

produce error rates for Medicaid and SCHIP fee-for-service and managed care improper payments. The Federal contractor will review states on a rotational basis so that each state will be measured for improper payments, in each program, once and only once every three years.

Subsequent to the first publication, we determined that we will measure Medicaid and SCHIP in the same State. Therefore, states will measure Medicaid and SCHIP eligibility in the same year measured for fee-for-service and managed care. We believe this approach will advantage States through economies of scale (e.g. administrative ease and shared staffing for both programs reviews). We also determined that interim case completion timeframes and reporting are critical to the integrity of the reviews and to keep the reviews on schedule to produce a timely error rate. An additional revision is that the sample sizes were increased slightly in order to produce an equal sample size per strata each month. Finally, this information collection request does, to a certain extent, duplicate Medicaid eligibility reviews under the Medicaid Eligibility Quality Control (MEQC) as required by section 1903(u) of the Social Security Act (of the Act) and we proposed this option in the first publication of this information request.

However, CMS has not finalized its analysis of the associated legal and policy matters regarding the option to use the payment error rate measurement (PERM) reviews to satisfy MEQC statutory and regulatory requirements. We are concerned that using the PERM eligibility reviews to satisfy requirements for the MEQC program under 1903(u) of the Act would necessarily require that the data derived from the reviews be used to determine potential disallowances of Federal funds under the MEQC program. Therefore, we are still considering whether or not to make this option available to States. We expect to make a final decision before the start of the eligibility reviews in FY 2007. However, in response to State resource concerns, CMS will provide States the option to contract out the PERM eligibility reviews to entities not actively involved in the state's eligibility determination and enrollment activities. The supporting statement reflects those changes.

As outlined in the October 5, 2005, interim final rule (70 FR 58260), CMS convened an eligibility workgroup comprised of the Department of Health and Human Services, the Office of Management and Budget (OMB) and representatives from two states. The Office of Inspector General (OIG)

participated in an advisory capacity. The workgroup was charged to make recommendations for measuring Medicaid and SCHIP improper payments based on eligibility errors within the confines of current statute, with minimal impact on States' resources and considering public comments on the August 27, 2004, proposed rule and the October 5, 2005, interim final rule. Based on the eligibility workgroup's recommendations and public comments, we developed an eligibility review methodology that we expect will provide consistency in the reviews of active (i.e., beneficiaries receiving Medicaid or SCHIP) and negative cases (i.e., beneficiaries whose benefits were denied or terminated) as well as achieve the confidence and precision requirements at the national level required by the IPIA.

Form Number: CMS-10184 (OMB#: 0938-NEW).

Frequency: Reporting—On occasion and Monthly.

Affected Public: Business or other for-profit, Not-for-profit institutions.

Number of Respondents: 34.

Total Annual Responses: 1,326.

Total Annual Hours: 535,670.

To obtain copies of the supporting statement and any related forms for the proposed paperwork collections referenced above, access CMS Web site address at <http://www.cms.hhs.gov/PaperworkReductionActof1995>, or e-mail your request, including your address, phone number, OMB number, and CMS document identifier, to Paperwork@cms.hhs.gov, or call the Reports Clearance Office on (410) 786-1326.

Written comments and recommendations for the proposed information collections must be mailed or faxed within 30 days of this notice directly to the OMB desk officer: OMB Human Resources and Housing Branch, Attention: Carolyn Lovett, New Executive Office Building, Room 10235, Washington, DC 20503. Fax Number: (202) 395-6974.

Dated: August 25, 2006.

Michelle Shortt,

*Director, Regulations Development Group,
Office of Strategic Operations and Regulatory Affairs.*

[FR Doc. 06-7291 Filed 8-31-06; 8:45 am]

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS-1535-N]

RIN 0938-AO26

Medicare Program; Hospice Wage Index for Fiscal Year 2007

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

ACTION: Notice.

SUMMARY: This notice announces the annual update to the hospice wage index as required by statute. This fiscal year 2007 update is effective from October 1, 2006 through September 30, 2007. The wage index is used to reflect local differences in wage levels. The hospice wage index methodology and values are based on recommendations of a negotiated rulemaking advisory committee and were originally published in the August 8, 1997 **Federal Register**.

EFFECTIVE DATE: This notice is effective on October 1, 2006.

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

SUPPLEMENTARY INFORMATION:

I. Background

A. General

1. Hospice Care

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

Section 1861(dd) of the Social Security Act (the Act) provides for coverage of hospice care for terminally ill Medicare beneficiaries who elect to receive care from a participating hospice. Section 1814(i) of the Act

provides payment for Medicare participating hospices.

2. Medicare Payment for Hospice Care

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

B. Hospice Wage Index

Our regulations at § 418.306(c) require each hospice's labor market to be established using the most current hospital wage data available, including any changes to the Metropolitan Statistical Areas (MSAs), definitions which are superceded by Core Based Statistical Areas (CBSAs). Section 1814(i)(2)(D) of the Act requires Medicare to pay for hospice care furnished in an individual's home on the basis of the geographic location where the service is furnished. We have interpreted this to mean that the wage index value used is based upon the location of the beneficiary's home for routine home care and continuous home care and the location of the hospice agency for general inpatient and respite care.

