, EXCEPT TONSILLECTOMY &/OR ADENOIDECTOMY ONLY, AGE >17.	.9381	2.6	3.7
58	03	SURG	*T&A PROC, EXCEPT TONSILLECTOMY &/OR ADENOIDECTOMY ONLY, AGE 0–17.	.2732	1.5	1.5
59	03	SURG	TONSILLECTOMY &/OR ADENOIDECTOMY ONLY, AGE >17	.6750	1.8	2.4
60	03	SURG	*TONSILLECTOMY &/OR ADENOIDECTOMY ONLY, AGE 0–17	.2081	1.5	1.5
61	03	SURG	MYRINGOTOMY W TUBE INSERTION AGE >17	1.1456	2.6	4.5
62	03	SURG	*MYRINGOTOMY W TUBE INSERTION AGE 0–17	.2946	1.3	1.3
63	03	SURG	OTHER EAR, NOSE, MOUTH & THROAT O.R. PROCEDURES	1.3248	3.0	4.4
64	03	MED	EAR, NOSE, MOUTH & THROAT MALIGNANCY	1.2201	4.4	6.8
65	03	MED	DYSEQUILIBRIUM	.5173	2.4	3.0
66	03	MED	EPISTAXIS	.5418	2.6	3.3
67	03	MED	EPIGLOTTITIS	.8230	3.0	3.8
68	03	MED	OTITIS MEDIA & URI AGE >17 W CC	.6733	3.4	4.2

TABLE 5.—LIST OF DIAGNOSIS RELATED GROUPS (DRGS), RELATIVE WEIGHTING FACTORS, GEOMETRIC AND ARITHMETIC MEAN LENGTH OF STAY—Continued

				Relative weights	Geometric mean LOS	Arithmetic mean LOS
69	03	MED	OTITIS MEDIA & URI AGE >17 W/O CC	.5076	2.7	3.3
70	03	MED	OTITIS MEDIA & URI AGE 0–17	.3860	2.1	2.5
71	03	MED	LARYNGOTRACHEITIS	.7663	3.2	4.0
72	03	MED	NASAL TRAUMA & DEFORMITY	.6534	2.8	3.8
73	03	MED	OTHER EAR, NOSE, MOUTH & THROAT DIAGNOSES AGE >17	.7507	3.3	4.4
74	03	MED	*OTHER EAR, NOSE, MOUTH & THROAT DIAGNOSES AGE 0–17	.3347	2.1	2.1
75	04	SURG	MAJOR CHEST PROCEDURES	3.1785	8.1	10.2
76	04	SURG	OTHER RESP SYSTEM O.R. PROCEDURES W CC	2.6860	8.4	11.3
77	04	SURG	OTHER RESP SYSTEM O.R. PROCEDURES W/O CC	1.1569	3.4	4.9
78	04	MED	PULMONARY EMBOLISM	1.4068	6.3	7.4
79	04	MED	RESPIRATORY INFECTIONS & INFLAMMATIONS AGE >17 W CC	1.6331	6.7	8.4
80	04	MED	RESPIRATORY INFECTIONS & INFLAMMATIONS AGE >17 W/O CC	.9177	4.7	5.9
81	04	MED	*RESPIRATORY INFECTIONS & INFLAMMATIONS AGE 0–17	1.5160	6.1	6.1
82	04	MED	RESPIRATORY NEOPLASMS	1.3628	5.3	7.2
83	04	MED	MAJOR CHEST TRAUMA W CC	.9508	4.4	5.6
84	04	MED	MAJOR CHEST TRAUMA W/O CC	.5041	2.7	3.3
85	04	MED	PLEURAL EFFUSION W CC	1.2361	5.1	6.7
86	04	MED	PLEURAL EFFUSION W/O CC	.6843	3.0	3.9
87	04	MED	PULMONARY EDEMA & RESPIRATORY FAILURE	1.3672	4.8	6.4
88	04	MED	CHRONIC OBSTRUCTIVE PULMONARY DISEASE	.9558	4.4	5.4
89	04	MED	SIMPLE PNEUMONIA & PLEURISY AGE >17 W CC	1.0865	5.2	6.3
90	04	MED	SIMPLE PNEUMONIA & PLEURISY AGE >17 W/O CC	.6669	3.8	4.5
91	04	MED	SIMPLE PNEUMONIA & PLEURISY AGE 0–17	.7210	3.3	4.0
92	04	MED	INTERSTITIAL LUNG DISEASE W CC	1.2047	5.1	6.4
93	04	MED	INTERSTITIAL LUNG DISEASE W/O CC	.7722	3.5	4.4
94	04	MED	PNEUMOTHORAX W CC	1.1904	4.9	6.5
95	04	MED	PNEUMOTHORAX W/O CC	.6060	3.1	3.9
96	04	MED	BRONCHITIS & ASTHMA AGE >17 W CC	.7917	4.0	4.9
97	04	MED	BRONCHITIS & ASTHMA AGE >17 W/O CC	.5942	3.2	3.8
98	04	MED	BRONCHITIS & ASTHMA AGE 0–17	.6921	3.6	4.9
99	04	MED	RESPIRATORY SIGNS & SYMPTOMS W CC	.6739	2.3	3.0
100 ...	04	MED	RESPIRATORY SIGNS & SYMPTOMS W/O CC	.5155	1.7	2.1
101 ...	04	MED	OTHER RESPIRATORY SYSTEM DIAGNOSES W CC	.8304	3.3	4.4
102 ...	04	MED	OTHER RESPIRATORY SYSTEM DIAGNOSES W/O CC	.5402	2.2	2.8
103 ...	05	SURG	HEART TRANSPLANT	16.8723	30.4	48.1
104 ...	05	SURG	CARDIAC VALVE & OTH MAJ CARDIOTHORACIC PROC W CARD CATH.	7.2756	9.9	12.5
105 ...	05	SURG	CARDIAC VALVE & OTH MAJ CARDIOTHORACIC PROC W/O CARD CATH.	5.7011	7.9	9.7
106 ...	05	SURG	CORONARY BYPASS WITH PTCA	7.3400	9.2	10.9
107 ...	05	SURG	CORONARY BYPASS W CARDIAC CATH	5.4891	9.5	10.7
108 ...	05	SURG	OTHER CARDIOTHORACIC PROCEDURES	5.9512	8.6	11.3
109 ...	05	SURG	CORONARY BYPASS W/O CARDIAC CATH	4.0670	7.0	8.0
110 ...	05	SURG	MAJOR CARDIOVASCULAR PROCEDURES W CC	4.1419	7.4	9.7
111 ...	05	SURG	MAJOR CARDIOVASCULAR PROCEDURES W/O CC	2.2188	5.1	5.9
112 ...	05	SURG	PERCUTANEOUS CARDIOVASCULAR PROCEDURES	1.9862	2.8	3.9
113 ...	05	SURG	AMPUTATION FOR CIRC SYSTEM DISORDERS EXCEPT UPPER LIMB & TOE.	2.7407	9.8	13.0
114 ...	05	SURG	UPPER LIMB & TOE AMPUTATION FOR CIRC SYSTEM DISORDERS	1.5023	6.0	8.4
115 ...	05	SURG	PERM PACE IMPLNT W AMI, HRT FAIL OR SHOCK OR AICD LEAD OR GEN PROC.	3.5531	6.4	8.8
116 ...	05	SURG	OTH PERM CARDIAC PACEMAKER IMPLANT OR PTCA W CORONARY ART STENT.	2.4811	3.0	4.2
117 ...	05	SURG	CARDIAC PACEMAKER REVISION EXCEPT DEVICE REPLACEMENT	1.2368	2.7	4.0
118 ...	05	SURG	CARDIAC PACEMAKER DEVICE REPLACEMENT	1.5711	2.0	2.9
119 ...	05	SURG	VEIN LIGATION & STRIPPING	1.2960	3.2	5.4
120 ...	05	SURG	OTHER CIRCULATORY SYSTEM O.R. PROCEDURES	1.9568	4.9	8.2
121 ...	05	MED	CIRCULATORY DISORDERS W AMI & MAJOR COMP DISCH ALIVE	1.6354	5.7	7.0
122 ...	05	MED	CIRCULATORY DISORDERS W AMI W/O MAJOR COMP DISCH ALIVE	1.1299	3.6	4.4
123 ...	05	MED	CIRCULATORY DISORDERS W AMI, EXPIRED	1.4874	2.7	4.4
124 ...	05	MED	CIRCULATORY DISORDERS EXCEPT AMI, W CARD CATH & COMPLEX DIAG.	1.3790	3.5	4.5
125 ...	05	MED	CIRCULATORY DISORDERS EXCEPT AMI, W CARD CATH W/O COMPLEX DIAG.	1.0130	2.2	2.9
126 ...	05	MED	ACUTE & SUBACUTE ENDOCARDITIS	2.5820	9.7	12.7
127 ...	05	MED	HEART FAILURE & SHOCK	1.0143	4.3	5.5
128 ...	05	MED	DEEP VEIN THROMBOPHLEBITIS	.7671	5.3	6.0
129 ...	05	MED	CARDIAC ARREST, UNEXPLAINED	1.0878	1.8	3.0
130 ...	05	MED	PERIPHERAL VASCULAR DISORDERS W CC	.9435	4.9	6.0
131 ...	05	MED	PERIPHERAL VASCULAR DISORDERS W/O CC	.6077	3.9	4.7

TABLE 5.—LIST OF DIAGNOSIS RELATED GROUPS (DRGS), RELATIVE WEIGHTING FACTORS, GEOMETRIC AND ARITHMETIC MEAN LENGTH OF STAY—Continued

				Relative weights	Geometric mean LOS	Arithmetic mean LOS
132 ...	05	MED	ATHEROSCLEROSIS W CC	.6711	2.5	3.2
133 ...	05	MED	ATHEROSCLEROSIS W/O CC	.5562	2.0	2.5
134 ...	05	MED	HYPERTENSION	.5838	2.7	3.5
135 ...	05	MED	CARDIAC CONGENITAL & VALVULAR DISORDERS AGE >17 W CC	.8519	3.3	4.4
136 ...	05	MED	CARDIAC CONGENITAL & VALVULAR DISORDERS AGE >17 W/O CC	.5766	2.4	3.0
137 ...	05	MED	*CARDIAC CONGENITAL & VALVULAR DISORDERS AGE 0–17	.8168	3.3	3.3
138 ...	05	MED	CARDIAC ARRHYTHMIA & CONDUCTION DISORDERS W CC	.8012	3.1	4.1
139 ...	05	MED	CARDIAC ARRHYTHMIA & CONDUCTION DISORDERS W/O CC	.4981	2.1	2.6
140 ...	05	MED	ANGINA PECTORIS	.5973	2.4	3.0
141 ...	05	MED	SYNCOPE & COLLAPSE W CC	.7029	3.0	3.9
142 ...	05	MED	SYNCOPE & COLLAPSE W/O CC	.5316	2.2	2.8
143 ...	05	MED	CHEST PAIN	.5265	1.8	2.3
144 ...	05	MED	OTHER CIRCULATORY SYSTEM DIAGNOSES W CC	1.1123	3.8	5.3
145 ...	05	MED	OTHER CIRCULATORY SYSTEM DIAGNOSES W/O CC	.6305	2.2	2.9
146 ...	06	SURG	RECTAL RESECTION W CC	2.7210	9.0	10.3
147 ...	06	SURG	RECTAL RESECTION W/O CC	1.5887	6.1	6.7
148 ...	06	SURG	MAJOR SMALL & LARGE BOWEL PROCEDURES W CC	3.4239	10.3	12.3
149 ...	06	SURG	MAJOR SMALL & LARGE BOWEL PROCEDURES W/O CC	1.5698	6.3	6.9
150 ...	06	SURG	PERITONEAL ADHESIOLYSIS W CC	2.7465	8.9	10.9
151 ...	06	SURG	PERITONEAL ADHESIOLYSIS W/O CC	1.2832	4.8	5.9
152 ...	06	SURG	MINOR SMALL & LARGE BOWEL PROCEDURES W CC	1.9427	7.0	8.3
153 ...	06	SURG	MINOR SMALL & LARGE BOWEL PROCEDURES W/O CC	1.1905	5.1	5.6
154 ...	06	SURG	STOMACH, ESOPHAGEAL & DUODENAL PROCEDURES AGE >17 W CC.	4.1849	10.3	13.4
155 ...	06	SURG	STOMACH, ESOPHAGEAL & DUODENAL PROCEDURES AGE >17 W/O CC.	1.3570	3.6	4.7
156 ...	06	SURG	*STOMACH, ESOPHAGEAL & DUODENAL PROCEDURES AGE 0–17	.8412	6.0	6.0
157 ...	06	SURG	ANAL & STOMAL PROCEDURES W CC	1.2071	3.9	5.4
158 ...	06	SURG	ANAL & STOMAL PROCEDURES W/O CC	.6434	2.1	2.6
159 ...	06	SURG	HERNIA PROCEDURES EXCEPT INGUINAL & FEMORAL AGE >17 W CC.	1.2873	3.7	5.0
160 ...	06	SURG	HERNIA PROCEDURES EXCEPT INGUINAL & FEMORAL AGE >17 W/O CC.	.7413	2.2	2.7
161 ...	06	SURG	INGUINAL & FEMORAL HERNIA PROCEDURES AGE >17 W CC	1.0742	2.9	4.1
162 ...	06	SURG	INGUINAL & FEMORAL HERNIA PROCEDURES AGE >17 W/O CC	.6129	1.7	2.0
163 ...	06	SURG	*HERNIA PROCEDURES AGE 0–17	.8700	2.1	2.1
164 ...	06	SURG	APPENDECTOMY W COMPLICATED PRINCIPAL DIAG W CC	2.3206	7.3	8.5
165 ...	06	SURG	APPENDECTOMY W COMPLICATED PRINCIPAL DIAG W/O CC	1.2301	4.3	5.0
166 ...	06	SURG	APPENDECTOMY W/O COMPLICATED PRINCIPAL DIAG W CC	1.4518	4.0	5.1
167 ...	06	SURG	APPENDECTOMY W/O COMPLICATED PRINCIPAL DIAG W/O CC	.8548	2.4	2.8
168 ...	03	SURG	MOUTH PROCEDURES W CC	1.1593	3.1	4.6
169 ...	03	SURG	MOUTH PROCEDURES W/O CC	.7155	1.9	2.5
170 ...	06	SURG	OTHER DIGESTIVE SYSTEM O.R. PROCEDURES W CC	2.8008	7.9	11.3
171 ...	06	SURG	OTHER DIGESTIVE SYSTEM O.R. PROCEDURES W/O CC	1.1668	3.6	4.8
172 ...	06	MED	DIGESTIVE MALIGNANCY W CC	1.3152	5.2	7.1
173 ...	06	MED	DIGESTIVE MALIGNANCY W/O CC	.7316	2.8	4.0
174 ...	06	MED	G.I. HEMORRHAGE W CC	.9945	4.0	4.9
175 ...	06	MED	G.I. HEMORRHAGE W/O CC	.5305	2.5	3.0
176 ...	06	MED	COMPLICATED PEPTIC ULCER	1.1068	4.3	5.5
177 ...	06	MED	UNCOMPLICATED PEPTIC ULCER W CC	.8646	3.7	4.6
178 ...	06	MED	UNCOMPLICATED PEPTIC ULCER W/O CC	.6344	2.7	3.2
179 ...	06	MED	INFLAMMATORY BOWEL DISEASE	1.1084	5.0	6.4
180 ...	06	MED	G.I. OBSTRUCTION W CC	.9184	4.2	5.4
181 ...	06	MED	G.I. OBSTRUCTION W/O CC	.5254	2.9	3.5
182 ...	06	MED	ESOPHAGITIS, GASTROENT & MISC DIGEST DISORDERS AGE >17 W CC.	.7709	3.4	4.4
183 ...	06	MED	ESOPHAGITIS, GASTROENT & MISC DIGEST DISORDERS AGE >17 W/O CC.	.5594	2.4	3.0
184 ...	06	MED	ESOPHAGITIS, GASTROENT & MISC DIGEST DISORDERS AGE 0–17	.5224	2.5	3.2
185 ...	03	MED	DENTAL & ORAL DIS EXCEPT EXTRACTIONS & RESTORATIONS, AGE >17.	.8303	3.3	4.5
186 ...	03	MED	*DENTAL & ORAL DIS EXCEPT EXTRACTIONS & RESTORATIONS, AGE 0–17.	.3207	2.9	2.9
187 ...	03	MED	DENTAL EXTRACTIONS & RESTORATIONS	.7415	3.0	4.0
188 ...	06	MED	OTHER DIGESTIVE SYSTEM DIAGNOSES AGE >17 W CC	1.0758	4.1	5.6
189 ...	06	MED	OTHER DIGESTIVE SYSTEM DIAGNOSES AGE >17 W/O CC	.5600	2.4	3.2
190 ...	06	MED	OTHER DIGESTIVE SYSTEM DIAGNOSES AGE 0–17	.7636	3.8	5.3
191 ...	07	SURG	PANCREAS, LIVER & SHUNT PROCEDURES W CC	4.4088	10.8	14.6
192 ...	07	SURG	PANCREAS, LIVER & SHUNT PROCEDURES W/O CC	1.7111	5.4	6.7

TABLE 5.—LIST OF DIAGNOSIS RELATED GROUPS (DRGS), RELATIVE WEIGHTING FACTORS, GEOMETRIC AND ARITHMETIC MEAN LENGTH OF STAY—Continued

				Relative weights	Geometric mean LOS	Arithmetic mean LOS
193 ...	07	SURG	BILIARY TRACT PROC EXCEPT ONLY CHOLECYST W OR W/O C.D.E. W CC.	3.3324	10.4	12.5
194 ...	07	SURG	BILIARY TRACT PROC EXCEPT ONLY CHOLECYST W OR W/O C.D.E. W/O CC.	1.6689	5.8	6.9
195 ...	07	SURG	CHOLECYSTECTOMY W C.D.E. W CC	2.7947	8.3	9.8
196 ...	07	SURG	CHOLECYSTECTOMY W C.D.E. W/O CC	1.6378	4.9	5.7
197 ...	07	SURG	CHOLECYSTECTOMY EXCEPT BY LAPAROSCOPE W/O C.D.E. W CC	2.3864	7.1	8.6
198 ...	07	SURG	CHOLECYSTECTOMY EXCEPT BY LAPAROSCOPE W/O C.D.E. W/O CC.	1.2024	4.0	4.6
199 ...	07	SURG	HEPATOBILIARY DIAGNOSTIC PROCEDURE FOR MALIGNANCY	2.3873	7.7	10.2
200 ...	07	SURG	HEPATOBILIARY DIAGNOSTIC PROCEDURE FOR NON-MALIGNANCY.	3.2791	7.4	11.5
201 ...	07	SURG	OTHER HEPATOBILIARY OR PANCREAS O.R. PROCEDURES	3.5903	10.4	14.4
202 ...	07	MED	CIRRHOSIS & ALCOHOLIC HEPATITIS	1.3123	5.1	6.8
203 ...	07	MED	MALIGNANCY OF HEPATOBILIARY SYSTEM OR PANCREAS	1.2979	5.1	6.9
204 ...	07	MED	DISORDERS OF PANCREAS EXCEPT MALIGNANCY	1.2114	4.7	6.1
205 ...	07	MED	DISORDERS OF LIVER EXCEPT MALIG, CIRR, ALC HEPA W CC	1.2109	4.9	6.6
206 ...	07	MED	DISORDERS OF LIVER EXCEPT MALIG, CIRR, ALC HEPA W/O CC	.6932	3.1	4.1
207 ...	07	MED	DISORDERS OF THE BILIARY TRACT W CC	1.0711	4.0	5.2
208 ...	07	MED	DISORDERS OF THE BILIARY TRACT W/O CC	.6178	2.3	2.9
209 ...	08	SURG	MAJOR JOINT & LIMB REATTACHMENT PROCEDURES OF LOWER EXTREMITY.	2.1818	4.9	5.5
210 ...	08	SURG	HIP & FEMUR PROCEDURES EXCEPT MAJOR JOINT AGE >17 W CC	1.8153	6.1	7.1
211 ...	08	SURG	HIP & FEMUR PROCEDURES EXCEPT MAJOR JOINT AGE >17 W/O CC.	1.2530	4.7	5.2
212 ...	08	SURG	HIP & FEMUR PROCEDURES EXCEPT MAJOR JOINT AGE 0–17	.8679	3.2	3.8
213 ...	08	SURG	AMPUTATION FOR MUSCULOSKELETAL SYSTEM & CONN TISSUE DISORDERS.	1.6323	6.2	8.4
214 ...	08	SURG	NO LONGER VALID	.0000	.0	.0
215 ...	08	SURG	NO LONGER VALID	.0000	.0	.0
216 ...	08	SURG	BIOPSIES OF MUSCULOSKELETAL SYSTEM & CONNECTIVE TISSUE.	2.1241	7.0	9.8
217 ...	08	SURG	WND DEBRID & SKN GRFT EXCEPT HAND,FOR MUSCSKELET & CONN TISS DIS.	2.7825	8.7	13.0
218 ...	08	SURG	LOWER EXTREM & HUMER PROC EXCEPT HIP, FOOT, FEMUR AGE >17 W CC.	1.4630	4.2	5.3
219 ...	08	SURG	LOWER EXTREM & HUMER PROC EXCEPT HIP, FOOT, FEMUR AGE >17 W/O CC.	.9926	2.8	3.3
220 ...	08	SURG	*LOWER EXTREM & HUMER PROC EXCEPT HIP, FOOT, FEMUR AGE 0–17.	.5827	5.3	5.3
221 ...	08	SURG	NO LONGER VALID	.0000	.0	.0
222 ...	08	SURG	NO LONGER VALID	.0000	.0	.0
223 ...	08	SURG	MAJOR SHOULDER/ELBOW PROC, OR OTHER UPPER EXTREMITY PROC W CC.	.9257	2.0	2.6
224 ...	08	SURG	SHOULDER, ELBOW OR FOREARM PROC, EXC MAJOR JOINT PROC, W/O CC.	.7876	1.7	2.1
225 ...	08	SURG	FOOT PROCEDURES	1.0120	3.0	4.4
226 ...	08	SURG	SOFT TISSUE PROCEDURES W CC	1.4076	4.0	5.9
227 ...	08	SURG	SOFT TISSUE PROCEDURES W/O CC	.7916	2.1	2.7
228 ...	08	SURG	MAJOR THUMB OR JOINT PROC, OR OTH HAND OR WRIST PROC W CC.	1.0048	2.3	3.4
229 ...	08	SURG	HAND OR WRIST PROC, EXCEPT MAJOR JOINT PROC, W/O CC	.7055	1.8	2.4
230 ...	08	SURG	LOCAL EXCISION & REMOVAL OF INT FIX DEVICES OF HIP & FEMUR.	1.1097	3.1	4.5
231 ...	08	SURG	LOCAL EXCISION & REMOVAL OF INT FIX DEVICES EXCEPT HIP & FEMUR.	1.2922	3.0	4.6
232 ...	08	SURG	ARTHROSCOPY	1.0895	2.3	3.8
233 ...	08	SURG	OTHER MUSCULOSKELET SYS & CONN TISS O.R. PROC W CC	2.0599	5.4	7.7
234 ...	08	SURG	OTHER MUSCULOSKELET SYS & CONN TISS O.R. PROC W/O CC	1.1712	2.8	3.6
235 ...	08	MED	FRACTURES OF FEMUR	.7526	3.9	5.4
236 ...	08	MED	FRACTURES OF HIP & PELVIS	.7260	4.1	5.3
237 ...	08	MED	SPRAINS, STRAINS, & DISLOCATIONS OF HIP, PELVIS & THIGH	.5367	2.9	3.6
238 ...	08	MED	OSTEOMYELITIS	1.3382	6.7	8.9
239 ...	08	MED	PATHOLOGICAL FRACTURES & MUSCULOSKELETAL & CONN TISS MALIGNANCY.	.9661	5.0	6.4
240 ...	08	MED	CONNECTIVE TISSUE DISORDERS W CC	1.2253	5.0	6.7
241 ...	08	MED	CONNECTIVE TISSUE DISORDERS W/O CC	.5875	3.1	4.0
242 ...	08	MED	SEPTIC ARTHRITIS	1.0391	5.2	6.8
243 ...	08	MED	MEDICAL BACK PROBLEMS	.7159	3.8	4.9
244 ...	08	MED	BONE DISEASES & SPECIFIC ARTHROPATHIES W CC	.7056	3.9	5.0

TABLE 5.—LIST OF DIAGNOSIS RELATED GROUPS (DRGS), RELATIVE WEIGHTING FACTORS, GEOMETRIC AND ARITHMETIC MEAN LENGTH OF STAY—Continued

				Relative weights	Geometric mean LOS	Arithmetic mean LOS
245 ...	08	MED	BONE DISEASES & SPECIFIC ARTHROPATHIES W/O CC	.4961	2.9	3.8
246 ...	08	MED	NON-SPECIFIC ARTHROPATHIES	.5662	3.1	3.9
247 ...	08	MED	SIGNS & SYMPTOMS OF MUSCULOSKELETAL SYSTEM & CONN TISSUE.	.5542	2.6	3.5
248 ...	08	MED	TENDONITIS, MYOSITIS & BURSITIS	.7487	3.6	4.7
249 ...	08	MED	AFTERCARE, MUSCULOSKELETAL SYSTEM & CONNECTIVE TISSUE	.6514	2.6	3.6
250 ...	08	MED	FX, SPRN, STRN & DISL OF FOREARM, HAND, FOOT AGE >17 W CC	.6776	3.2	4.2
251 ...	08	MED	FX, SPRN, STRN & DISL OF FOREARM, HAND, FOOT AGE >17 W/O CC.	.4622	2.3	3.0
252 ...	08	MED	*FX, SPRN, STRN & DISL OF FOREARM, HAND, FOOT AGE 0–17	.2532	1.8	1.8
253 ...	08	MED	FX, SPRN, STRN & DISL OF UPARM, LOWLEG EX FOOT AGE >17 W CC.	.7188	3.7	4.9
254 ...	08	MED	FX, SPRN, STRN & DISL OF UPARM, LOWLEG EX FOOT AGE >17 W/O CC.	.4315	2.7	3.4
255 ...	08	MED	*FX, SPRN, STRN & DISL OF UPARM, LOWLEG EX FOOT AGE 0–17	.2947	2.9	2.9
256 ...	08	MED	OTHER MUSCULOSKELETAL SYSTEM & CONNECTIVE TISSUE DIAGNOSES.	.7564	3.8	5.1
257 ...	09	SURG	TOTAL MASTECTOMY FOR MALIGNANCY W CC	.9219	2.4	3.0
258 ...	09	SURG	TOTAL MASTECTOMY FOR MALIGNANCY W/O CC	.7237	1.9	2.1
259 ...	09	SURG	SUBTOTAL MASTECTOMY FOR MALIGNANCY W CC	.8840	2.0	3.1
260 ...	09	SURG	SUBTOTAL MASTECTOMY FOR MALIGNANCY W/O CC	.6238	1.4	1.5
261 ...	09	SURG	BREAST PROC FOR NON-MALIGNANCY EXCEPT BIOPSY & LOCAL EXCISION.	.9138	1.7	2.2
262 ...	09	SURG	BREAST BIOPSY & LOCAL EXCISION FOR NON-MALIGNANCY	.8738	2.9	4.2
263 ...	09	SURG	SKIN GRAFT &/OR DEBRID FOR SKN ULCER OR CELLULITIS W CC	2.0055	8.8	11.9
264 ...	09	SURG	SKIN GRAFT &/OR DEBRID FOR SKN ULCER OR CELLULITIS W/O CC.	1.1061	5.4	7.2
265 ...	09	SURG	SKIN GRAFT &/OR DEBRID EXCEPT FOR SKIN ULCER OR CELLULITIS W CC.	1.4806	4.2	6.5
266 ...	09	SURG	SKIN GRAFT &/OR DEBRID EXCEPT FOR SKIN ULCER OR CELLULITIS W/O CC.	.8252	2.5	3.4
267 ...	09	SURG	PERIANAL & PILONIDAL PROCEDURES	.9378	3.0	4.6
268 ...	09	SURG	SKIN, SUBCUTANEOUS TISSUE & BREAST PLASTIC PROCEDURES	1.0673	2.3	3.6
269 ...	09	SURG	OTHER SKIN, SUBCUT TISS & BREAST PROC W CC	1.5778	5.6	7.9
270 ...	09	SURG	OTHER SKIN, SUBCUT TISS & BREAST PROC W/O CC	.7218	2.2	3.2
271 ...	09	MED	SKIN ULCERS	1.0023	5.7	7.2
272 ...	09	MED	MAJOR SKIN DISORDERS W CC	1.0465	4.9	6.4
273 ...	09	MED	MAJOR SKIN DISORDERS W/O CC	.6251	3.6	4.8
274 ...	09	MED	MALIGNANT BREAST DISORDERS W CC	1.1170	4.8	6.8
275 ...	09	MED	MALIGNANT BREAST DISORDERS W/O CC	.5288	2.6	3.6
276 ...	09	MED	NON-MALIGANT BREAST DISORDERS	.6416	3.6	4.5
277 ...	09	MED	CELLULITIS AGE >17 W CC	.8345	4.8	5.9
278 ...	09	MED	CELLULITIS AGE >17 W/O CC	.5561	3.8	4.5
279 ...	09	MED	CELLULITIS AGE 0–17	.6697	4.3	5.0
280 ...	09	MED	TRAUMA TO THE SKIN, SUBCUT TISS & BREAST AGE >17 W CC	.6624	3.3	4.3
281 ...	09	MED	TRAUMA TO THE SKIN, SUBCUT TISS & BREAST AGE >17 W/O CC	.4540	2.5	3.2
282 ...	09	MED	*TRAUMA TO THE SKIN, SUBCUT TISS & BREAST AGE 0–17	.2563	2.2	2.2
283 ...	09	MED	MINOR SKIN DISORDERS W CC	.6961	3.6	4.8
284 ...	09	MED	MINOR SKIN DISORDERS W/O CC	.4419	2.6	3.3
285 ...	10	SURG	AMPUTAT OF LOWER LIMB FOR ENDOCRINE, NUTRIT, & METABOL DISORDERS.	2.0445	8.1	11.0
286 ...	10	SURG	ADRENAL & PITUITARY PROCEDURES	2.2173	5.5	7.0
287 ...	10	SURG	SKIN GRAFTS & WOUND DEBRID FOR ENDOC, NUTRIT & METAB DISORDERS.	1.8652	8.0	11.3
288 ...	10	SURG	O.R. PROCEDURES FOR OBESITY	2.0156	4.7	5.9
289 ...	10	SURG	PARATHYROID PROCEDURES	1.0132	2.2	3.2
290 ...	10	SURG	THYROID PROCEDURES	.9181	1.9	2.5
291 ...	10	SURG	THYROGLOSSAL PROCEDURES	.5752	1.5	1.8
292 ...	10	SURG	OTHER ENDOCRINE, NUTRIT & METAB O.R. PROC W CC	2.5779	7.5	10.7
293 ...	10	SURG	OTHER ENDOCRINE, NUTRIT & METAB O.R. PROC W/O CC	1.2954	3.9	5.5
294 ...	10	MED	DIABETES AGE >35	.7500	3.8	4.9
295 ...	10	MED	DIABETES AGE 0–35	.7234	3.0	4.0
296 ...	10	MED	NUTRITIONAL & MISC METABOLIC DISORDERS AGE >17 W CC	.8511	4.1	5.4
297 ...	10	MED	NUTRITIONAL & MISC METABOLIC DISORDERS AGE >17 W/O CC	.5206	2.9	3.7
298 ...	10	MED	NUTRITIONAL & MISC METABOLIC DISORDERS AGE 0–17	.5479	2.4	3.7
299 ...	10	MED	INBORN ERRORS OF METABOLISM	.8774	3.9	5.4
300 ...	10	MED	ENDOCRINE DISORDERS W CC	1.0807	4.8	6.3
301 ...	10	MED	ENDOCRINE DISORDERS W/O CC	.6023	2.9	3.8
302 ...	11	SURG	KIDNEY TRANSPLANT	3.6251	8.6	10.1

TABLE 5.—LIST OF DIAGNOSIS RELATED GROUPS (DRGS), RELATIVE WEIGHTING FACTORS, GEOMETRIC AND ARITHMETIC MEAN LENGTH OF STAY—Continued

				Relative weights	Geometric mean LOS	Arithmetic mean LOS
303 ...	11	SURG	KIDNEY, URETER & MAJOR BLADDER PROCEDURES FOR NEOPLASM.	2.6598	7.5	9.2
304 ...	11	SURG	KIDNEY, URETER & MAJOR BLADDER PROC FOR NON-NEOPL W CC.	2.3331	6.5	9.0
305 ...	11	SURG	KIDNEY, URETER & MAJOR BLADDER PROC FOR NON-NEOPL W/O CC.	1.1358	3.2	3.9
306 ...	11	SURG	PROSTATECTOMY W CC	1.2407	3.8	5.5
307 ...	11	SURG	PROSTATECTOMY W/O CC	.6423	2.0	2.4
308 ...	11	SURG	MINOR BLADDER PROCEDURES W CC	1.5218	4.1	6.0
309 ...	11	SURG	MINOR BLADDER PROCEDURES W/O CC	.9101	2.1	2.6
310 ...	11	SURG	TRANSURETHRAL PROCEDURES W CC	1.0630	3.0	4.3
311 ...	11	SURG	TRANSURETHRAL PROCEDURES W/O CC	.6087	1.6	2.0
312 ...	11	SURG	URETHRAL PROCEDURES, AGE >17 W CC	.9880	2.9	4.3
313 ...	11	SURG	URETHRAL PROCEDURES, AGE >17 W/O CC	.6269	1.8	2.4
314 ...	11	SURG	*URETHRAL PROCEDURES, AGE 0–17	.4939	2.3	2.3
315 ...	11	SURG	OTHER KIDNEY & URINARY TRACT O.R. PROCEDURES	2.0691	4.6	8.0
316 ...	11	MED	RENAL FAILURE	1.3318	5.0	6.9
317 ...	11	MED	ADMIT FOR RENAL DIALYSIS	.6194	2.0	2.9
318 ...	11	MED	KIDNEY & URINARY TRACT NEOPLASMS W CC	1.0973	4.4	6.1
319 ...	11	MED	KIDNEY & URINARY TRACT NEOPLASMS W/O CC	.6170	2.2	3.0
320 ...	11	MED	KIDNEY & URINARY TRACT INFECTIONS AGE >17 W CC	.8675	4.5	5.6
321 ...	11	MED	KIDNEY & URINARY TRACT INFECTIONS AGE >17 W/O CC	.5826	3.4	4.0
322 ...	11	MED	KIDNEY & URINARY TRACT INFECTIONS AGE 0–17	.5394	3.3	4.1
323 ...	11	MED	URINARY STONES W CC, &/OR ESW LITHOTRIPSY	.7679	2.4	3.2
324 ...	11	MED	URINARY STONES W/O CC	.4360	1.6	1.9
325 ...	11	MED	KIDNEY & URINARY TRACT SIGNS & SYMPTOMS AGE >17 W CC	.6246	3.0	4.0
326 ...	11	MED	KIDNEY & URINARY TRACT SIGNS & SYMPTOMS AGE >17 W/O CC	.4152	2.1	2.7
327 ...	11	MED	*KIDNEY & URINARY TRACT SIGNS & SYMPTOMS AGE 0–17	.3532	3.1	3.1
328 ...	11	MED	URETHRAL STRICTURE AGE >17 W CC	.7189	2.8	3.7
329 ...	11	MED	URETHRAL STRICTURE AGE >17 W/O CC	.4911	1.7	2.3
330 ...	11	MED	*URETHRAL STRICTURE AGE 0–17	.3182	1.6	1.6
331 ...	11	MED	OTHER KIDNEY & URINARY TRACT DIAGNOSES AGE >17 W CC	.9946	4.2	5.6
332 ...	11	MED	OTHER KIDNEY & URINARY TRACT DIAGNOSES AGE >17 W/O CC	.6236	2.7	3.6
333 ...	11	MED	OTHER KIDNEY & URINARY TRACT DIAGNOSES AGE 0–17	.7891	3.5	5.0
334 ...	12	SURG	MAJOR MALE PELVIC PROCEDURES W CC	1.5998	4.4	5.0
335 ...	12	SURG	MAJOR MALE PELVIC PROCEDURES W/O CC	1.2055	3.4	3.7
336 ...	12	SURG	TRANSURETHRAL PROSTATECTOMY W CC	.8873	2.8	3.6
337 ...	12	SURG	TRANSURETHRAL PROSTATECTOMY W/O CC	.6186	2.0	2.3
338 ...	12	SURG	TESTES PROCEDURES, FOR MALIGNANCY	1.0888	3.2	4.8
339 ...	12	SURG	TESTES PROCEDURES, NON-MALIGNANCY AGE >17	.9811	2.9	4.2
340 ...	12	SURG	*TESTES PROCEDURES, NON-MALIGNANCY AGE 0–17	.2828	2.4	2.4
341 ...	12	SURG	PENIS PROCEDURES	1.1213	2.1	3.0
342 ...	12	SURG	CIRCUMCISION AGE >17	.8601	2.6	3.5
343 ...	12	SURG	*CIRCUMCISION AGE 0–17	.1536	1.7	1.7
344 ...	12	SURG	OTHER MALE REPRODUCTIVE SYSTEM O.R. PROCEDURES FOR MALIGNANCY.	1.0395	1.8	2.6
345 ...	12	SURG	OTHER MALE REPRODUCTIVE SYSTEM O.R. PROC EXCEPT FOR MALIGNANCY.	.8659	2.5	3.6
346 ...	12	MED	MALIGNANCY, MALE REPRODUCTIVE SYSTEM, W CC	.9541	4.3	5.8
347 ...	12	MED	MALIGNANCY, MALE REPRODUCTIVE SYSTEM, W/O CC	.5764	2.3	3.1
348 ...	12	MED	BENIGN PROSTATIC HYPERTROPHY W CC	.6894	3.2	4.3
349 ...	12	MED	BENIGN PROSTATIC HYPERTROPHY W/O CC	.4142	2.1	2.8
350 ...	12	MED	INFLAMMATION OF THE MALE REPRODUCTIVE SYSTEM	.6931	3.6	4.4
351 ...	12	MED	*STERILIZATION, MALE	.2358	1.3	1.3
352 ...	12	MED	OTHER MALE REPRODUCTIVE SYSTEM DIAGNOSES	.6279	2.7	3.6
353 ...	13	SURG	PELVIC EVISCERATION, RADICAL HYSTERECTOMY & RADICAL VULVECTOMY.	1.9243	5.6	6.9
354 ...	13	SURG	UTERINE, ADNEXA PROC FOR NON-OVARIAN/ADNEXAL MALIG W CC.	1.4969	4.8	5.8
355 ...	13	SURG	UTERINE, ADNEXA PROC FOR NON-OVARIAN/ADNEXAL MALIG W/O CC.	.9332	3.2	3.5
356 ...	13	SURG	FEMALE REPRODUCTIVE SYSTEM RECONSTRUCTIVE PROCEDURES.	.7878	2.3	2.6
357 ...	13	SURG	UTERINE & ADNEXA PROC FOR OVARIAN OR ADNEXAL MALIGNANCY.	2.4468	7.3	9.0
358 ...	13	SURG	UTERINE & ADNEXA PROC FOR NON-MALIGNANCY W CC	1.2133	3.7	4.4
359 ...	13	SURG	UTERINE & ADNEXA PROC FOR NON-MALIGNANCY W/O CC	.8676	2.8	3.0
360 ...	13	SURG	VAGINA, CERVIX & VULVA PROCEDURES	.8910	2.6	3.2
361 ...	13	SURG	LAPAROSCOPY & INCISIONAL TUBAL INTERRUPTION	1.2140	2.3	3.3
362 ...	13	SURG	*ENDOSCOPIC TUBAL INTERRUPTION	.3014	1.4	1.4