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

In the August 8, 1997 **Federal Register** (62 FR 42860), we published a final rule implementing a new

methodology for calculating the hospice wage index based on the recommendations of the negotiated rulemaking committee. The committee statement was included in the appendix of that final rule (62 FR 42883). The hospice wage index is updated annually. Our most recent annual update occurred in the August 4, 2005 final rule (70 FR 45130), that set forth updates to the hospice wage index for FY 2006. On September 30, 2005, we published a correction notice in the **Federal Register** (70 FR 57174) and a subsequent correction notice on December 23, 2005 (70 FR 76175), to correct technical errors that appeared in the August 4, 2005 final rule.

1. Changes to Core-Based Statistical Areas

The annual update to the hospice wage index is published in the **Federal Register** and is based on the most current available hospital wage data, as well as any changes by the Office of Management and Budget (OMB) to the definitions of MSAs. The August 4, 2005 final rule set forth the adoption of the changes discussed in the OMB Bulletin No. 03-04 (June 6, 2003), which announced revised definitions for Micropolitan Statistical Areas and the creation of MSAs and Combined Statistical Areas. In adopting the OMB Core-Based Statistical Area (CBSA) geographic designations, we provided for a 1-year transition with a blended wage index for all providers for FY 2006. For FY 2006, the hospice wage index for each provider consisted of a blend of 50 percent of the FY 2006 MSA-based wage index and 50 percent of the FY 2006 CBSA-based wage index. As discussed in the August 4, 2005 final rule, we will use the full CBSA-based wage index values as presented in Tables A and B of this notice for FY 2007.

Furthermore, we continue to use the same methodology as discussed in the April 29, 2005 proposed rule (70 FR 22394) and finalized in the August 4, 2005 final rule to address those geographic areas where there were no hospitals and, thus, no hospital wage index data on which to base the calculation of the FY 2007 hospice wage index. For FY 2007, those areas consist of rural Massachusetts, rural Puerto Rico and urban Hinesville-Fort Stewart, Georgia. (CBSA-25980).

2. Raw Wage Index Values

Raw wage index values (that is, inpatient hospital pre-floor and pre-reclassified wage index values) as described in the August 8, 1997 hospice wage index final rule (62 FR 42860), are

subject to either a budget neutrality adjustment or application of the wage index floor. Raw wage index values of 0.8 or greater are adjusted by the budget neutrality adjustment factor. Budget neutrality means that, in a given year, estimated aggregate payments for Medicare hospice services using the updated wage index values will equal estimated payments that would have been made for these services if the 1983 wage index values had remained in effect. To achieve this budget neutrality, the raw wage index is multiplied by a budget neutrality adjustment factor. The budget neutrality adjustment factor is calculated by comparing what we would have paid using current rates and the 1983 wage index to what would be paid using current rates and new wage index. The budget neutrality adjustment factor is computed and applied annually. For the FY 2007 hospice wage index, FY 2006 hospice payment rates were used in the budget neutrality adjustment factor calculation.

Raw wage index values below 0.8 are adjusted by the greater of: (1) The hospice budget neutrality adjustment factor; or (2) the hospice wage index floor (a 15 percent increase) subject to a maximum wage index value of 0.8. For example, if County A has a pre-floor, pre-reclassified hospital wage index (raw wage index value) of 0.4000 we would perform the following calculations using the budget neutrality factor (which for this example is 0.060988) and the hospice wage index floor to determine County A's hospice wage index:

Raw wage index value below 0.8 multiplied by the budget neutrality adjustment factor:

$$(0.4000 \times 1.060988 = 0.4244)$$

Raw wage index value below 0.8 multiplied by the hospice wage index floor:

$$(0.400 \times 1.15 = 0.4600)$$

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

3. Hospice Payment Rates

Section 4441(a) of the Balanced Budget Act of 1997 (BBA) amended section 1814(i)(1)(C)(ii) of the Act to establish updates to hospice rates for FYs 1998 through 2002. Hospice rates were to be updated by a factor equal to the market basket index, minus 1 percentage point. However, neither the BBA nor subsequent legislation specified the market basket adjustment to be used to compute payment for FY 2007. Therefore, payment rates for FY 2007 will be updated according to section 1814(i)(1)(C)(ii)(VII) of the Act,

which states that the update to the payment rates for subsequent FYs will be the market basket percentage for the fiscal year. Accordingly, the FY 2007 update to the payment rates will be the full market basket percentage increase for FY 2007. This rate update is implemented through a separate administrative instruction and is not part of this notice. Historically, the rate update has been published through a separate administrative instruction issued annually in July to provide adequate time to implement system change requirements. Providers determine their payment rates by applying the wage index in this notice to the labor portion of the published hospice rates.