TABLE 5.—LIST OF DIAGNOSIS RELATED GROUPS (DRGS), RELATIVE WEIGHTING FACTORS, GEOMETRIC AND ARITHMETIC MEAN LENGTH OF STAY—Continued

				Relative weights	Geometric mean LOS	Arithmetic mean LOS
363 ...	13	SURG	D&C, CONIZATION & RADIO-IMPLANT, FOR MALIGNANCY	.7481	2.5	3.3
364 ...	13	SURG	D&C, CONIZATION EXCEPT FOR MALIGNANCY	.7290	2.6	3.6
365 ...	13	SURG	OTHER FEMALE REPRODUCTIVE SYSTEM O.R. PROCEDURES	1.7398	4.6	6.9
366 ...	13	MED	MALIGNANCY, FEMALE REPRODUCTIVE SYSTEM W CC	1.1946	4.8	6.9
367 ...	13	MED	MALIGNANCY, FEMALE REPRODUCTIVE SYSTEM W/O CC	.5666	2.2	2.9
368 ...	13	MED	INFECTIONS, FEMALE REPRODUCTIVE SYSTEM	1.0553	5.0	6.4
369 ...	13	MED	MENSTRUAL & OTHER FEMALE REPRODUCTIVE SYSTEM DISORDERS.	.5264	2.3	3.1
370 ...	14	SURG	CESAREAN SECTION W CC	1.0533	4.3	5.5
371 ...	14	SURG	CESAREAN SECTION W/O CC	.7197	3.2	3.5
372 ...	14	MED	VAGINAL DELIVERY W COMPLICATING DIAGNOSES	.5679	2.4	3.2
373 ...	14	MED	VAGINAL DELIVERY W/O COMPLICATING DIAGNOSES	.3987	1.8	2.1
374 ...	14	SURG	VAGINAL DELIVERY W STERILIZATION &/OR D&C	.7188	2.1	3.0
375 ...	14	SURG	*VAGINAL DELIVERY W O.R. PROC EXCEPT STERIL &/OR D&C	.6840	4.4	4.4
376 ...	14	MED	POSTPARTUM & POST ABORTION DIAGNOSES W/O O.R. PROCEDURE.	.4925	2.4	2.9
377 ...	14	SURG	POSTPARTUM & POST ABORTION DIAGNOSES W O.R. PROCEDURE.	1.4598	3.4	4.5
378 ...	14	MED	ECTOPIC PREGNANCY	.8441	2.2	2.6
379 ...	14	MED	THREATENED ABORTION	.4401	2.2	3.6
380 ...	14	MED	ABORTION W/O D&C	.4235	1.7	2.0
381 ...	14	SURG	ABORTION W D&C, ASPIRATION CURETTAGE OR HYSTEROTOMY	.5583	1.6	2.1
382 ...	14	MED	FALSE LABOR	.1917	1.1	1.3
383 ...	14	MED	OTHER ANTEPARTUM DIAGNOSES W MEDICAL COMPLICATIONS	.4732	2.7	3.7
384 ...	14	MED	OTHER ANTEPARTUM DIAGNOSES W/O MEDICAL COMPLICATIONS	.3576	1.9	2.7
385 ...	15		*NEONATES, DIED OR TRANSFERRED TO ANOTHER ACUTE CARE FACILITY.	1.3728	1.8	1.8
386 ...	15		*EXTREME IMMATURITY OR RESPIRATORY DISTRESS SYNDROME, NEONATE.	4.5269	17.9	17.9
387 ...	15		*PREMATURITY W MAJOR PROBLEMS	3.0918	13.3	13.3
388 ...	15		*PREMATURITY W/O MAJOR PROBLEMS	1.8655	8.6	8.6
389 ...	15		*FULL TERM NEONATE W MAJOR PROBLEMS	1.4930	4.7	4.7
390 ...	15		NEONATE W OTHER SIGNIFICANT PROBLEMS	1.6281	4.2	6.0
391 ...	15		*NORMAL NEWBORN	.1522	3.1	3.1
392 ...	16	SURG	SPLENECTOMY AGE >17	3.2630	7.8	10.4
393 ...	16	SURG	*SPLENECTOMY AGE 0–17	1.3447	9.1	9.1
394 ...	16	SURG	OTHER O.R. PROCEDURES OF THE BLOOD AND BLOOD FORMING ORGANS.	1.6349	4.1	7.1
395 ...	16	MED	RED BLOOD CELL DISORDERS AGE >17	.8209	3.4	4.7
396 ...	16	MED	RED BLOOD CELL DISORDERS AGE 0–17	2.2655	5.5	18.5
397 ...	16	MED	COAGULATION DISORDERS	1.2544	4.0	5.5
398 ...	16	MED	RETICULOENDOTHELIAL & IMMUNITY DISORDERS W CC	1.2457	4.7	6.0
399 ...	16	MED	RETICULOENDOTHELIAL & IMMUNITY DISORDERS W/O CC	.6933	3.0	3.7
400 ...	17	SURG	LYMPHOMA & LEUKEMIA W MAJOR O.R. PROCEDURE	2.6552	6.1	9.4
401 ...	17	SURG	LYMPHOMA & NON-ACUTE LEUKEMIA W OTHER O.R. PROC W CC	2.5729	7.7	11.0
402 ...	17	SURG	LYMPHOMA & NON-ACUTE LEUKEMIA W OTHER O.R. PROC W/O CC.	1.0126	2.7	3.9
403 ...	17	MED	LYMPHOMA & NON-ACUTE LEUKEMIA W CC	1.6817	5.8	8.2
404 ...	17	MED	LYMPHOMA & NON-ACUTE LEUKEMIA W/O CC	.8288	3.2	4.5
405 ...	17		*ACUTE LEUKEMIA W/O MAJOR O.R. PROCEDURE AGE 0–17	1.9065	4.9	4.9
406 ...	17	SURG	MYELOPROLIF DISORD OR POORLY DIFF NEOPL W MAJ O.R.PROC W CC.	2.5701	6.9	9.5
407 ...	17	SURG	MYELOPROLIF DISORD OR POORLY DIFF NEOPL W MAJ O.R.PROC W/O CC.	1.1786	3.4	4.3
408 ...	17	SURG	MYELOPROLIF DISORD OR POORLY DIFF NEOPL W OTHER O.R.PROC.	1.8039	4.6	7.5
409 ...	17	MED	RADIOTHERAPY	1.0112	4.3	5.8
410 ...	17	MED	CHEMOTHERAPY W/O ACUTE LEUKEMIA AS SECONDARY DIAGNOSIS.	.8403	2.7	3.4
411 ...	17	MED	HISTORY OF MALIGNANCY W/O ENDOSCOPY	.3229	2.0	2.9
412 ...	17	MED	HISTORY OF MALIGNANCY W ENDOSCOPY	.5222	1.9	2.3
413 ...	17	MED	OTHER MYELOPROLIF DIS OR POORLY DIFF NEOPL DIAG W CC	1.3511	5.4	7.5
414 ...	17	MED	OTHER MYELOPROLIF DIS OR POORLY DIFF NEOPL DIAG W/O CC	.7210	3.1	4.2
415 ...	18	SURG	O.R. PROCEDURE FOR INFECTIOUS & PARASITIC DISEASES	3.5656	10.5	14.4
416 ...	18	MED	SEPTICEMIA AGE >17	1.4885	5.7	7.4
417 ...	18	MED	SEPTICEMIA AGE 0–17	1.3566	4.5	6.0
418 ...	18	MED	POSTOPERATIVE & POST-TRAUMATIC INFECTIONS	.9882	4.9	6.2
419 ...	18	MED	FEVER OF UNKNOWN ORIGIN AGE >17 W CC	.8779	4.0	5.0
420 ...	18	MED	FEVER OF UNKNOWN ORIGIN AGE >17 W/O CC	.6351	3.2	4.0
421 ...	18	MED	VIRAL ILLNESS AGE >17	.6757	3.1	4.0

TABLE 5.—LIST OF DIAGNOSIS RELATED GROUPS (DRGS), RELATIVE WEIGHTING FACTORS, GEOMETRIC AND ARITHMETIC MEAN LENGTH OF STAY—Continued

				Relative weights	Geometric mean LOS	Arithmetic mean LOS
422 ...	18	MED	VIRAL ILLNESS & FEVER OF UNKNOWN ORIGIN AGE 0–17	.5729	2.6	3.3
423 ...	18	MED	OTHER INFECTIOUS & PARASITIC DISEASES DIAGNOSES	1.6011	5.8	7.8
424 ...	19	SURG	O.R. PROCEDURE W PRINCIPAL DIAGNOSES OF MENTAL ILLNESS	2.3280	9.0	14.3
425 ...	19	MED	ACUTE ADJUST REACT & DISTURBANCES OF PSYCHOSOCIAL DYSFUNCTION.	.6791	3.0	4.1
426 ...	19	MED	DEPRESSIVE NEUROSES	.5537	3.5	4.9
427 ...	19	MED	NEUROSES EXCEPT DEPRESSIVE	.5609	3.4	4.8
428 ...	19	MED	DISORDERS OF PERSONALITY & IMPULSE CONTROL	.7031	4.5	7.2
429 ...	19	MED	ORGANIC DISTURBANCES & MENTAL RETARDATION	.8721	5.2	7.4
430 ...	19	MED	PSYCHOSES	.8073	6.2	8.8
431 ...	19	MED	CHILDHOOD MENTAL DISORDERS	.7541	4.6	7.3
432 ...	19	MED	OTHER MENTAL DISORDER DIAGNOSES	.7008	3.4	5.2
433 ...	20		ALCOHOL/DRUG ABUSE OR DEPENDENCE, LEFT AMA	.3024	2.3	3.2
434 ...	20		ALC/DRUG ABUSE OR DEPEND, DETOX OR OTH SYMPT TREAT W CC.	.6998	3.9	5.2
435 ...	20		ALC/DRUG ABUSE OR DEPEND, DETOX OR OTH SYMPT TREAT W/O CC.	.4143	3.5	4.4
436 ...	20		ALC/DRUG DEPENDENCE W REHABILITATION THERAPY	.8189	11.4	14.1
437 ...	20		ALC/DRUG DEPENDENCE, COMBINED REHAB & DETOX THERAPY	.7027	7.7	9.2
438 ...	.....		NO LONGER VALID	.0000	.0	.0
439 ...	21	SURG	SKIN GRAFTS FOR INJURIES	1.5601	5.0	7.7
440 ...	21	SURG	WOUND DEBRIDEMENTS FOR INJURIES	1.7978	5.7	8.9
441 ...	21	SURG	HAND PROCEDURES FOR INJURIES	1.0114	2.3	3.4
442 ...	21	SURG	OTHER O.R. PROCEDURES FOR INJURIES W CC	2.2637	5.2	8.1
443 ...	21	SURG	OTHER O.R. PROCEDURES FOR INJURIES W/O CC	.9271	2.5	3.3
444 ...	21	MED	TRAUMATIC INJURY AGE >17 W CC	.7110	3.5	4.5
445 ...	21	MED	TRAUMATIC INJURY AGE >17 W/O CC	.4790	2.6	3.4
446 ...	21	MED	*TRAUMATIC INJURY AGE 0–17	.2955	2.4	2.4
447 ...	21	MED	ALLERGIC REACTIONS AGE >17	.4935	1.9	2.5
448 ...	21	MED	*ALLERGIC REACTIONS AGE 0–17	.0972	2.9	2.9
449 ...	21	MED	POISONING & TOXIC EFFECTS OF DRUGS AGE >17 W CC	.7848	2.7	3.8
450 ...	21	MED	POISONING & TOXIC EFFECTS OF DRUGS AGE >17 W/O CC	.4333	1.6	2.1
451 ...	21	MED	*POISONING & TOXIC EFFECTS OF DRUGS AGE 0–17	.2625	2.1	2.1
452 ...	21	MED	COMPLICATIONS OF TREATMENT W CC	.9785	3.6	5.0
453 ...	21	MED	COMPLICATIONS OF TREATMENT W/O CC	.4855	2.2	2.9
454 ...	21	MED	OTHER INJURY, POISONING & TOXIC EFFECT DIAG W CC	.8478	3.2	4.7
455 ...	21	MED	OTHER INJURY, POISONING & TOXIC EFFECT DIAG W/O CC	.4694	2.0	2.7
456 ...	.....		NO LONGER VALID	.0000	.0	.0
457 ...	.....		NO LONGER VALID	.0000	.0	.0
458 ...	.....		NO LONGER VALID	.0000	.0	.0
459 ...	.....		NO LONGER VALID	.0000	.0	.0
460 ...	.....		NO LONGER VALID	.0000	.0	.0
461 ...	23	SURG	O.R. PROC W DIAGNOSES OF OTHER CONTACT W HEALTH SERVICES.	1.0644	2.4	4.4
462 ...	23	MED	REHABILITATION	1.3849	10.1	12.6
463 ...	23	MED	SIGNS & SYMPTOMS W CC	.6757	3.3	4.4
464 ...	23	MED	SIGNS & SYMPTOMS W/O CC	.5006	2.6	3.4
465 ...	23	MED	AFTERCARE W HISTORY OF MALIGNANCY AS SECONDARY DIAGNOSIS.	.5238	1.9	2.9
466 ...	23	MED	AFTERCARE W/O HISTORY OF MALIGNANCY AS SECONDARY DIAGNOSIS.	.6193	2.3	4.1
467 ...	23	MED	OTHER FACTORS INFLUENCING HEALTH STATUS	.4944	2.3	4.4
468 ...	.....		EXTENSIVE O.R. PROCEDURE UNRELATED TO PRINCIPAL DIAGNOSIS.	3.6566	9.5	13.5
469 ...	.....		**PRINCIPAL DIAGNOSIS INVALID AS DISCHARGE DIAGNOSIS	.0000	.0	.0
470 ...	.....		**UNGROUPABLE	.0000	.0	.0
471 ...	08	SURG	BILATERAL OR MULTIPLE MAJOR JOINT PROCS OF LOWER EXTREMITY.	3.3201	5.3	6.1
472 ...	.....		NO LONGER VALID	.0000	.0	.0
473 ...	17		ACUTE LEUKEMIA W/O MAJOR O.R. PROCEDURE AGE >17	3.4688	7.6	13.0
474 ...	.....		NO LONGER VALID	.0000	.0	.0
475 ...	04	MED	RESPIRATORY SYSTEM DIAGNOSIS WITH VENTILATOR SUPPORT	3.7373	8.1	11.3
476 ...	.....	SURG	PROSTATIC O.R. PROCEDURE UNRELATED TO PRINCIPAL DIAGNOSIS.	2.2226	8.9	11.9
477 ...	.....	SURG	NON-EXTENSIVE O.R. PROCEDURE UNRELATED TO PRINCIPAL DIAGNOSIS.	1.7581	5.3	8.2
478 ...	05	SURG	OTHER VASCULAR PROCEDURES W CC	2.3334	5.1	7.5
479 ...	05	SURG	OTHER VASCULAR PROCEDURES W/O CC	1.4224	3.0	3.8
480 ...	.....	SURG	LIVER TRANSPLANT	10.6455	19.4	26.8
481 ...	.....	SURG	BONE MARROW TRANSPLANT	9.7725	24.5	27.2

TABLE 5.—LIST OF DIAGNOSIS RELATED GROUPS (DRGS), RELATIVE WEIGHTING FACTORS, GEOMETRIC AND ARITHMETIC MEAN LENGTH OF STAY—Continued

				Relative weights	Geometric mean LOS	Arithmetic mean LOS
482 ...	.....	SURG	TRACHEOSTOMY FOR FACE, MOUTH & NECK DIAGNOSES	3.5950	10.0	12.8
483 ...	.....	SURG	TRACHEOSTOMY EXCEPT FOR FACE, MOUTH & NECK DIAGNOSES	16.2677	33.9	42.1
484 ...	24	SURG	CRANIOTOMY FOR MULTIPLE SIGNIFICANT TRAUMA	5.3170	9.5	14.8
485 ...	24	SURG	LIMB REATTACHMENT, HIP AND FEMUR PROC FOR MULTIPLE SIGNIFICANT TR.	3.0440	7.7	9.6
486 ...	24	SURG	OTHER O.R. PROCEDURES FOR MULTIPLE SIGNIFICANT TRAUMA	4.9559	8.4	12.4
487 ...	24	MED	OTHER MULTIPLE SIGNIFICANT TRAUMA	1.9036	5.4	7.5
488 ...	25	SURG	HIV W EXTENSIVE O.R. PROCEDURE	4.5576	11.9	17.2
489 ...	25	MED	HIV W MAJOR RELATED CONDITION	1.7700	6.2	8.9
490 ...	25	MED	HIV W OR W/O OTHER RELATED CONDITION	.9720	3.9	5.4
491 ...	08	SURG	MAJOR JOINT & LIMB REATTACHMENT PROCEDURES OF UPPER EXTREMITY.	1.6670	3.1	3.7
492 ...	17	MED	CHEMOTHERAPY W ACUTE LEUKEMIA AS SECONDARY DIAGNOSIS.	4.5197	11.4	17.2
493 ...	07	SURG	LAPAROSCOPIC CHOLECYSTECTOMY W/O C.D.E. W CC	1.7952	4.2	5.6
494 ...	07	SURG	LAPAROSCOPIC CHOLECYSTECTOMY W/O C.D.E. W/O CC	.9989	1.9	2.4
495 ...	.....	SURG	LUNG TRANSPLANT	9.0247	13.7	17.0
496 ...	08	SURG	COMBINED ANTERIOR/POSTERIOR SPINAL FUSION	5.4507	8.6	10.6
497 ...	08	SURG	SPINAL FUSION W CC	2.7585	5.0	6.3
498 ...	08	SURG	SPINAL FUSION W/O CC	1.6870	2.9	3.5
499 ...	08	SURG	BACK & NECK PROCS EXCEPT SPINAL FUSION W CC	1.4669	3.8	5.0
500 ...	08	SURG	BACK & NECK PROCS EXCEPT SPINAL FUSION W/O CC	.9709	2.4	2.9
501 ...	08	SURG	KNEE PROC W PDX OF INFECTION W CC	2.5459	8.4	10.4
502 ...	08	SURG	KNEE PROC W PDX OF INFECTION W/O CC	1.5548	5.5	6.6
503 ...	08	SURG	KNEE PROCEDURES W/O PDX OF INFECTION	1.2316	3.2	4.2
504 ...	22	SURG	EXTENSIVE 3RD DEGREE BURN W SKIN GRAFT	13.9440	23.1	31.6
505 ...	22		EXTENSIVE 3RD DEGREE BURN W/O SKIN GRAFT	1.7871	2.3	5.9
506 ...	22		FULL THICK BURN W SK GRAFT OR INHAL INJ W CC OR SIG TR	4.2300	12.2	16.8
507 ...	22		FULL THICK BURN W SK GRAFT OR INHAL INJ W/O CC OR SIG TR	1.7017	6.5	9.0
508 ...	22		FULL THICK BURN W/O SK GRAFT OR INHAL INJ W CC OR SIG TR	1.3792	5.2	7.8
509 ...	22		FULL THICK BURN W/O SK GRAFT OR INHAL INJ W/O CC OR SIG TR.	.7376	3.3	4.9
510 ...	22		NON-EXTENSIVE BURNS W CC OR SIGNIFICANT TRAUMA	1.1408	4.8	6.9
511 ...	22		NON-EXTENSIVE BURNS W/O CC OR SIGNIFICANT TRAUMA	.6001	3.5	4.8

*Medicare data have been supplemented by data from 19 states for low volume DRGs.
**DRGs 469 and 470 contain cases which could not be assigned to valid DRGs.
Note: Geometric mean is used only to determine payment for transfer cases.
Note: Arithmetic mean is used only to determine payment for outlier cases.
Note: Relative weights are based on medicare patient data and may not be appropriate for other patients.

TABLE 6A.—NEW DIAGNOSIS CODES

Diagnosis codes	Description	CC	MDC	DRG
337.3	Autonomic dysreflexia	N	1	18,19
438.53	Other paralytic syndrome, bilateral	N	1	12
482.40	Pneumonia due to Staphyloccus, unspecified	Y	4	79, 80, 81[1]
			5	121
			15	387, 389,[2] 489[3]
			25	
482.41	Pneumonia due to Staphylococcus aureus	Y	4	79, 80, 81
			5	121[1]
			15	387, 389[2]
			25	489[3]
482.49	Other Staphylococcus pneumonia	Y	4	79, 80, 81
			5	121[1]
			15	387, 389[2]
			25	489[3]
518.83	Chronic respiratory failure	Y	4	87
518.84	Acute and chronic respiratory	Y	4	87
			22	506, 507
519.00	Unspecified tracheostomy complication	Y	Pre	482
			4	101, 102
519.01	Infection of tracheostomy	Y	Pre	482
			4	101, 102
519.02	Mechanical complication of tracheostomy	Y	Pre	482
			4	101, 102
519.09	Other tracheostomy complication	Y	Pre	482
			4	101, 102

TABLE 6A.—NEW DIAGNOSIS CODES—Continued

Diagnosis codes	Description	CC	MDC	DRG
536.40	Unspecified gastrostomy complication	Y	6	188, 189, 190
536.41	Infection of gastrostomy	Y	6	188, 189, 190
536.42	Mechanical complication of gastrostomy	Y	6	188, 189, 190
536.49	Other gastrostomy complication	Y	6	188, 189, 190
564.81	Neurogenic bowel	N	6	182, 183, 184
564.89	Other functional disorders of intestine	N	6	182, 183, 184
569.62	Mechanical complication of colostomy and enterostomy	Y	6	188, 189, 190
659.70	Abnormality in fetal heart rate/rhythm, unspecified as to episode of care or not applicable.	N	14	370, 371, 372, 373, 374, 375
659.71	Abnormality in fetal heart rate/rhythm, delivered, with or without mention of antepartum condition.	N	14	370, 371, 372, 373, 374, 375
659.73	Abnormality in fetal heart rate/rhythm, antepartum condition or complication.	N	14	383, 384
763.81	Abnormality in fetal heart rate or rhythm before the onset of labor	N	15	390
763.82	Abnormality in fetal heart rate or rhythm during labor	N	15	390
763.83	√Abnormality in fetal heart rate or rhythm, unspecified as to time of onset.	N	15	390
763.89	Other specified complications of labor and delivery affecting fetus and newborn.	N	15	390
780.71	Chronic fatigue syndrome	N	23 25	463, 464 490
780.79	√Other malaise and fatigue	N	23 25	463, 464 490
786.03	Apnea	Y	4 25	99, 100 490
786.04	Cheyne-Stokes respiration	Y	4 25	99, 100 490
786.05	Shortness of breath	N	4 25	99, 100 490
786.06	Tachypnea	N	4 25	99, 100 490
786.07	Wheezing	N	4 25	99, 100 490
965.61	Poisoning by propionic acid derivatives	N	21	449, 450, 451
965.69	Poisoning by other antirheumatics	N	21	449, 450, 451
995.86	Malignant hyperthermia	Y	21	454, 455
996.55	Mechanical complications due to artificial skin graft and decellularized allodermis.	Y	21	452, 453
996.56	Mechanical complications due to peritoneal dialysis catheter	Y	21	452, 453
996.68	Infection and inflammatory reaction due to peritoneal dialysis catheter	Y	21	452, 453
V02.51	Carrier or suspected carrier of Group B streptococcus	N	23	467
V02.52	Carrier or suspected carrier of other streptococcus	N	23	467
V02.59	Carrier or suspected carrier of other specified bacterial diseases	N	23	467
V10.48	Personal history of malignant neoplasm of epididymis	N	17	411, 412
V13.61	Personal history of hypospadias	N	23	467
V13.69	Personal history other congenital malformation	N	23	467
V16.51	Family history of malignant neoplasm of kidney	N	23	467
V16.59	Family history of malignant neoplasm of other urinary organs	N	23	467
V18.61	Family history of polycystic kidney	N	23	467
V18.69	Family history of other kidney diseases	N	23	467
V23.81	Supervision of high-risk pregnancy of elderly primigravida	Y	14	469
V23.82	Supervision of high-risk pregnancy of elderly multigravida	Y	14	469
V23.83	Supervision of high-risk pregnancy of young primigravida	Y	14	469
V23.84	Supervision of high-risk pregnancy of young multigravida	Y	14	469
V23.89	Supervision of other high-risk pregnancy	Y	14	469
V26.51	Tubal ligation status	N	23	467
V26.52	Vasectomy status	N	23	467
V29.3	Observation for suspected genetic or metabolic condition	N	23	467
V43.83	Organ or tissue replaced by artificial skin	N	23	467
V44.50	Unspecified cystostomy status	N	23	467
V44.51	Cutaneous-vesicostomy status	N	23	467
V44.52	Appendico-vesicostomy status	N	23	467
V44.59	Other cystostomy status	N	23	467
V56.2	Fitting and adjustment of peritoneal dialysis catheter	N	11	317
V58.62	Encounter for aftercare for long-term (current) use of antibiotics	N	23	465, 466
V76.44	Special screening for malignant neoplasm of prostate	N	23	467
V76.45	Special screening for malignant neoplasm of testis	N	23	467

[1] Classified as a ''major complication'' in this DRG.
[2] Classified as a ''major problem'' in these DRGs.
[3] HIV major related condition in this DRG.

TABLE 6B.—NEW PROCEDURE CODES

Procedure code	Description	OR	MDC	DRG
36.31	Open chest transmyocardial revascularization	Y	5	108
36.32	Other transmyocardial revascularization	Y	5	108
36.39	Other heart revascularization	Y	5	108
37.67	Implantation of cardiomyostimulation system	Y	5	110, 111
			21	442, 443
			24	486
75.37	Amnioinfusion	N		
86.67	Dermal regenerative graft	Y	1	7, 8
			3	63
			5	120
			6	170, 171
			8	217
			9	263, 264, 265,
			10	266
			21	287
			22	439
			24	458, 472
				504, 506, 507
				486
92.30	Stereotactic radiosurgery, not otherwise specified	N[1]	1	7, 8
			10	292, 293
			17	401, 402, 408
92.31	Single source photon radiosurgery	N	1	7, 8
			10	292, 293
			17	401, 402, 408
92.32	Multi-source photon radiosurgery	N	1	7, 8
			10	292, 293
			17	401, 402, 408
92.33	Particulate radiosurgery	N	1	7, 8
			10	292, 293
			17	401, 402, 408
92.39	Stereotactic radiosurgery, not elsewhere classified	N	1	7, 8
			10	292, 293
			17	401, 402, 408
96.29	Reduction of intussusception of alimentary tract	N		
99.10	Injection or infusion of thrombolytic agent	N		
99.20	Injection or infusion of platelet inhibitor	N		

[1] Nonoperating room, but affecting DRG

TABLE 6C.—INVALID DIAGNOSIS CODE

Diagnosis codes	Description	CC	MDC	DRG
482.4	Pneumonia due to Staphylococcus	Y	4	79, 80, 81
			5	121[1]
			15	387, 389[2]
			25	489[3]
519.0	Tracheostomy complication	Y	PRE	482
			4	101, 102
564.8	Other specified functional disorders of intestine	N	6	182, 183, 184
763.8	Other specified complications of labor and delivery affecting fetus and newborn.	N	15	390
780.7	Malaise and fatigue	N	23	463, 464
			25	490
965.6	Poisoning by antirheumatics [antiphlogistics]	N	21	449, 450, 451
V02.5	Carrier or suspected carrier of other specified bacterial diseases	N	23	467
V13.6	Personal history of congenital malformations	N	23	467
V16.5	Family history of malignant neoplasm of urinary organs	N	23	467
V18.6	Family history of kidney diseases	N	23	467
V23.8	Supervision of other high-risk pregnancy	Y	14	469
V44.5	Cystostomy status	N	23	467

[1] Classified as a ''major complication'' in this DRG.
[2] Classified as a ''major problem'' in these DRGs.
[3] HIV major related condition in this DRG.

TABLE 6D.—INVALID PROCEDURE CODES

Procedure code	Description	OR	MDC	DRG
36.3	Other heart revascularization	Y	5	108
92.3	Stereotactic radiosurgery	N[1]	1	7, 8
			10	292, 293
			17	401, 402, 408

[1] Nonoperation room but effecting DRG.

TABLE 6E.—REVISED DIAGNOSIS CODE TITLES

Diagnosis code	Description	CC	MDC	DRG
518.81	Acute respiratory failure	Y	4	87
			22	506, 507
659.60	Elderly multigravida unspecified as to episode of care or not applicable	N	14	370, 371, 372, 373, 374, 375
659.61	Elderly multigravida delivered, with mention of antepartum condition	N	14	370, 371, 372, 373, 374, 375
659.63	Elderly multigravida with antepartum condition or complication	N	14	383, 384
V56.1	Fitting and adjustment of extracorporeal dialysis catheter	N	11	317
V82.4	Maternal postnatal screening of chromosomal anomalies	N	23	467

TABLE 6F.—ADDITIONS TO THE CC EXCLUSIONS LIST
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CCs that are added to the list are in Table 6F—Additions to the CC Exclusions List. Each of the principal diagnoses is shown with an asterisk, and the revisions to the CC Exclusions List are provided in an indented column immediately following the affected principal diagnosis.

*01100	*01123	*01146	*01172	*01195	*01281	*11515	48249
48240	48240	48240	48240	48240	48240	48240	*48230
48241	48241	48241	48241	48241	48241	48241	48240
48249	48249	48249	48249	48249	48249	48249	48241
*01101	*01124	*01150	*01173	*01196	*01282	*11595	48249
48240	48240	48240	48240	48240	48240	48240	*48231
48241	48241	48241	48241	48241	48241	48241	48240
48249	48249	48249	48249	48249	48249	48249	48241
*01102	*01125	*01151	*01174	*01200	*01283	*1221	48249
48240	48240	48240	48240	48240	48240	48240	*48232
48241	48241	48241	48241	48241	48241	48241	48240
48249	48249	48249	48249	48249	48249	48249	48241
*01103	*01126	*01152	*01175	*01201	*01284	*1304	48249
48240	48240	48240	48240	48240	48240	48240	*48239
48241	48241	48241	48241	48241	48241	48241	48240
48249	48249	48249	48249	48249	48249	48249	48241
*01104	*01130	*01153	*01176	*01202	*01285	*1363	48249
48240	48240	48240	48240	48240	48240	48240	*48240
48241	48241	48241	48241	48241	48241	48241	01100
48249	48249	48249	48249	48249	48249	48249	01101
*01105	*01131	*01154	*01180	*01203	*01286	*3373	01102
48240	48240	48240	48240	48240	48240	3350	01103
48241	48241	48241	48241	48241	48241	33510	01104
48249	48249	48249	48249	48249	48249	33511	01105
*01106	*01132	*01155	*01181	*01204	*01790	33519	01106
48240	48240	48240	48240	48240	48240	33520	01110
48241	48241	48241	48241	48241	48241	33521	01111
48249	48249	48249	48249	48249	48249	33522	01112
*01110	*01133	*01156	*01182	*01205	*01791	33523	01113
48240	48240	48240	48240	48240	48240	33524	01114
48241	48241	48241	48241	48241	48241	33529	01115
48249	48249	48249	48249	48249	48249	3358	01116
*01111	*01134	*01160	*01183	*01206	*01792	3359	01120
48240	48240	48240	48240	48240	48240	*4800	01121
48241	48241	48241	48241	48241	48241	48240	01122
48249	48249	48249	48249	48249	48249	48241	01123
*01112	*01135	*01161	*01184	*01210	*01793	48249	01124
48240	48240	48240	48240	48240	48240	*4801	01125
48241	48241	48241	48241	48241	48241	48240	01126
48249	48249	48249	48249	48249	48249	48241	01130
*01113	*01136	*01162	*01185	*01211	*01794	48249	01131
48240	48240	48240	48240	48240	48240	*4802	01132
48241	48241	48241	48241	48241	48241	48240	01133
48249	48249	48249	48249	48249	48249	48241	01134
*01114	*01140	*01163	*01186	*01212	*01795	48249	01135
48240	48240	48240	48240	48240	48240	*4808	01136
48241	48241	48241	48241	48241	48241	48240	01140
48249	48249	48249	48249	48249	48249	48241	01141
*01115	*01141	*01164	*01190	*01213	*01796	48249	01142
48240	48240	48240	48240	48240	48240	*4809	01143
48241	48241	48241	48241	48241	48241	48240	01144
48249	48249	48249	48249	48249	48249	48241	01145
*01116	*01142	*01165	*01191	*01214	*0212	48249	01146
48240	48240	48240	48240	48240	48240	*481	01150
48241	48241	48241	48241	48241	48241	48240	01151
48249	48249	48249	48249	48249	48249	48241	01152
*01120	*01143	*01166	*01192	*01215	*0310	48249	01153
48240	48240	48240	48240	48240	48240	*4820	01154
48241	48241	48241	48241	48241	48241	48240	01155
48249	48249	48249	48249	48249	48249	48241	01156
*01121	*01144	*01170	*01193	*01216	*0391	48249	01160
48240	48240	48240	48240	48240	48240	*4821	01161
48241	48241	48241	48241	48241	48241	48240	01162
48249	48249	48249	48249	48249	48249	48241	01163
*01122	*01145	*01171	*01194	*01280	*11505	48249	01164
48240	48240	48240	48240	48240	48240	*4822	01165
48241	48241	48241	48241	48241	48241	48240	01166
48249	48249	48249	48249	48249	48249	48241	01170

01171	4955	01183	5078	01195	48240	48241	48249
01172	4956	01184	5080	01196	48241	48249	*5061
01173	4957	01185	5081	01200	48249	*4950	48240
01174	4958	01186	5171	01201	*48283	48240	48241
01175	4959	01190	*48249	01202	48240	48241	48249
01176	5060	01191	01100	01203	48241	48249	*5062
01180	5061	01192	01101	01204	48249	*4951	48240
01181	5070	01193	01102	01205	*48284	48240	48241
01182	5071	01194	01103	01206	48240	48241	48249
01183	5078	01195	01104	01210	48241	48249	*5063
01184	5080	01196	01105	01211	48249	*4952	48240
01185	5081	01200	01106	01212	*48289	48240	48241
01186	5171	01201	01110	01213	48240	48241	48249
01190	*48241	01202	01111	01214	48241	48249	*5064
01191	01100	01203	01112	01215	48249	*4953	48240
01192	01101	01204	01113	01216	*4829	48240	48241
01193	01102	01205	01114	0310	48240	48241	48249
01194	01103	01206	01115	11505	48241	48249	*5069
01195	01104	01210	01116	11515	48249	*4954	48240
01196	01105	01211	01120	1304	*4830	48240	48241
01200	01106	01212	01121	1363	48240	48241	48249
01201	01110	01213	01122	481	48241	48249	*5070
01202	01111	01214	01123	4820	48249	*4955	48240
01203	01112	01215	01124	4821	*4831	48240	48241
01204	01113	01216	01125	4822	48240	48241	48249
01205	01114	0310	01126	48230	48241	48249	*5071
01206	01115	11505	01130	48231	48249	*4956	48240
01210	01116	11515	01131	48232	*4838	48240	48241
01211	01120	1304	01132	48239	48240	48241	48249
01212	01121	1363	01133	48240	48241	48249	*5078
01213	01122	481	01134	48241	48249	*4957	48240
01214	01123	4820	01135	48249	*4841	48240	48241
01215	01124	4821	01136	48281	48240	48241	48249
01216	01125	4822	01140	48282	48241	48249	*5080
0310	01126	48230	01141	48283	48249	*4958	48240
11505	01130	48231	01142	48284	*4843	48240	48241
11515	01131	48232	01143	48289	48240	48241	48249
1304	01132	48239	01144	4829	48241	48249	*5081
1363	01133	48240	01145	4830	48249	*4959	48240
481	01134	48241	01146	4831	*4845	48240	48241
4820	01135	48249	01150	4838	48240	48241	48249
4821	01136	48281	01151	4841	48241	48249	*5088
4822	01140	48282	01152	4843	48249	*496	48240
48230	01141	48283	01153	4845	*4846	48240	48241
48231	01142	48284	01154	4846	48240	48241	48249
48232	01143	48289	01155	4847	48241	48249	*5089
48239	01144	4829	01156	4848	48249	*500	48240
48240	01145	4830	01160	485	*4847	48240	48241
48241	01146	4831	01161	486	48240	48241	48249
48249	01150	4838	01162	4870	48241	48249	*5171
48281	01151	4841	01163	4950	48249	*501	48240
48282	01152	4843	01164	4951	*4848	48240	48241
48283	01153	4845	01165	4952	48240	48241	48249
48284	01154	4846	01166	4953	48241	48249	*5178
48289	01155	4847	01170	4954	48249	*502	48240
4829	01156	4848	01171	4955	*485	48240	48241
4830	01160	485	01172	4956	48240	48241	48249
4831	01161	486	01173	4957	48241	48249	*51881
4838	01162	4870	01174	4958	48249	*503	51883
4841	01163	4950	01175	4959	*486	48240	51884
4843	01164	4951	01176	5060	48240	48241	78603
4845	01165	4952	01180	5061	48241	48249	78604
4846	01166	4953	01181	5070	48249	*504	*51882
4847	01170	4954	01182	5071	*4870	48240	51883
4848	01171	4955	01183	5078	48240	48241	51884
485	01172	4956	01184	5080	48241	48249	78603
486	01173	4957	01185	5081	48249	*505	78604
4870	01174	4958	01186	5171	*4871	48240	*51883
4950	01175	4959	01190	*48281	48240	48241	51881
4951	01176	5060	01191	48240	48241	48249	51882
4952	01180	5061	01192	48241	48249	*5060	51883
4953	01181	5070	01193	48249	*494	48240	51884
4954	01182	5071	01194	*48282	48240	48241	78603

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V2389

TABLE 6G.—DELETIONS TO THE CC EXCLUSIONS LIST

[CCs that are deleted from the list are in Table 6G—Deletions to the CC Exclusions List. Each of the principal diagnoses is shown with an asterisk, and the revisions to the CC Exclusions List are provided in an indented column immediately following the affected principal diagnosis.]