II. Provisions of the Notice

A. Annual Update

This annual update to the hospice wage index is effective October 1, 2006 through September 30, 2007. In accordance with our regulations and the agreement signed with other members of the Hospice Wage Index Negotiated Rulemaking Committee, we are using the most current hospital data available to us. The FY 2006 hospital wage index was the most current hospital wage data available when the FY 2007 hospice wage index values were calculated. We used the FY 2006 pre-reclassified and pre-floor hospital area wage index data.

As noted above, for FY 2007, the hospice wage index values will be based solely on the adoption of the CBSA-based labor market definitions and its wage index. We continue to use the most recent pre-floor and pre-reclassified hospital wage index data available (FY 2002 hospital wage data).

Furthermore, we will continue to use the methodology described in the FY 2006 final rule in the event there are no hospital wage data available for urban or rural areas, consistent with the rationale outlined in the August 5, 2005 final rule (70 FR 45135). A detailed description of the methodology used to compute the hospice wage index is contained in both the September 4, 1996 proposed rule (61 FR 46579) and the August 8, 1997 final rule (62 FR 42860). All wage index values are adjusted by a budget-neutrality factor of 1.063448 and are subject to the wage index floor adjustment, if applicable. We have completed all of the calculations described in section 2.B below and have included them in the wage index values reflected in Tables A and B of the Addendum. Specifically, Table A reflects the FY 2007 wage index values for urban areas under the CBSA designations. Table B reflects the FY

2007 wage index values for rural areas under the CBSA designations.

B. Other Issues

1. Proxy for the hospital market basket

As discussed above, the hospice payment rates are adjusted each year based upon the full hospital market basket. The market basket currently uses the Bureau of Labor Statistics' Employment Cost Indexes (ECIs) as proxies for wages, salaries and benefits for private industry workers classified in Standard Industrial Code (SIC) 806, Hospitals. The ECIs were consistently used as the data source for wages and salaries and other price proxies in the market basket.

Beginning in April 2006, with the publication of March 2006 data, the BLS ECI is using a different classification system, the North American Industrial Classification System (NAICS), instead of the Standard Industrial Classification System (SIC), which no longer exists. The ECIs have consistently been used as the data source for wages and salaries and other price proxies in the hospital market basket. We are not making any changes to the usage at this time. However, we welcome input on our continued use of the BLS ECI data in light of the BLS change to the NAICS-based ECI. Interested parties who would like to provide input on this issue are invited to do so by contacting Terri Deutsch (please refer to the section entitled **FOR FURTHER INFORMATION CONTACT** as the beginning of this document).

2. Nomenclature Changes

As we described in the August 4, 2005 final rule, certain names of the CBSAs were changed based on OMB Bulletin No. 05-02 (November 2004). The name changes listed below do not result in substantive changes to the CBSA-based designations. Tables A and B of the addendum reflect the following name changes:

- CBSA 36740—Orlando-Kissimmee, FL
- CBSA 37620—Parkersburg-Marietta-Vienna, WV-OH
- CBSA 42060—Santa Barbara-Santa Maria, CA
- CBSA 13644—Bethesda-Gaithersburg-Frederick, MD
- CBSA 32580—McAllen-Edinburg-Mission, TX
- CBSA 26420—Houston-Sugar Land-Baytown, TX
- CBSA 35644—New York-White Plains-Wayne, NY-NJ

III. Collection of Information Requirements

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

IV. Waiver of Proposed Rulemaking

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

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

V. Regulatory Impact Analysis

A. Overall Impact

We have examined the impacts of this notice as required by Executive Order 12866 (September 1993, Regulatory Planning and Review), the Regulatory Flexibility Act (RFA) (September 19, 1980, Pub. L. 96-354), section 1102(b) of the Act, the Unfunded Mandates Reform Act of 1995 (Pub. L. 104-4), and Executive Order 13132. We estimated the impact on hospices, as a result of the changes to the FY 2007 hospice wage index. As discussed previously, the methodology for computing the wage index was determined through a negotiated rulemaking committee and implemented in the August 8, 1997 final rule (62 FR 42860). This notice only updates the hospice wage index in accordance with our regulation and that methodology, incorporating the adoption of the CBSA designations used in the FY 2006 hospital wage index data.

- Table 1 categorizes the impact on hospices by various geographic and provider characteristics. We estimate that the total hospice payments will increase \$2,194,000 as a result of the FY 2007 wage index values.

- Table A reflects the FY 2007 wage index values for urban areas under the CBSA designations.

- Table B reflects the FY 2007 wage index values for rural areas under the CBSA designations.

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

The RFA requires agencies to analyze options for regulatory relief of small businesses. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and small governmental jurisdictions. Most hospices and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of \$6 million to \$29 million in any 1 year (for details, see the Small Business Administration's regulation at 65 FR 69432, that sets forth size standards for health care industries). For purposes of the RFA, most hospices are small entities. As indicated in Table 1 below, there are 2,810 hospices. Approximately 70 percent of Medicare certified hospices are identified as voluntary, government, or other agencies and, therefore, are considered small entities. Because the National Hospice and Palliative Care Organization estimates that approximately 79 percent of hospice patients are Medicare beneficiaries, we have not considered other sources of revenue in this analysis. Furthermore, the wage index methodology was previously determined by consensus, through a negotiated rulemaking committee that included representatives of national hospice associations; rural, urban, large and small hospices; multisite hospices; and consumer groups. Based on all of the options considered, the committee agreed on the methodology described in the committee statement, and it was adopted into regulation in the August 8,

1997 final rule. In developing the process for updating the wage index in the 1997 final rule, we considered the impact of this methodology on small entities and attempted to mitigate any potential negative effects.