*01100	*01146	*01195	*11515	01143	48282	4824	4824
4824	4824	4824	4824	01144	48283	*4870	*5178
*01101	*01150	*01196	*11595	01145	48284	4824	4824
4824	4824	4824	4824	01146	48289	*4871	*51889
*01102	*01151	*01200	*1221	01150	4829	4824	4824
4824	4824	4824	4824	01151	4830	*494	*5190
*01103	*01152	*01201	*1304	01152	4831	4824	5190
4824	4824	4824	4824	01153	4838	*4950	*5191
*01104	*01153	*01202	*1363	01154	4841	4824	5190
4824	4824	4824	4824	01155	4843	*4951	*5198
*01105	*01154	*01203	*4800	01156	4845	4824	4824
4824	4824	4824	4824	01160	4846	*4952	5190
*01106	*01155	*01204	*4801	01161	4847	4824	*5199
4824	4824	4824	4824	01162	4848	*4953	4824
*01110	*01156	*01205	*4802	01163	485	4824	5190
4824	4824	4824	4824	01164	486	*4954	*74861
*01111	*01160	*01206	*4808	01165	4870	4824	4824
4824	4824	4824	4824	01166	4950	*4955	*V220
*01112	*01161	*01210	*4809	01170	4951	4824	V238
4824	4824	4824	4824	01171	4952	*4956	*V221
*01113	*01162	*01211	*481	01172	4953	4824	V238
4824	4824	4824	4824	01173	4954	*4957	*V222
*01114	*01163	*01212	*4820	01174	4955	4824	V238
4824	4824	4824	4824	01175	4956	*4958	*V230
*01115	*01164	*01213	*4821	01176	4957	4824	V238
4824	4824	4824	4824	01180	4958	*4959	*V231
*01116	*01165	*01214	*4822	01181	4959	4824	V238
4824	4824	4824	4824	01182	5060	*496	*V232
*01120	*01166	*01215	*48230	01183	5061	4824	V238
4824	4824	4824	4824	01184	5070	*500	*V233
*01121	*01170	*01216	*48231	01185	5071	4824	V238
4824	4824	4824	4824	01186	5078	*501	*V234
*01122	*01171	*01280	*48232	01190	5080	4824	V238
4824	4824	4824	4824	01191	5081	*502	*V235
*01123	*01172	*01281	*48239	01192	5171	4824	V238
4824	4824	4824	4824	01193	*48281	*503	*V237
*01124	*01173	*01282	*4824	01194	4824	4824	V238
4824	4824	4824	01100	01195	*48282	*504	*V238
*01125	*01174	*01283	01101	01196	4824	4824	V237
4824	4824	4824	01102	01200	*48283	*505	V238
*01126	*01175	*01284	01103	01201	4824	4824	V239
4824	4824	4824	01104	01202	*48284	*5060	*V239
*01130	*01176	*01285	01105	01203	4824	4824	V238
4824	4824	4824	01106	01204	*48289	*5061	
*01131	*01180	*01286	01110	01205	4824	4824	
4824	4824	4824	01111	01206	*4829	*5062	
*01132	*01181	*01790	01112	01210	4824	4824	
4824	4824	4824	01113	01211	*4830	*5063	
*01133	*01182	*01791	01114	01212	4824	4824	
4824	4824	4824	01115	01213	*4831	*5064	
*01134	*01183	*01792	01116	01214	4824	4824	
4824	4824	4824	01120	01215	*4838	*5069	
*01135	*01184	*01793	01121	01216	4824	4824	
4824	4824	4824	01122	0310	*4841	*5070	
*01136	*01185	*01794	01123	11505	4824	4824	
4824	4824	4824	01124	11515	*4843	*5071	
*01140	*01186	*01795	01125	1304	4824	4824	
4824	4824	4824	01126	1363	*4845	*5078	
*01141	*01190	*01796	01130	481	4824	4824	
4824	4824	4824	01131	4820	*4846	*5080	
*01142	*01191	*0212	01132	4821	4824	4824	
4824	4824	4824	01133	4822	*4847	*5081	
*01143	*01192	*0310	01134	48230	4824	4824	
4824	4824	4824	01135	48231	*4848	*5088	
*01144	*01193	*0391	01136	48232	4824	4824	
4824	4824	4824	01140	48239	*485	*5089	
*01145	*01194	*11505	01141	4824	4824	4824	
4824	4824	4824	01142	48281	*486	*5171	

TABLE 7A.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY

[FY97 MEDPAR Update 12/97 Grouper V15.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
1	36587	9.6084	2	4	7	12	20
2	6967	10.0350	3	5	8	13	20
3	3	9.3333	7	7	9	12	12
4	6322	7.7259	1	3	5	9	17
5	101105	3.6387	1	2	2	4	8
6	355	3.0225	1	1	2	4	7
7	12601	10.0945	2	4	7	12	20
8	3030	3.1845	1	1	2	4	7
9	1692	6.4923	1	3	5	8	13
10	19727	6.8631	2	3	5	8	14
11	2960	4.1365	1	2	3	5	8
12	38339	6.6619	2	3	5	8	12
13	6315	5.4716	2	3	4	6	9
14	372136	6.2938	2	3	5	8	12
15	145631	3.8599	1	2	3	5	7
16	13905	5.9283	2	3	4	7	11
17	3212	3.4315	1	2	3	4	7
18	27489	5.5809	2	3	4	7	10
19	7294	3.8174	1	2	3	5	7
20	6590	10.1862	2	5	8	13	19
21	1369	6.8152	2	3	5	8	14
22	2789	4.6587	2	2	4	6	9
23	6884	4.2594	1	2	3	5	8
24	57890	5.0641	1	2	4	6	10
25	22696	3.4294	1	2	3	4	7
26	34	3.1176	1	1	2	4	6
27	4153	5.4211	1	1	3	7	12
28	13896	5.9431	1	2	4	7	12
29	4266	3.5375	1	1	3	4	7
31	3075	4.4062	1	2	3	5	8
32	1343	2.9717	1	1	2	3	6
34	20072	5.4331	1	3	4	7	11
35	4264	3.5561	1	2	3	4	7
36	5393	1.5366	1	1	1	1	2
37	1685	3.7187	1	1	2	4	8
38	116	2.5948	1	1	2	3	5
39	1898	2.0327	1	1	1	2	4
40	2281	3.1806	1	1	2	4	7
42	4026	2.0904	1	1	1	2	4
43	120	3.4250	1	2	3	5	7
44	1343	5.0551	2	3	4	6	9
45	2414	3.4731	1	2	3	4	6
46	3148	4.6436	1	2	4	6	9
47	1220	3.2975	1	1	3	4	7
48	2	4.5000	4	4	5	5	5
49	2277	5.0097	1	2	4	6	9
50	3004	1.9767	1	1	2	2	3
51	299	2.8194	1	1	1	3	6
52	89	2.7528	1	1	2	3	7
53	2989	3.6554	1	1	2	4	8
54	2	6.0000	5	5	7	7	7
55	1686	2.9543	1	1	2	3	6
56	684	2.8436	1	1	2	3	6
57	608	3.7237	1	1	3	4	7
59	120	2.4333	1	1	2	3	5
60	1	4.0000	4	4	4	4	4
61	278	4.5144	1	1	2	5	10
62	4	1.2500	1	1	1	1	2
63	3676	4.4502	1	2	3	5	9
64	3408	6.7183	1	2	5	8	14
65	29086	2.9715	1	2	2	4	5
66	6812	3.2606	1	2	3	4	6
67	489	3.7996	1	2	3	4	7
68	11522	4.1519	1	2	3	5	7
69	3450	3.3183	1	2	3	4	6
70	37	2.5405	1	1	2	3	4
71	99	3.9394	1	2	3	6	7
72	817	3.7931	1	2	3	5	7
73	6282	4.4062	1	2	3	6	8
74	2	2.5000	2	2	3	3	3

TABLE 7A.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY—Continued

[FY97 MEDPAR Update 12/97 Grouper V15.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
75	40757	10.2370	4	5	8	13	20
76	41668	11.3195	3	5	9	14	21
77	2040	4.8819	1	2	4	7	10
78	30845	7.3107	3	5	7	9	12
79	247000	8.4030	3	4	7	10	15
80	8299	5.8754	2	3	5	7	10
81	6	12.6667	2	3	6	8	8
82	71035	7.1298	2	3	6	9	14
83	7249	5.5655	2	3	4	7	10
84	1290	3.3256	1	2	3	4	6
85	22415	6.6640	2	3	5	8	13
86	1501	3.8741	1	2	3	5	7
87	73076	6.3172	1	3	5	8	12
88	388565	5.4142	2	3	4	7	10
89	469073	6.2791	2	4	5	8	11
90	38989	4.4632	2	3	4	6	8
91	48	3.9375	1	2	3	5	7
92	14464	6.3794	2	3	5	8	12
93	1314	4.3653	1	2	4	6	8
94	13391	6.4833	2	3	5	8	12
95	1388	3.8739	1	2	3	5	7
96	61778	4.8513	2	3	4	6	9
97	25587	3.8266	1	2	3	5	7
98	28	4.9286	1	2	3	5	13
99	26442	3.0393	1	1	2	4	6
100	10283	2.1219	1	1	2	3	4
101	20140	4.4383	1	2	3	5	9
102	4520	2.7914	1	1	2	3	5
103	490	48.0898	9	14	29	67	115
104	29151	12.4470	4	7	10	16	23
105	25542	9.6459	4	6	8	11	17
106	106585	10.6917	6	7	9	12	17
107	68972	7.9520	4	5	7	9	13
108	8075	11.7282	4	6	9	14	22
110	62245	9.6084	2	5	8	12	18
111	5581	5.8094	2	4	6	7	9
112	118470	3.9277	1	1	3	5	8
113	46689	12.2570	4	6	9	15	24
114	8489	8.3873	2	4	7	11	16
115	15007	8.7475	2	4	7	11	17
116	208927	4.1747	1	2	3	5	8
117	3726	3.9847	1	1	2	5	9
118	6481	2.9303	1	1	2	3	6
119	1629	5.3640	1	1	3	7	13
120	37814	8.1649	1	2	5	10	18
121	170012	6.6480	2	4	6	8	12
122	83182	4.2023	1	2	4	6	7
123	43363	4.4029	1	1	2	5	10
124	154194	4.4587	1	2	4	6	9
125	62627	2.8721	1	1	2	4	6
126	5399	12.4253	4	6	9	15	25
127	719871	5.5133	2	3	4	7	10
128	16049	6.0323	3	4	5	7	9
129	4455	2.9495	1	1	1	3	7
130	98047	5.9926	2	3	5	7	10
131	24574	4.6703	1	3	4	6	8
132	174092	3.1532	1	2	3	4	6
133	6631	2.4803	1	1	2	3	5
134	30358	3.4496	1	2	3	4	6
135	8217	4.3269	1	2	3	5	8
136	1113	2.9695	1	1	2	4	5
138	209079	4.0464	1	2	3	5	8
139	67303	2.5774	1	1	2	3	5
140	107658	2.9719	1	1	2	4	5
141	81733	3.8534	1	2	3	5	7
142	36613	2.7911	1	1	2	3	5
143	143826	2.2585	1	1	2	3	4
144	78710	5.2279	1	2	4	7	10
145	6350	2.8698	1	1	2	4	6
146	10372	10.2717	5	7	9	12	17

TABLE 7A.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY—Continued

[FY97 MEDPAR Update 12/97 Grouper V15.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
147	1779	6.7482	4	5	7	8	10
148	146892	12.2593	5	7	10	15	22
149	14387	6.8504	4	5	6	8	10
150	23756	10.8870	4	6	9	13	19
151	4149	5.8894	2	3	5	8	10
152	4713	8.3393	4	5	7	10	14
153	1604	5.6359	3	4	5	7	8
154	34348	13.3603	4	7	10	16	25
155	4743	4.6884	1	2	4	6	9
156	2	18.0000	6	6	30	30	30
157	9287	5.3854	1	2	4	7	11
158	4110	2.6190	1	1	2	3	5
159	18320	4.9678	1	2	4	6	9
160	9765	2.6768	1	1	2	3	5
161	14601	4.0877	1	2	3	5	9
162	7065	2.0350	1	1	1	2	4
163	5	11.8000	4	4	11	13	22
164	5272	8.5277	4	5	7	10	15
165	1639	4.9555	2	3	5	6	8
166	3542	5.1256	2	3	4	6	9
167	2325	2.8456	1	2	2	4	5
168	1700	4.5476	1	2	3	6	9
169	843	2.5326	1	1	2	3	5
170	12774	11.2370	2	5	8	14	23
171	1004	4.8337	1	2	4	6	9
172	32993	7.1114	2	3	5	9	14
173	2135	3.9611	1	1	3	5	8
174	248770	4.9263	2	3	4	6	9
175	21672	3.0085	1	2	3	4	5
176	18343	5.4925	2	3	4	7	10
177	11138	4.5572	2	2	4	6	8
178	3486	3.2114	1	2	3	4	6
179	12485	6.4200	2	3	5	8	12
180	93327	5.4284	2	3	4	7	10
181	21330	3.5057	1	2	3	4	6
182	234973	4.3571	1	2	3	5	8
183	69893	3.0179	1	1	2	4	6
184	91	3.1648	1	2	2	4	7
185	4046	4.4881	1	2	3	6	9
187	870	3.9908	1	2	3	5	8
188	75257	5.5524	1	2	4	7	11
189	8618	3.2060	1	1	2	4	6
190	59	5.2712	1	2	4	7	11
191	10625	14.5648	4	7	11	18	29
192	831	6.7088	2	4	6	8	12
193	7334	12.5020	5	7	10	15	22
194	773	6.9288	3	4	6	9	12
195	7094	9.8105	4	6	8	12	17
196	1260	5.7254	2	4	5	7	10
197	25012	8.6285	3	5	7	10	15
198	6357	4.5945	2	3	4	6	8
199	2037	10.1733	3	5	8	14	20
200	1339	11.4593	2	4	8	14	23
201	1651	14.2938	4	6	11	18	29
202	28649	6.7440	2	3	5	8	13
203	29508	6.8400	2	3	5	9	14
204	53140	6.0853	2	3	5	7	11
205	22927	6.5500	2	3	5	8	13
206	1614	4.0694	1	2	3	5	8
207	35502	5.1397	1	2	4	6	10
208	9472	2.8992	1	1	2	4	6
209	362634	5.4336	3	4	5	6	8
210	141586	7.0191	3	4	6	8	12
211	26005	5.1476	3	4	5	6	8
212	13	3.7692	1	2	4	5	6
213	7496	8.4066	2	4	6	11	16
216	6117	9.8190	2	4	7	12	19
217	20587	12.9505	3	5	9	16	27
218	23700	5.3217	2	3	4	6	10
219	18252	3.2882	1	2	3	4	5

TABLE 7A.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY—Continued

[FY97 MEDPAR Update 12/97 Grouper V15.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
220	5	3.2000	1	1	3	4	7
223	18540	2.6177	1	1	2	3	5
224	7682	2.0607	1	1	2	3	4
225	5644	4.3556	1	2	3	5	9
226	5540	5.9224	1	2	4	7	12
227	4597	2.7261	1	1	2	3	5
228	2757	3.4345	1	1	2	4	8
229	1100	2.3827	1	1	2	3	5
230	2386	4.5306	1	2	3	5	9
231	10685	4.5647	1	2	3	5	9
232	496	3.8327	1	1	2	4	9
233	4903	7.6490	2	3	5	9	16
234	2258	3.6151	1	2	3	5	7
235	5348	5.3113	1	2	4	6	10
236	39380	5.1518	1	3	4	6	9
237	1593	3.6353	1	2	3	5	7
238	7851	8.8615	3	4	7	11	17
239	59615	6.4289	2	3	5	8	12
240	13635	6.6882	2	3	5	8	13
241	2905	3.9983	1	2	3	5	7
242	2634	6.7358	2	3	5	8	13
243	81633	4.8627	2	3	4	6	9
244	12420	4.9928	2	3	4	6	9
245	4361	3.7420	1	2	3	5	7
246	1273	3.9309	1	2	3	5	7
247	12240	3.4938	1	2	3	4	7
248	8122	4.6959	1	2	4	6	9
249	10840	3.6358	1	1	3	4	7
250	3561	4.2263	1	2	3	5	8
251	2210	2.9570	1	1	2	4	5
252	1	1.0000	1	1	1	1	1
253	19384	4.8629	1	3	4	6	9
254	9275	3.3439	1	2	3	4	6
255	2	3.5000	1	1	6	6	6
256	5517	5.1064	1	2	4	6	10
257	21137	2.9877	1	2	2	3	5
258	16396	2.1344	1	1	2	3	3
259	3772	3.0803	1	1	2	3	7
260	4464	1.5383	1	1	1	2	2
261	1967	2.2466	1	1	2	3	4
262	659	4.2231	1	1	3	6	9
263	27474	11.3931	3	5	8	14	22
264	3318	7.0530	2	3	5	8	14
265	4309	6.5331	1	2	4	8	13
266	2464	3.4054	1	1	2	4	7
267	250	4.6400	1	2	3	5	9
268	875	3.5783	1	1	2	4	7
269	9415	7.8786	2	3	6	10	16
270	2662	3.1480	1	1	2	4	7
271	22961	7.1545	3	4	6	9	13
272	5940	6.4330	2	3	5	8	12
273	1307	4.7980	1	2	4	6	8
274	2409	6.7430	1	3	5	8	14
275	210	3.5143	1	1	2	4	7
276	932	4.4678	1	2	4	6	8
277	81663	5.9066	2	3	5	7	10
278	24598	4.4950	2	3	4	6	8
279	12	5.0000	2	2	4	7	9
280	14156	4.3177	1	2	3	5	8
281	5945	3.1527	1	1	3	4	6
282	2	2.0000	2	2	2	2	2
283	5201	4.8029	1	2	4	6	9
284	1656	3.3255	1	2	3	4	6
285	5534	11.0193	3	5	8	13	21
286	2141	6.9650	3	4	5	8	13
287	6161	11.2446	3	5	8	13	22
288	1478	5.9303	2	3	5	6	9
289	5457	3.2448	1	1	2	3	7
290	8922	2.5158	1	1	2	3	4
291	66	1.7576	1	1	1	2	3

TABLE 7A.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY—Continued

[FY97 MEDPAR Update 12/97 Grouper V15.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
292	5029	10.7174	2	4	8	14	21
293	347	5.5476	1	2	4	7	12
294	82039	4.9200	1	2	4	6	9
295	3593	3.9585	1	2	3	5	7
296	235524	5.3934	2	3	4	7	10
297	32715	3.6521	1	2	3	4	7
298	91	3.7253	1	1	2	4	8
299	968	5.3657	1	2	4	7	10
300	16820	6.2855	2	3	5	8	12
301	2395	3.8113	1	2	3	5	7
302	7784	10.1382	5	6	8	12	18
303	19638	9.2247	4	5	7	10	16
304	12813	8.9904	2	4	7	11	18
305	2552	3.8985	1	2	3	5	7
306	10658	5.5019	1	2	3	7	12
307	2355	2.3996	1	1	2	3	4
308	9167	6.0165	1	2	4	8	13
309	3541	2.5945	1	1	2	3	5
310	26694	4.2835	1	2	3	5	9
311	7805	1.9543	1	1	1	2	4
312	1731	4.3437	1	1	3	6	9
313	587	2.3799	1	1	2	3	5
314	1	10.0000	10	10	10	10	10
315	28283	8.0413	1	2	5	10	18
316	93071	6.8024	2	3	5	9	14
317	787	2.8666	1	1	2	3	6
318	6194	6.1022	1	3	5	8	12
319	407	2.9902	1	1	2	4	6
320	177474	5.5698	2	3	4	7	10
321	23679	4.0416	2	2	3	5	7
322	82	4.1098	2	2	3	4	7
323	16931	3.2166	1	1	2	4	6
324	7513	1.9385	1	1	1	2	4
325	7409	3.9591	1	2	3	5	8
326	2192	2.7199	1	1	2	3	5
327	9	2.8889	1	1	2	3	4
328	759	3.7167	1	2	3	5	7
329	87	2.2644	1	1	1	3	4
331	43598	5.5769	1	3	4	7	11
332	4517	3.5603	1	1	3	5	7
333	306	4.9477	1	2	4	6	11
334	18572	4.9690	3	3	4	6	8
335	10338	3.7163	2	3	3	4	5
336	54082	3.6046	1	2	3	4	7
337	31770	2.2858	1	1	2	3	4
338	2767	4.7879	1	2	3	6	10
339	1987	4.1726	1	1	3	5	9
340	2	1.0000	1	1	1	1	1
341	4909	2.9589	1	1	2	3	6
342	1007	3.4518	1	2	2	4	7
344	3882	2.6285	1	1	1	3	5
345	1343	3.6389	1	1	2	4	8
346	4844	5.8179	1	3	4	7	11
347	365	3.1370	1	1	2	4	6
348	3181	4.2521	1	2	3	5	8
349	632	2.7658	1	1	2	4	5
350	6114	4.3999	2	2	4	5	8
352	638	3.6160	1	2	3	4	7
353	2816	6.9457	3	4	5	8	12
354	9926	5.7743	3	3	4	6	10
355	5640	3.4624	2	3	3	4	5
356	28862	2.6478	1	2	2	3	4
357	6330	9.0289	3	5	7	11	17
358	27373	4.3708	2	3	3	5	7
359	27990	2.9775	2	2	3	3	4
360	17843	3.1581	1	2	3	4	5
361	540	3.3259	1	1	2	3	7
363	3943	3.3109	1	2	2	3	6
364	1828	3.5656	1	1	2	5	8
365	2298	6.8903	1	2	5	9	14

TABLE 7A.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY—Continued

[FY97 MEDPAR Update 12/97 Grouper V15.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
366	4368	6.8116	1	3	5	8	14
367	506	2.8893	1	1	2	3	6
368	2895	6.3530	2	3	5	8	12
369	2588	3.0622	1	1	2	4	6
370	1154	5.4610	2	3	4	5	9
371	1157	3.4754	2	3	3	4	5
372	975	3.1549	1	2	2	3	5
373	3868	2.1171	1	1	2	2	3
374	147	3.0340	1	2	2	3	3
375	9	5.1111	2	2	3	9	10
376	214	2.9252	1	2	2	3	6
377	52	4.4808	1	2	3	6	9
378	168	2.5952	1	1	2	3	4
379	334	3.5868	1	1	2	3	7
380	87	2.0345	1	1	2	2	3
381	187	2.1283	1	1	1	2	4
382	40	1.2750	1	1	1	1	2
383	1460	3.7301	1	2	3	4	8
384	123	2.6585	1	1	2	3	6
385	1	2.0000	2	2	2	2	2
389	9	8.6667	1	3	7	10	15
390	13	6.0000	2	2	4	5	17
392	2513	10.3828	4	5	7	12	21
394	1805	7.0853	1	2	4	8	16
395	70948	4.7241	1	2	3	6	9
396	15	18.4667	1	2	5	11	15
397	18814	5.5200	1	2	4	7	11
398	18127	6.0414	2	3	5	7	11
399	1322	3.7239	1	2	3	5	7
400	7225	9.3664	2	3	6	12	20
401	6653	11.0137	2	4	8	14	23
402	1464	3.8907	1	1	3	5	9
403	38919	8.1409	2	3	6	10	17
404	3797	4.4464	1	2	3	6	9
406	3308	9.5299	2	4	7	12	20
407	634	4.3202	1	2	4	5	8
408	2667	7.5047	1	2	5	9	16
409	4644	5.8404	2	3	4	6	11
410	59252	3.4182	1	2	3	4	6
411	18	2.8889	1	1	2	2	6
412	24	2.3333	1	1	2	3	4
413	7781	7.4429	2	3	6	9	15
414	676	4.2219	1	2	3	5	8
415	45158	14.3432	4	7	11	18	28
416	230365	7.3967	2	4	6	9	14
417	41	5.9024	2	2	5	7	11
418	21184	6.1906	2	3	5	8	11
419	15269	5.0200	2	3	4	6	9
420	2680	3.9474	1	2	3	5	7
421	12113	3.9569	1	2	3	5	7
422	86	3.3372	1	2	2	5	7
423	10723	7.7520	2	3	6	9	15
424	1621	14.2961	2	5	10	18	29
425	15405	4.1352	1	2	3	5	8
426	4449	4.9020	1	2	3	6	10
427	1633	4.8010	1	2	3	6	10
428	940	7.1755	1	2	4	8	14
429	32769	7.1661	2	3	5	8	14
430	56829	8.7198	2	4	7	11	17
431	217	7.3088	1	3	5	9	13
432	409	5.2152	1	2	3	6	12
433	6811	3.2053	1	1	2	4	7
434	21537	5.1804	2	3	4	6	9
435	14552	4.4078	1	2	4	5	8
436	3322	13.9618	4	7	13	21	28
437	12779	9.2061	3	5	8	12	16
439	1138	7.7065	1	3	5	9	16
440	5155	8.9081	2	3	6	10	19
441	570	3.4333	1	1	2	4	7
442	16247	8.1177	1	3	6	10	17

TABLE 7A.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY—Continued

[FY97 MEDPAR Update 12/97 Grouper V15.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
443	3153	3.3321	1	1	2	4	7
444	3425	4.5007	1	2	3	5	8
445	1243	3.3628	1	2	3	4	6
446	1	2.0000	2	2	2	2	2
447	4257	2.5130	1	1	2	3	5
449	27905	3.7822	1	1	3	5	8
450	6171	2.0826	1	1	1	2	4
451	9	2.7778	1	1	1	4	5
452	22863	5.0341	1	2	4	6	10
453	3796	2.9236	1	1	2	4	6
454	3855	4.6905	1	2	3	6	9
455	758	2.7401	1	1	2	3	5
456	194	8.5670	1	1	3	9	21
457	128	3.5859	1	1	1	3	9
458	1526	15.0308	3	7	12	19	31
459	480	8.9771	2	3	6	11	19
460	2327	6.0812	1	3	4	7	12
461	3047	4.4322	1	1	2	4	11
462	10348	12.4504	4	6	10	16	23
463	13983	4.4209	1	2	3	5	8
464	3556	3.3751	1	2	3	4	6
465	210	2.9095	1	1	1	3	5
466	1748	4.0955	1	1	2	4	9
467	1332	4.3949	1	1	2	4	7
468	61704	13.4718	3	6	10	17	27
471	12918	6.0694	3	4	5	7	10
472	179	27.2179	1	8	19	37	55
473	8429	12.7713	2	3	7	18	33
475	109339	11.1900	2	5	9	15	22
476	5924	11.9158	3	6	10	15	22
477	28747	8.1623	1	3	6	11	17
478	123286	7.4571	1	3	5	9	15
479	18337	3.8430	1	2	3	5	7
480	400	26.7550	8	11	20	32	53
481	256	27.1133	16	20	24	32	43
482	6596	12.7329	4	7	10	15	23
483	41763	40.0560	14	21	33	50	73
484	391	14.6931	2	6	11	18	27
485	3471	9.5906	4	5	7	11	18
486	2244	12.3382	1	5	10	16	25
487	4210	7.3983	2	3	6	9	14
488	865	17.0532	4	7	12	22	35
489	14894	8.9049	2	4	6	11	19
490	4863	5.4148	1	2	4	7	11
491	11011	3.6593	2	2	3	4	6
492	2334	17.1418	4	5	12	27	36
493	56210	5.6284	1	2	5	7	11
494	25155	2.4285	1	1	2	3	5
495	125	16.9920	7	10	13	19	31
496	895	10.5821	4	6	8	13	20
497	21969	6.2886	2	3	5	7	11
498	12500	3.5058	1	2	3	5	6
499	36205	4.9604	2	2	4	6	9
500	36448	2.8726	1	2	2	4	5
501	1895	10.4391	4	6	8	12	19
502	468	6.5876	3	4	6	8	10
503	6317	4.2169	1	2	3	5	8
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TABLE 7B.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY

[FY97 MEDPAR Update 12/97 Grouper V16.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
1	36587	9.6084	2	4	7	12	20
2	6967	10.0350	3	5	8	13	20
3	3	9.3333	7	7	9	12	12

TABLE 7B.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY—Continued

[FY97 MEDPAR Update 12/97 Grouper V16.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
4	6322	7.7259	1	3	5	9	17
5	101105	3.6387	1	2	2	4	8
6	355	3.0225	1	1	2	4	7
7	12601	10.0945	2	4	7	12	20
8	3030	3.1845	1	1	2	4	7
9	1692	6.4923	1	3	5	8	13
10	19727	6.8631	2	3	5	8	14
11	2960	4.1365	1	2	3	5	8
12	38339	6.6619	2	3	5	8	12
13	6315	5.4716	2	3	4	6	9
14	372136	6.2938	2	3	5	8	12
15	145631	3.8599	1	2	3	5	7
16	13905	5.9283	2	3	4	7	11
17	3212	3.4315	1	2	3	4	7
18	27489	5.5809	2	3	4	7	10
19	7294	3.8174	1	2	3	5	7
20	6590	10.1862	2	5	8	13	19
21	1369	6.8152	2	3	5	8	14
22	2789	4.6587	2	2	4	6	9
23	6884	4.2594	1	2	3	5	8
24	57890	5.0641	1	2	4	6	10
25	22696	3.4294	1	2	3	4	7
26	34	3.1176	1	1	2	4	6
27	4153	5.4211	1	1	3	7	12
28	13896	5.9431	1	2	4	7	12
29	4266	3.5375	1	1	3	4	7
31	3075	4.4062	1	2	3	5	8
32	1343	2.9717	1	1	2	3	6
34	20072	5.4331	1	3	4	7	11
35	4264	3.5561	1	2	3	4	7
36	5393	1.5366	1	1	1	1	2
37	1685	3.7187	1	1	2	4	8
38	116	2.5948	1	1	2	3	5
39	1898	2.0327	1	1	1	2	4
40	2281	3.1806	1	1	2	4	7
42	4026	2.0904	1	1	1	2	4
43	120	3.4250	1	2	3	5	7
44	1343	5.0551	2	3	4	6	9
45	2414	3.4731	1	2	3	4	6
46	3148	4.6436	1	2	4	6	9
47	1220	3.2975	1	1	3	4	7
48	2	4.5000	4	4	5	5	5
49	2277	5.0097	1	2	4	6	9
50	3004	1.9767	1	1	2	2	3
51	299	2.8194	1	1	1	3	6
52	89	2.7528	1	1	2	3	7
53	2989	3.6554	1	1	2	4	8
54	2	6.0000	5	5	7	7	7
55	1686	2.9543	1	1	2	3	6
56	684	2.8436	1	1	2	3	6
57	608	3.7237	1	1	3	4	7
59	120	2.4333	1	1	2	3	5
60	1	4.0000	4	4	4	4	4
61	278	4.5144	1	1	2	5	10
62	4	1.2500	1	1	1	1	2
63	3676	4.4502	1	2	3	5	9
64	3408	6.7183	1	2	5	8	14
65	29086	2.9715	1	2	2	4	5
66	6812	3.2606	1	2	3	4	6
67	489	3.7996	1	2	3	4	7
68	11522	4.1519	1	2	3	5	7
69	3450	3.3183	1	2	3	4	6
70	37	2.5405	1	1	2	3	4
71	99	3.9394	1	2	3	6	7
72	817	3.7931	1	2	3	5	7
73	6282	4.4062	1	2	3	6	8
74	2	2.5000	2	2	3	3	3
75	40757	10.2370	4	5	8	13	20
76	41668	11.3195	3	5	9	14	21
77	2040	4.8819	1	2	4	7	10

TABLE 7B.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY—Continued

[FY97 MEDPAR Update 12/97 Grouper V16.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
78	30845	7.3107	3	5	7	9	12
79	247000	8.4030	3	4	7	10	15
80	8299	5.8754	2	3	5	7	10
81	6	12.6667	2	3	6	8	8
82	71035	7.1298	2	3	6	9	14
83	7249	5.5655	2	3	4	7	10
84	1290	3.3256	1	2	3	4	6
85	22415	6.6640	2	3	5	8	13
86	1501	3.8741	1	2	3	5	7
87	73076	6.3172	1	3	5	8	12
88	388565	5.4142	2	3	4	7	10
89	469073	6.2791	2	4	5	8	11
90	38989	4.4632	2	3	4	6	8
91	48	3.9375	1	2	3	5	7
92	14464	6.3794	2	3	5	8	12
93	1314	4.3653	1	2	4	6	8
94	13391	6.4833	2	3	5	8	12
95	1388	3.8739	1	2	3	5	7
96	61778	4.8513	2	3	4	6	9
97	25587	3.8266	1	2	3	5	7
98	28	4.9286	1	2	3	5	13
99	26442	3.0393	1	1	2	4	6
100	10283	2.1219	1	1	2	3	4
101	20140	4.4383	1	2	3	5	9
102	4520	2.7914	1	1	2	3	5
103	490	48.0898	9	14	29	67	115
104	29920	12.5288	4	7	10	16	23
105	26799	9.7413	4	6	8	11	17
106	4737	10.9261	5	7	9	13	19
107	101848	10.6808	6	7	9	12	17
108	6049	11.2420	4	6	9	14	21
109	68972	7.9520	4	5	7	9	13
110	62245	9.6084	2	5	8	12	18
111	5581	5.8094	2	4	6	7	9
112	118470	3.9277	1	1	3	5	8
113	46689	12.2570	4	6	9	15	24
114	8489	8.3873	2	4	7	11	16
115	15007	8.7475	2	4	7	11	17
116	208927	4.1747	1	2	3	5	8
117	3726	3.9847	1	1	2	5	9
118	6481	2.9303	1	1	2	3	6
119	1629	5.3640	1	1	3	7	13
120	37814	8.1649	1	2	5	10	18
121	170012	6.6480	2	4	6	8	12
122	83182	4.2023	1	2	4	6	7
123	43363	4.4029	1	1	2	5	10
124	154194	4.4587	1	2	4	6	9
125	62627	2.8721	1	1	2	4	6
126	5399	12.4253	4	6	9	15	25
127	719871	5.5133	2	3	4	7	10
128	16049	6.0323	3	4	5	7	9
129	4455	2.9495	1	1	1	3	7
130	98047	5.9926	2	3	5	7	10
131	24574	4.6703	1	3	4	6	8
132	174092	3.1532	1	2	3	4	6
133	6631	2.4803	1	1	2	3	5
134	30358	3.4496	1	2	3	4	6
135	8217	4.3269	1	2	3	5	8
136	1113	2.9695	1	1	2	4	5
138	209079	4.0464	1	2	3	5	8
139	67303	2.5774	1	1	2	3	5
140	107658	2.9719	1	1	2	4	5
141	81733	3.8534	1	2	3	5	7
142	36613	2.7911	1	1	2	3	5
143	143826	2.2585	1	1	2	3	4
144	78710	5.2279	1	2	4	7	10
145	6350	2.8698	1	1	2	4	6
146	10372	10.2717	5	7	9	12	17
147	1779	6.7482	4	5	7	8	10
148	146892	12.2593	5	7	10	15	22