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural hospitals. This analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside an MSA and has fewer than 100 beds. We have determined that this notice would not have a significant impact on the operations of a substantial number of small rural hospitals.

Section 202 of the Unfunded Mandates Reform Act of 1995 also requires that agencies assess anticipated costs and benefits before issuing any rule that may result in expenditure in any 1 year by State, local, and tribal governments, in the aggregate, or by the private sector, of \$110 million or more. This notice is not anticipated to have an effect on State, local, or tribal governments or on the private sector of \$110 million or more.

Executive Order 13132 establishes certain requirements that an agency must meet when it promulgates a proposed rule (and subsequent final rule) that imposes substantial direct requirement costs on State and local governments, preempts State law, or otherwise has Federalism implications. We have reviewed this notice under the threshold criteria of Executive Order 13132, Federalism, and have determined that it would not have an impact on the rights, roles, and responsibilities of State, local, or tribal governments.

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

B. Anticipated Effects

The impact analysis of this notice represents the projected effects of the changes in the hospice wage index from FY 2006 to FY 2007. We estimate the effects by estimating payments for FY 2007 utilizing the FY 2007 wage index values and the full implementation of the CBSA designations while holding all other payment variables constant.

We note that certain events may combine to limit the scope or accuracy of our impact analysis, because such an analysis is future oriented and, thus, susceptible to forecasting errors due to other changes in the forecasted impact

time period. The nature of the Medicare program is such that the changes may interact, and the complexity of the interaction of these changes could make it difficult to predict accurately the full scope of the impact upon hospices.

For the purposes of this notice, we compared estimated payments using the FY 1983 hospice wage index to estimated payments using the FY 2007 wage index and determined the hospice wage index to be budget neutral. Budget neutrality means that, in a given year, estimated aggregate payments for Medicare hospice services using the FY 2007 wage index would equal estimated aggregate payments that would have been made for the same services if the 1983 wage index had remained in effect. Budget neutrality to 1983 does not imply that estimated payments would not increase since the budget neutrality applies only to the wage index portion and not the total payment rate, which accommodates inflation.

As discussed above, we use the latest claims file available to us to develop the impact table when we issue the annual yearly wage index update. For the purposes of this notice, we used data obtained from the National Claims History file of all FY 2005 claims processed through March 2006 since this was the latest file available. We deleted bills from hospices that have since closed. This impact analysis compares hospice payments using the FY 2006 hospice wage index to the estimated payments using the FY 2007 wage index. We note that estimated payments for FY 2007 are determined by using the wage index for FY 2007 and payment rates for FY 2006. As noted in previous sections, payment rates for FY 2007 are published through administrative issuance.

Table 1 demonstrates the results of our analysis. In column 1 we indicate the number of hospices included in our analysis. In column 2 of Table 1, we indicate the number of routine home care days that were included in our analysis, although the analysis was performed on all types of hospice care. Column 3 estimates payments using the FY 2006 transitional wage index values and the FY 2006 payment rates. Column 4 estimates payments using FY 2007 CBSA based wage index values as well as the FY 2006 payment rates. Column 5, which compares columns 3 and 4, shows the percent change in estimated hospice payments made based on the category of the hospice.

Table 1 also categorizes hospices by various geographic and provider characteristics. The first row displays the aggregate result of the impact for all Medicare-certified hospices. The second

and third rows of the table categorize hospices according to their geographic location (urban and rural). Our analysis indicated that there are 1,849 hospices located in urban areas and 961 hospices located in rural areas. The next two groupings in the table indicate the number of hospices by census region, also broken down by urban and rural hospices. The sixth grouping shows the impact on hospices based on the size of the hospice's program. We determined that the majority of hospice payments are made at the routine home care rate. Therefore, we based the size of each individual hospice's program on the number of routine home care days provided in FY 2006. The next grouping shows the impact on hospices by type of ownership. The final grouping shows the impact on hospices defined by whether they are provider-based or freestanding. As indicated in Table 1 below, there are 2,810 hospices.

Approximately 78 percent of Medicare-certified hospices are identified as voluntary, government, or other agencies and, therefore, are considered small entities. Because the National Hospice and Palliative Care Organization estimates that approximately 79 percent of hospice patients are Medicare beneficiaries, we have not considered other sources of revenue in this analysis. Furthermore, the wage index methodology was previously determined by consensus, through a negotiated rulemaking committee that included representatives of national hospice associations; rural, urban, large, and small hospices; multisite hospices; and consumer groups. Based on all of the options considered, the committee agreed on the methodology described in the committee statement, and it was adopted into regulation in the August 8, 1997 final rule. In developing the process for updating the wage index in the 1997 final rule, we considered the impact of this methodology on small entities and attempted to mitigate any potential negative effects.