TABLE 7B.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY—Continued

[FY97 MEDPAR Update 12/97 Grouper V16.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
149	14387	6.8504	4	5	6	8	10
150	23756	10.8870	4	6	9	13	19
151	4149	5.8894	2	3	5	8	10
152	4713	8.3393	4	5	7	10	14
153	1604	5.6359	3	4	5	7	8
154	34348	13.3603	4	7	10	16	25
155	4743	4.6884	1	2	4	6	9
156	2	18.0000	6	6	30	30	30
157	9287	5.3854	1	2	4	7	11
158	4110	2.6190	1	1	2	3	5
159	18320	4.9678	1	2	4	6	9
160	9765	2.6768	1	1	2	3	5
161	14601	4.0877	1	2	3	5	9
162	7065	2.0350	1	1	1	2	4
163	5	11.8000	4	4	11	13	22
164	5272	8.5277	4	5	7	10	15
165	1639	4.9555	2	3	5	6	8
166	3542	5.1256	2	3	4	6	9
167	2325	2.8456	1	2	2	4	5
168	1700	4.5476	1	2	3	6	9
169	843	2.5326	1	1	2	3	5
170	12774	11.2370	2	5	8	14	23
171	1004	4.8337	1	2	4	6	9
172	32993	7.1114	2	3	5	9	14
173	2135	3.9611	1	1	3	5	8
174	248770	4.9263	2	3	4	6	9
175	21672	3.0085	1	2	3	4	5
176	18343	5.4925	2	3	4	7	10
177	11138	4.5572	2	2	4	6	8
178	3486	3.2114	1	2	3	4	6
179	12485	6.4200	2	3	5	8	12
180	93327	5.4284	2	3	4	7	10
181	21330	3.5057	1	2	3	4	6
182	234973	4.3571	1	2	3	5	8
183	69893	3.0179	1	1	2	4	6
184	91	3.1648	1	2	2	4	7
185	4046	4.4881	1	2	3	6	9
187	870	3.9908	1	2	3	5	8
188	75257	5.5524	1	2	4	7	11
189	8618	3.2060	1	1	2	4	6
190	59	5.2712	1	2	4	7	11
191	10625	14.5648	4	7	11	18	29
192	831	6.7088	2	4	6	8	12
193	7334	12.5020	5	7	10	15	22
194	773	6.9288	3	4	6	9	12
195	7094	9.8105	4	6	8	12	17
196	1260	5.7254	2	4	5	7	10
197	25012	8.6285	3	5	7	10	15
198	6357	4.5945	2	3	4	6	8
199	2037	10.1733	3	5	8	14	20
200	1339	11.4593	2	4	8	14	23
201	1651	14.2938	4	6	11	18	29
202	28649	6.7440	2	3	5	8	13
203	29508	6.8400	2	3	5	9	14
204	53140	6.0853	2	3	5	7	11
205	22927	6.5500	2	3	5	8	13
206	1614	4.0694	1	2	3	5	8
207	35502	5.1397	1	2	4	6	10
208	9472	2.8992	1	1	2	4	6
209	362634	5.4336	3	4	5	6	8
210	141586	7.0191	3	4	6	8	12
211	26005	5.1476	3	4	5	6	8
212	13	3.7692	1	2	4	5	6
213	7496	8.4066	2	4	6	11	16
216	6117	9.8190	2	4	7	12	19
217	20587	12.9505	3	5	9	16	27
218	23700	5.3217	2	3	4	6	10
219	18252	3.2882	1	2	3	4	5
220	5	3.2000	1	1	3	4	7
223	18540	2.6177	1	1	2	3	5

TABLE 7B.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY—Continued

[FY97 MEDPAR Update 12/97 Grouper V16.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
224	7682	2.0607	1	1	2	3	4
225	5644	4.3556	1	2	3	5	9
226	5540	5.9224	1	2	4	7	12
227	4597	2.7261	1	1	2	3	5
228	2757	3.4345	1	1	2	4	8
229	1100	2.3827	1	1	2	3	5
230	2386	4.5306	1	2	3	5	9
231	10685	4.5647	1	2	3	5	9
232	496	3.8327	1	1	2	4	9
233	4903	7.6490	2	3	5	9	16
234	2258	3.6151	1	2	3	5	7
235	5348	5.3113	1	2	4	6	10
236	39380	5.1518	1	3	4	6	9
237	1593	3.6353	1	2	3	5	7
238	7851	8.8615	3	4	7	11	17
239	59615	6.4289	2	3	5	8	12
240	13635	6.6882	2	3	5	8	13
241	2905	3.9983	1	2	3	5	7
242	2634	6.7358	2	3	5	8	13
243	81633	4.8627	2	3	4	6	9
244	12420	4.9928	2	3	4	6	9
245	4361	3.7420	1	2	3	5	7
246	1273	3.9309	1	2	3	5	7
247	12240	3.4938	1	2	3	4	7
248	8122	4.6959	1	2	4	6	9
249	10840	3.6358	1	1	3	4	7
250	3561	4.2263	1	2	3	5	8
251	2210	2.9570	1	1	2	4	5
252	1	1.0000	1	1	1	1	1
253	19384	4.8629	1	3	4	6	9
254	9275	3.3439	1	2	3	4	6
255	2	3.5000	1	1	6	6	6
256	5517	5.1064	1	2	4	6	10
257	21137	2.9877	1	2	2	3	5
258	16396	2.1344	1	1	2	3	3
259	3772	3.0803	1	1	2	3	7
260	4464	1.5383	1	1	1	2	2
261	1967	2.2466	1	1	2	3	4
262	659	4.2231	1	1	3	6	9
263	27474	11.3931	3	5	8	14	22
264	3318	7.0530	2	3	5	8	14
265	4309	6.5331	1	2	4	8	13
266	2464	3.4054	1	1	2	4	7
267	250	4.6400	1	2	3	5	9
268	875	3.5783	1	1	2	4	7
269	9415	7.8786	2	3	6	10	16
270	2662	3.1480	1	1	2	4	7
271	22961	7.1545	3	4	6	9	13
272	5940	6.4330	2	3	5	8	12
273	1307	4.7980	1	2	4	6	8
274	2409	6.7430	1	3	5	8	14
275	210	3.5143	1	1	2	4	7
276	932	4.4678	1	2	4	6	8
277	81663	5.9066	2	3	5	7	10
278	24598	4.4950	2	3	4	6	8
279	12	5.0000	2	2	4	7	9
280	14156	4.3177	1	2	3	5	8
281	5945	3.1527	1	1	3	4	6
282	2	2.0000	2	2	2	2	2
283	5201	4.8029	1	2	4	6	9
284	1656	3.3255	1	2	3	4	6
285	5534	11.0193	3	5	8	13	21
286	2141	6.9650	3	4	5	8	13
287	6161	11.2446	3	5	8	13	22
288	1478	5.9303	2	3	5	6	9
289	5457	3.2448	1	1	2	3	7
290	8922	2.5158	1	1	2	3	4
291	66	1.7576	1	1	1	2	3
292	5029	10.7174	2	4	8	14	21
293	347	5.5476	1	2	4	7	12

TABLE 7B.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY—Continued

[FY97 MEDPAR Update 12/97 Grouper V16.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
294	82039	4.9200	1	2	4	6	9
295	3593	3.9585	1	2	3	5	7
296	235524	5.3934	2	3	4	7	10
297	32715	3.6521	1	2	3	4	7
298	91	3.7253	1	1	2	4	8
299	968	5.3657	1	2	4	7	10
300	16820	6.2855	2	3	5	8	12
301	2395	3.8113	1	2	3	5	7
302	7784	10.1382	5	6	8	12	18
303	19638	9.2247	4	5	7	10	16
304	12813	8.9904	2	4	7	11	18
305	2552	3.8985	1	2	3	5	7
306	10658	5.5019	1	2	3	7	12
307	2355	2.3996	1	1	2	3	4
308	9167	6.0165	1	2	4	8	13
309	3541	2.5945	1	1	2	3	5
310	26694	4.2835	1	2	3	5	9
311	7805	1.9543	1	1	1	2	4
312	1731	4.3437	1	1	3	6	9
313	587	2.3799	1	1	2	3	5
314	1	10.0000	10	10	10	10	10
315	28283	8.0413	1	2	5	10	18
316	93071	6.8024	2	3	5	9	14
317	787	2.8666	1	1	2	3	6
318	6194	6.1022	1	3	5	8	12
319	407	2.9902	1	1	2	4	6
320	177474	5.5698	2	3	4	7	10
321	23679	4.0416	2	2	3	5	7
322	82	4.1098	2	2	3	4	7
323	16931	3.2166	1	1	2	4	6
324	7513	1.9385	1	1	1	2	4
325	7409	3.9591	1	2	3	5	8
326	2192	2.7199	1	1	2	3	5
327	9	2.8889	1	1	2	3	4
328	759	3.7167	1	2	3	5	7
329	87	2.2644	1	1	1	3	4
331	43598	5.5769	1	3	4	7	11
332	4517	3.5603	1	1	3	5	7
333	306	4.9477	1	2	4	6	11
334	18572	4.9690	3	3	4	6	8
335	10338	3.7163	2	3	3	4	5
336	54082	3.6046	1	2	3	4	7
337	31770	2.2858	1	1	2	3	4
338	2767	4.7879	1	2	3	6	10
339	1987	4.1726	1	1	3	5	9
340	2	1.0000	1	1	1	1	1
341	4909	2.9589	1	1	2	3	6
342	1007	3.4518	1	2	2	4	7
344	3882	2.6285	1	1	1	3	5
345	1343	3.6389	1	1	2	4	8
346	4844	5.8179	1	3	4	7	11
347	365	3.1370	1	1	2	4	6
348	3181	4.2521	1	2	3	5	8
349	632	2.7658	1	1	2	4	5
350	6114	4.3999	2	2	4	5	8
352	638	3.6160	1	2	3	4	7
353	2816	6.9457	3	4	5	8	12
354	9926	5.7743	3	3	4	6	10
355	5640	3.4624	2	3	3	4	5
356	28862	2.6478	1	2	2	3	4
357	6330	9.0289	3	5	7	11	17
358	27373	4.3708	2	3	3	5	7
359	27990	2.9775	2	2	3	3	4
360	17843	3.1581	1	2	3	4	5
361	540	3.3259	1	1	2	3	7
363	3943	3.3109	1	2	2	3	6
364	1828	3.5656	1	1	2	5	8
365	2298	6.8903	1	2	5	9	14
366	4368	6.8116	1	3	5	8	14
367	506	2.8893	1	1	2	3	6

TABLE 7B.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY—Continued

[FY97 MEDPAR Update 12/97 Grouper V16.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
368	2895	6.3530	2	3	5	8	12
369	2588	3.0622	1	1	2	4	6
370	1154	5.4610	2	3	4	5	9
371	1157	3.4754	2	3	3	4	5
372	975	3.1549	1	2	2	3	5
373	3868	2.1171	1	1	2	2	3
374	147	3.0340	1	2	2	3	3
375	9	5.1111	2	2	3	9	10
376	214	2.9252	1	2	2	3	6
377	52	4.4808	1	2	3	6	9
378	168	2.5952	1	1	2	3	4
379	334	3.5868	1	1	2	3	7
380	87	2.0345	1	1	2	2	3
381	187	2.1283	1	1	1	2	4
382	40	1.2750	1	1	1	1	2
383	1460	3.7301	1	2	3	4	8
384	123	2.6585	1	1	2	3	6
385	1	2.0000	2	2	2	2	2
389	9	8.6667	1	3	7	10	15
390	13	6.0000	2	2	4	5	17
392	2513	10.3828	4	5	7	12	21
394	1805	7.0853	1	2	4	8	16
395	70948	4.7241	1	2	3	6	9
396	15	18.4667	1	2	5	11	15
397	18814	5.5200	1	2	4	7	11
398	18127	6.0414	2	3	5	7	11
399	1322	3.7239	1	2	3	5	7
400	7225	9.3664	2	3	6	12	20
401	6653	11.0137	2	4	8	14	23
402	1464	3.8907	1	1	3	5	9
403	38919	8.1409	2	3	6	10	17
404	3797	4.4464	1	2	3	6	9
406	3308	9.5299	2	4	7	12	20
407	634	4.3202	1	2	4	5	8
408	2667	7.5047	1	2	5	9	16
409	4644	5.8404	2	3	4	6	11
410	59252	3.4182	1	2	3	4	6
411	18	2.8889	1	1	2	2	6
412	24	2.3333	1	1	2	3	4
413	7781	7.4429	2	3	6	9	15
414	676	4.2219	1	2	3	5	8
415	45158	14.3432	4	7	11	18	28
416	230365	7.3967	2	4	6	9	14
417	41	5.9024	2	2	5	7	11
418	21184	6.1906	2	3	5	8	11
419	15269	5.0200	2	3	4	6	9
420	2680	3.9474	1	2	3	5	7
421	12113	3.9569	1	2	3	5	7
422	86	3.3372	1	2	2	5	7
423	10723	7.7520	2	3	6	9	15
424	1621	14.2961	2	5	10	18	29
425	15405	4.1352	1	2	3	5	8
426	4449	4.9020	1	2	3	6	10
427	1633	4.8010	1	2	3	6	10
428	940	7.1755	1	2	4	8	14
429	32769	7.1661	2	3	5	8	14
430	56829	8.7198	2	4	7	11	17
431	217	7.3088	1	3	5	9	13
432	409	5.2152	1	2	3	6	12
433	6811	3.2053	1	1	2	4	7
434	21537	5.1804	2	3	4	6	9
435	14552	4.4078	1	2	4	5	8
436	3322	13.9618	4	7	13	21	28
437	12779	9.2061	3	5	8	12	16
439	1138	7.7065	1	3	5	9	16
440	5155	8.9081	2	3	6	10	19
441	570	3.4333	1	1	2	4	7
442	16247	8.1177	1	3	6	10	17
443	3153	3.3321	1	1	2	4	7
444	3425	4.5007	1	2	3	5	8

TABLE 7B.—MEDICARE PROSPECTIVE PAYMENT SYSTEM; SELECTED PERCENTILE LENGTHS OF STAY—Continued

[FY97 MEDPAR Update 12/97 Grouper V16.0]

DRG	Number discharges	Arithmetic mean LOS	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
445	1243	3.3628	1	2	3	4	6
446	1	2.0000	2	2	2	2	2
447	4257	2.5130	1	1	2	3	5
449	27905	3.7822	1	1	3	5	8
450	6171	2.0826	1	1	1	2	4
451	9	2.7778	1	1	1	4	5
452	22863	5.0341	1	2	4	6	10
453	3796	2.9236	1	1	2	4	6
454	3855	4.6905	1	2	3	6	9
455	758	2.7401	1	1	2	3	5
461	3047	4.4322	1	1	2	4	11
462	10348	12.4504	4	6	10	16	23
463	13983	4.4209	1	2	3	5	8
464	3556	3.3751	1	2	3	4	6
465	210	2.9095	1	1	1	3	5
466	1748	4.0955	1	1	2	4	9
467	1332	4.3949	1	1	2	4	7
468	61704	13.4718	3	6	10	17	27
471	12918	6.0694	3	4	5	7	10
473	8429	12.7713	2	3	7	18	33
475	109339	11.1900	2	5	9	15	22
476	5924	11.9158	3	6	10	15	22
477	28747	8.1623	1	3	6	11	17
478	123286	7.4571	1	3	5	9	15
479	18337	3.8430	1	2	3	5	7
480	400	26.7550	8	11	20	32	53
481	256	27.1133	16	20	24	32	43
482	6596	12.7329	4	7	10	15	23
483	41763	40.0560	14	21	33	50	73
484	391	14.6931	2	6	11	18	27
485	3471	9.5906	4	5	7	11	18
486	2244	12.3382	1	5	10	16	25
487	4210	7.3983	2	3	6	9	14
488	865	17.0532	4	7	12	22	35
489	14894	8.9049	2	4	6	11	19
490	4863	5.4148	1	2	4	7	11
491	11011	3.6593	2	2	3	4	6
492	2334	17.1418	4	5	12	27	36
493	56210	5.6284	1	2	5	7	11
494	25155	2.4285	1	1	2	3	5
495	125	16.9920	7	10	13	19	31
496	895	10.5821	4	6	8	13	20
497	21969	6.2886	2	3	5	7	11
498	12500	3.5058	1	2	3	5	6
499	36205	4.9604	2	2	4	6	9
500	36448	2.8726	1	2	2	4	5
501	1895	10.4391	4	6	8	12	19
502	468	6.5876	3	4	6	8	10
503	6317	4.2169	1	2	3	5	8
504	157	31.5669	8	14	25	39	57
505	171	5.8421	1	1	1	4	11
506	1130	16.7522	4	8	13	21	34
507	391	8.9668	2	4	7	12	17
508	1206	7.7355	2	3	5	9	16
509	462	4.8528	1	2	3	6	10
510	1006	6.8897	2	3	5	8	13
511	311	4.8135	1	2	3	6	9
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TABLE 8A.—STATEWIDE AVERAGE OPERATING COST-TO-CHARGE RATIOS FOR URBAN AND RURAL HOSPITALS (CASE WEIGHTED) MARCH 1998

State	Urban	Rural
ALABAMA	0.373	0.446
ALASKA	0.503	0.731
ARIZONA	0.375	0.540
ARKANSAS	0.515	0.457
CALIFORNIA	0.363	0.481
COLORADO	0.467	0.565
CONNECTICUT	0.546	0.532
DELAWARE	0.506	0.488
DISTRICT OF COLUMBIA	0.521	.....
FLORIDA	0.384	0.389
GEORGIA	0.497	0.497
HAWAII	0.430	0.559
IDAHO	0.564	0.582
ILLINOIS	0.445	0.546
INDIANA	0.559	0.597
IOWA	0.513	0.640
KANSAS	0.429	0.644
KENTUCKY	0.496	0.519
LOUISIANA	0.442	0.496
MAINE	0.620	0.576
MARYLAND	0.765	0.818
MASSACHUSETTS	0.540	0.571
MICHIGAN	0.467	0.580
MINNESOTA	0.532	0.611
MISSISSIPPI	0.478	0.499
MISSOURI	0.441	0.516
MONTANA	0.524	0.569
NEBRASKA	0.482	0.639
NEVADA	0.320	0.584
NEW HAMPSHIRE	0.573	0.586
NEW JERSEY	0.436	.....
NEW MEXICO	0.466	0.510
NEW YORK	0.553	0.633
NORTH CAROLINA	0.523	0.461
NORTH DAKOTA	0.620	0.666
OHIO	0.533	0.576
OKLAHOMA	0.460	0.529
OREGON	0.546	0.624
PENNSYLVANIA	0.407	0.527
PUERTO RICO	0.481	0.569
RHODE ISLAND	0.571	.....
SOUTH CAROLINA	0.472	0.494
SOUTH DAKOTA	0.537	0.620
TENNESSEE	0.481	0.508
TEXAS	0.427	0.536
UTAH	0.538	0.635
VERMONT	0.615	0.577
VIRGINIA	0.476	0.499
WASHINGTON	0.599	0.662
WEST VIRGINIA	0.592	0.573
WISCONSIN	0.568	0.641
WYOMING	0.495	0.694

TABLE 8B.—STATEWIDE AVERAGE CAPITAL COST-TO-CHARGE RATIOS (CASE WEIGHTED) MARCH 1998

State	Ratio
ALABAMA	0.047
ALASKA	0.066
ARIZONA	0.043
ARKANSAS	0.054
CALIFORNIA	0.038
COLORADO	0.052
CONNECTICUT	0.042
DELAWARE	0.058

TABLE 8B.—STATEWIDE AVERAGE CAPITAL COST-TO-CHARGE RATIOS (CASE WEIGHTED) MARCH 1998—Continued

State	Ratio
DISTRICT OF COLUMBIA	0.040
FLORIDA	0.046
GEORGIA	0.049
HAWAII	0.045
IDAHO	0.054
ILLINOIS	0.042
INDIANA	0.059
IOWA	0.054
KANSAS	0.052
KENTUCKY	0.051
LOUISIANA	0.067
MAINE	0.040
MARYLAND	0.013
MASSACHUSETTS	0.056
MICHIGAN	0.046
MINNESOTA	0.056
MISSISSIPPI	0.054
MISSOURI	0.049
MONTANA	0.052
NEBRASKA	0.057
NEVADA	0.068
NEW HAMPSHIRE	0.066
NEW JERSEY	0.039
NEW MEXICO	0.047
NEW YORK	0.053
NORTH CAROLINA	0.047
NORTH DAKOTA	0.075
OHIO	0.053
OKLAHOMA	0.054
OREGON	0.055
PENNSYLVANIA	0.043
PUERTO RICO	0.054
RHODE ISLAND	0.033
SOUTH CAROLINA	0.053
SOUTH DAKOTA	0.061
TENNESSEE	0.056
TEXAS	0.052
UTAH	0.056
VERMONT	0.047
VIRGINIA	0.058
WASHINGTON	0.066
WEST VIRGINIA	0.056
WISCONSIN	0.052
WYOMING	0.056

Appendix A—Regulatory Impact Analysis

I. Introduction

We generally prepare a regulatory flexibility analysis that is consistent with the Regulatory Flexibility Act (RFA) (5 U.S.C. 601 through 612), unless we certify that a proposed rule would not have a significant economic impact on a substantial number of small entities. For purposes of the RFA, we consider all hospitals to be small entities.

Also, section 1102(b) of the Social Security Act requires us to prepare a regulatory impact analysis for any proposed rule that may have a significant impact on the operations of a substantial number of small rural hospitals. Such an analysis must conform to the provisions of section 603 of the RFA. With the exception of hospitals located in certain New England counties, for purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital with fewer than 100 beds that is located outside of a Metropolitan Statistical Area (MSA) or New England County Metropolitan Area (NECMA). Section 601(g) of the Social Security Amendments of 1983 (Pub. L. 98–21) designated hospitals in certain New England counties as belonging to the adjacent NECMA. Thus, for purposes of the prospective payment system, we classify these hospitals as urban hospitals.

It is clear that the changes being proposed in this document would affect both a substantial number of small rural hospitals as well as other classes of hospitals, and the effects on some may be significant. Therefore, the discussion below, in combination with the rest of this proposed rule, constitutes a combined regulatory impact analysis and regulatory flexibility analysis.

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

II. Objectives

The primary objective of the prospective payment system is to create incentives for hospitals to operate efficiently and minimize unnecessary costs while at the same time ensuring that payments are sufficient to adequately compensate hospitals for their legitimate costs. In addition, we share national goals of deficit reduction and restraints on government spending in general.

We believe the proposed changes would further each of these goals while maintaining the financial viability of the hospital industry and ensuring access to high quality health care for Medicare beneficiaries. We expect that these proposed changes would ensure that the outcomes of this payment system are reasonable and equitable while avoiding or minimizing unintended adverse consequences.

III. Limitations of Our Analysis

As has been the case in previously published regulatory impact analyses, the following quantitative analysis presents the projected effects of our proposed policy changes, as well as statutory changes effective for FY 1999, on various hospital groups. We estimate the effects of individual policy changes by estimating payments per case while holding all other payment policies constant. We use the best data available, but we do not attempt to predict behavioral responses to our policy changes, and we do not make adjustments for future changes in such variables as admissions, lengths of stay, or case mix. As we have done in previous proposed rules, we are soliciting comments and information about the anticipated effects of these changes on hospitals and our methodology for estimating them.

IV. GME Payment to Nonhospital Providers

In the past, Medicare only paid hospitals for GME costs. Therefore, FQHCs, RHCs and Medicare+Choice organizations may have been reluctant to train many residents since they would incur costs in training the residents but would not be reimbursed for those costs by Medicare. Under this proposed regulation, where the non-hospital site incurs all or substantially all of the costs of the training at that site, Medicare will reimburse

the provider for Medicare's share of the reasonable costs of the training. The proposal to allow for payments directly to these non-hospital sites for the costs of training residents in approved programs will facilitate more training of residents in settings that will be similar to the settings that many of those residents will ultimately practice after their training is completed. Additionally, this could result in an increase in the number of physicians practicing in underserved areas.

In addition, hospitals are currently allowed to count residents, working in nonhospital sites in their count of residents and the hospital would be paid GME payments, if it paid for all or substantially all of the costs of the program at the non-hospital site. Previously the regulation defined the statutory requirement of ''all or substantially all'' to mean at least the residents'' salaries and fringe benefits. Under the proposal we would redefine ''all or substantially all'' of the costs of the program at the nonhospital site to also include the GME portion of the teaching physicians' salaries and fringe benefits. This will require hospitals to incur more of the costs of the training at the nonhospital site in order to receive both direct and indirect GME payments for those residents.

Section 4625 of the Balanced Budget Act, which provides for direct graduate medical education payments to nonhospital providers, would have minimal impact in the context of total graduate medical education costs. We believe that the most significant impact resulting from section 4625 will be the movement of resident training from the inpatient setting to the nonhospital setting. We expect that such a shift in the site where resident training occurs will result in little if any additional cost to Medicare. In addition to the expected shift in training from the inpatient setting to the nonhospital setting, in relatively few cases, section 4625 could result in additional resident training being paid by Medicare. However, Medicare's share of costs incurred in those nonhospital sites based on Medicare utilization is often generally low, so we expect the impact of the cost of training of any additional residents to be negliglible.

V. Hospitals Included In and Excluded From the Prospective Payment System

The prospective payment systems for hospital inpatient operating and capital-related costs encompass nearly all general, short-term, acute care hospitals that participate in the Medicare program. There were 45 Indian Health Service hospitals in our database, which we excluded from the analysis due to the special characteristics of the prospective payment method for these hospitals. Among other short-term, acute care hospitals, only the 50 such hospitals in Maryland remain excluded from the prospective payment system under the waiver at section 1814(b)(3) of the Act. Thus, as of March 1998, we have included 4,956 hospitals in our analysis. This represents about 82 percent of all Medicare-participating hospitals. The majority of this impact analysis focuses on this set of hospitals.

The remaining 18 percent are specialty hospitals that are excluded from the prospective payment system and continue to be paid on the basis of their reasonable costs (subject to a rate-of-increase ceiling on their inpatient operating costs per discharge). These hospitals include psychiatric, rehabilitation, long-term care, children's, and cancer hospitals. The impacts of our proposed policy changes on these hospitals are discussed below.

VI. Impact on Excluded Hospitals and Units

As of March 1998, there were 1,082 specialty hospitals excluded from the prospective payment system and instead paid on a reasonable cost basis subject to the rate-of-increase ceiling under § 413.40. In addition, there were 2,393 psychiatric and rehabilitation units in hospitals otherwise subject to the prospective payment system. These excluded units are also paid in accordance with § 413.40.

As required by section 1886(b)(3)(B) of the Act, the update factor applicable to the rate-of-increase limit for excluded hospitals and units for FY 1999 would be between 0 and 2.5 percent, depending on the hospital's costs in relation to its limit.

The impact on excluded hospitals and units of the proposed update in the rate-of-increase limit depends on the cumulative cost increases experienced by each excluded hospital or unit since its applicable base period. For excluded hospitals and units that have maintained their cost increases at a level below the percentage increases in the rate-of-increase limits since their base period, the major effect will be on the level of incentive payments these hospitals and units receive. Conversely, for excluded hospitals and units with per-case cost increases above the cumulative update in their rate-of-increase limits, the major effect will be the amount of excess costs that would not be reimbursed.

We note that, under § 413.40(d)(3), an excluded hospital or unit whose costs exceed 110 percent of its rate-of-increase limit receives its rate-of-increase limit plus 50 percent of the difference between its reasonable costs and 110 percent of the limit, not to exceed 110 percent of its limit. In addition, under the various provisions set forth in § 413.40, certain excluded hospitals and units can obtain payment adjustments for justifiable increases in operating costs that exceed the limit. At the same time, however, by generally limiting payment increases, we continue to provide an incentive for excluded hospitals and units to restrain the growth in their spending for patient services.

VII. Quantitative Impact Analysis of the Proposed Policy Changes Under the Prospective Payment System for Operating Costs

A. Basis and Methodology of Estimates

In this proposed rule, we are announcing policy changes and payment rate updates for the prospective payment systems for operating and capital-related costs. We estimate the total payment impact of these changes on FY 1999 payments compared to FY 1998 payments, to be approximately a $400 million reduction. We have prepared separate impact analyses of the proposed changes to each system. This section deals with changes to the operating prospective payment system.

The data used in developing the quantitative analyses presented below are taken from the FY 1997 MedPAR file and the most current provider-specific file that is used for payment purposes. Although the analyses of the changes to the operating prospective payment system do not incorporate cost data, the most recently available hospital cost report data were used to categorize hospitals. Our analysis has several qualifications. First, we do not make adjustments for behavioral changes that hospitals may adopt in response to these proposed policy changes. Second, due to the interdependent nature of the prospective payment system, it is very difficult to precisely quantify the impact associated with each proposed change. Third, we draw upon various sources for the data used to categorize hospitals in the tables. In some cases, particularly the number of beds, there is a fair degree of variation in the data from different sources. We have attempted to construct these variables with the best available source overall. For individual hospitals, however, some miscategorizations are possible.

Using cases in the FY 1997 MedPAR file, we simulated payments under the operating prospective payment system given various combinations of payment parameters. Any short-term, acute care hospitals not paid under the general prospective payment systems (Indian Health Service hospitals and hospitals in Maryland) are excluded from the simulations. Payments under the capital prospective payment system, or payments for costs other than inpatient operating costs, are not analyzed here. Estimated payment impacts of proposed FY 1999 changes to the capital prospective payment system are discussed below in section VII of this Appendix.

The proposed changes discussed separately below are the following:

- The effects of implementing the expanded transfer definition enacted by section 4407 of the BBA, which counts as a transfer any discharge from one of 10 DRGs if upon discharge the patient is admitted to an excluded hospital or distinct part unit or a skilled nursing facility, or is provided home health care that is related to the hospitalization within 3 days of the date of discharge.
- The effects of the annual reclassification of diagnoses and procedures and the recalibration of the DRG relative weights required by section 1886(d)(4)(C) of the Act.
- The effects of changes in hospitals' wage index values reflecting the wage index update (FY 1995 data).
- The effects of two proposed changes to the wage index: (1) including the costs associated with Part A physician costs under contract; and (2) removing the overhead costs related to departments excluded from the wage data used to calculate the wage index (for example, skilled nursing facilities and distinct part units).
- The effects of geographic reclassifications by the Medicare Geographic Classification Review Board (MGCRB) that will be effective in FY 1999.

• The total change in payments based on FY 1999 policies relative to payments based on FY 1998 policies.

To illustrate the impacts of the FY 1999 proposed changes, our analysis begins with a FY 1999 baseline simulation model using: The FY 1998 GROUPER (version 15.0); the FY 1998 wage index; the transfer definition prior to implementation of section 4407 of the BBA; and no MGCRB reclassifications. Outlier payments are set at 5.1 percent of total DRG payments.

Each proposed and statutory policy change is then added incrementally to this baseline model, finally arriving at an FY 1999 model incorporating all of the changes. This allows us to isolate the effects of each change.

Our final comparison illustrates the percent change in payments per case from FY 1998 to FY 1999. Four factors have significant impacts here. First is the update to the standardized amounts. In accordance with section 1886(d)(3)(A)(iv) of the Act, we are proposing to update the large urban and the other areas average standardized amounts for FY 1999 using the most recently forecasted hospital market basket increase for FY 1999 of 2.6 percent minus 1.9 percentage points. Similarly, section 1886(b)(3)(C)(ii) of the Act provides that the update factor applicable to the hospital-specific rates for sole community hospitals (SCHs), essential access community hospitals (EACHs) (which are treated as SCHs for payment purposes), and Medicare-dependent, small rural hospitals (MDHs) is equal to the market basket increase of 2.6 percent minus 1.9 percentage points (for an update of 0.7 percent).

A second significant factor impacting changes in hospitals' payments per case from FY 1998 to FY 1999 is a change in MGCRB reclassification status from one year to the next. That is, hospitals reclassified in FY 1998 that are no longer reclassified in FY 1999 may have a negative payment impact going from FY 1998 to FY 1999; conversely, hospitals not reclassified in FY 1998 that are reclassified in FY 1999 may have a positive impact. In some cases, these impacts can be quite substantial, so if a relatively small number of hospitals in a particular category lose their reclassification status, the percentage increase in payments for the category may be below the national mean.

A third significant factor is that we currently estimate that actual outlier payments during FY 1998 will be 5.4 percent of actual total DRG payments. When the FY 1998 final rule was published, we projected FY 1998 outlier payments would be 5.1 percent of total DRG payments, and the standardized amounts were reduced correspondingly. The effects of the slightly higher than expected outlier payments during FY 1998 (as discussed in the Addendum to this proposed rule) are reflected in the analyses below comparing our current estimates of FY 1998 payments per case to estimated FY 1999 payments per case.

Fourth, payments per case in FY 1999 are reduced from FY 1998 for hospitals that receive the indirect medical education (IME) or the disproportionate share (DSH) adjustments. Section 1886(d)(5)(B)(ii) of the Act provides that the IME adjustment is reduced from approximately a 7.0 percent increase for every 10 percent increase in a hospital's resident-to-bed ratio in FY 1998, to a 6.5 percent increase in FY 1999. Similarly, in accordance with section 1886(d)(5)(F)(ix) of the Act, the DSH adjustment for FY 1999 is reduced by 2 percent from what would otherwise have been paid, compared to a 1 percent reduction for FY 1998.

Table I demonstrates the results of our analysis. The table categorizes hospitals by various geographic and special payment consideration groups to illustrate the varying impacts on different types of hospitals. The top row of the table shows the overall impact on the 4,956 hospitals included in the analysis. This is 132 fewer hospitals than were included in the impact analysis in the FY 1998 final rule with comment period (62 FR 46119).

The next four rows of Table I contain hospitals categorized according to their geographic location (all urban, which is further divided into large urban and other urban, or rural). There are 2,792 hospitals located in urban areas (MSAs or NECMAs) included in our analysis. Among these, there are 1,588 hospitals located in large urban areas (populations over 1 million), and 1,204 hospitals in other urban areas (populations of 1 million or fewer). In addition, there are 2,164 hospitals in rural areas. The next two groupings are by bed-size categories, shown separately for urban and rural hospitals. The final groupings by geographic location are by census divisions, also shown separately for urban and rural hospitals.

The second part of Table I shows hospital groups based on hospitals' FY 1999 payment classifications, including any reclassifications under section 1886(d)(10) of the Act. For example, the rows labeled urban, large urban, other urban, and rural show the numbers of hospitals paid based on these categorizations (after consideration of geographic reclassifications) are 2,877, 1,681, 1,196, and 2,079, respectively.

The next three groupings examine the impacts of the proposed changes on hospitals grouped by whether or not they have residency programs (teaching hospitals that receive an IME adjustment), receive DSH payments, or some combination of these two adjustments. There are 3,875 nonteaching hospitals in our analysis, 841 teaching hospitals with fewer than 100 residents, and 240 teaching hospitals with 100 or more residents.

In the DSH categories, hospitals are grouped according to their DSH payment status, and whether they are considered urban or rural after MGCRB reclassifications. Hospitals in the rural DSH categories, therefore, represent hospitals that were not reclassified for purposes of the standardized amount or for purposes of the DSH adjustment. (They may, however, have been reclassified for purposes of the wage index.) The next category groups hospitals considered urban after geographic reclassification, in terms of whether they receive the IME adjustment, the DSH adjustment, both, or neither.

The next row separately examines hospitals that available data show may qualify under section 4401(b) of the BBA for the special temporary relief provision, which grants an additional 0.3 percent update to the standardized amounts (in addition to the 0.7 percent update other hospitals would receive during FY 1999), resulting in a 1.0 percent update for this category of hospitals. To be eligible, a hospital must not be an MDH, nor may it receive either IME or DSH payments. It must also experience a negative margin on its operating prospective payments during FY 1999. We estimated eligible hospitals based on whether they had a negative operating margin on their FY 1995 cost report (latest available data). Finally, to qualify, a hospital must be located in a State where the aggregate FY 1995 operating prospective payments were less than the aggregate associated costs for all of the non-IME, non-DSH, non-MDH hospitals in the State. There are 356 hospitals in this row.

The next four rows examine the impacts of the proposed changes on rural hospitals by special payment groups (SCHs, rural referral centers (RRCs), MDHs, and EACHs), as well as rural hospitals not receiving a special payment designation. The RRCs (137), SCH/EACHs (633), MDHs (351), and SCH/EACH and RRCs (54) shown here were not reclassified for purposes of the standardized amount. There is one SCH that will be reclassified for the standardized amount in FY 1999 that, therefore, is not included in these rows. There are six EACHs included in our analysis and three EACH/RRCs.

The next two groupings are based on type of ownership and the hospital's Medicare utilization expressed as a percent of total patient days. These data are taken primarily from the FY 1995 Medicare cost report files, if available (otherwise FY 1994 data are used). Data needed to determine ownership status or Medicare utilization percentages were unavailable for 95 hospitals. For the most part, these are new hospitals.

The next series of groupings concern the geographic reclassification status of hospitals. The first three groupings display hospitals that were reclassified by the MGCRB for both FY 1998 and FY 1999, or for either of those 2 years, by urban/rural status. The next rows illustrate the overall number of FY 1999 reclassifications, as well as the numbers of reclassified hospitals grouped by urban and rural location. The final row in Table I contains hospitals located in rural counties but deemed to be urban under section 1886(d)(8)(B) of the Act.