As stated previously, the following discussions are limited to demonstrating trends rather than projected dollars. We used the CBSA designations and wage indices as well as the data from FY 2005 claims processed through March 2006 in developing the impact analysis. For FY 2007 the wage index and the

implementation of the CBSA designations for geographical variations are the variables that differ between the FY 2006 payments and the FY 2007 estimated payments. FY 2006 payment rates are used for both FY 2006 actual payments and the FY 2007 estimated payments. The FY 2007 payment rates will be adjusted to reflect the full FY 2007 hospital market basket, as required by section 1814(i)(1)(C)(ii)(VII) of the Act. As previously noted, we publish these rates through administrative issuances. As discussed in the FY 2006 final rule (70 FR 45129), hospice agencies may utilize various wage indices to compute their payments based on the geographic location of the beneficiary for routine and continuous home care or the CBSA for the location of the hospice agency for respite and general inpatient care. For this analysis, we use payments to the hospice in the aggregate based on the location of the hospice. The impact of hospice wage index changes have been analyzed according to type of hospice, geographic location, type of ownership, hospice base, and hospice size.

Our analysis shows that most hospices are in urban areas and provide the vast majority of routine home care days. Most hospices are medium sized followed by large hospices. Hospices are almost equal in numbers by ownership with 1,276 designated as voluntary and 1,231 as proprietary. The vast majority of hospices are freestanding.

1. Hospice Size

Under the Medicare hospice benefit, hospices can provide four different levels of care days. The majority of the days provided by a hospice are routine home care days (RHC) representing over 70 percent of the services provided by a hospice. Therefore, the number of routine home care days can be used as a proxy for the size of the hospice, that is, the more days of care provided, the larger the hospice. As discussed in the August 4, 2005 final rule, we currently use three size designations to present the impact analyses. The three categories are: small agencies having 0 to 3,499 RHC days; medium agencies having 3,500 to 19,999 RHC days; and large agencies having 20,000 or more RHC days.

Using RHC days as a proxy for size, our analysis indicates that the wage

index update on all hospice agencies by size is anticipated to have virtually no impact with a slight increase of 0.1 percent anticipated for medium sized hospices while no change is anticipated for small or large hospices.

2. Geographic Location

Our analysis demonstrates that the FY 2007 CBSA-based wage index will result in little change in estimated payments with urban hospices anticipated to experience a slight increase of 0.1 percent while rural hospices are anticipated to experience a slight decrease of 0.4 percent. The greatest increase of 1.0 percent in urban hospices is anticipated to be experienced by the Pacific region while the West North Central is anticipated to experience the greatest urban decrease of 0.6 percent. Slight decreases are anticipated in urban New England, South Atlantic, East North Central and Mountain regions while increases are anticipated in urban Middle Atlantic, East South Central, West South Central and Puerto Rico.

For rural hospices, the New England region is anticipated to receive the highest increase of 2.1 percent followed by the Pacific region with a 1.0 percent increase in estimated payments. Conversely, the mountain region is anticipated to receive the greatest decrease of 1.8 percent followed by the South Atlantic region of 1.0 percent. Decreases are also anticipated for rural Middle Atlantic, East South Central, West North Central and West South Central regions. Rural East North Central and Puerto Rico are anticipated to remain unchanged.

3. Type of Ownership

By type of ownership, government and proprietary hospices are anticipated to experience an increase in anticipated payments of 0.4 and 0.1 percent respectively. Voluntary hospices are anticipated to remain unchanged.

4. Hospice Base

For hospice-based facilities, decreases in payment are anticipated for skilled nursing facility and hospital based hospices of 0.7 and 0.1 percent respectively. Freestanding and home health agency based hospices are anticipated to remain unchanged.

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TABLE 1 - IMPACT OF HOSPICE WAGE INDEX CHANGE