TABLE I.—IMPACT ANALYSIS OF CHANGES FOR FY 1999 OPERATING PROSPECTIVE PAYMENT SYSTEM

[Percent changes in payments per case]

	Number of hosps.[1]	PAC tran. provision[2]	DRG recalib.[3]	New wage data[4]	Contract phys. pt a costs[5]	Allocated overhead costs[6]	DRG & WI changes[7]	MGCRB recl- assification[8]	All FY 99 changes[9]
	(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(BY GEOGRAPHIC LOCATION):									
ALL HOSPITALS ..	4,956	−0.6	0.1	0.1	0.0	−0.1	0.0	0.0	−0.7
URBAN HOSPITALS	2,792	−0.7	0.1	0.0	0.0	−0.2	−0.2	−0.4	−1.1
LARGE URBAN	1,588	−0.7	0.1	−0.3	0.0	−0.2	−0.5	−0.4	−1.4
OTHER URBAN	1,204	−0.6	0.1	0.4	0.0	−0.2	0.2	−0.3	−0.5
RURAL HOSPITALS	2,164	−0.4	0.1	0.9	−0.1	0.3	1.3	2.4	1.5
BED SIZE (URBAN):									
0–99 BEDS	690	−0.8	0.2	−0.3	0.0	−0.1	−0.3	−0.5	−0.7
100–199 BEDS	936	−0.8	0.2	−0.2	0.0	−0.1	−0.3	−0.4	−1.0
200–299 BEDS	566	−0.7	0.1	−0.1	0.0	−0.1	−0.3	−0.3	−0.9
300–499 BEDS	448	−0.6	0.1	0.0	0.0	−0.2	−0.3	−0.5	−1.2
500 OR MORE BEDS	152	−0.5	0.1	0.3	0.0	−0.3	0.1	−0.2	−1.2
BED SIZE (RURAL):									
0–49 BEDS	1,135	−0.3	0.1	0.9	−0.1	0.5	1.3	−0.1	1.3
50–99 BEDS ..	635	−0.4	0.1	0.8	−0.1	0.3	1.1	0.9	1.1
100–149 BEDS	229	−0.5	0.1	0.8	−0.1	0.4	1.3	3.3	1.3
150–199 BEDS	91	−0.5	0.1	1.0	−0.1	0.3	1.5	3.9	2.7
200 OR MORE BEDS	74	−0.4	0.1	1.0	0.0	0.2	1.4	4.6	1.6
URBAN BY CENSUS DIVISION:									
NEW ENGLAND	152	−0.7	0.1	−2.4	−0.1	0.1	−2.7	0.1	−3.5
MIDDLE ATLANTIC	425	−0.4	0.2	0.4	0.3	−0.2	0.6	−0.5	−0.5
SOUTH ATLANTIC	413	−0.6	0.1	0.8	−0.1	−0.2	0.6	−0.6	−0.3
EAST NORTH CENTRAL ..	475	−0.8	0.1	0.0	−0.1	−0.4	−0.6	−0.3	−1.5
EAST SOUTH CENTRAL ..	159	−0.6	0.1	0.5	−0.1	−0.4	0.0	−0.5	−0.7
WEST NORTH CENTRAL ..	186	−0.7	0.0	0.9	0.0	0.1	1.0	−0.6	0.1
WEST SOUTH CENTRAL ..	350	−0.9	0.1	−1.1	0.1	−0.2	−1.4	−0.1	−2.0
MOUNTAIN ...	126	−0.8	0.1	0.4	0.2	−0.2	0.5	−0.6	−0.3
PACIFIC	458	−0.8	0.1	−0.5	−0.1	0.0	−0.7	−0.3	−1.4
PUERTO RICO	48	−0.2	0.3	0.8	−0.3	−0.3	0.3	−0.5	0.3
RURAL BY CENSUS DIVISION:									
NEW ENGLAND	53	−0.4	0.0	1.3	0.1	0.0	1.4	0.6	−0.4
MIDDLE ATLANTIC	80	−0.3	0.1	0.9	0.1	0.0	1.2	1.2	1.1
SOUTH ATLANTIC	286	−0.4	0.2	0.8	−0.1	0.3	1.1	3.3	2.0
EAST NORTH CENTRAL ..	284	−0.5	0.1	1.0	−0.3	0.3	1.2	1.9	1.5
EAST SOUTH CENTRAL ..	269	−0.4	0.1	1.5	−0.1	0.3	1.9	2.5	2.0

TABLE I.—IMPACT ANALYSIS OF CHANGES FOR FY 1999 OPERATING PROSPECTIVE PAYMENT SYSTEM—Continued

[Percent changes in payments per case]

	Number of hosps.[1]	PAC tran. provision[2]	DRG recalib.[3]	New wage data[4]	Contract phys. pt a costs[5]	Allocated overhead costs[6]	DRG & WI changes[7]	MGCRB recl- assification[8]	All FY 99 changes[9]
	(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
WEST NORTH CENTRAL ..	499	−0.4	0.0	1.1	0.0	0.7	1.9	2.1	1.8
WEST SOUTH CENTRAL ..	341	−0.5	0.1	0.3	−0.1	0.5	0.8	3.1	0.7
MOUNTAIN ...	206	−0.3	0.0	0.3	−0.1	0.5	0.8	1.6	1.2
PACIFIC	141	−0.6	0.1	0.4	−0.1	0.4	1.0	2.3	1.1
PUERTO RICO	5	−0.4	0.1	2.3	0.1	−0.3	2.2	1.9	0.8
(BY PAYMENT CATEGORIES):									
URBAN HOSPITALS	2,877	−0.7	0.1	0.0	0.0	−0.2	−0.2	−0.3	−1.0
LARGE URBAN	1,681	−0.7	0.1	−0.3	0.0	−0.2	−0.4	−0.3	−1.3
OTHER URBAN	1,196	−0.6	0.1	0.4	0.0	−0.2	0.2	−0.4	−0.5
RURAL HOSPITALS	2,079	−0.4	0.1	0.9	−0.1	0.4	1.3	2.0	1.4
TEACHING STATUS:									
NON-TEACHING	3,875	−0.7	0.1	0.2	−0.1	0.0	0.2	0.3	−0.1
LESS THAN 100 RES. ...	841	−0.7	0.1	0.0	0.0	−0.2	−0.2	−0.3	−0.9
100+ RESIDENTS	240	−0.6	0.1	0.0	0.1	−0.2	−0.1	−0.3	−1.7
DISPROPORTIONATE SHARE HOSPITALS (DSH):									
NON-DSH	3,074	−0.6	0.1	0.1	0.0	−0.1	0.1	0.3	−0.4
URBAN DSH:									
100 BEDS OR MORE	1,402	−0.7	0.1	0.0	0.0	−0.2	−0.2	−0.3	−1.1
FEWER THAN 100 BEDS ..	93	−0.7	0.2	−0.2	−0.1	−0.1	−0.3	−0.5	−0.7
RURAL DSH:									
SOLE COMMUNITY (SCH) ..	156	−0.2	0.1	0.8	−0.1	0.2	1.1	−0.1	1.3
REFERRAL CENTERS (RRC) ..	47	−0.5	0.2	1.3	−0.1	0.3	1.9	4.8	2.9
OTHER RURAL DSH HOSP.:									
100 BEDS OR MORE	64	−0.6	0.2	1.2	−0.1	0.4	1.8	1.3	0.8
FEWER THAN 100 BEDS ..	120	−0.3	0.1	1.4	−0.1	0.4	1.8	0.0	1.7
URBAN TEACHING AND DSH:									

TABLE I.—IMPACT ANALYSIS OF CHANGES FOR FY 1999 OPERATING PROSPECTIVE PAYMENT SYSTEM—Continued

[Percent changes in payments per case]

	Number of hosps.[1]	PAC tran. provision[2]	DRG recalib.[3]	New wage data[4]	Contract phys. pt a costs[5]	Allocated overhead costs[6]	DRG & WI changes[7]	MGCRB recl- assification[8]	All FY 99 changes[9]
	(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
BOTH TEACHING AND DSH ...	700	−0.7	0.1	0.0	0.0	−0.2	−0.2	−0.4	−1.4
TEACHING AND NO DSH	328	−0.6	0.0	0.0	0.0	−0.3	−0.2	−0.1	−1.0
NO TEACHING AND DSH	795	−0.8	0.2	0.0	−0.1	−0.1	−0.1	−0.2	−0.6
NO TEACHING AND NO DSH	1,054	−0.7	0.1	−0.2	0.0	−0.1	−0.3	−0.3	−0.6
SPECIAL UPDATE HOSPITALS (UNDER SEC. 4401(b) OF PUBLIC LAW 105–33)	356	−0.6	0.2	0.1	−0.1	−0.1	0.1	0.3	−0.3
RURAL HOSPITAL TYPES:									
NONSPECIAL STATUS HOSPITALS	904	−0.5	0.2	1.1	−0.1	0.5	1.6	1.1	1.0
RRC	137	−0.6	0.1	1.2	0.0	0.4	1.8	5.6	2.5
SCH/EACH	633	−0.2	0.0	0.4	0.0	0.2	0.6	0.1	0.8
MDH	351	−0.3	0.1	1.1	−0.1	0.5	1.5	0.4	1.3
SCH/EACH AND RRC ..	54	−0.2	0.0	0.3	0.0	0.1	0.4	1.5	1.3
TYPE OF OWNERSHIP:									
VOLUNTARY	2,859	−0.6	0.1	0.1	0.0	−0.1	−0.1	−0.1	−0.8
PROPRIETARY	671	−0.9	0.2	0.1	−0.1	−0.1	−0.1	0.1	−0.9
GOVERNMENT	1,331	−0.5	0.1	0.3	−0.1	0.0	0.3	0.3	−0.3
UNKNOWN	95	−0.7	0.2	0.3	−0.1	−0.1	0.2	−0.2	−0.7
MEDICARE UTILIZATION AS A PERCENT OF INPATIENT DAYS:									
0–25	249	−0.7	0.2	−0.7	−0.1	−0.1	−1.0	0.1	−1.6
25–50	1,267	−0.7	0.1	0.0	0.0	−0.1	−0.2	−0.2	−1.2
50–65	1,975	−0.6	0.1	0.2	0.0	−0.1	0.1	0.1	−0.4
OVER 65	1,370	−0.6	0.1	0.3	0.0	0.0	0.4	0.0	0.0
UNKNOWN	95	−0.7	0.2	0.3	−0.1	−0.1	0.2	−0.2	−0.7
HOSPITALS RECLASSIFIED BY THE MEDICARE GEOGRAPHIC REVIEW BOARD:									
RECLASSIFICATION STATUS DURING FY 98 AND FY 99:									
RECLASSIFIED DURING BOTH FY98 AND FY99	311	−0.5	0.1	0.6	−0.1	0.1	0.8	6.6	−0.1
URBAN ...	70	−0.5	0.1	0.2	−0.1	−0.3	−0.1	5.4	−0.5
RURAL ...	241	−0.5	0.1	1.0	−0.1	0.4	1.5	7.5	0.2
RECLASSIFIED DURING FY99 ONLY	178	−0.5	0.1	0.8	−0.1	0.2	1.0	4.0	4.7

TABLE I.—IMPACT ANALYSIS OF CHANGES FOR FY 1999 OPERATING PROSPECTIVE PAYMENT SYSTEM—Continued

[Percent changes in payments per case]

	Number of hosps.[1]	PAC tran. provision[2]	DRG recalib.[3]	New wage data[4]	Contract phys. pt a costs[5]	Allocated overhead costs[6]	DRG & WI changes[7]	MGCRB recl- assification[8]	All FY 99 changes[9]
	(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
URBAN ...	25	−0.5	0.1	0.4	−0.1	0.0	0.4	3.1	1.9
RURAL ...	153	−0.5	0.1	1.0	−0.1	0.3	1.3	4.4	6.1
RECLASSIFIED DURING FY98 ONLY	111	−0.7	0.1	0.6	0.0	−0.2	0.5	−0.5	−3.1
URBAN ...	38	−0.7	0.1	0.5	0.1	−0.3	0.2	−0.6	−2.2
RURAL ...	73	−0.4	0.1	0.9	−0.1	0.4	1.3	−0.5	−6.1
FY 99 RECLASSIFICATIONS:									
ALL RECLASSIFIED HOSP.	489	−0.5	0.1	0.7	−0.1	0.1	0.9	5.7	1.6
STAND. AMOUNT ONLY ..	94	−0.6	0.1	0.6	0.1	−0.3	0.5	1.0	−0.3
WAGE INDEX ONLY ..	281	−0.5	0.1	0.5	−0.1	0.3	0.8	6.6	−0.9
BOTH	47	−0.6	0.2	0.9	−0.1	−0.4	0.6	3.8	−1.6
NON-RECLASSIFIED	4,507	−0.7	0.1	0.1	0.0	−0.1	−0.1	−0.4	−0.7
ALL URBAN RECLASS.	95	−0.5	0.1	0.3	−0.1	−0.2	0.0	4.7	0.2
STAND. AMOUNT ONLY ..	25	−0.4	0.2	0.9	0.1	−0.4	0.7	0.7	0.0
WAGE INDEX ONLY ..	45	−0.5	0.1	0.0	−0.1	0.1	−0.1	6.5	0.6
BOTH	25	−0.5	0.1	0.6	−0.2	−0.6	−0.1	2.9	−0.5
NON-RECLASSIFIED	2,670	−0.7	0.1	0.0	0.0	−0.2	−0.2	−0.6	−1.1
ALL RURAL RECLASS.	394	−0.5	0.1	1.0	−0.1	0.4	1.4	6.3	2.5
STAND. AMOUNT ONLY ..	57	−0.5	0.1	1.1	−0.2	0.3	1.5	5.1	2.4
WAGE INDEX ONLY ..	309	−0.5	0.1	0.9	−0.1	0.4	1.4	6.1	2.3
BOTH	28	−0.6	0.1	1.1	−0.1	0.3	1.6	9.2	3.8
NON-RECLASSIFIED	1,770	−0.3	0.1	0.9	−0.1	0.3	1.2	−0.5	0.8
OTHER RECLASSIFIED HOSPITALS (SECTION 1886(d)(8)(B)) ...	27	−0.5	0.1	−0.9	0.2	−0.3	−0.9	0.7	−0.6

[1] Because data necessary to classify some hospitals by category were missing, the total number of hospitals in each category may not equal the national total. Discharge data are from FY 1997, and hospital cost report data are from reporting periods beginning in FY 1994 and FY 1995.

[2] This column displays the impact of the change enacted by section 4407 of the BBA, which defines discharges from 1 of 10 DRGs to postacute care as transfers. Under our proposed policy, 3 of the 10 DRGs would be paid under an alternative methodology where they would receive 50 percent of the full DRG amount on the first day and 50 percent of the current per diem transfer payment amount for each remaining day of the stay. The remaining seven DRGs would be paid using our current transfer payment methodology.

[3] This column displays the payment impact of the recalibration of the DRG weights based on FY 1997 MedPAR data and the DRG classification changes, in accordance with section 1886(d)(4)(C) of the Act.

[4] This column shows the payment effects of updating the data used to calculate the wage index with data from the FY 1995 cost reports.
[5] This column displays the impact of adding contract Part A physician costs to the wage data.
[6] This column illustrates the payment impact of removing the overhead costs allocated to departments where the directly assigned costs are already excluded from the wage index calculation (for example, SNFs and distinct part units).
[7] This column displays the combined impact of the reclassification and recalibration of the DRGs, the updated and revised wage data used to calculate the wage index, and the budget neutrality adjustment factor for these two changes, in accordance with sections 1886(d)(4)(C)(iii) and 1886(d)(3)(E) of the Act. Thus, it represents the combined impacts shown in columns 2, 3, 4, and 5, and the FY 1999 budget neutrality factor of 0.999227.
[8] Shown here are the effects of geographic reclassifications by the Medicare Geographic Classification Review Board (MGCRB). The effects shown here demonstrate the FY 1999 payment impact of going from no reclassifications to the reclassifications scheduled to be in effect for FY 1999. Reclassification for prior years has no bearing on the payment impacts shown here.
[9] This column shows changes in payments from FY 1998 to FY 1999. It incorporates all of the changes displayed in columns 1, 6, and 7 (the changes displayed in columns 2, 3, 4 and 5 are included in column 6). It also displays the impact of the FY 1999 update, changes in hospitals' reclassification status in FY 1999 compared to FY 1998, the difference in outlier payments from FY 1998 to FY 1999, and the reductions to payments through the IME and DSH adjustments taking effect during FY 1999. The sum of these columns may be different from the percentage changes shown here due to rounding and interactive effects.

B. Impact of the Proposed Implementation of the Expanded Transfer Definition (Column 1)

Section 1886(d)(5)(J) of the Act (added by section 4407 of the BBA) requires the Secretary to select 10 DRGs for which discharges (from any one of these DRGs) to a postacute care provider will be treated as a transfer beginning with discharges on or after October 1, 1998. Column 1 shows the impact of this provision.

Although the expanded definition encompasses only 10 DRGs, they were selected, in accordance with the statute, based upon their large and disproportionate volume of cases receiving postacute care. We estimate that approximately 25 percent of all cases receiving follow-up postacute care come from these 10 DRGs. Therefore, the overall payment impact of this change is significant (a 0.6 percent decrease in payments per case).

The 10 DRGs that we are proposing to include under this provision are identified in section V.A. of the preamble to this proposed rule. In addition to selecting 10 DRGs, the statute authorizes the Secretary to develop an alternative transfer payment methodology for DRGs where a substantial portion of the costs of the cases occur very early in the stay. This is particularly likely to happen in some surgical DRGs because of the high cost of the surgical procedure. Based on our analysis comparing the costs per case for these cases with payments under our current transfer payment methodology, we are proposing to pay the current transfer per diem for all DRGs except DRGs 209, 210, and 211. For those three DRGs, the alternative payment methodology we are proposing is 50 percent of the full DRG payment amount for the first day of the stay, plus 50 percent of the current per diem transfer payment for each remaining day, up to the full DRG payment.

To simulate the impact of these proposed policies, we adjusted hospitals' transfer-adjusted discharges and case-mix index values (using version 15 of the GROUPER) to reflect the impact of this expansion in the transfer definition. The transfer-adjusted discharge amount is calculated one of two ways, depending on the transfer payment methodology. Under our current transfer payment methodology, and for all but the three DRGs receiving special payment consideration, this adjustment is made simply by adding one to the length of stay and dividing that amount by the geometric mean length of stay for the DRG (not to exceed 1.0). For example, a transfer after 3 days from a DRG with a geometric mean length of stay of 6 days would have a transfer-adjusted discharge weight of 0.667 ((3+1)/6).

For transfers from any one of the three DRGs receiving the alternative payment methodology, the transfer-adjusted discharge amount is 0.5 (to reflect that these cases receive half the full DRG amount the first day), plus one-half of the result of dividing one plus the length of stay prior to transfer by the geometric mean length of stay for the DRG. As with the above adjustment, the result is equal to the lesser of the transfer-adjusted DRG or 1.

The transfer-adjusted case-mix index values are calculated by summing the transfer-adjusted DRG weights and dividing by the transfer-adjusted discharges. The transfer-adjusted DRG weights are calculated by multiplying the DRG weight by the lesser of 1 or the transfer-adjusted discharge for the case, divided by the geometric mean length of stay for the DRG. In this way, simulated payments per case can be compared before and after the change to the transfer policy.

This change has the greatest impact among urban hospitals (0.7 percent decrease). Among urban hospitals, smaller hospitals (under 200 beds) are most affected, with a 0.8 percent reduction in payments. For urban hospitals grouped by census division, Puerto Rico and the Middle Atlantic division have the smallest negative impacts, 0.2 and 0.4 percent decreases, respectively. The Middle Atlantic division has traditionally had the longest average lengths of stay, therefore, it is not surprising that the impact is smallest here. Transfer cases with a length of stay more than the (geometric) mean length of stay minus one day do not experience any payment impact under this provision. (Full payment is reached one day prior to the mean length of stay due to the double per diem paid for the first day under our current transfer payment methodology.) The small impact in Puerto Rico would indicate that these hospitals also are not discharging patients to postacute care early in the stay.

Rural hospitals experience a smaller payment impact overall, especially the smallest rural hospitals: Those with fewer than 50 beds (a 0.3 percent decrease). The smallest impacts among rural census divisions are in the Middle Atlantic and the Mountain. The largest rural impact is in the Pacific division, with a 0.6 percent decrease. This change is consistent with the shorter lengths of stay in this geographic region.

The largest negative impact is a 0.9 percent decrease in payments, observed among urban West South Central hospitals, and proprietary hospitals. The smallest negative impact besides urban Puerto Rico hospitals occurs in SCHs (0.2 percent decrease). Those SCHs paid based on their hospital-specific amount would see no impact related to this change, since there is no transfer adjustment made to the hospital-specific amount.

C. Impact of the Proposed Changes to the DRG Classifications and Relative Weights (Column 2)

In column 2 of Table I, we present the combined effects of the DRG reclassifications and recalibration, as discussed in section II of the preamble to this proposed rule. Section 1886(d)(4)(C)(I) of the Act requires us to annually make appropriate classification changes and to recalibrate the DRG weights in order to reflect changes in treatment patterns, technology, and any other factors that may change the relative use of hospital resources.

We compared aggregate payments using the FY 1998 DRG relative weights (GROUPER version 15) to aggregate payments using the proposed FY 1999 DRG relative weights (GROUPER version 16). Overall, payments increase by 0.1 percent due to the DRG changes, although this is prior to applying the budget neutrality factor for DRG and wage index changes (see column 6). Consistent with the minor changes we are proposing for the FY 1999 GROUPER, the redistributional impacts of DRG reclassifications and recalibration across hospital groups are very small (a 0.1 percent increase for large and other urban hospitals, as well as for rural hospitals). Within hospital categories, the net effects for urban hospitals are small positive changes for all hospitals (a 0.2 percent increase for hospitals with fewer than 200 beds and a 0.1 percent increase for larger hospitals). Among rural hospitals, all hospital categories experience an increase of 0.1 percent.

The breakdowns by urban census division show that the increase among urban hospitals is spread across all census categories, with the largest increase (0.3 percent) for hospitals in Puerto Rico. For rural hospitals, there is no impact (that is, a 0.0 percent change) for hospitals in the New England, West North Central, and Mountain census divisions. All other divisions experience a 0.1 percent increase.

This pattern of small increases or no change applies to all other hospital categories. Overall, we attribute this change to the increasing severity of illness of

hospital inpatients. That is, as greater numbers of less acutely ill patients are treated outside the inpatient setting, the acuity of the remaining hospital inpatients increases. Although, in the past, this effect was seen more clearly in large urban and very large rural hospitals, which often had more outpatient settings available for patient treatment, hospitals in all areas now appear to be able to take advantage of this practice. Of course, in general, these positive impacts are very minor, with virtually no hospital group experiencing more than a 0.2 percent increase.

D. Impact of Updating the Wage Data (Column 3)

Section 1886(d)(3)(E) of the Act requires that, beginning October 1, 1993, we annually update the wage data used to calculate the wage index. In accordance with this requirement, the proposed wage index for FY 1999 is based on data submitted for hospital cost reporting periods beginning on or after October 1, 1994 and before October 1, 1995. As with the previous column, the impact of the new data on hospital payments is isolated by holding the other payment parameters constant in the two simulations. That is, column 3 shows the percentage changes in payments when going from a model using the FY 1998 wage index based on FY 1994 wage data before geographic reclassifications to a model using the FY 1999 prereclassification wage index based on FY 1995 wage data.

The wage data collected on the FY 1995 cost reports includes, for the first time, contract labor costs and hours for top management positions as allowable in the wage index calculation. In addition, the changes to wage-related costs associated with hospital and home office salaries that were discussed in the September 1, 1994 final rule (59 FR 45355) are reflected in the FY 1995 data. These changes are reflected in column 3, as well as other year-to-year changes in hospitals' labor costs.

The results indicate that the new wage data have an overall impact of a 0.1 percent increase in hospital payments (prior to applying the budget neutrality factor, see column 6). Rural hospitals especially appear to benefit from the update. Their payments increase by 0.9 percent. These increases are attributable to relatively large increases in the wage index values for the rural areas of particular States; South Dakota, Hawaii, Mississippi, Wyoming, New Hampshire, and Iowa all had increases greater than 6 percent in their prereclassification wage index values.

Urban hospitals as a group are not significantly affected by the updated wage data. The gains of hospitals in other urban areas (0.4 percent increase) are offset by decreases among hospitals in large urban areas (0.3 percent decrease). The negative impact among large urban areas appears to be largely due to a 5.8 percent decrease in the wage index values for the Boston MSA. This impact is especially evident in the 2.4 percent decrease for urban New England hospitals. Urban West South Central hospitals experience a 1.1 percent decrease, largely due to 11 Texas MSAs with FY 1999 wage indexes that fall by more than 7 percent. These appear to be primarily related to large changes in the average hourly wages of individual hospitals in MSAs with only a few hospitals. We would point out that the wage data used for the proposed wage index is not final, and we understand that many hospitals have submitted revision requests. To the extent these requests are granted by hospitals' fiscal intermediaries, these revisions are likely to affect the impacts shown in the final rule. In addition, we continue to verify the accuracy of the data for hospitals with extraordinary changes in their data from the prior year. We anticipate that all these verifications will be completed when we calculate the final FY 1999 wage index.

The largest increases are seen in the rural census divisions. Rural Puerto Rico experiences the greatest positive impact, 2.3 percent. Hospitals in three other census divisions receive positive impacts over 1.0 percent; East South Central at 1.5 percent, New England at 1.3 percent, and West North Central at 1.1 percent. We believe these positive impacts of the new wage data for rural hospitals stem from the expansion of the contract labor definition, specifically to include certain management categories. On average, the hourly cost of contract labor increased for rural hospitals by 5.9 percent. Among urban hospitals, the increase was 4.2 percent.

E. Impact of Including Contract Physician Part A Costs (Column 4)

As discussed in section III.C.1 of the preamble, we began collecting separate wage data for both direct and contract physician Part A services on the FY 1995 cost report. This change was made in order to address any potential inequity of including only salaried Part A physician costs in the wage index while some States had laws prohibiting their hospitals from employing physicians directly (forcing hospitals to contract with physicians for administrative services). Based on our analysis, we are proposing to include contract physician Part A costs in the wage index calculation.

Column 4 shows the payment impacts of including these data. Although only two States currently maintain the prohibition against hospitals directly employing physicians (Texas and California), many hospitals in other States reported these costs as well. Thus, the impacts of this proposed change extend well beyond Texas and California. In fact, the urban Middle Atlantic census division shows the largest positive impact from this change (0.3 percent).

In general, hospitals in other areas experience either no changes due to this proposed policy, or small (0.1 percent) increases or decreases. However, urban hospitals in Puerto Rico and rural hospitals in the East North Central census division experience 0.3 percent decreases. The negative rural East North Central impact is largely due to a negative impact of this change on the rural Wisconsin wage index.

As noted above, the data used to prepare the proposed FY 1999 wage index are subject to revision, and we understand that many hospitals requested changes to their contract physician Part A costs prior to the March 9 deadline for all requests for wage data changes to be submitted to the fiscal intermediaries. The extent of these requests and the number which are approved by the fiscal intermediaries may change the impacts in the final rule.

F. Impact of Removing Overhead Costs of Excluded Areas (Column 5)

Prior years' wage index calculations have removed the direct wages and hours associated with certain subprovider components excluded from the prospective payment system; however, the overhead costs associated with these excluded components have not been removed. We revised the FY 1995 cost report to allow hospitals to report separately overhead salaries and hours, and we are proposing to remove the overhead costs and hours allocated to areas of the hospital excluded from the wage index calculation.

Column 5 displays the impacts on FY 1999 payments per case of implementing this change. The overall impact is a 0.1 percent decline in payments; however, once again (as with the impacts of the FY 1995 data), the impact diverges along urban and rural lines. Urban hospitals lose 0.2 percent as a result of removing these overhead costs, while rural hospitals gain 0.3 percent. Among rural hospitals by bed size, the smallest rural hospitals benefit the most, with a 0.5 percent increase for rural hospitals with fewer than 50 beds.

Hospitals in the rural West North Central census division experience the largest percentage increase (0.7 percent). The largest negative impacts are in Puerto Rico (urban and rural), and urban East North Central and urban East South Central.

The combined wage index changes in Table I are determined by summing the individual impacts in columns 3, 4, and 5. For example, the rural West North Central census division gains 1.1 percent from the new wage data, and 0.7 percent from removing the overhead costs allocated to excluded areas. Therefore, the combined impact of the FY 1999 wage index for these hospitals is a 1.8 percent increase.

The following chart compares the shifts in wage index values for labor market areas for FY 1999 relative to FY 1998. This chart demonstrates the impact of the proposed changes for the FY 1999 wage index relative to the FY 1998 wage index. The majority of labor market areas (282) experience less than a 5 percent change. A total of 54 labor market areas experience an increase of more than 5 percent with 13 having an increase greater than 10 percent. A total of 34 areas experience decreases of more than 5 percent (all urban). Of those, 6 decline by 10 percent or more.

Percentage change in area wage index values	Number of labor market areas	
	FY 1998	FY 1999
Increase more than 10 percent	2	13
Increase more than 5 percent and less than 10 percent	24	41
Increase or decrease less than 5 percent	334	282

Percentage change in area wage index values	Number of labor market areas	
	FY 1998	FY 1999
Decrease more than 5 percent and less than 10 percent	9	28
Decrease more than 10 percent	1	6

Among urban hospitals, 164 would experience an increase of more than 5 percent and 29 more than 10 percent. More rural hospitals have increases greater than 5 percent (360), but none greater than 10 percent. On the negative side, 268 urban hospitals but no rural hospitals have decreases in their wage index values of at least 5 percent (30 of the urban hospitals have decreases greater than 10 percent). The following chart shows the projected impact for urban and rural hospitals.

Percentage change in area wage index values	Number of hospitals	
	Urban	Rural
Increase more than 10 percent	29	0
Increase more than 5 percent and less than 10 percent	164	360
Increase or decrease less than 5 percent	2440	1924
Decrease more than 5 percent and less than 10 percent	238	0
Decrease more than 10 percent	30	0

G. Combined Impact of DRG and Wage Index Changes—Including Budget Neutrality Adjustment (Column 6)

The impact of DRG reclassifications and recalibration on aggregate payments is required by section 1886(d)(4)(C)(iii) of the Act to be budget neutral. In addition, section 1886(d)(3)(E) of the Act specifies that any updates or adjustments to the wage index are to be budget neutral. As noted in the Addendum to this proposed rule, we compared aggregate payments using the FY 1998 DRG relative weights and wage index to aggregate payments using the FY 1999 DRG relative weights and wage index. Based on this comparison, we computed a wage and recalibration budget neutrality factor of 0.999227. In Table I, the combined overall impacts of the effects of both the DRG reclassifications and recalibration and the updated wage index are shown in column 6. The 0.0 percent impact for All Hospitals demonstrates that these changes, in combination with the budget neutrality factor, are budget neutral.

For the most part, the changes in this column are the sum of the changes in columns 2, 3, 4, and 5, minus approximately 0.1 percent attributable to the budget neutrality factor. There may, of course, be some variation of plus or minus 0.1 percent due to rounding.

H. Impact of MGCRB Reclassifications (Column 7)

Our impact analysis to this point has assumed hospitals are paid on the basis of their actual geographic location (with the exception of ongoing policies that provide that certain hospitals receive payments on bases other than where they are geographically located, such as hospitals in rural counties that are deemed urban under section 1886(d)(8)(B) of the Act). The changes in column 7 reflect the per case payment impact of moving from this baseline to a simulation incorporating the MGCRB decisions for FY 1999. As noted below, these decisions affect hospitals' standardized amount and wage index area assignments. In addition, rural hospitals reclassified for purposes of the standardized amount qualify to be treated as urban for purposes of the DSH adjustment.

Beginning in 1998, by February 28 of each year, the MGCRB makes reclassification determinations that will be effective for the next fiscal year, which begins on October 1. (In previous years, these determinations were made by March 30.) The MGCRB may approve a hospital's reclassification request for the purpose of using the other area's standardized amount, wage index value, or both or for FYS 1999–2001 for purposes of qualifying for a DSH adjustment or to receive a higher DSH payment.

The proposed FY 1999 wage index values incorporate all of the MGCRB's reclassification decisions for FY 1999. The wage index values also reflect any decisions made by the HCFA Administrator through the appeals and review process for MGCRB decisions as of February 27, 1998. Additional changes that result from the Administrator's review of MGCRB decisions or a request by a hospital to withdraw its application will be reflected in the final rule for FY 1999.

The overall effect of geographic reclassification is required by section 1886(d)(8)(D) of the Act to be budget neutral. Therefore, we applied an adjustment of 0.994019 to ensure that the effects of reclassification are budget neutral. (See section II.A.4 of the Addendum to this proposed rule.)

As a group, rural hospitals benefit from geographic reclassification. Their payments rise 2.4 percent, while payments to urban hospitals decline 0.4 percent. Hospitals in other urban areas see a decrease in payments of 0.3 percent, while large urban hospitals lose 0.4 percent. Among urban hospital groups (that is, bed size, census division, and special payment status), payments generally decline.

A positive impact is evident among all rural hospital groups except the smallest hospitals (under 50 beds), which experience a slight decrease of 0.1 percent. The smallest increase among the rural census divisions is 0.6 percent for New England. The largest increase is in rural South Atlantic, with an increase of 3.3 percent.

Among rural hospitals designated as RRCs, 108 hospitals are reclassified for purposes of the wage index only, leading to the 5.6 percent increase in payments among RRCs overall. This positive impact on RRCs is also reflected in the category of rural hospitals with 200 or more beds, which has a 4.6 percent increase in payments.

Rural hospitals reclassified for FY 1998 and FY 1999 experience a 6.6 percent increase in payments. This may be due to the fact that these hospitals have the most to gain from reclassification and have been reclassified for a period of years. Rural hospitals reclassified for FY 1999 only experience a 4.4 percent increase in payments, while rural hospitals reclassified for FY 1998 only experience a 0.5 percent decrease in payments. Urban hospitals reclassified for FY 1998 but not FY 1999 experience a 0.6 percent decline in payments overall. Urban hospitals reclassified for FY 1999 but not for FY 1998 experience a 3.1 percent increase in payments.

The FY 1999 Reclassification rows of Table I show the changes in payments per case for all FY 1999 reclassified and nonreclassified hospitals in urban and rural locations for each of the three reclassification categories (standardized amount only, wage index only, or both). The table illustrates that the largest impact for reclassified rural hospitals is for those hospitals reclassified for both the standardized amount and the wage index. These hospitals receive a 9.2 percent increase in payments. In addition, rural hospitals reclassified just for the wage index receive a 6.1 percent payment increase. The overall impact on reclassified hospitals is to increase their payments per case by an average of 5.7 percent for FY 1999.

Among the 27 rural hospitals deemed to be urban under section 1886(d)(8)(B) of the Act, payments increase 0.7 percent due to MGCRB reclassification. This is because, although these hospitals are treated as being attached to an urban area in our baseline (their redesignation is ongoing, rather than annual like the MGCRB reclassifications), they are eligible for MGCRB reclassification. For FY 1999, one hospital in this category reclassified to a large urban area.

The reclassification of hospitals primarily affects payment to nonreclassified hospitals through changes in the wage index and the geographic reclassification budget neutrality adjustment required by section 1886(d)(8)(D) of the Act. Among hospitals that are not reclassified, the overall impact of hospital reclassifications is an average decrease in payments per case of about 0.4 percent. Rural nonreclassified hospitals decrease slightly more, experiencing a 0.5 percent decrease, and urban nonreclassified hospitals lose 0.6 percent (the amount of the budget neutrality offset).

The number of reclassifications for purposes of the standardized amount, or for both the standardized amount and the wage index, has increased from 149 in FY 1998 to 162 in FY 1999. The number of wage index only reclassifications increased from 284 in FY 1998 to 358 in FY 1999. These increases are mainly attributable to two changes made by the BBA. Section 4202 of the BBA amended section 1886(d)(10)(D) of the Act to allow RRCs to reclassify for wage index purposes based only on comparison of the RRC's average hourly wage to the average hourly wage of the area to which it applies to be reclassified. In addition, section 4203 provides that for FYs 1999–2001, a rural

hospital may be reclassified to an other urban area for the sole purpose of receiving a higher DSH payment.

The foregoing analysis was based on MGCRB and HCFA Administrator decisions made by February 27 of this year. As previously noted, there may be changes to some MGCRB decisions through the appeals, review, and applicant withdrawal process. The outcome of these cases will be reflected in the analysis presented in the final rule.

I. All Changes (Column 8)

Column 8 compares our estimate of payments per case, incorporating all changes reflected in this proposed rule for FY 1999 (including statutory changes), to our estimate of payments per case in FY 1998. It includes the effects of the 0.7 percent update to the standardized amounts and the hospital-specific rates for SCHs, EACHs, and MDHs. It also reflects the 0.3 percentage point difference between the projected outlier payments in FY 1999 (5.1 percent of total DRG payments) and the current estimate of the percentage of actual outlier payments in FY 1998 (5.4 percent), as described in the introduction to this Appendix and the Addendum to this proposed rule.