	Number of Hospices (1)	Number of Routine Home Care Days in Thousands (2)	Payments using FY 2006 Wage Index in Thousands (3)	Estimated Payments using FY 2007 CBSA Wage Index in thousands (4)	Percent Change in Hospice Payments (5)
ALL HOSPICES	2,810	53,603	7,765,547	7,767,741	0.0%
URBAN HOSPICES	1,849	45,932	6,827,342	6,832,957	0.1%
RURAL HOSPICES	961	7,671	938,204	934,784	-0.4%
BY REGION – URBAN:					
NEW ENGLAND	106	1,504	259,757	258,616	-0.4%
MIDDLE ATLANTIC	189	4,470	700,582	704,148	0.5%
SOUTH ATLANTIC	258	9,780	1,539,415	1,538,001	-0.1%
EAST NORTH CENTRAL	276	6,735	1,002,669	999,083	-0.4%
EAST SOUTH CENTRAL	143	3,737	487,524	488,064	0.1%
WEST NORTH CENTRAL	137	2,902	389,149	386,909	-0.6%
WEST SOUTH CENTRAL	323	6,528	891,832	892,911	0.1%
MOUNTAIN	162	3,904	587,895	587,411	-0.1%
PACIFIC	221	5,727	912,982	921,991	1.0%
PUERTO RICO	34	646	55,537	55,823	0.5%
BY REGION – RURAL:					
NEW ENGLAND	26	129	17,685	18,057	2.1%
MIDDLE ATLANTIC	43	378	47,043	46,915	-0.3%
SOUTH ATLANTIC	122	1,438	179,819	177,968	-1.0%
EAST NORTH CENTRAL	138	968	122,250	122,270	0.0%
EAST SOUTH CENTRAL	134	1,796	211,368	211,242	-0.1%
WEST NORTH CENTRAL	183	821	101,330	101,202	-0.1%
WEST SOUTH CENTRAL	158	1,207	137,121	136,499	-0.5%
MOUNTAIN	105	595	76,201	74,793	-1.8%
PACIFIC	51	332	44,818	45,270	1.0%
PUERTO RICO	1	7	569	569	0.0%
ROUTINE HOME CARE DAYS:					
0- 3499 DAYS (small)	678	1,120	146,294	146,356	0.0%
3500-19,999 DAYS (medium)	1,341	13,377	1,805,840	1,807,522	0.1%
20,000+ DAYS (large)	791	39,106	5,813,413	5,813,862	0.0%
TYPE OF OWNERSHIP:					
VOLUNTARY	1,276	26,390	3,934,866	3,933,533	0.0%
PROPRIETARY	1,231	24,935	3,504,382	3,508,074	0.1%
GOVERNMENT	192	926	121,392	121,838	0.4%
OTHER	111	1,351	204,907	204,295	-0.3%
HOSPICE BASE:					
FREESTANDING	1,595	38,881	5,620,664	5,623,024	0.0%
HOME HEALTH AGENCY	654	8,603	1,260,382	1,260,929	0.0%
HOSPITAL	548	5,940	856,811	856,285	-0.1%
SKILLED NURSING FACILITY	13	178	27,690	27,503	-0.7%

Note: FY 2006 payment rates were used for estimated payments for FY 2007. FY 2007 payment rates will be adjusted to reflect the full hospital market basket and will be promulgated through administrative issuance.

C. Conclusion

Our impact analysis compared hospice payments by using the FY 2006 wage index to the estimated payments using the FY 2007 wage index. Through the analysis, we estimate that total hospice payments will increase from FY 2006 by \$2,194,000. Additionally, we compared estimated payments using the FY 1983 hospice wage index to estimated payments using the FY 2007 wage index and determined the current hospice wage index to be budget

neutral, as required by the negotiated rulemaking committee. As noted above, the payment rates used reflect the FY 2006 rates. The FY 2007 payment rates will be adjusted to reflect the full FY 2007 hospital market basket, as required by section 1814(i)(1)(C)(ii)(VII) of the Act. We publish these rates through administrative issuances.

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

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

Dated: July 25, 2006.

Mark B. McClellan,
Administrator, Centers for Medicare & Medicaid Services.

Approved: August 21, 2006.

Michael O. Leavitt,
Secretary.

BILLING CODE 4120-01-P

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
10180	Abilene, TX Callahan, TX Jones, TX Taylor, TX	0.8397
10380	Aguadilla-Isabela-San Sebastián, PR Aguada, PR Aguadilla, PR Moca, PR Isabela, PR Lares, PR Rincón, PR San Sebastián, PR Anasco, PR	0.5449
10420	Akron, OH Portage, OH Summit, OH	0.9552
10500	Albany, GA Dougherty, GA Lee, GA Baker, GA Terrell, GA Worth, GA	0.9175
10580	Albany-Schenectady-Troy, NY Albany, NY Rensselaer, NY Saratoga, NY Schenectady, NY Schoharie, NY	0.9134
10740	Albuquerque, NM Bernalillo, NM Sandoval, NM Valencia, NM Torrance, NM	1.0298
10780	Alexandria, LA Rapides, LA Grant, LA	0.8543
10900	Allentown-Bethlehem-Easton, PA-NJ Carbon, PA Lehigh, PA Northampton, PA Warren, NJ	1.0441
11020	Altoona, PA Blair, PA	0.9511

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
11100	Amarillo, TX Potter, TX Randall, TX Armstrong, TX Carson, TX	0.9737
11180	Ames, IA Story, IA	1.0141
11260	Anchorage, AK Anchorage, AK Matanuska-Susitna, AK	1.2650
11300	Anderson, IN Madison, IN	0.9131
11340	Anderson, SC Anderson, SC	0.9568
11460	Ann Arbor, MI Washtenaw, MI	1.1548
11500	Anniston-Oxford, AL Calhoun, AL	0.8169
11540	Appleton, WI Calumet, WI Outagamie, WI	0.9877
11700	Asheville, NC Buncombe, NC Madison, NC Haywood, NC Henderson, NC	0.9874
12020	Athens-Clarke County, GA Clarke, GA Madison, GA Oconee, GA Oglethorpe, GA	1.0480