Additional changes affecting the difference between FY 1998 and FY 1999 payments are the reductions to the IME and DSH adjustments enacted by the BBA. These changes initially went into effect during FY 1998 and include additional decreases in payment for each of several succeeding years. As noted in the introduction to this impact analysis, for FY 1999, IME is reduced to approximately a 6.5 percent rate of increase, and DSH is reduced by 2 percent from what hospitals otherwise would receive. We estimate the overall effect of these statutory changes to be a 0.4 percent reduction in FY 1999 payments. For hospitals receiving both IME and DSH, the impact is estimated to be a 0.9 percent reduction in payments per case.

We also note that column 8 includes the impacts of FY 1999 MGCRB reclassifications compared to the payment impacts of FY 1998 reclassifications. Therefore, when comparing FY 1999 payments to FY 1998, the percent changes due to FY 1999 reclassifications shown in column 7 need to be offset by the effects of reclassification on hospitals' FY 1998 payments (column 7 of Table 1, August 29, 1997 final rule with comment period; 62 FR 46119). For example, the impact of MGCRB reclassifications on rural hospitals' FY 1998 payments was approximately a 2.2 percent increase, offsetting much of the 2.4 percent increase in column 7 for FY 1999. Therefore, the net change in FY 1999 payments due to reclassification for rural hospitals is actually closer to an increase of 0.2 percent relative to FY 1998. However, last year's analysis contained a somewhat different set of hospitals, so this might affect the numbers slightly.

There might also be interactive effects among the various factors comprising the payment system that we are not able to isolate. For these reasons, the values in column 8 may not equal the sum of the changes in columns 1, 6, and 7, plus the other impacts that we are able to identify.

The overall payment change from FY 1998 to FY 1999 for all hospitals is a 0.7 percent decrease. This reflects the 0.6 percent net change in total payments due to the postacute transfer change for FY 1999 shown in column 1; the 0.7 percent update for FY 1999, the 0.3 percent lower outlier payments in FY 1999 compared to FY 1998 (5.1 percent compared to 5.4 percent); and the 0.4 percent reduction due to lower IME and DSH payments.

Hospitals in urban areas experience a 1.1 percent drop in payments per case compared to FY 1998. Urban hospitals lose 0.9 percent due to the expanded transfer definition and the DRG and wage index changes combined. The 0.4 percent negative impact due to reclassification is offset by an identical negative impact for FY 1998. The impact of reducing IME and DSH is a 0.6 percent reduction in FY 1999 payments per case. Most of this negative impact is incurred by hospitals in large urban areas, where payments are expected to fall 1.4 percent per case compared to 0.5 percent per case for hospitals in other urban areas.

Hospitals in rural areas, meanwhile, experience a 1.5 percent payment increase. As discussed previously, this is primarily due to a smaller negative impact due to the expanded transfer definition (0.4 percent decrease compared to 0.6 percent nationally) and the positive effect due to the wage index and DRG changes (1.3 percent increase).

Among census divisions, urban New England displays the largest negative impact, 3.5 percent. This outcome is primarily related to the 2.4 percent decrease due to the new wage data. Similarly, urban West South Central experiences a 2.0 percent drop in payments per case, due to a 1.1 percent drop due to the new wage data. The urban East North Central and the urban Pacific also experience overall payment declines of more than 1.0 percent, with 1.5 and 1.4 percent decreases, respectively. The West North Central is the only urban census category to experience a rise in payments, stemming primarily from a 0.9 percent increase due to the new wage data. Hospitals in this census division also are less reliant on IME and DSH funding, and are therefore, impacted less by these reductions.

The only rural census division to experience a negative payment impact is New England (0.4 percent fall). This appears to result from a much smaller reclassification effect for rural New England hospitals in FY 1999. For FY 1998, the impact of MGCRB reclassification for these hospitals was a 2.1 percent increase (see 62 FR 46119). For FY 1999, the increase is only 0.6 percent. The largest increases by rural census division are in the South Atlantic and the East South Central, both with 2.0 percent increases in their FY 1999 payments per case. In the South Atlantic, this is primarily due to a larger FY 1999 benefit from MGCRB reclassifications. For the East South Central, it is largely due to a 1.5 percent increase from the FY 1995 wage data.

Among special categories of rural hospitals, RRCs have the largest increase, 2.5 percent. This carries over to other categories as well: rural hospitals with between 150 and 200 beds have a 2.7 percent rise in payments (there are 37 RRCs in this category); and RRCs receiving DSH see a 2.9 percent increase.

The largest negative payment impacts from FY 1998 to FY 1999 are among hospitals that were reclassified for FY 1998 and are not reclassified for FY 1999. Overall, these hospitals lose 3.1 percent. The urban hospitals in this category lose 2.2 percent, while the rural hospitals lose 6.1 percent. On the other hand, hospitals reclassified for FY 1999 that were not reclassified for FY 1998 would experience the greatest payment increases: 4.7 percent overall; 6.1 percent for 153 rural hospitals in this category and 1.9 percent for 25 urban hospitals.

TABLE II.—IMPACT ANALYSIS OF CHANGES FOR FY 1999 OPERATING PROSPECTIVE PAYMENT SYSTEM

[Payments per case]

	Number of hospitals (1)	Average FY 1998 payment per case (2)[1]	Average FY 1999 payment per case (3)[1]	All changes (4)
(BY GEOGRAPHIC LOCATION):				
ALL HOSPITALS	4,956	6,764	6,715	−0.7
URBAN HOSPITALS	2,792	7,332	7,255	−1.1
LARGE URBAN AREAS	1,588	7,891	7,782	−1.4

TABLE II.—IMPACT ANALYSIS OF CHANGES FOR FY 1999 OPERATING PROSPECTIVE PAYMENT SYSTEM—Continued

[Payments per case]

	Number of hospitals (1)	Average FY 1998 payment per case (2)[1]	Average FY 1999 payment per case (3)[1]	All changes (4)
OTHER URBAN AREAS	1,204	6,584	6,549	−0.5
RURAL AREAS	2,164	4,461	4,528	1.5
BED SIZE (URBAN):				
0–99 BEDS	690	4,922	4,890	−0.7
100–199 BEDS	936	6,127	6,069	−1.0
200–299 BEDS	566	6,921	6,860	−0.9
300–499 BEDS	448	7,839	7,744	−1.2
500 OR MORE BEDS	152	9,724	9,607	−1.2
BED SIZE (RURAL):				
0–49 BEDS	1,135	3,663	3,712	1.3
50–99 BEDS	635	4,173	4,218	1.1
100–149 BEDS	229	4,609	4,669	1.3
150–199 BEDS	91	4,799	4,927	2.7
200 OR MORE BEDS	74	5,603	5,692	1.6
URBAN BY CENSUS DIV.:				
NEW ENGLAND	152	7,873	7,597	−3.5
MIDDLE ATLANTIC	425	8,168	8,123	−0.5
SOUTH ATLANTIC	413	6,973	6,955	−0.3
EAST NORTH CENTRAL	475	7,016	6,909	−1.5
EAST SOUTH CENTRAL	159	6,558	6,511	−0.7
WEST NORTH CENTRAL	186	7,001	7,011	0.1
WEST SOUTH CENTRAL	350	6,807	6,672	−2.0
MOUNTAIN	126	7,065	7,045	−0.3
PACIFIC	458	8,403	8,289	−1.4
PUERTO RICO	48	3,049	3,057	0.3
RURAL BY CENSUS DIV.:				
NEW ENGLAND	53	5,308	5,285	−0.4
MIDDLE ATLANTIC	80	4,802	4,857	1.1
SOUTH ATLANTIC	286	4,606	4,697	2.0
EAST NORTH CENTRAL	284	4,492	4,559	1.5
EAST SOUTH CENTRAL	269	4,160	4,242	2.0
WEST NORTH CENTRAL	499	4,174	4,250	1.8
WEST SOUTH CENTRAL	341	3,989	4,019	0.7
MOUNTAIN	206	4,815	4,871	1.2
PACIFIC	141	5,603	5,664	1.1
PUERTO RICO	5	2,369	2,389	0.8
(BY PAYMENT CATEGORIES):				
URBAN HOSPITALS	2,877	7,289	7,215	−1.0
LARGE URBAN AREAS	1,681	7,795	7,691	−1.3
OTHER URBAN AREAS	1,196	6,564	6,533	−0.5
RURAL AREAS	2,079	4,440	4,501	1.4
TEACHING STATUS:				
NON-TEACHING	3,875	5,478	5,472	−0.1
FEWER THAN 100 RESIDENTS	841	7,219	7,155	−0.9
100 OR MORE RESIDENTS	240	10,987	10,796	−1.7
DISPROPORTIONATE SHARE HOSPITALS (DSH):				
NON–DSH	3,074	5,830	5,809	−0.4
URBAN DSH:				
100 BEDS OR MORE	1,402	7,941	7,850	−1.1
FEWER THAN 100 BEDS	93	5,024	4,990	−0.7
RURAL DSH:				
SOLE COMMUNITY (SCH)	156	4,255	4,310	1.3
REFERRAL CENTERS (RRC)	47	5,293	5,446	2.9
OTHER RURAL DSH HOSP.:				
100 BEDS OR MORE	64	4,196	4,229	0.8
FEWER THAN 100 BEDS	120	3,572	3,633	1.7
URBAN TEACHING AND DSH:				
BOTH TEACHING AND DSH	700	8,961	8,837	−1.4
TEACHING AND NO DSH	328	7,390	7,318	−1.0
NO TEACHING AND DSH	795	6,342	6,303	−0.6
NO TEACHING AND NO DSH	1,054	5,661	5,626	−0.6
SPECIAL UPDATE HOSPITALS (UNDER SEC. 4401(b) OF PUBLIC LAW 105–33	356	5,322	5,305	−0.3
RURAL HOSPITAL TYPES:				
NONSPECIAL STATUS HOSPITALS	904	3,948	3,986	1.0

TABLE II.—IMPACT ANALYSIS OF CHANGES FOR FY 1999 OPERATING PROSPECTIVE PAYMENT SYSTEM—Continued

[Payments per case]

	Number of hospitals (1)	Average FY 1998 payment per case (2)[1]	Average FY 1999 payment per case (3)[1]	All changes (4)
RRC	137	5,182	5,309	2.5
SCH/EACH	633	4,490	4,525	0.8
MDH	351	3,701	3,747	1.3
SCH/EACH AND RRC	54	5,363	5,433	1.3
TYPE OF OWNERSHIP:				
VOLUNTARY	2,859	6,949	6,894	−0.8
PROPRIETARY	671	6,148	6,092	−0.9
GOVERNMENT	1,331	6,233	6,215	−0.3
UNKNOWN	95	7,984	7,928	−0.7
MEDICARE UTILIZATION AS A PERCENT OF INPATIENT DAYS:				
0–25	249	8,884	8,740	−1.6
25–50	1,267	8,243	8,142	−1.2
50–65	1,975	6,168	6,143	−0.4
OVER 65	1,370	5,250	5,247	0.0
UNKNOWN	95	7,984	7,928	−0.7
HOSPITALS RECLASSIFIED BY THE MEDICARE GEOGRAPHIC REVIEW BOARD:				
RECLASSIFICATION STATUS DURING FY98 AND FY99:				
RECLASSIFIED DURING BOTH FY98 AND FY99	311	5,995	5,989	−0.1
URBAN	70	7,505	7,468	−0.5
RURAL	241	5,250	5,258	0.2
RECLASSIFIED DURING FY99 ONLY	178	5,512	5,773	4.7
URBAN	25	8,442	8,605	1.9
RURAL	153	4,705	4,993	6.1
RECLASSIFIED DURING FY98 ONLY	111	6,192	6,000	−3.1
URBAN	38	7,018	6,865	−2.2
RURAL	73	4,458	4,185	−6.1
FY 99 RECLASSIFICATIONS:				
ALL RECLASSIFIED HOSP.	489	5,815	5,908	1.6
STAND. AMT. ONLY	94	5,938	5,920	−0.3
WAGE INDEX ONLY	281	5,994	5,940	−0.9
BOTH	47	6,390	6,290	−1.6
NONRECLASS.	4,507	6,844	6,795	−0.7
ALL URBAN RECLASS.	95	7,767	7,786	0.2
STAND. AMT. ONLY	25	5,922	5,924	0.0
WAGE INDEX ONLY	45	9,138	9,194	0.6
BOTH	25	6,679	6,647	−0.5
NONRECLASS.	2,670	7,327	7,245	−1.1
ALL RURAL RECLASS.	394	5,026	5,149	2.5
STAND. AMT. ONLY	57	4,516	4,626	2.4
WAGE INDEX ONLY	309	5,086	5,204	2.3
BOTH	28	5,038	5,230	3.8
NONRECLASS.	1,770	4,106	4,137	0.8
OTHER RECLASSIFIED HOSPITALS (SECTION 1886(d)(8)(B))	27	4,725	4,695	−0.6

[1] These payment amounts per case do not reflect any estimates of annual case-mix increase.

Table II presents the projected impact of the proposed changes for FY 1999 for urban and rural hospitals and for the different categories of hospitals shown in Table I. It compares the projected payments per case for FY 1999 with the average estimated per case payments for FY 1998, as calculated under our models. Thus, this table presents, in terms of the average dollar amounts paid per discharge, the combined effects of the changes presented in Table I. The percentage changes shown in the last column of Table II equal the percentage changes in average payments from column 8 of Table I.

VIII. Impact of Proposed Changes in the Capital Prospective Payment System

A. General Considerations

We now have data that were unavailable in previous impact analyses for the capital prospective payment system. Specifically, we have cost report data available for the fourth year of the capital prospective payment system (cost reports beginning in FY 1995) available through the December 1997 update of the Health Care Provider Cost Report Information System (HCRIS). We also have updated information on the projected aggregate amount of obligated capital approved by the fiscal intermediaries. However, our impact analysis of payment changes for capital-related costs is still limited by the lack of hospital-specific data on several items. These are the hospital's projected new capital costs for each year, its projected old capital costs for each year, and the actual amounts of obligated capital that will be put in use for patient care and recognized as Medicare old capital costs in each year. The lack of this information affects our impact analysis in the following ways:

- Major investment in hospital capital assets (for example in building and major fixed equipment) occurs at irregular intervals. As a result, there can be significant variation in the growth rates of Medicare capital-related costs per case among hospitals. We do not have the necessary hospital-specific budget data to project the hospital capital growth rate for individual hospitals.

• Moreover, our policy of recognizing certain obligated capital as old capital makes it difficult to project future capital-related costs for individual hospitals. Under § 412.302(c), a hospital is required to notify its intermediary that it has obligated capital by the later of October 1, 1992, or 90 days after the beginning of the hospital's first cost reporting period under the capital prospective payment system. The intermediary must then notify the hospital of its determination whether the criteria for recognition of obligated capital have been met by the later of the end of the hospital's first cost reporting period subject to the capital prospective payment system or 9 months after the receipt of the hospital's notification. The amount that is recognized as old capital is limited to the lesser of the actual allowable costs when the asset is put in use for patient care or the estimated costs of the capital expenditure at the time it was obligated. We have substantial information regarding intermediary determinations of projected aggregate obligated capital amounts. However, we still do not know when these projects will actually be put into use for patient care, the actual amount that will be recognized as obligated capital when the project is put into use, or the Medicare share of the recognized costs. Therefore, we do not know actual obligated capital commitments for purposes of the FY 1999 capital cost projections. In Appendix B of this proposed rule, we discuss the assumptions and computations that we employ to generate the amount of obligated capital commitments for use in the FY 1999 capital cost projections.

In Table III of this section, we present the redistributive effects that are expected to occur between ''hold-harmless'' hospitals and ''fully prospective'' hospitals in FY 1999. In addition, we have integrated sufficient hospital-specific information into our actuarial model to project the impact of the proposed FY 1999 capital payment policies by the standard prospective payment system hospital groupings. While we now have actual information on the effects of the transition payment methodology and interim payments under the capital prospective payment system and cost report data for most hospitals, we still need to randomly generate numbers for the change in old capital costs, new capital costs for each year, and obligated amounts that will be put in use for patient care services and recognized as old capital each year. We continue to be unable to predict accurately FY 1999 capital costs for individual hospitals, but with the most recent data hospitals' experience under the capital prospective payment system, there is adequate information to estimate the aggregate impact on most hospital groupings.

B. Projected Impact Based on the Proposed FY 1999 Actuarial Model

1. Assumptions. In this impact analysis, we model dynamically the impact of the capital prospective payment system from FY 1998 to FY 1999 using a capital cost model. The FY 1999 model, as described in Appendix B of this proposed rule, integrates actual data from individual hospitals with randomly generated capital cost amounts. We have capital cost data from cost reports beginning in FY 1989 through FY 1995 as reported on the December 1997 update of HCRIS, interim payment data for hospitals already receiving capital prospective payments through PRICER, and data reported by the intermediaries that include the hospital-specific rate determinations that have been made through January 1, 1998 in the provider-specific file. We used these data to determine the proposed FY 1999 capital rates. However, we do not have individual hospital data on old capital changes, new capital formation, and actual obligated capital costs. We have data on costs for capital in use in FY 1995, and we age that capital by a formula described in Appendix B. Therefore, we need to randomly generate only new capital acquisitions for any year after FY 1995. All Federal rate payment parameters are assigned to the applicable hospital.

For purposes of this impact analysis, the FY 1999 actuarial model includes the following assumptions:

• Medicare inpatient capital costs per discharge will change at the following rates during these periods:

AVERAGE PERCENTAGE CHANGE IN CAPITAL COSTS PER DISCHARGE

Fiscal Year	Percentage Change
1997	−2.20
1998	−0.44
1999	0.61

We have reduced our estimate of the growth in Medicare costs per discharge from the August 29, 1997 final rule with comment period to this proposed rule based on later cost data. We are now estimating a much smaller increase in costs per discharge.

• The Medicare case-mix index will increase by 1.0 percent in FY 1998 and FY 1999.

• The Federal capital rate and hospital-specific rate were updated in FY 1996 by an analytical framework that considers changes in the prices associated with capital-related costs, and adjustments to account for forecast error, changes in the case-mix index, allowable changes in intensity, and other factors. The proposed FY 1999 update for inflation is 0.20 percent (see section III of the Addendum).

2. Results. We have used the actuarial model to estimate the change in payment for capital-related costs from FY 1998 to FY 1999. Table III shows the effect of the capital prospective payment system on low capital cost hospitals and high capital cost hospitals. We consider a hospital to be a low capital cost hospital if, based on a comparison of its initial hospital-specific rate and the applicable Federal rate, it will be paid under the fully prospective payment methodology. A high capital cost hospital is a hospital that, based on its initial hospital-specific rate and the applicable Federal rate, will be paid under the hold-harmless payment methodology. Based on our actuarial model, the breakdown of hospitals is as follows:

CAPITAL TRANSITION PAYMENT METHODOLOGY FOR FY 1999

Type of hospital	Percent of hospitals	Percent of discharges	Percent of capital costs	Percent of capital payments
Low Cost Hospital	67	62	53	58
High Cost Hospital	33	38	47	42

A low capital cost hospital may request to have its hospital-specific rate redetermined based on old capital costs in the current year, through the later of the hospital's cost reporting period beginning in FY 1994 or the first cost reporting period beginning after obligated capital comes into use (within the limits established in § 412.302(e) for putting obligated capital in to use for patient care). If the redetermined hospital-specific rate is greater than the adjusted Federal rate, these hospitals will be paid under the hold-harmless payment methodology. Regardless of whether the hospital became a hold-harmless payment hospital as a result of a redetermination, we continue to show these hospitals as low capital cost hospitals in Table III.

Assuming no behavioral changes in capital expenditures, Table III displays the percentage change in payments from FY 1998 to FY 1999 using the above described actuarial model. With the proposed Federal rate, we estimate aggregate Medicare capital payments will increase by 2.60 percent in FY 1999.

TABLE III.—IMPACT OF PROPOSED CHANGES FOR FY 1999 ON PAYMENTS PER DISCHARGE

	Number of hospitals	Discharges	Adjusted federal payment	Average federal percent	Hospital specific payment	Hold harmless payment	Exceptions payment	Total payment	Percent change over FY 1998
FY 1998 Payments per Discharge:									
Low Cost Hospitals	3,260	6,746,172	$458.89	72.51	$86.07	$4.04	$8.87	$557.88	
Fully Prospective	3,021	6,102,199	440.78	70.00	95.16		8.21	544.15	
100% Federal Rate	208	567,402	661.26	100.00			11.10	672.36	
Hold Harmless	31	76,570	402.65	59.69		355.79	45.50	803.94	
High Cost Hospitals	1,637	4,163,057	636.32	95.82		36.64	16.72	689.68	
100% Federal Rate	1,398	3,701,256	667.50	100.00			11.65	679.14	
Hold Harmless	239	461,801	386.44	60.70		330.33	57.34	774.12	
Total Hospitals	4,897	10,909,229	526.60	81.67	53.23	16.48	11.87	608.18	
FY 1999 Payments per Discharge:									
Low Cost Hospitals	3,260	6,596,003	$529.51	81.61	$58.10	$3.38	$9.53	$597.52	7.11
Fully Prospective	3,021	5,966,449	513.52	80.00	64.23		8.47	586.21	7.73
100% Federal Rate	211	561,909	674.19	100.00			10.98	685.17	1.91
Hold Harmless	28	67,646	445.71	64.76		329.56	91.77	867.04	7.85
High Cost Hospitals	1,637	4,068,306	655.17	97.22		25.50	23.85	704.52	2.15
100% Federal Rate	1,417	3,678,286	681.02	100.00			16.94	697.97	2.77
Hold Harmless	220	390,020	411.40	67.81		265.94	88.99	766.33	−1.01
Total Hospitals	4,897	10,664,309	575.59	87.73	35.93	11.82	15.00	638.34	4.96

We project that low capital cost hospitals paid under the fully prospective payment methodology will experience an average increase in payments per case of 7.73 percent, and high capital cost hospitals will experience an average increase of 2.15 percent.

For hospitals paid under the fully prospective payment methodology, the Federal rate payment percentage will increase from 70 percent to 80 percent and the hospital-specific rate payment percentage will decrease from 30 to 20 percent in FY 1999. The Federal rate payment percentage for hospitals paid under the hold-harmless payment methodology is based on the hospital's ratio of new capital costs to total capital costs. The average Federal rate payment percentage for high cost hospitals receiving a hold-harmless payment for old capital will increase from 60.70 percent to 67.81 percent. We estimate the percentage of hold-harmless hospitals paid based on 100 percent of the Federal rate will increase from 85.6 percent to 86.8 percent. We estimate that high cost hold-harmless hospitals will experience a decrease in payments of 1.01 percent from FY 1998 to FY 1999. The apparent decrease occurs because we estimate that there will be 19 fewer high-cost hold-harmless hospitals in FY 1999. These 19 hospitals may have higher payments than the remaining hospitals, hence the apparent decrease when they are removed from the group. This decrease is partially offset by an increase in the Federal portion of the hospital's payments and a projected increase in exceptions payments.

We expect that the average hospital-specific rate payment per discharge will decrease from $95.16 in FY 1998 to $64.23 in FY 1999. This is partly due to the decrease in the hospital-specific rate payment percentage from 30 percent in FY 1998 to 20 percent in FY 1999.

We are proposing no changes in our exceptions policies for FY 1999. As a result, the minimum payment levels would be:

- 90 percent for sole community hospitals;
- 80 percent for urban hospitals with 100 or more beds and a disproportionate share patient percentage of 20.2 percent or more; or
- 70 percent for all other hospitals.

We estimate that exceptions payments will increase from 1.95 percent of total capital payments in FY 1998 to 2.35 percent of payments in FY 1999. Since the August 29, 1997 final rule with comment period, we have reduced our estimates of capital cost per case based on more recent data. Although we still estimate that more hospitals will receive exceptions payment in FY 1999 than in FY 1998 fewer hospitals will have costs over the exceptions threshold then we previously estimated. The projected distribution of the exception payments is shown in the table below:

Estimated FY 1999 Exceptions Payments

Type of hospital	Number of hospitals	Percent of exceptions payments
Low Capital Cost	178	39
High Capital Cost	200	61
Total	378	100

C. Cross-Sectional Comparison of Capital Prospective Payment Methodologies

Table IV presents a cross-sectional summary of hospital groupings by capital prospective payment methodology. This distribution is generated by our actuarial model.

TABLE IV.—DISTRIBUTION BY METHOD OF PAYMENT (HOLD-HARMLESS/FULLY PROSPECTIVE) OF HOSPITALS RECEIVING CAPITAL PAYMENTS

	(1) Total No. of Hospitals	(2) Hold-harmless		(3) Percentage paid fully prospective rate
		Percentage paid hold-harmless (A)	Percentage paid fully federal (B)	
By Geographic Location:				
All hospitals	4,897	5.1	33.2	61.7
Large urban areas (populations over 1 million)	1,558	5.7	40.7	53.6

TABLE IV.—DISTRIBUTION BY METHOD OF PAYMENT (HOLD-HARMLESS/FULLY PROSPECTIVE) OF HOSPITALS RECEIVING CAPITAL PAYMENTS—Continued

	(1) Total No. of Hospitals	(2) Hold-harmless		(3) Percentage paid fully prospective rate
		Percentage paid hold-harmless (A)	Percentage paid fully federal (B)	
Other urban areas (populations of 1 million or fewer)	1,188	6.2	40.8	52.9
Rural areas	2,151	4.0	23.7	72.4
Urban hospitals	2,746	5.9	40.8	53.3
0–99 beds	653	5.8	33.8	60.3
100–199 beds	928	8.5	45.9	45.6
200–299 beds	565	5.8	40.9	53.3
300–499 beds	448	2.2	40.8	56.9
500 or more beds	152	2.0	38.2	59.9
Rural hospitals	2,151	4.0	23.7	72.4
0–49 beds	1,124	3.5	16.1	80.4
50–99 beds	633	4.3	28.8	67.0
100–149 beds	229	4.8	38.0	57.2
150–199 beds	91	7.7	25.3	67.0
200 or more beds	74	1.4	48.6	50.0
By Region				
Urban by Region	2,746	5.9	40.8	53.3
New England	151	0.0	27.8	72.2
Middle Atlantic	421	4.5	34.0	61.5
South Atlantic	409	5.4	53.5	41.1
East North Central	472	5.5	30.5	64.0
East South Central	157	10.8	48.4	40.8
West North Central	183	6.0	36.6	57.4
West South Central	332	13.3	55.7	31.0
Mountain	122	4.9	50.8	44.3
Pacific	451	3.3	37.7	59.0
Puerto Rico	48	6.3	22.9	70.8
Rural by Region	2,151	4.0	23.7	72.4
New England	53	0.0	22.6	77.4
Middle Atlantic	79	5.1	25.3	69.6
South Atlantic	282	2.5	33.0	64.5
East North Central	283	3.2	19.1	77.7
East South Central	267	1.9	34.1	64.0
West North Central	498	3.6	16.1	80.3
West South Central	339	3.8	27.4	68.7
Mountain	205	10.7	15.6	73.7
Pacific	140	5.0	23.6	71.4
Large urban areas (populations over 1 million)	1,651	5.9	40.5	53.7
Other urban areas (populations of 1 million or fewer)	1,180	5.8	41.1	53.1
Rural areas	2,066	4.0	23.0	73.0
Teaching Status:				
Non-teaching	3,818	5.1	32.8	62.0
Fewer than 100 Residents	840	5.7	35.1	59.2
100 or more Residents	239	1.7	33.5	64.9
Disproportionate share hospitals (DSH):				
Non-DSH	3,029	5.3	28.9	65.8
Urban DSH:				
100 or more beds	1,397	5.2	43.7	51.0
Less than 100 beds	87	1.1	29.9	69.0
Rural DSH:				
Sole Community (SCH/EACH)	156	5.1	22.4	72.4
Referral Center (RRC/EACH)	47	2.1	53.2	44.7
Other Rural:				
100 or more beds	64	4.7	37.5	57.8
Less than 100 beds	117	0.9	28.2	70.9
Urban teaching and DSH:				
Both teaching and DSH	699	4.0	36.6	59.4
Teaching and no DSH	327	6.7	31.5	61.8
No teaching and DSH	785	5.9	48.5	45.6
No teaching and no DSH	1,020	6.8	40.5	52.7
Rural Hospital Types:				
Non special status hospitals	894	2.0	24.0	73.9
RRC/EACH	137	2.2	40.1	57.7
SCH/EACH	632	8.2	19.9	71.8
Medicare-dependent hospitals (MDH)	349	1.1	17.5	81.4
SCH, RRC and EACH	54	11.1	33.3	55.6

TABLE IV.—DISTRIBUTION BY METHOD OF PAYMENT (HOLD-HARMLESS/FULLY PROSPECTIVE) OF HOSPITALS RECEIVING CAPITAL PAYMENTS—Continued

	(1) Total No. of Hospitals	(2) Hold-harmless		(3) Percentage paid fully prospective rate
		Percentage paid hold-harmless (A)	Percentage paid fully federal (B)	
Type of Ownership:				
Voluntary	2,847	4.9	33.0	62.1
Proprietary	656	10.1	58.2	31.7
Government	1,329	3.2	21.1	75.7
Medicare Utilization as a Percent of Inpatient Days:				
0–25	238	4.2	30.7	65.1
25–50	1,260	5.9	41.0	53.2
50–65	1,970	5.6	33.0	61.4
Over 65	1,364	3.8	26.6	69.6

As we explain in Appendix B, we were not able to determine a hospital-specific rate for 59 of the 4,956 hospitals in our database. Consequently, the payment methodology distribution is based on 4,897 hospitals. These data should be fully representative of the payment methodologies that will be applicable to hospitals.

The cross-sectional distribution of hospital by payment methodology is presented by: (1) Geographic location, (2) region, and (3) payment classification. This provides an indication of the percentage of hospitals within a particular hospital grouping that will be paid under the fully prospective payment methodology and the hold-harmless payment methodology.

The percentage of hospitals paid fully Federal (100 percent of the Federal rate) as hold-harmless hospitals is expected to increase to 33.2 percent in FY 1999. We note that the number of hospitals paid fully Federal as hold-harmless hospitals has not increased as quickly as we predicted in the August 29, 1997 final rule with comment period because of revised estimates.

Table IV indicates that 61.7 percent of hospitals will be paid under the fully prospective payment methodology. (This figure, unlike the figure of 67 percent for low cost capital hospitals in the previous section, takes account of the effects of redeterminations. In other words, this figure does not include low cost hospitals that, following a hospital-specific rate redetermination, are now paid under the hold-harmless methodology.) As expected, a relatively higher percentage of rural and governmental hospitals (73.0 percent and 75.7 percent, respectively by payment classification) are being paid under the fully prospective methodology. This is a reflection of their lower than average capital costs per case. In contrast, only 31.7 percent of proprietary hospitals are being paid under the fully prospective methodology. This is a reflection of their higher than average capital costs per case. (We found at the time of the August 30, 1991 final rule (56 FR 43430) that 62.7 percent of proprietary hospitals had a capital cost per case above the national average cost per case.)

D. Cross-Sectional Analysis of Changes in Aggregate Payments

We used our FY 1999 actuarial model to estimate the potential impact of our proposed changes for FY 1999 on total capital payments per case, using a universe of 4,897 hospitals. The individual hospital payment parameters are taken from the best available data, including: The January 1, 1998 update to the provider-specific file, cost report data, and audit information supplied by intermediaries. In Table V we present the results of the cross-sectional analysis using the results of our actuarial model and the aggregate impact of the FY 1999 payment policies. Columns 3 and 4 show estimates of payments per case under our model for FY 1998 and FY 1999. Column 5 shows the total percentage change in payments from FY 1998 to FY 1999. Column 6 presents the percentage change in payments that can be attributed to Federal rate changes alone.

Federal rate changes represented in Column 6 include the 1.5 percent increase in the Federal rate, a 1.0 percent increase in case mix, changes in the adjustments to the Federal rate (for example, the effect of the new hospital wage index on the geographic adjustment factor), and reclassifications by the MGCRB. Column 5 includes the effects of the Federal rate changes represented in Column 6. Column 5 also reflects the effects of all other changes, including: the change from 70 percent to 80 percent in the portion of the Federal rate for fully prospective hospitals, the hospital-specific rate update, changes in the proportion of new to total capital for hold-harmless hospitals, changes in old capital (for example, obligated capital put in use), hospital-specific rate redeterminations, and exceptions. The comparisons are provided by: (1) Geographic location, (2) region, and (3) payment classification.

The simulation results show that, on average, capital payments per case can be expected to increase 5.0 percent in FY 1999. The results show that the effect of the Federal rate changes alone is to increase payments by 1.5 percent. In addition to the increase attributable to the Federal rate changes, a 3.5 percent increase is attributable to the effects of all other changes.

Our comparison by geographic location shows that urban and rural hospitals will experience slightly different rates of increase in capital payments per case (4.8 percent and 6.3 percent, respectively). This difference is due to the lower rate of increase for urban hospitals relative to rural hospitals (1.3 percent and 3.2 percent, respectively) from the Federal rate changes alone. Urban hospitals will gain approximately the same as rural hospitals (3.5 percent versus 3.1 percent) from the effects of all other changes.

All regions are estimated to receive increases in total capital payments per case, partly due to the increased share of payments that are based on the Federal rate (from 70 to 80 percent). Changes by region vary from a low of 3.6 percent increase (West South Central urban region) to a high of 7.8 percent increase (Pacific rural region).

By type of ownership, government hospitals are projected to have the largest rate of increase (6.2 percent, 1.9 percent due to Federal rate changes and 4.3 percent from the effects of all other changes). Payments to voluntary hospitals will increase 5.1 percent (a 1.5 percent increase due to Federal rate changes and a 3.6 percent increase from the effects of all other changes) and payments to proprietary hospitals will increase 2.8 percent (a 1.1 percent increase due to Federal rate changes and a 1.7 percent increase from the effects of all other changes).

Section 1886(d)(10) of the Act established the MGCRB. Hospitals may apply for reclassification for purposes of the standardized amount, wage index, or both and for purposes of DSH, for FY 1999–2001. Although the Federal capital rate is not affected, a hospital's geographic classification for purposes of the operating standardized amount does affect a hospital's capital payments as a result of the large urban adjustment factor and the disproportionate share adjustment for urban hospitals with 100 or more beds. Reclassification for wage index purposes affects the geographic adjustment factor since that factor is constructed from the hospital wage index.

To present the effects of the hospitals being reclassified for FY 1999 compared to the effects of reclassification for FY 1998, we show the average payment percentage increase for hospitals reclassified in each

fiscal year and in total. For FY 1999 reclassifications, we indicate those hospitals reclassified for standardized amount purposes only, for wage index purposes only, and for both purposes. The reclassified groups are compared to all other nonreclassified hospitals. These categories are further identified by urban and rural designation.

Hospitals reclassified for FY 1999 as a whole are projected to experience a 6.8 percent increase in payments (a 3.5 percent increase attributable to Federal rate changes and a 3.3 percent increase attributable to the effects of all other changes). Payments to nonreclassified hospitals will increase slightly less (5.1 percent) than reclassified hospitals (6.8 percent) overall. Payments to nonreclassified hospitals will increase less than reclassified hospitals from the Federal rate changes (1.5 percent compared to 3.5 percent), but they will gain about the same from the effects of all other changes (3.6 percent compared to 3.3 percent).

TABLE V.—COMPARISON OF TOTAL PAYMENTS PER CASE (FY 1998 COMPARED TO FY 1999)

	Number of hospitals	Average FY 1998 payments/case	Average FY 1999 payments/case	All changes	Portion attributable to federal rate change
By Geographic Location:					
All hospitals	4,897	608	638	5.0	1.5
Large urban areas (populations over 1 million)	1,558	700	732	4.5	1.1
Other urban areas (populations of 1 million of fewer)	1,188	601	633	5.2	1.5
Rural areas	2,151	405	431	6.3	3.2
Urban hospitals	2,746	658	689	4.8	1.3
0–99 beds	653	482	502	4.1	1.2
100–199 beds	928	584	605	3.6	1.1
200–299 beds	565	628	661	5.4	1.3
300–499 beds	448	686	720	4.9	1.2
500 or more beds	152	824	866	5.1	1.4
Rural hospitals	2,151	405	431	6.3	3.2
0–49 beds	1,124	325	348	6.9	2.9
50–99 beds	633	382	407	6.6	2.8
100–149 beds	229	421	446	5.9	3.0
150–199 beds	91	442	469	6.0	3.8
200 or more beds	74	500	531	6.2	3.7
By Region:					
Urban by Region	2,746	658	689	4.8	1.3
New England	151	659	685	4.0	−0.4
Middle Atlantic	421	708	743	5.0	1.8
South Atlantic	409	649	678	4.4	1.8
East North Central	472	616	650	5.5	1.0
East South Central	157	611	633	3.6	0.8
West North Central	183	638	673	5.6	2.3
West South Central	332	664	688	3.6	0.5
Mountain	122	691	728	5.4	1.6
Pacific	451	719	755	5.1	1.0
Puerto Rico	48	277	288	4.1	1.9
Rural by Region	2,151	405	431	6.3	3.2
New England	53	475	497	4.5	1.9
Middle Atlantic	79	413	443	7.4	3.4
South Atlantic	282	430	455	5.9	3.5
East North Central	283	401	431	7.4	3.4
East South Central	267	376	400	6.6	3.4
West North Central	498	390	411	5.6	3.4
West South Central	339	370	390	5.5	2.5
Mountain	205	434	461	6.4	2.4
Pacific	140	478	515	7.8	2.8
By Payment Classification:					
All hospitals	4,897	608	638	5.0	1.5
Large urban areas (populations over 1 million)	1,651	692	724	4.5	1.1
Other urban areas (populations of 1 million of fewer)	1,180	599	631	5.2	1.5
Rural areas	2,066	402	427	6.2	3.0
Teaching Status:					
Non-teaching	3,818	517	540	4.5	1.7
Fewer than 100 Residents	840	647	682	5.4	1.3
100 or more Residents	239	889	936	5.3	1.3
Urban DSH:					
100 or more beds	1,397	693	727	4.9	1.3
Less than 100 beds	87	444	467	5.1	1.1
Rural DSH:					
Sole Community (SCH/EACH)	156	364	383	5.2	2.5
Referral Center (RRC/EACH)	47	462	494	7.0	4.5
Other Rural:					
100 or more beds	64	384	400	4.3	2.8
Less than 100 beds	117	320	340	6.3	3.3
Urban teaching and DSH:					
Both teaching and DSH	699	761	801	5.3	1.2
Teaching and no DSH	327	659	696	5.5	1.3

TABLE V.—COMPARISON OF TOTAL PAYMENTS PER CASE (FY 1998 COMPARED TO FY 1999)—Continued

	Number of hospitals	Average FY 1998 payments/case	Average FY 1999 payments/case	All changes	Portion attributable to federal rate change
No teaching and DSH	785	585	610	4.3	1.3
No teaching and no DSH	1,020	558	579	3.7	1.3
Rural Hospital Types:					
Non special status hospitals	894	367	389	6.0	2.6
RRC/EACH	137	475	506	6.5	3.9
SCH/EACH	632	391	416	6.2	2.4
Medicare-dependent hospitals (MDH)	349	324	355	9.5	3.6
SCH, RRC and EACH	54	483	500	3.5	3.1
Hospitals Reclassified by the Medicare Geographic Classification Review Board:					
Reclassification Status During FY98 and FY99:					
Reclassified During Both FY98 and FY99	311	540	566	4.8	1.7
Reclassified During FY99 Only	178	487	537	10.4	6.8
Reclassified During FY98 Only	110	580	587	1.2	−1.4
FY99 Reclassifications:					
All Reclassified Hospitals	489	520	555	6.8	3.5
All Nonreclassified Hospitals	4,449	614	646	5.1	1.5
All Urban Reclassified Hospitals	95	663	708	6.8	2.3
Urban Nonreclassified Hospitals	2,624	659	689	4.7	1.2
All Reclassified Rural Hospitals	394	462	494	6.8	4.2
Rural Nonreclassified Hospitals	1,757	369	391	6.0	2.4
Other Reclassified Hospitals (Section 1886 (D)(8)(B))	27	461	476	3.3	1.1
Type of Ownership:					
Voluntary	2,847	622	653	5.1	1.5
Proprietary	656	617	634	2.8	1.1
Government	1,329	530	563	6.2	1.9
Medicare Utilization as a Percent of Inpatient Days:					
0–25	238	685	725	5.8	1.1
25–50	1,260	724	759	4.7	1.3
50–65	1,970	565	594	5.2	1.6

Appendix B: Technical Appendix on the Capital Cost Model and Required Adjustments

Under section 1886(g)(1)(A) of the Act, we set capital prospective payment rates for FY 1992 through FY 1995 so that aggregate prospective payments for capital costs were projected to be 10 percent lower than the amount that would have been payable on a reasonable cost basis for capital-related costs in that year. To implement this requirement, we developed the capital acquisition model to determine the budget neutrality adjustment factor. Even though the budget neutrality requirement expired effective with FY 1996, we must continue to determine the recalibration and geographic reclassification budget neutrality adjustment factor, and the reduction in the Federal and hospital-specific rates for exceptions payments. To determine these factors, we must continue to project capital costs and payments.

We have used the capital acquisition model since the start of prospective payments for capital costs. We now have 4 years of cost reports under the capital prospective payment system. For FY 1998, we developed a new capital cost model to replace the capital acquisition model. This revised model makes use of the data from these cost reports.

The following cost reports are used in the capital cost model for this proposed rule: The December 31, 1997 update of the cost reports for PPS–IX (cost reporting periods beginning in FY 1992), PPS–X (cost reporting periods beginning in FY 1993), PPS–XI (cost reporting periods beginning in FY 1994), and PPS–XII (cost reporting periods beginning in FY 1995). In addition, to model payments, we use the January 1, 1998 update of the provider-specific file, and the March 1994 update of the intermediary audit file.

Since hospitals under alternative payment system waivers (that is, hospitals in Maryland) are currently excluded from the capital prospective payment system, we excluded these hospitals from our model.

We developed FY 1992 through FY 1998 hospital-specific rates using the provider-specific file and the intermediary audit file. (We used the cumulative provider-specific file, which includes all updates to each hospital's records, and chose the latest record for each fiscal year.) We checked the consistency between the provider-specific file and the intermediary audit file. We ensured that increases in the hospital-specific rates were at least as large as the published updates (increases) for the hospital-specific rates each year. We were able to match hospitals to the files as shown in the following table:

Source	Number of hospitals
Provider-Specific File Only	99
Provider-Specific and Audit File	4857
Total	4956

Eighty-six of the 4,956 hospitals had unusable or missing data or had no cost reports available. We determined from the cost reports that 27 of the 86 hospitals were paid under the hold-harmless methodology. Since the hospital-specific amount is not used to determine payments for these hospitals, we were able to include these 27 hospitals in the analysis. We used the cost report data of 4,897 hospitals for the analysis. Fifty-nine hospitals could not be used in the analysis because of insufficient information. These hospitals account for approximately 0.3 percent of admissions, therefore, any effects from the elimination of their cost report data should be minimal.

We analyzed changes in capital-related costs (depreciation, interest, rent, leases, insurance, and taxes) reported in the cost reports. We found a wide variance among hospitals in the growth of these costs. For hospitals with more than 100 beds, the distribution and mean of these cost increases were different for large changes in bed-size (greater than ±20 percent). We also analyzed changes in the growth in old capital and new capital for cost reports that provided this information. For old capital, we limited the analysis to decreases in old capital. We did this since the opportunity for most hospitals to treat ''obligated'' capital put into service as

old capital has expired. Old capital costs should, therefore, decrease as assets become fully depreciated, and as interest costs decrease as the loan is amortized.

The new capital cost model separates the hospitals into three mutually exclusive groups. Hold-harmless hospitals with data on old capital were placed in the first group. Of the remaining hospitals, those hospitals with fewer than 100 beds comprise the second group. The third group consists of all hospitals that did not fit into either of the groups. Each of these groups displayed unique patterns of growth in capital costs. We found that the gamma distribution is useful in explaining and describing the patterns of increase in capital costs. A gamma distribution is a statistical distribution that can be used to describe patterns of growth rates, with greatest proportion of rates being at the low end. We use the gamma distribution to estimate individual hospital rates of increase as follows:

(1) For hold-harmless hospitals, old capital cost changes were fitted to a truncated gamma distribution, that is, a gamma distribution covering only the distribution of cost decreases. New capital costs changes were fitted to the entire gamma distribution allowing for both decreases and increases.

(2) For hospitals with fewer than 100 beds (small), total capital cost changes were fitted to the gamma distribution allowing for both decreases and increases.

(3) Other (large) hospitals were further separated into three groups:

- Bed-size decreases over 20 percent (decrease).
- Bed-size increases over 20 percent (increase).
- Other (no-change).

Capital cost changes for large hospitals were fitted to gamma distributions for each bed-size change group, allowing for both decreases and increases in capital costs. We analyzed the probability distribution of increases and decreases in bed-size for large hospitals. We found the probability somewhat dependent on the prior year change in bed-size and factored this dependence into the analysis. Probabilities of bed-size change were determined. Separate sets of probability factors were calculated to reflect the dependence on prior year change in bed-size (increase, decrease, and no change).

The gamma distributions were fitted to changes in aggregate capital costs for the entire hospital. We checked the relationship between aggregate costs and Medicare per discharge costs. For large hospitals, there was a small variance, but the variance was larger for small hospitals. Since costs are used only for the hold-harmless methodology and to determine exceptions, we decided to use the gamma distributions fitted to aggregate cost increases for estimating distributions of cost per discharge increases.

Capital costs per discharge calculated from the cost reports were increased by random numbers drawn from the gamma distribution to project costs in future years. Old and new capital were projected separately for hold-harmless hospitals. Aggregate capital per discharge costs were projected for all other hospitals. Because the distribution of increases in capital costs varies with changes in bed-size for large hospitals, we first projected changes in bed-size for large hospitals before drawing random numbers from the gamma distribution. Bed-size changes were drawn from the uniform distribution with the probabilities dependent on the previous year bed-size change. The gamma distribution has a shape parameter and a scaling parameter. (We used different parameters for each hospital group, and for old and new capital.)

We used discharge counts from the cost reports to calculate capital cost per discharge. To estimate total capital costs for FY 1997 (the MedPAR data year) and later, we use the number of discharges from the MEDPAR data. Some hospitals have considerably more discharges in FY 1997 than in the years for which we calculated cost per discharge from the cost report data. Consequently, a hospital with few cost report discharges would have a high capital cost per discharge since fixed costs would be allocated over only a few discharges. If discharges increase substantially, the cost per discharge would decrease because fixed costs would be allocated over more discharges. If the projection of capital cost per discharge is not adjusted for increases in discharges, the projection of exceptions would be overstated. We address this situation by recalculating the cost per discharge with the MedPAR discharges if the MedPAR discharges exceed the cost report discharges by more than 20 percent. We do not adjust for increases of less than 20 percent because we have not received all of the FY 1997 discharges, and we have removed some discharges from the analysis because they are statistical outliers. This adjustment reduces our estimate of exceptions payments, and consequently, the reduction to the Federal rate for exceptions is smaller. We will continue to monitor our modeling of exceptions payments and make adjustments as needed.

The average national capital cost per discharge generated by this model is the combined average of many randomly generated increases. This average must equal the projected average national capital cost per discharge, which we projected separately (outside this model). We adjusted the shape parameter of the gamma distributions so that the modeled average capital cost per discharge matches our projected capital cost per discharge. The shape parameter for old capital was not adjusted since we are modeling the aging of ''existing'' assets. This model provides a distribution of capital costs among hospitals that is consistent with our aggregate capital projections.

Once each hospital's capital-related costs are generated, the model projects capital payments. We use the actual payment parameters (for example, the case-mix index and the geographic adjustment factor) that are applicable to the specific hospital.

To project capital payments, the model first assigns the applicable payment methodology (fully prospective or hold-harmless) to the hospital as determined from the provider-specific file and the cost reports. The model simulates Federal rate payments using the assigned payment parameters and hospital-specific estimated outlier payments. The case-mix index for a hospital is derived from the FY 1997 MedPAR file using the FY 1998 DRG relative weights published in section V. of the Addendum to this proposed rule. The case-mix index is increased each year after FY 1997 based on analysis of past experiences in case-mix increases. Based on analysis of recent case-mix increases, we estimate that case-mix will increase 1.0 percent in FY 1998 and 1.0 percent in FY 1999. (Since we are using FY 1997 cases for our analysis, the FY 1997 increase in case mix has no effect on projected capital payments.)

Changes in geographic classification and revisions to the hospital wage data used to establish the hospital wage index affect the geographic adjustment factor. Changes in the DRG classification system and the relative weights affect the case-mix index.

Section 412.308(c)(4)(ii) requires that the estimated aggregate payments for the fiscal year, based on the Federal rate after any changes resulting from DRG reclassifications and recalibration and the geographic adjustment factor, equal the estimated aggregate payments based on the Federal rate that would have been made without such changes. For FY 1998, the budget neutrality adjustment factor was 1.00015.

Since we implemented a separate geographic adjustment factor for Puerto Rico, we propose to apply separate budget neutrality adjustments for the national geographic adjustment factor and the Puerto Rico geographic adjustment factor. We propose to apply the same budget neutrality factor for DRG reclassifications and recalibration nationally and for Puerto Rico. Separate adjustments were unnecessary for FY 1998 since the geographic adjustment factor for Puerto Rico was implemented in 1998.

To determine the factors for FY 1999, we first determined the portions of the Federal national and Puerto Rico rates that would be paid for each hospital in FY 1999 based on its applicable payment methodology. Using our model, we then compared, separately for the national rate and the Puerto Rico rate, estimated aggregate Federal rate payments based on the FY 1998 DRG relative weights and the FY 1998 geographic adjustment factor to estimated aggregate Federal rate payments based on the FY 1998 relative weights and the FY 1999 geographic adjustment factor. In making the comparison, we held the FY 1999 Federal rate portion constant and set the other budget neutrality adjustment factor and the exceptions reduction factor to 1.00. We determined that, to achieve budget neutrality for the changes in the national geographic adjustment factor, an incremental budget neutrality adjustment of 0.99995 for FY 1999 should be applied to the previous cumulative FY 1998 adjustment of 1.00015, yielding a cumulative adjustment of 1.00010 through FY 1999. Since this is the first adjustment for Puerto Rico, the incremental and cumulative adjustment for Puerto Rico would be 0.99887 through 1999. We apply these new adjustments then compare estimated aggregate Federal rate payments based on the FY 1998 DRG relative weights and the FY 1999 geographic adjustment factors to estimated aggregate

Federal rate payments based on the FY 1999 DRG relative weights and the FY 1999 geographic adjustment factors. The incremental adjustment for DRG classifications and changes in relative weights would be 1.00328 nationally and for Puerto Rico. The cumulative adjustments for DRG classifications and changes in relative weights and for changes in the geographic adjustment factors through 1999 would be 1.00338 nationally, and 1.00215 for Puerto Rico. The following table summarizes the adjustment factors for each fiscal year:

BUDGET NEUTRALITY ADJUSTMENT FOR DRG RECLASSIFICATIONS AND RECALIBRATION AND THE GEOGRAPHIC ADJUSTMENT FACTORS

Fiscal year	National				Puerto Rico			
	Incremental Adjustment			Cumulative	Incremental Adjustment			Cumulative
	Geographic Adjustment Factor	DRG Reclassifications and Recalibration	Combined		Geographic Adjustment Factor	DRG Reclassifications and Recalibration	Combined	
1992				1,000.00				
1993			0.998.00	0.998.00				
1994			1.00531	1.00330				
1995			0.99980	1.00310				
1996			0.99940	1.00250				
1997			0.99873	1.00123				
1998			0.99892	1.00015				1.00000
1999	0.99995	1.00328	1.00323	1.00338	0.99887	1.00328	1.00215	1.00215

The methodology used to determine the recalibration and geographic (DRG/GAF) budget neutrality adjustment factor is similar to that used in establishing budget neutrality adjustments under the prospective payment system for operating costs. One difference is that, under the operating prospective payment system, the budget neutrality adjustments for the effect of geographic reclassifications are determined separately from the effects of other changes in the hospital wage index and the DRG relative weights. Under the capital prospective payment system, there is a single DRG/GAF budget neutrality adjustment factor (the national rate and the Puerto Rico rate are determined separately) for changes in the geographic adjustment factor (including geographic reclassification) and the DRG relative weights. In addition, there is no adjustment for the effects that geographic reclassification has on the other payment parameters, such as the payments for serving low-income patients or the large urban add-on payments.

In addition to computing the DRG/GAF budget neutrality adjustment factor, we used the model to simulate total payments under the prospective payment system.

Additional payments under the exceptions process are accounted for through a reduction in the Federal and hospital-specific rates. Therefore, we used the model to calculate the exceptions reduction factor. This exceptions reduction factor ensures that aggregate payments under the capital prospective payment system, including exceptions payments, are projected to equal the aggregate payments that would have been made under the capital prospective payment system without an exceptions process. Since changes in the level of the payment rates change the level of payments under the exceptions process, the exceptions reduction factor must be determined through iteration.

In the August 30, 1991 final rule (56 FR 43517), we indicated that we would publish each year the estimated payment factors generated by the model to determine payments for the next 5 years. The table below provides the actual factors for fiscal years 1992 through 1998, the proposed factors for fiscal year 1999, and the estimated factors that would be applicable through FY 2003. We caution that these are estimates for fiscal years 2000 and later, and are subject to revisions resulting from continued methodological refinements, receipt of additional data, and changes in payment policy changes. We note that in making these projections, we have assumed that the cumulative national DRG/GAF budget neutrality adjustment factor will remain at 1.00338 (1.00215 for Puerto Rico) for FY 1999 and later because we do not have sufficient information to estimate the change that will occur in the factor for years after FY 1999.

The projections are as follows:

Fiscal year	Update factor	Exceptions reduction factor	Budget neutrality factor	DRG/GAF adjustment factor [1]	Outlier adjustment factor	Federal rate adjustment	Federal rate (after outlier reduction)
1992	N/A	0.9813	0.9602	.....	.9497	.....	415.59
1993	6.07	.9756	.9162	.9980	.9496	.....	417.29
1994	3.04	.9485	.8947	1.0053	.9454	[2].9260	378.34
1995	3.44	.9734	.8432	.9998	.9414	.....	376.83
1996	1.20	.9849	N/A	.9994	.9536	[3].9972	461.96
1997	0.70	.9358	N/A	.9987	.9481	.....	438.92
1998	0.90	.9659	N/A	.9989	.9382	[4].8222	371.51
1999	0.20	.9761	N/A	1.0032	.9378	.....	377.25
2000	0.80	.9749	N/A	[5] 1.0000	[5].9378	.....	379.80
2001	0.80	.9720	N/A	1.0000	.9378	.....	381.70
2002	0.90	[6] 1.0000	N/A	1.0000	.9378	.....	396.23
2003	0.90	[6] 1.0000	N/A	1.0000	.9378	[4] 1.0255	410.01

[1] Note: The incremental change over the previous year.
[2] Note: OBRA 1993 adjustment.
[3] Note: Adjustment for change in the transfer policy.
[4] Note: Balanced Budget Act of 1997 adjustment.
[5] Note: Future adjustments are, for purposes of this projection, assumed to remain at the same level.
[6] Note: We are unable to estimate exceptions payments for the year under the special exceptions provision (§ 412.348(g) of the regulations) because the regular exceptions provision (§ 412.348(e)) expires.

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Appendix C: Report to Congress

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

MAY 4 1998

The Honorable Albert Gore, Jr.
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

Section 1886(e)(3) of the Social Security Act (the Act) requires me to report to Congress the initial estimate of the applicable percentage increase in hospital inpatient payment rates for fiscal year (FY) 1999 that I will recommend for hospitals subject to the Medicare prospective payment system (PPS) and for hospitals and units excluded from PPS. This submission constitutes the required report.

Current law mandates, and the President's FY 1999 budget includes, an update for PPS hospitals equal to the market basket rate of increase minus 1.9 percentage points, or, for certain hospitals under the temporary relief provision of section 4401(b) of the Balanced Budget Act of 1997, the market basket rate of increase minus 1.6 percentage points. The President's FY 1999 budget estimated the PPS market basket rate of increase for FY 1999 to be 2.7 percent. Based on this estimate, we recommend an update for hospitals in both large urban and other areas of 0.8 percent, and an update for temporary relief hospitals of 1.1 percent.

Sole community hospitals (SCHs) are the sole source of care in their area and are afforded special payment protection to maintain access to services for Medicare beneficiaries. SCHs are paid the higher of a hospital-specific rate or the Federal PPS rate. Medicare-dependent, small rural hospitals (MDHs) are a major source of care for Medicare beneficiaries in their area and are afforded special payment protection to maintain access to services for beneficiaries. MDHs are paid the Federal PPS rate, or, if their hospital-specific rate exceeds the Federal PPS rate, the Federal rate plus 50 percent of the difference between the hospital-specific rate and the Federal rate. Current law mandates that the FY 1999 update to hospital-specific rates for SCHs and MDHs equal the market basket rate of increase minus 1.9 percentage points. Consistent with the President's FY 1999 budget, we recommend an update to hospital-specific rates equal to our recommended increase for PPS hospitals, that is, the market basket rate of increase of 2.7 percent minus 1.9 percentage points, or 0.8 percent.

Page 2 - The Honorable Albert Gore, Jr.

Hospitals and distinct part hospital units excluded from PPS are paid based on their reasonable costs subject to a limit under the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982. Current law mandates that the update for all hospitals and distinct part units excluded from PPS equal the rate of increase in the excluded hospital market basket less a percentage between 0 and 2.5 percentage points, depending on the hospital's costs in relation to its limit. The President's FY 1999 budget incorporates a rate of increase in the TEFRA limit equal to the rate of increase in the excluded hospital market basket (2.7 percent) minus a percentage between 0 and 2.5 percentage points, depending on the hospital's costs in relation to its limit. Therefore, we recommend an increase in the TEFRA limit of between 0.2 and 2.7 percent.

My recommendation for the updates is based on cost projections used in the President's FY 1999 budget. A final recommendation on the appropriate percentage increases for FY 1999 will be made nearer the beginning of the new Federal fiscal year based on the most current market basket projection available at that time. The final recommendation will incorporate our analysis of the latest estimates of all relevant factors, including recommendations by the Medicare Payment Advisory Commission (MedPAC). We currently expect that the final estimate of the market basket rate of increase will be lower than the estimate used in the President's FY 1999 budget.

Section 1886(d)(4)(C)(iv) of the Act also requires that I include in my report recommendations with respect to adjustments to the diagnosis-related group (DRG) weighting factors. At this time I do not anticipate recommending any adjustment to the DRG weighting factors for FY 1999.

I am pleased to provide this recommendation to you. I am also sending a copy of this letter to the Speaker of the House of Representatives.

Sincerely,

Donna E. Shalala

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

MAY 4 1998

The Honorable Newt Gingrich
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Section 1886(e)(3) of the Social Security Act (the Act) requires me to report to Congress the initial estimate of the applicable percentage increase in hospital inpatient payment rates for fiscal year (FY) 1999 that I will recommend for hospitals subject to the Medicare prospective payment system (PPS) and for hospitals and units excluded from PPS. This submission constitutes the required report.

Current law mandates, and the President's FY 1999 budget includes, an update for PPS hospitals equal to the market basket minus 1.9 percentage points, or, for certain hospitals under the temporary relief provision of section 4401(b) of the Balanced Budget Act of 1997, the market basket rate of increase minus 1.6 percentage points. The President's FY 1999 budget estimated the PPS market basket rate of increase for FY 1999 to be 2.7 percent. Based on this estimate, we recommend an update for hospitals in both large urban and other areas of 0.8 percent, and an update for temporary relief hospitals of 1.1 percent.

Sole community hospitals (SCHs) are the sole source of care in their area and are afforded special payment protection to maintain access to services for Medicare beneficiaries. SCHs are paid the higher of a hospital-specific rate or the Federal PPS rate. Medicare-dependent, small rural hospitals (MDHs) are a major source of care for Medicare beneficiaries in their area and are afforded special payment protection to maintain access to services for beneficiaries. MDHs are paid the Federal PPS rate, or, if their hospital-specific rate exceeds the Federal PPS rate, the Federal rate plus 50 percent of the difference between the hospital-specific rate and the Federal rate. Current law mandates that the FY 1999 update to hospital-specific rates for SCHs and MDHs equal the market basket rate of increase minus 1.9 percentage points. Consistent with the President's FY 1999 budget, we recommend an update to hospital-specific rates equal to our recommended increase for PPS hospitals, that is, the market basket rate of increase of 2.7 percent minus 1.9 percentage points, or 0.8 percent.

Page 2 - The Honorable Newt Gingrich

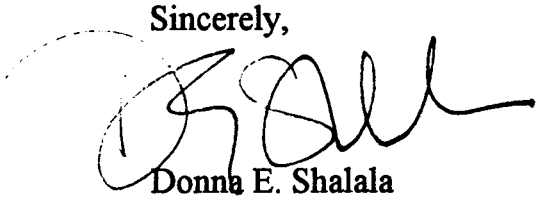
Hospitals and distinct part hospital units excluded from PPS are paid based on their reasonable costs subject to a limit under the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982. Current law mandates that the update for all hospitals and distinct part units excluded from PPS equal the rate of increase in the excluded hospital market basket less a percentage between 0 and 2.5 percentage points, depending on the hospital's costs in relation to its limit. The President's FY 1999 budget incorporates a rate of increase in the TEFRA limit equal to the rate of increase in the excluded hospital market basket (2.7 percent) minus a percentage between 0 and 2.5 percentage points, depending on the hospital's costs in relation to its limit. Therefore, we recommend an increase in the TEFRA limit of between 0.2 and 2.7 percent.

My recommendation for the updates is based on cost projections used in the President's FY 1999 budget. A final recommendation on the appropriate percentage increases for FY 1999 will be made nearer the beginning of the new Federal fiscal year based on the most current market basket projection available at that time. The final recommendation will incorporate our analysis of the latest estimates of all relevant factors, including recommendations by the Medicare Payment Advisory Commission (MedPAC). We currently expect that the final estimate of the market basket rate of increase will be lower than the estimate used in the President's FY 1999 budget.

Section 1886(d)(4)(C)(iv) of the Act also requires that I include in my report recommendations with respect to adjustments to the diagnosis-related group (DRG) weighting factors. At this time I do not anticipate recommending any adjustment to the DRG weighting factors for FY 1999.

I am pleased to provide this recommendation to you. I am also sending a copy of this letter to the Speaker of the House of Representatives.

Sincerely,



Donna E. Shalala

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Appendix D: Recommendation of Update Factors for Operating Cost Rates of Payment for Inpatient Hospital Services

I. Background

Several provisions of the Act address the setting of update factors for inpatient services furnished in FY 1999 by hospitals subject to the prospective payment system and those excluded from the prospective payment system. Section 1886(b)(3)(B)(i)(XIV) of the Act sets the FY 1999 percentage increase in the operating cost standardized amounts equal to the rate of increase in the hospital market basket minus 1.9 percent for prospective payment hospitals in all areas. Section 1886(b)(3)(B)(iv) of the Act sets the FY 1999 percentage increase in the hospital-specific rates applicable to sole community and Medicare-dependent, small rural hospitals equal to the rate set forth in section 1886(b)(3)(B)(i) of the Act, that is, the same update factor as all other hospitals subject to the prospective payment system, or the rate of increase in the market basket minus 1.9 percentage points. (We note that, as provided in section 4401(b) of the Balanced Budget Act of 1997, certain hospitals that do not receive indirect medical education or disproportionate share payments and are not designated as Medicare-dependent, small rural hospitals will receive an update that is 0.3 percent higher than the update for other prospective payment hospitals. Section 1886(b)(3)(B)(ii) of the Act sets the FY 1999 percentage increase in the rate of increase limits for hospitals excluded from the prospective payment system equal to the rate of increase in the excluded hospital market basket minus a percentage between 0 and 2.5 percent percentage points, depending on the hospital's costs in relation to its limit.

In accordance with section 1886(d)(3)(A) of the Act, we are proposing to update the standardized amounts, the hospital-specific rates, and the rate-of-increase limits for hospitals excluded from the prospective payment system as provided in section 1886(b)(3)(B) of the Act. Based on the fourth quarter 1997 forecast of the FY 1999 market basket increase of 2.6 percent for hospitals subject to the prospective payment system, the proposed updates to the standardized amounts are 0.7 percent (that is, the market basket rate of increase minus 1.9 percent) for hospitals in both large urban and other areas. The proposed update to the hospital-specific rate applicable to sole community and Medicare-dependent, small rural hospitals is also 0.7 percent. The proposed update for hospitals excluded from the prospective payment system is the percentage increase in the excluded hospital market basket (currently estimated at 2.5 percent) less a percentage between 0 and 2.5 percentage points, or an update equal to between 0 and 2.5 percent.

Section 1886(e)(4) of the Act requires that the Secretary, taking into consideration the recommendations of the Medicare Payment Advisory Commission (MedPAC), recommend update factors for each fiscal year that take into account the amounts necessary for the efficient and effective delivery of medically appropriate and necessary care of high quality. Under section 1886(e)(5) of the Act, we are required to publish the update factors recommended under section 1886(e)(4) of the Act. Accordingly, this appendix provides the recommendations of appropriate update factors, the analysis underlying our recommendations, and our responses to the MedPAC recommendations concerning the update factors.

In its March 1, 1998 report, MedPAC stated that the legislated update of market basket increase minus 1.9 percentage points will provide a reasonable level of payment to hospitals. Although MedPAC suggests that a somewhat lower update could be justified in light of changes in the utilization and provision of hospital inpatient care, the Commission does not believe it is necessary to recommend a lower update for FY 1999. MedPAC did not make a separate recommendation for the hospital-specific rates applicable to sole community and Medicare-dependent, small rural hospitals. We discuss MedPAC's recommendations concerning the update factors and our responses to these recommendations below.

II. Secretary's Recommendations

Under section 1886(e)(4) of the Act, we are recommending that an appropriate update factor for the standardized amounts is 0.7 percent for hospitals located in large urban and other areas. We are also recommending an update of 0.7 percent to the hospital-specific rate for sole community hospitals and Medicare-dependent, small rural hospitals. These figures are consistent with the President's FY 1999 budget recommendations, which reflect the update provided by section 4401(a) of the Balanced Budget Act of 1997. We believe these recommended update factors would ensure that Medicare acts as a prudent purchaser and provide incentives to hospitals for increased efficiency, thereby contributing to the solvency of the Medicare Part A Trust Fund. When the President's budget was submitted, the market basket rate of increase was projected at 2.7 percent. As noted above, this proposed recommendation is based on the most recent forecast of the market basket, 2.6 percent.

We recommend that hospitals excluded from the prospective payment system receive an update of between 0 and 2.5 percent. The update for excluded hospitals and units is equal to the increase in the excluded hospital operating market basket, less a percentage between 0 and 2.5 percentage points depending on the hospital's or unit's costs in relation to its rate-of-increase limit. The market basket rate of increase is currently forecast at 2.5 percentage points. This recommendation is consistent with the President's FY 1999 budget, although we note that the market basket rate of increase was forecast at 2.7 percent when the budget was submitted.

As required by section 1886(e)(4) of the Act, we have taken into consideration the recommendations of MedPAC in setting these recommended update factors. Our responses to the MedPAC recommendations concerning the update factors are discussed below.

III. MedPAC Recommendation for Updating the Prospective Payment System Standardized Amounts

For FY 1999, MedPAC's update framework would support an update of the increase in the hospital market basket minus a figure between 4.4 percentage points and 1.1 percentage points. MedPAC notes that costs per case have grown more slowly than payments per case since 1992 and, as a result, overall Medicare operating margins for hospitals have been rising. MedPAC predicts that Medicare operating margins will continue to be quite favorable even with the payment reductions enacted by the Balanced Budget Act of 1997. MedPAC further notes that Medicare payments are just one of many factors that affect hospital margins. Thus, while MedPAC agrees with the proposed update of market basket increase minus 1.9 percentage points for 1999, that update is closer to the higher end than the lower end of MedPAC's update framework. The Commission emphasizes that, because of uncertainty about the future and the extent of changes in productivity and service delivery, its recommendation applies for only one year. MedPAC's estimate of the market basket increase is 2.5 percent, which is 0.1 percentage points below HCFA's current estimate. MedPAC's market basket estimate focuses on employee compensation changes in the hospital industry and the economy in general, while HCFA's market basket forecast gives less weight to the projected changes in the hospital industry's wages. Thus, MedPAC's update framework reflects a 0.1 percent adjustment for this difference.

Response: We agree with MedPAC's recommendation of an update for FY 1999 for prospective payment system hospitals of market basket minus 1.9 percentage points. Our recommendation is supported by the following analyses that measure changes in hospital productivity, scientific and technological advances, practice pattern changes, and changes in case mix:

a. Productivity

Service level productivity is defined as the ratio of total service output to full-time equivalent employees (FTEs). While we recognize that productivity is a function of many variables (for example, labor, nonlabor material, and capital inputs), we use a labor productivity measure since this update framework applies to operating payment. To recognize that we are apportioning the short run output changes to the labor input and not considering the nonlabor inputs, we weight our productivity measure for operating costs by the share of direct labor services in the market basket rate of increase to determine the expected effect on cost per case.

Our recommendation for the service productivity component is based on historical trends in productivity and total output for both the hospital industry and the general economy, and projected levels of future hospital service output. MedPAC's predecessor, the Prospective Payment Assessment Commission (ProPAC), estimated cumulative service productivity growth to be 4.9 percent from 1985–1989, or 1.2 percent annually. At the same time, MedPAC estimated total output growth at 3.4 percent

annually, implying a ratio of service productivity growth to output growth of 0.35.

Since it is not possible at this time to develop a productivity measure specific to Medicare patients, we examined productivity (output per hour) and output (gross domestic product) for the economy. Depending on the exact time period, annual changes in productivity range from 0.3 to 0.35 percent of the change in output (that is, a 1.0 percent increase in output would be correlated with a 0.3 to 0.35 percent change in output per hour).

Under our framework, the recommended update is based in part on expected productivity—that is, projected service output during the year, multiplied by the historical ratio of service productivity to total service output, multiplied by the share of labor in total operating inputs, as calculated in the hospital market basket rate of increase. This method estimates an expected labor productivity improvement in the same proportion to expected total service growth that has occurred in the past and assumes that, at a minimum, growth in FTEs changes proportionally to the growth in total service output. Thus, the recommendation allows for unit productivity to be smaller than the historical averages in years that output growth is relatively low and larger in years that output growth is higher than the historical averages. Based on the above estimates from both the hospital industry and the economy, we have chosen to employ the range of ratios of productivity change to output change of 0.30 to 0.35.

The expected change in total hospital service output is the product of projected growth in total admissions (adjusted for outpatient usage), projected real case-mix growth, and expected quality enhancing intensity growth, net of expected decline in intensity due to reduction of cost ineffective practice. Case-mix growth and intensity numbers for Medicare are used as proxies for those of the total hospital, since case-mix increases (used in the intensity measure as well) are unavailable for non-Medicare patients. Thus, expected output growth is simply the sum of the expected change in intensity (0.0 percent), projected admissions change (−2.0 percent for FY 1999), and projected real case-mix growth (0.8 percent), or −1.2 percent. The share of direct labor services in the market basket rate of increase (consisting of wages, salaries, and employee benefits) is 61.4 percent.

Multiplying the expected change in total hospital service output (−1.2 percent) by the ratio of historical service productivity change to total service growth of 0.30 to 0.35 and by the direct labor share percentage 61.4, provides our productivity standard of −0.2 to −0.3 percent.

MedPAC believes that the update should also take into account the effects of product change. MedPAC analysis indicates that between 1992 and 1996, the decline in length of stay and corresponding increase in the intensity of services per day resulted in a net reduction of about 11 percent for services provided per hospital admission. In the past, ProPAC expected hospitals to achieve productivity gains ranging from 0.5 percent to 2.0 percent per year. This year, recognizing changes in lengths of stay and sites of service, MedPAC believes a product adjustment in the range of −3.0 to −1.0 percentage points is appropriate. In addition, MedPAC's update framework contains a productivity adjustment of between −0.7 to −0.3 percent, which is slightly more optimistic than our estimate.

b. Intensity

We base our intensity standard on the combined effect of three separate factors: Changes in the use of quality enhancing services, changes in the use of services due to shifts in within-DRG severity, and changes in the use of services due to reductions of cost-ineffective practices. For FY 1999, we recommend an adjustment of 0.0 percent. The basis of this recommendation is discussed below.

We have no empirical evidence that accurately gauges the level of quality-enhancing technology changes. A study published in the Winter 1992 issue of the Health Care Financing Review, ''Contributions of case mix and intensity change to hospital cost increases'' (p. 151–163), suggests that one-third of the intensity change is attributable to high-cost technology. The balance was unexplained but the authors speculated that it is attributable to fixed costs in service delivery.

Typically, a specific new technology increases cost in some uses and decreases cost in other uses. Concurrently, health status is improved in some situations while in other situations it may be unaffected or even worsened using the same technology. It is difficult to separate out the relative significance of each of the cost increasing effects for individual technologies and new technologies.

All things being equal, per-discharge fixed costs tend to fluctuate in inverse proportion to changes in volume. Fixed costs exist whether patients are treated or not. If volume is declining, per-discharge fixed costs will rise, but the reverse is true if volume is increasing.

Following methods developed by HCFA's Office of the Actuary for deriving hospital output estimates from total hospital charges, we have developed Medicare-specific intensity measures based on a 5-year average using FY 1993–FY 1997 MedPAR billing data. Case-mix constant intensity is calculated as the change in total Medicare charges per discharge adjusted for changes in the average charge per unit of service as measured by the Medical CPI hospital component and changes in real case mix. Thus, in order to measure changes in intensity, one must measure changes in real case mix.

For FY 1993–FY 1997, observed case mix index change ranged from a low of 0.8 percent to a high of 1.7 percent, with a 5-year average change of 1.3 percent. Based on evidence from past studies of case-mix change, we estimate that real case mix change fluctuates between 1.0 and 1.4 percent and the observed values generally fall in this range. The average percentage change in charge per discharge was 3.4 percent and the average annual change in the medical CPI was 5.7 percent. Dividing the change in charge per discharge by the quantity of the real case-mix index change and the medical CPI, yields an average annual change in intensity of −3.4 percent. Assuming the technology/fixed cost ratio still holds, technology would account for a −1.1 percent annual decline while fixed costs would account for a −2.3 percent annual decline. The decline in fixed costs per discharge makes intuitive sense as volume, measured by total discharges, as increased during the period. Since we estimate that intensity has declined during that period, we are recommending a 0.0 percent intensity adjustment for FY 1999.

c. Quality Enhancing New Science and Technology

For FY 1999, MedPAC has computed the adjustment for scientific and technological advances to be a future-oriented policy target intended to provide additional funds for hospitals to adopt quality-enhancing, cost increasing health care innovations. As in past recommendations, MedPAC has included an adjustment ranging from 0.3 to 1.0 percentage points. MedPAC believes that the cost-competitive environment now faced by hospitals may dampen the adoption of new technologies as they closely evaluate their relative costs and benefits. Therefore, MedPAC recommends an adjustment of 0.5 percentage points for the increase in operating costs due to scientific and technological advances.

d. Change in Case Mix

Our analysis takes into account projected changes in case mix, adjusted for changes attributable to improved coding practices. For our FY 1999 update recommendation, we are projecting a 1.0 percent increase in the case-mix index. We define real case-mix increase as actual changes in the mix (and resource requirements) of Medicare patients as opposed to changes in coding behavior that result in assignment of cases to higher-weighted DRGs, but do not reflect greater resource requirements. For FY 1999, we believe that real case-mix increase is equal to our projected change in case mix less 0.2 percent. We estimate that changes in coding behavior account for an increase of 0.2 percentage points in our projected case-mix change. Thus, we are projecting an increase of 0.8 percentage points for the real case-mix index.