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
12060	Atlanta-Sandy Springs-Marietta, GA Barrow, GA Bartow, GA Carroll, GA Cherokee, GA Clayton, GA Cobb, GA Coweta, GA De Kalb, 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 Butts, GA Dawson, GA Haralson, GA Heard, GA Jasper, GA Lamar, GA Meriwether, GA Pike, GA	1.0414
12100	Atlantic City, NJ Atlantic, NJ	1.2352
12220	Auburn-Opelika, AL Lee, AL	0.8614
12260	Augusta-Richmond County, GA-SC Aiken, SC Columbia, GA Edgefield, SC McDuffie, GA Richmond, GA Burke, GA	1.0366
12420	Austin-Round Rock, TX Bastrop, TX Caldwell, TX Hays, TX Travis, TX Williamson, TX	1.0036
12540	Bakersfield, CA Kern, CA	1.1134

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
12580	Baltimore-Towson, MD Anne Arundel, MD Baltimore, MD Baltimore City, MD Carroll, MD Harford, MD Howard, MD Queen Anne's, MD	1.0525
12620	Bangor, ME Penobscot, ME	1.0627
12700	Barnstable Town, MA Barnstable, MA	1.3399
12940	Baton Rouge, LA Ascension, LA East Baton Rouge Parish, LA Livingston, LA West Baton Rouge Parish, LA East Feliciana, LA Iberville, LA Pointe Coupee, LA St. Helena, LA West Feliciana, LA	0.9138
12980	Battle Creek, MI Calhoun, MI	1.0111
13020	Bay City, MI Bay, MI	0.9936
13140	Beaumont-Port Arthur, TX Hardin, TX Jefferson, TX Orange, TX	0.8946
13380	Bellingham, WA Whatcom, WA	1.2475
13460	Bend, OR Deschutes, OR	1.1470
13644	Bethesda-Gaithersburg-Frederick, MD Frederick, MD Montgomery, MD	1.2212
13740	Billings, MT Carbon, MT Yellowstone, MT	0.9394
13780	Binghamton, NY Broome, NY Tioga, NY	0.9105

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
13820	Birmingham-Hoover, AL Blount, AL Jefferson, AL Shelby, AL St. Clair, AL Bibb, AL Chilton, AL Walker, AL	0.9527
13900	Bismarck, ND Burleigh, ND Morton, ND	0.8055
13980	Blacksburg-Christiansburg-Radford, VA Giles, VA Montgomery, VA Pulaski, VA Radford City, VA	0.8459
14020	Bloomington, IN Greene, IN Owen, IN Monroe, IN	0.8983
14060	Bloomington-Normal, IL McLean, IL	0.9651
14260	Boise City-Nampa, ID Ada, ID Canyon, ID Boise, ID Gem, ID Owyhee, ID	0.9626
14484	Boston-Quincy, MA Norfolk, MA Plymouth, MA Suffolk, MA	1.2291
14500	Boulder, CO Boulder, CO	1.0352
14540	Bowling Green, KY Edmonson, KY Warren, KY	0.8732
14740	Bremerton-Silverdale, WA Kitsap, WA	1.1352
14860	Bridgeport-Stamford-Norwalk, CT Fairfield, CT	1.3391
15180	Brownsville-Harlingen, TX Cameron, TX	1.0426
15260	Brunswick, GA Brantley, GA Glynn, GA McIntosh, GA	0.9902

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
15380	Buffalo-Niagara Falls, NY Erie, NY Niagara, NY	1.0114
15500	Burlington, NC Alamance, NC	0.9470
15540	Burlington-South Burlington, VT Chittenden, VT Franklin, VT Grand Isle, VT	1.0007
15764	Cambridge-Newton-Framingham, MA Middlesex, MA	1.1881
15804	Camden, NJ Burlington, NJ Camden, NJ Gloucester, NJ	1.1184
15940	Canton-Massillon, OH Carroll, OH Stark, OH	0.9502
15980	Cape Coral-Fort Myers, FL Lee, FL	0.9950
16180	Carson City, NV Carson City, NV	1.0883
16220	Casper, WY Natrona, WY	0.9599
16300	Cedar Rapids, IA Linn, IA Benton, IA Jones, IA	0.9385
16580	Champaign-Urbana, IL Champaign, IL Ford, IL Piatt, IL	1.0203
16620	Charleston, WV Kanawha, WV Putnam, WV Boone, WV Clay, WV Lincoln, WV	0.8981
16700	Charleston-North Charleston, SC Berkeley, SC Charleston, SC Dorchester, SC	0.9832