Unlike ProPAC's case-mix recommendation in previous years, MedPAC did not make a specific percentage change recommendation but rather estimated a range from −0.2 to 0.2 percentage point change based on changes in the 1998 case mix index.

e. Effect of FY 1997 DRG Reclassification and Recalibration

We estimate that DRG reclassification and recalibration for FY 1997 resulted in a 0.0 percent increase in the case-mix index when compared with the case-mix index that would have resulted if we had not made the reclassification and recalibration changes to the GROUPER. MedPAC does not make an adjustment for DRG reclassification and recalibration in its update recommendation.

f. Correction for Market Basket Forecast Error

The estimated market basket percentage increase used to update the FY 1997 payment

rates was 2.5 percent. Our most recent data indicate the actual FY 1997 increase was 2.1 percent. The resulting forecast error in the FY 1997 market basket rate of increase is 0.4 percentage points. Under our update framework, we make a forecast error correction if our estimate is off by 0.25 percentage points or more. Therefore, we are recommending an adjustment of −0.4 percentage points to reflect this overestimation of the FY 1997 market basket rate of increase. The following is a summary of the update ranges supported by our analyses compared to MedPAC's framework.

TABLE 1.—COMPARISON OF FY 1999 UPDATE RECOMMENDATIONS

	HHS	MedPAC
Market Basket	MB	MB
Difference between HCFA & MedPAC Market Baskets		−0.1
Subtotal	MB	MB
Policy Adjustments Factors:		
Productivity	−0.3 to −0.2	−0.7 to −0.3
Product	([3])	−3.0 to −1.0
Intensity	0.0.	
Science & Technology		0.0 to 0.5
Practice Patterns		([1])
Real Within DRG Change		([2])
Subtotal	−0.3 to −0.2	−3.7 to −0.8
Case-Mix Adjustment Factors:		
Projected Case-Mix Change	−1.0	
Real Across DRG Change	0.8	−0.2 to 0.0
Real Within DRG Change	([3])	0.0 to 0.2
Subtotal	−0.2	−0.2 to 0.2
Effect of 1996 Reclassification & Recalibration	0.0	
Forecast Error Correction	−0.4	−0.4
Total Recommended Update	MB −0.9 to MB −0.8	MB −4.4 to MB −1.1

[1] Included in MedPAC's Productivity Measure.
[2] Included in MedPAC's Case-Mix Adjustment.
[3] Included in HHS' Intensity Factor.

Because we are not recommending a negative adjustment for intensity (as our methodology would suggest is appropriate), the update suggested by our framework appears to be more generous than the recommendation of MedPAC. While the above framework would support an update of the market basket increase minus 0.9 percentage points, we are recommending an update of the market basket increase minus 1.9 percentage points (0.7 percent). We believe that this update factor appropriately adjusts for changes occurring in health care delivery including the relative decrease in use of hospital inpatient services and the corresponding increase in use of hospital outpatient and postacute care services. We agree with MedPAC that a 0.7 percent update for FY 1999 would not disadvantage the hospital industry nor harm Medicare beneficiaries. We also recommend that the hospital-specific rates applicable to sole community and Medicare-dependent, small rural hospitals be increased by the same update, 0.7 percentage points.

IV. MedPAC Recommendation for Updating the Rate-of-Increase Limits for Excluded Hospitals

MedPAC recommends an update factor equal to a 2.1 percent average increase for TEFRA target amounts for excluded hospitals and units. The update formula enacted by section 4411(a) of the Balanced Budget Act is equal to the increase in the excluded hospital market basket less a percentage point between 0 and 2.5 percent, depending on the hospital's or unit's costs in relation to the target amount. MedPAC's recommendation reflects a reduction of 0.4 percentage points from HCFA's market basket increase forecast of 2.5 percent. The reduction consists of an adjustment of -0.4 percentage points to account for the forecast error in the FY 1997 market basket rate of increase, and no allowance for new technology.

Response: We recommend that hospitals excluded from the prospective payment system also receive a 2.5 percent increase in the market basket used in the update formula for TEFRA target amount updates provided to the prospective payment hospitals. We believe this update would ensure that Medicare acts as a prudent purchaser and would provide incentives to hospitals for increased efficiency, thereby contributing to the solvency of the Medicare Part A Trust Fund.

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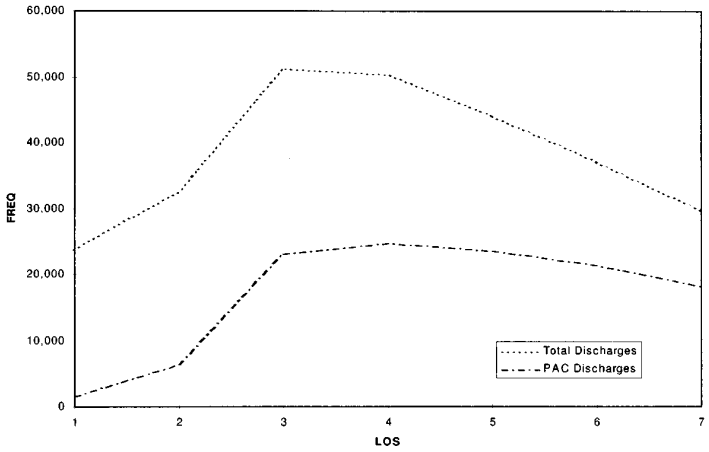
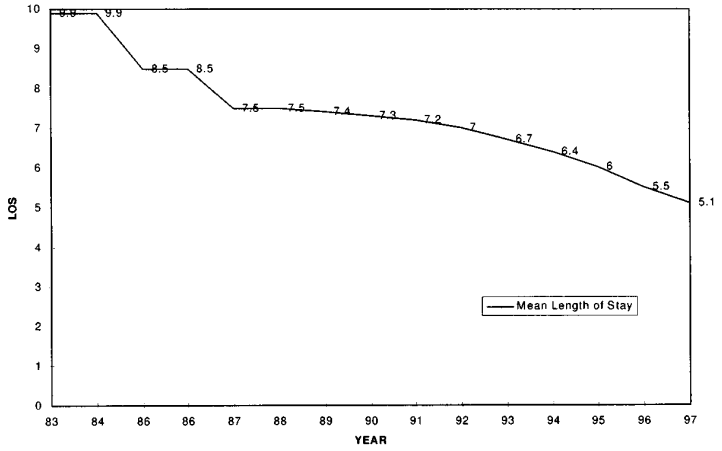
APPENDIX E: DRG Charts

DRG 14
SPECIFIC CEREBROVASCULAR DISORDERS EXCEPT TIA (MEDICAL)

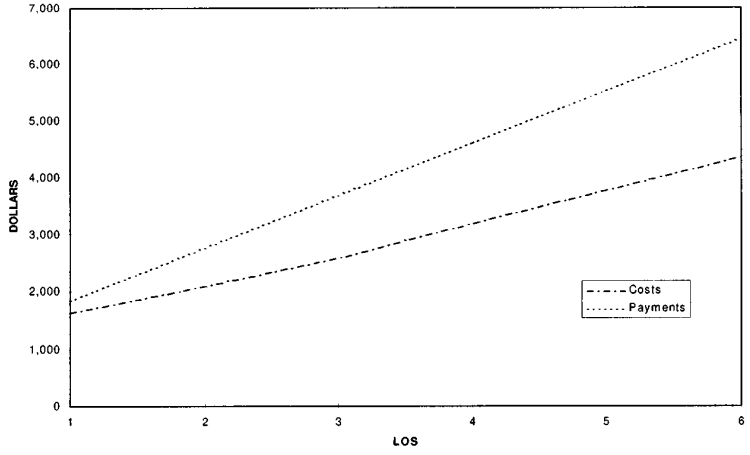
Discharges by Length of Stay



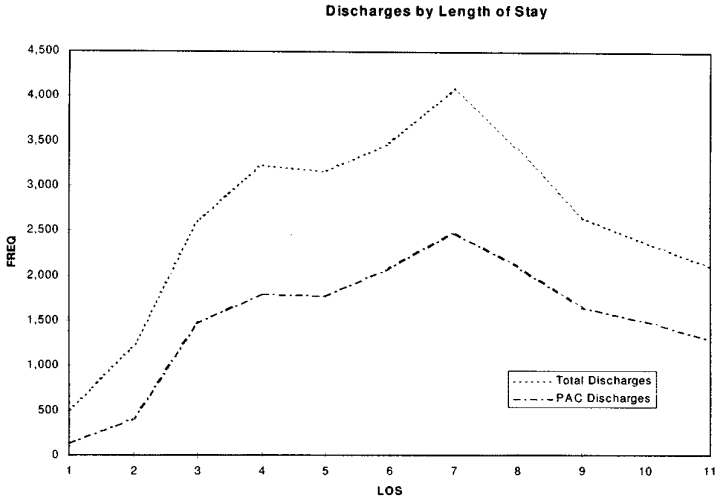
Mean Length of Stay (FY 83 To FY 97)

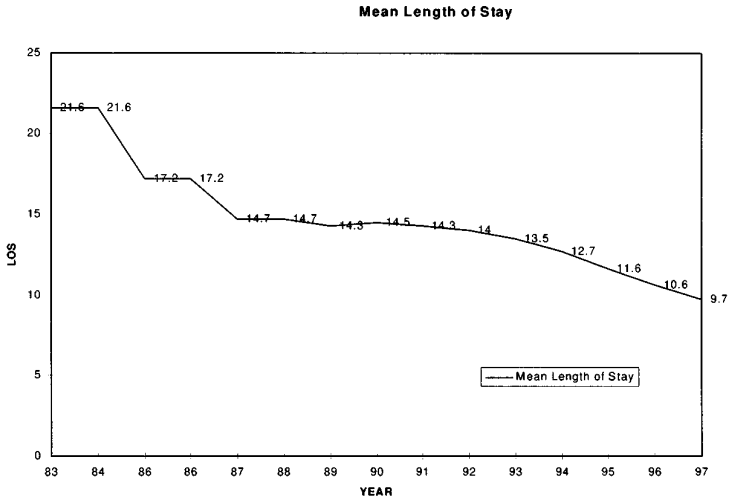


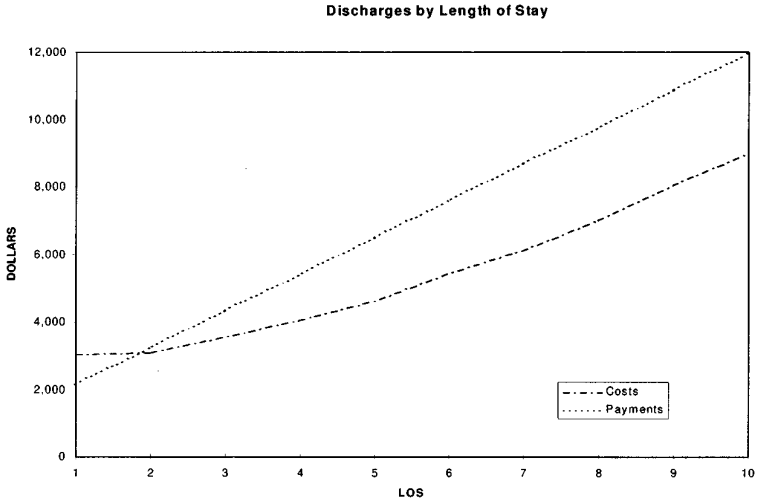
Costs and Payments, by Length of Stay
(Using Current Transfer Methodology)



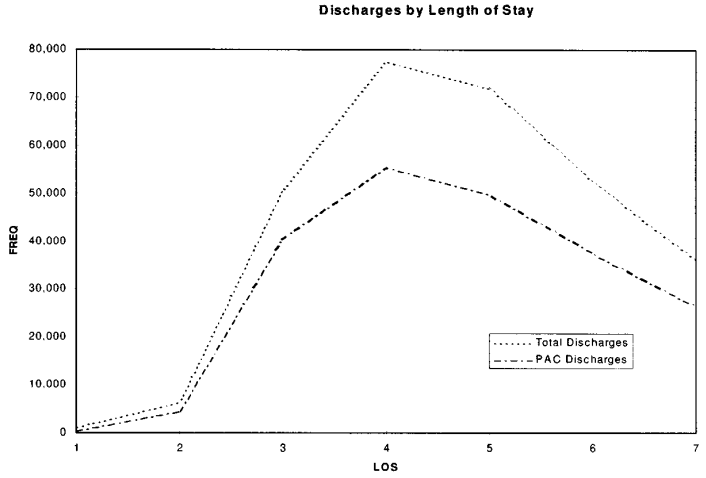
DRG 113
AMPUTATION FOR CIRCULATORY SYSTEM DISORDERS EXCEPT UPPER LIMB & TOE (SURGICAL)

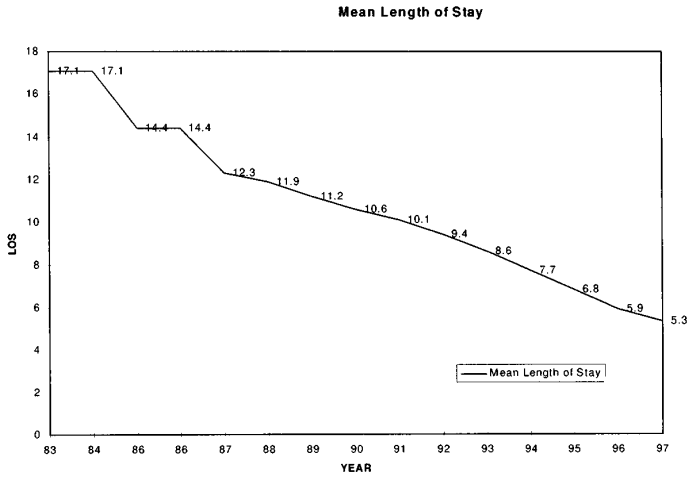


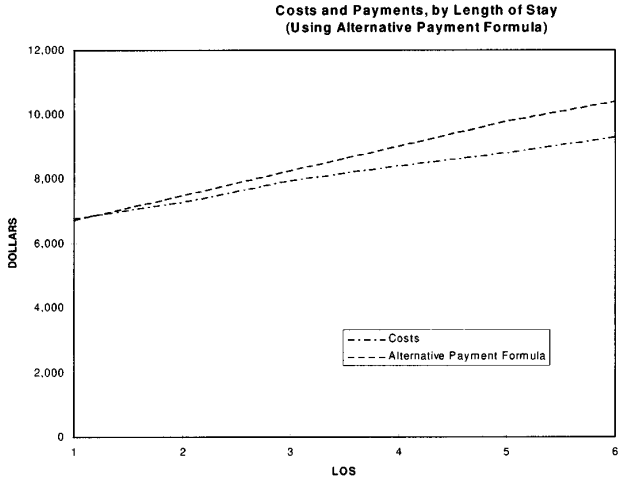




DRG 209
MAJOR JOINT LIMB REATTACHMENT PROCEDURES OF LOWER EXTREMITY (SURGICAL)

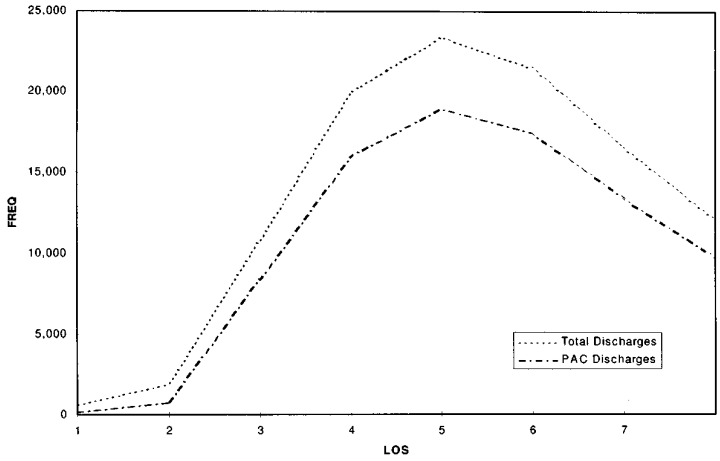




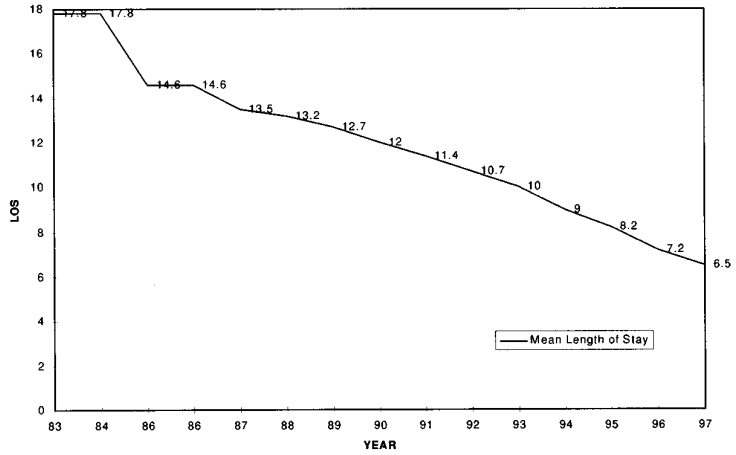


DRG 210
HIP FEMUR PROCEDURES EXCEPT MAJOR JOINT AGE >17 WITH CC (SURGICAL)

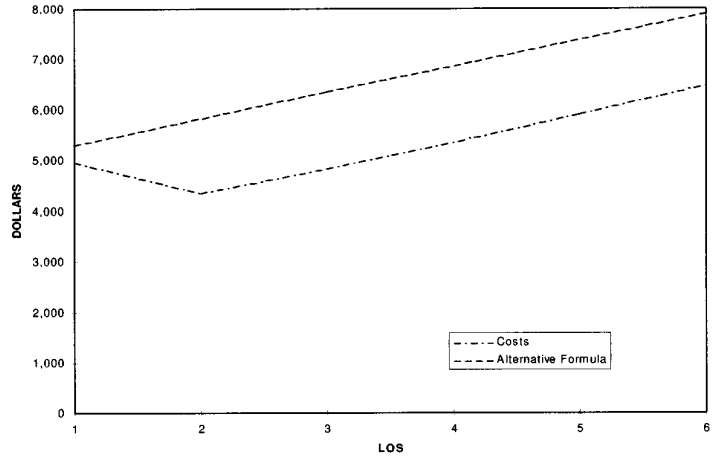
Discharges by Length of Stay



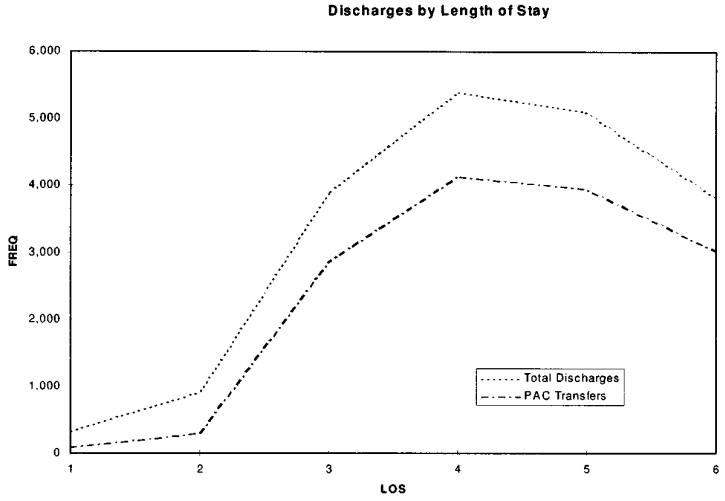
Mean Length of Stay (FY 83 to FY 97)

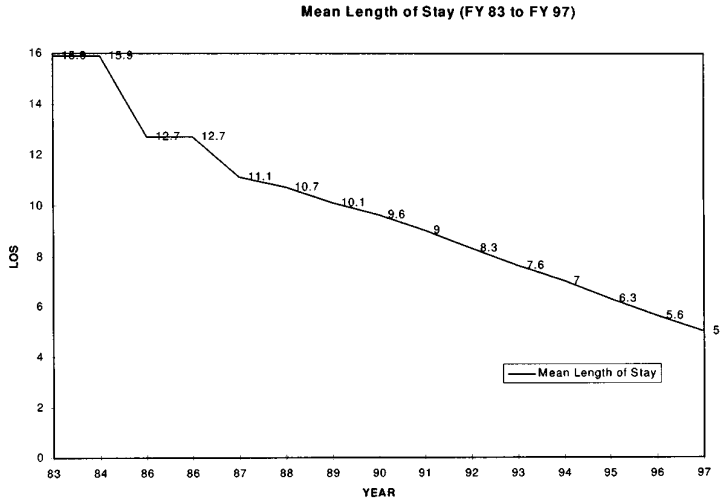


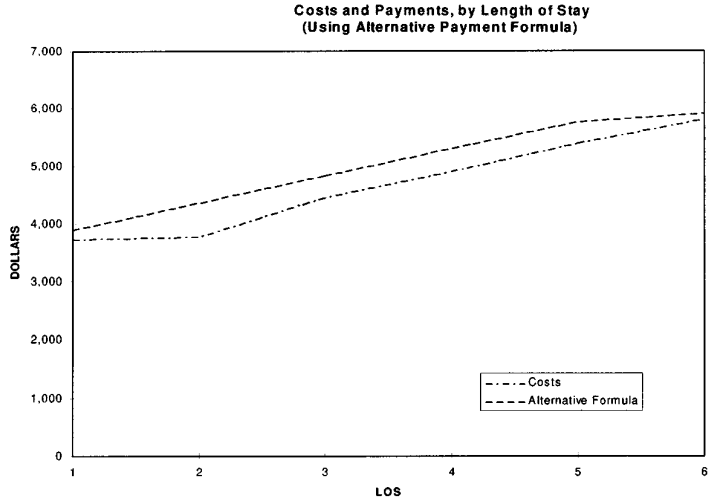
Costs and Payments, by Length of Stay
(Using Alternative Payment Formula)



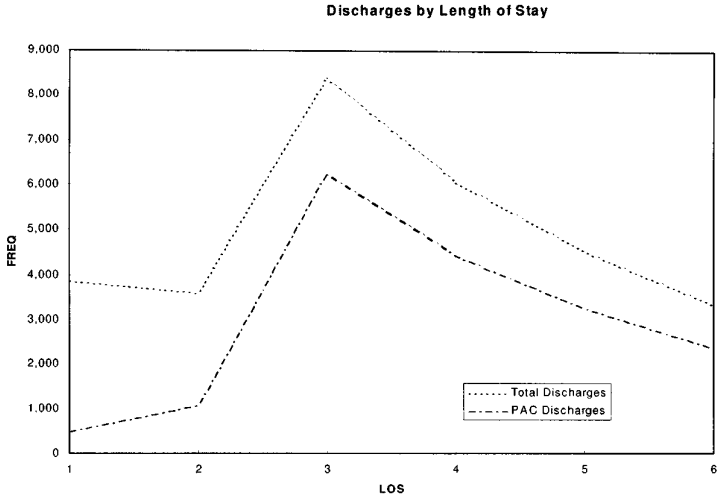
DRG 211
HIP FEMUR PROCEDURES EXCEPT MAJOR JOINT AGE >17 W/O CC (SURGICAL)

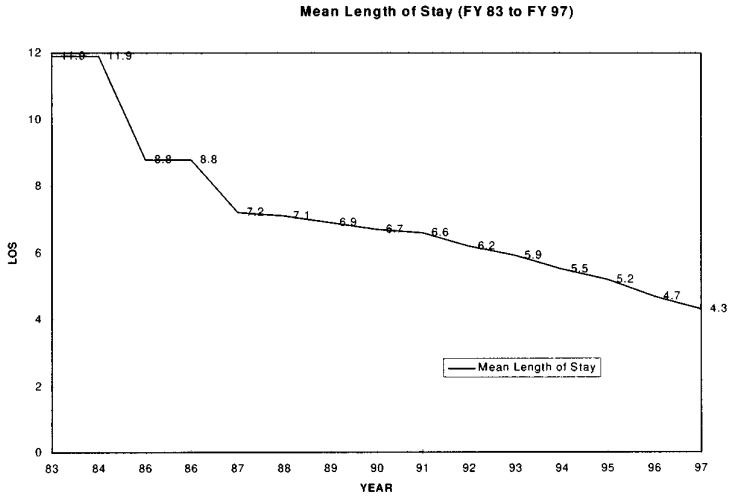


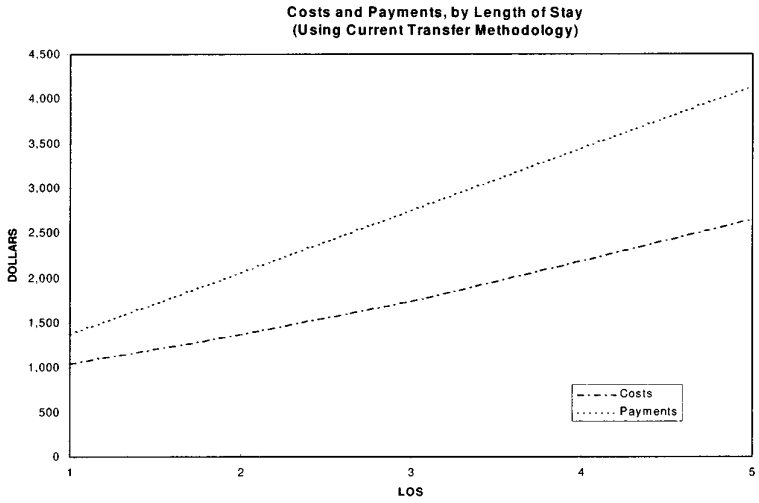




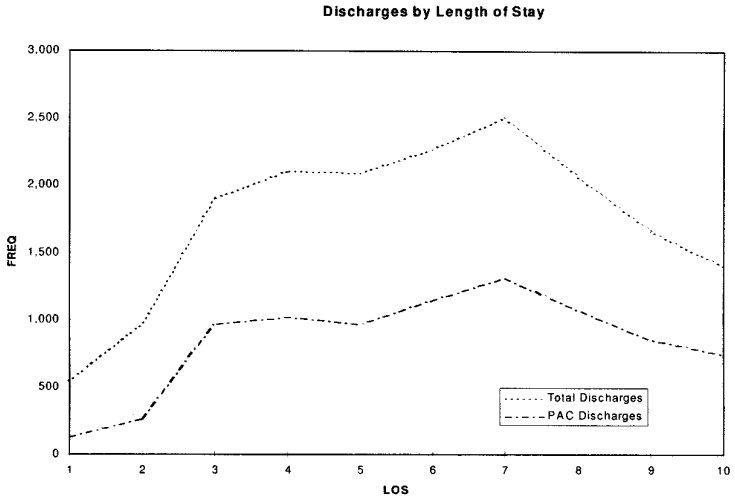
DRG 236
FRACTURE OF HIP PELVIS (MEDICAL)

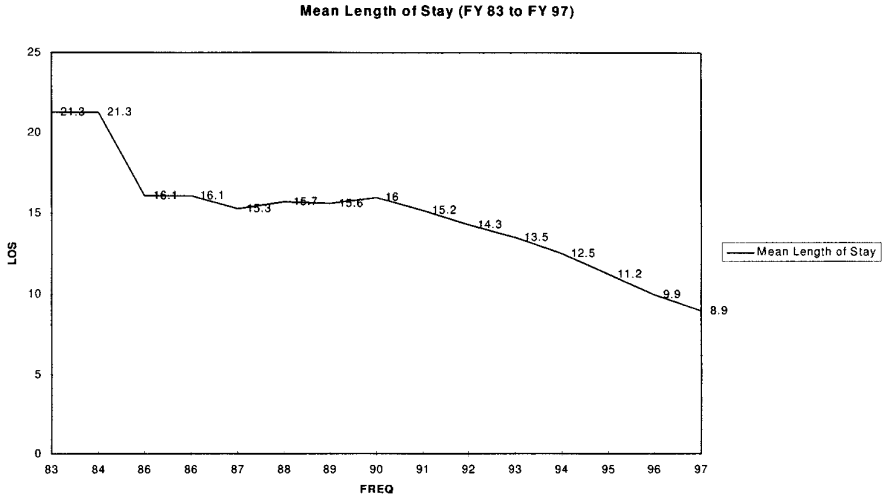


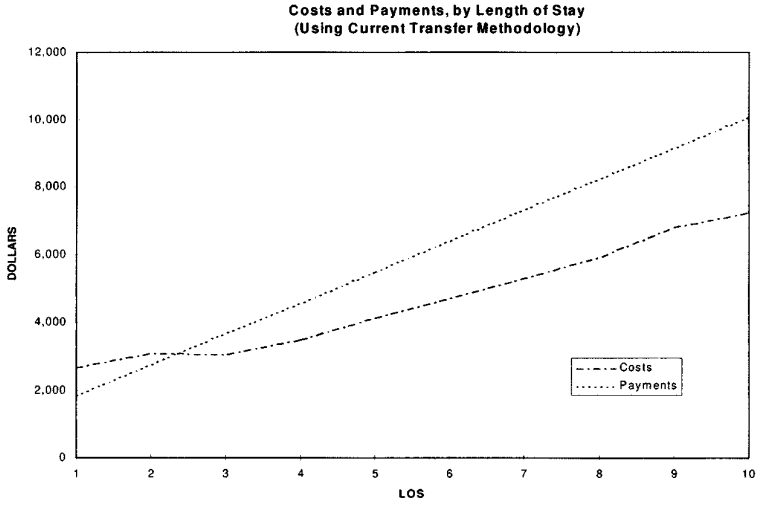




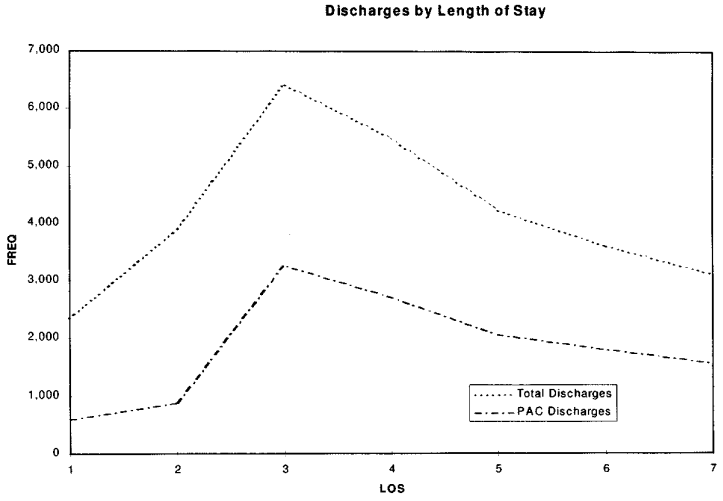
DRG 263
SKIN GRAFT AND/OR DEBRIDEMENT FOR SKIN ULCER OR CELLULITIS WITH CC (SURGICAL)

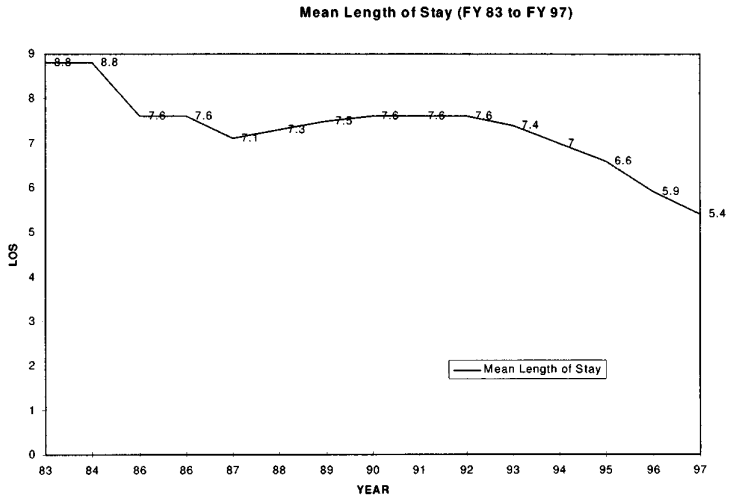


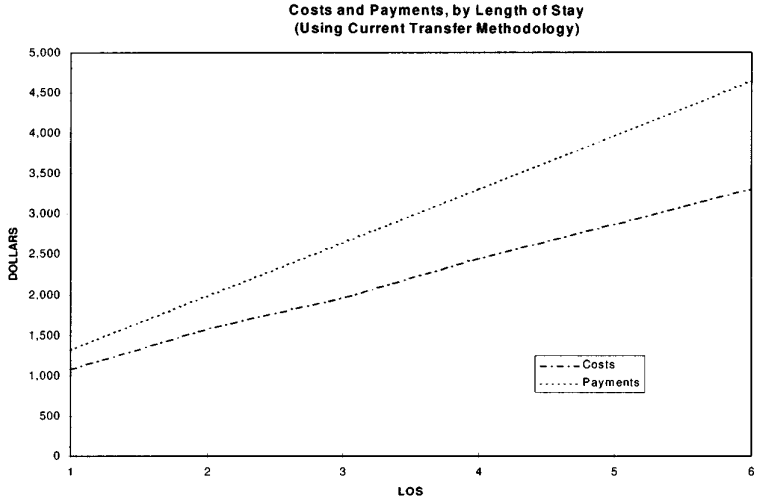




DRG 429
ORGANIC DISTURBANCES MENTAL RETARDATION (MEDICAL)

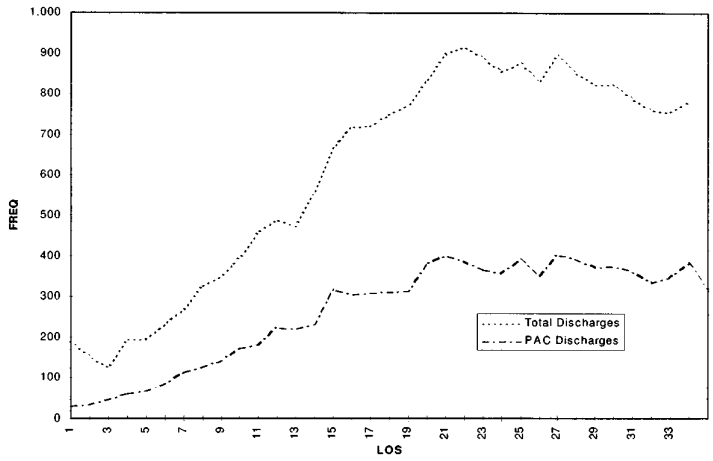




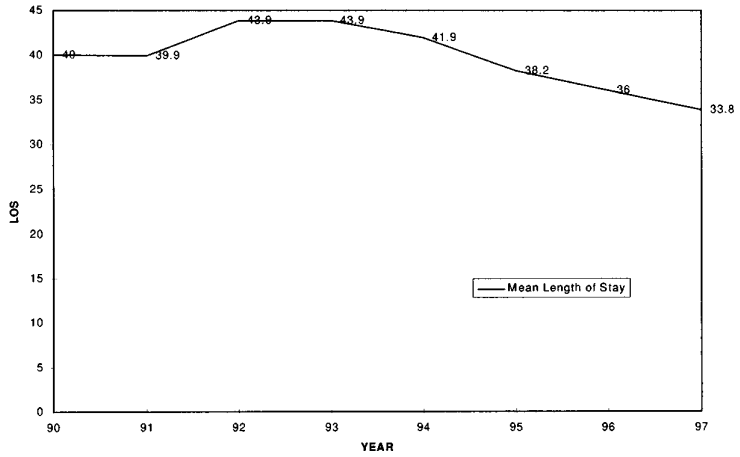


DRG 483
TRACHEOSTOMY EXCEPT FOR FACE, MOUTH, NECK DIAGNOSES (SURGICAL)

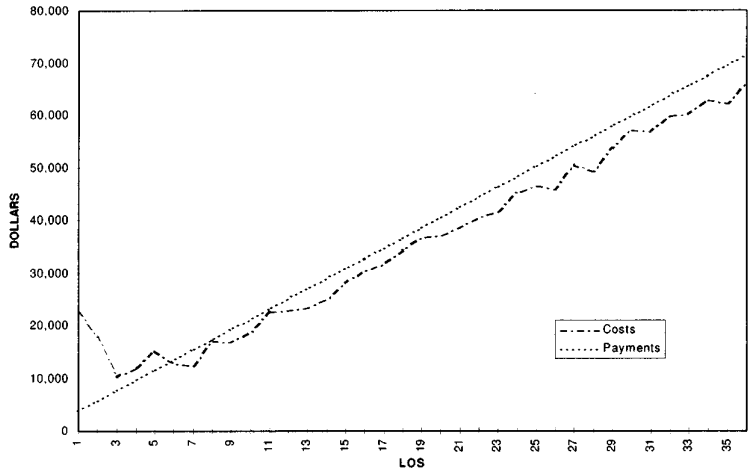
Discharges by Length of Stay



Mean Length of Stay (FY 90 to FY 97)



Costs and Payments, by Length of Stay
(Using Current Transfer Methodology)



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