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
16740	Charlotte-Gastonia-Concord, NC-SC Cabarrus, NC Gaston, NC Mecklenburg, NC Union, NC York, SC Anson, NC	1.0369
16820	Charlottesville, VA Albemarle, VA Charlottesville City, VA Fluvanna, VA Greene, VA Nelson, VA	1.0833
16860	Chattanooga, TN-GA Catoosa, GA Dade, GA Hamilton, TN Marion, TN Walker, GA Sequatchie, TN	0.9665
16940	Cheyenne, WY Laramie, WY	0.9332
16974	Chicago-Naperville-Joliet, IL Cook, IL De Kalb, IL Du Page, IL Grundy, IL Kane, IL Kendall, IL McHenry, IL Will, IL	1.1475
17020	Chico, CA Butte, CA	1.1178
17140	Cincinnati-Middletown, OH-KY-IN Boone, KY Brown, OH Campbell, KY Clermont, OH Dearborn, IN Gallatin, KY Grant, KY Hamilton, OH Kenton, KY Ohio, IN Pendleton, KY Warren, OH Franklin, IN Bracken, KY Butler, OH	1.0225

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
17300	Clarksville, TN-KY Christian, KY Montgomery, TN Stewart, TN Trigg, KY	0.8810
17420	Cleveland, TN Bradley, TN Polk, TN	0.8655
17460	Cleveland-Elyria-Mentor, OH Cuyahoga, OH Geauga, OH Lake, OH Lorain, OH Medina, OH	0.9798
17660	Coeur d'Alene, ID Kootenai, ID	1.0259
17780	College Station-Bryan, TX Brazos, TX Burleson, TX Robertson, TX	0.9465
17820	Colorado Springs, CO El Paso, CO Teller, CO	1.0069
17860	Columbia, MO Boone, MO Howard, MO	0.8874
17900	Columbia, SC Lexington, SC Richland, SC Calhoun, SC Fairfield, SC Kershaw, SC Saluda, SC	0.9632
17980	Columbus, GA-AL Chattahoochee, GA Harris, GA Muscogee, GA Russell, AL Marion, GA	0.9103
18020	Columbus, IN Bartholomew, IN	1.0196

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
18140	Columbus, OH Delaware, OH Fairfield, OH Franklin, OH Licking, OH Madison, OH Pickaway, OH Morrow, OH Union, OH	1.0486
18580	Corpus Christi, TX Nueces, TX San Patricio, TX Aransas, TX	0.9092
18700	Corvallis, OR Benton, OR	1.1410
19060	Cumberland, MD-WV Allegany, MD Mineral, WV	0.9908
19124	Dallas-Plano-Irving, TX Collin, TX Dallas, TX Denton, TX Ellis, TX Hunt, TX Kaufman, TX Rockwall, TX Delta, TX	1.0877
19140	Dalton, GA Murray, GA Whitfield, GA	0.9655
19180	Danville, IL Vermilion, IL	0.9601
19260	Danville, VA Danville City, VA Pittsylvania, VA	0.9028
19340	Davenport-Moline-Rock Island, IA-IL Henry, IL Rock Island, IL Scott, IA Mercer, IL	0.9278
19380	Dayton, OH Greene, OH Miami, OH Montgomery, OH Preble, OH	0.9639
19460	Decatur, AL Lawrence, AL Morgan, AL	0.9006

CBSA Code	Urban Area (Constituent Counties or County Equivalents)	Wage Index¹
19500	Decatur, IL Macon, IL	0.8579
19660	Deltona-Daytona Beach-Ormond Beach, FL Volusia, FL	0.9889
19740	Denver-Aurora, CO Adams, CO Arapahoe, CO Broomfield, CO Denver, CO Douglas, CO Jefferson, CO Clear Creek, CO Elbert, CO Gilpin, CO Park, CO	1.1403
19780	Des Moines, IA Dallas, IA Polk, IA Warren, IA Guthrie, IA Madison, IA	1.0282
19804	Detroit-Livonia-Dearborn, MI Wayne, MI	1.1085
20020	Dothan, AL Geneva, AL Henry, AL Houston, AL	0.8211
20100	Dover, DE Kent, DE	1.0396
20220	Dubuque, IA Dubuque, IA	0.9597
20260	Duluth, MN-WI Douglas, WI St. Louis, MN Carlton, MN	1.0861
20500	Durham, NC Chatham, NC Durham, NC Orange, NC Person, NC	1.0894
20740	Eau Claire, WI Chippewa, WI Eau Claire, WI	0.9785
20764	Edison, NJ Middlesex, NJ Somerset, NJ Monmouth, NJ Ocean, NJ	1.1963

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
20940	El Centro, CA Imperial, CA	0.9471
21060	Elizabethtown, KY Hardin, KY Larue, KY	0.9360
21140	Elkhart-Goshen, IN Elkhart, IN	1.0238
21300	Elmira, NY Chemung, NY	0.8773
21340	El Paso, TX El Paso, TX	0.9547
21500	Erie, PA Erie, PA	0.9291
21604	Essex County, MA Essex, MA	1.1207
21660	Eugene-Springfield, OR Lane, OR	1.1504
21780	Evansville, IN-KY Gibson, IN Henderson, KY Posey, IN Vanderburgh, IN Warrick, IN Webster, KY	0.9266
21820	Fairbanks, AK Fairbanks North Star, AK	1.2132
21940	Fajardo, PR Ceiba, PR Fajardo, PR Luquillo, PR	0.4776
22020	Fargo, ND-MN Cass, ND Clay, MN	0.9024
22140	Farmington, NM San Juan, NM	0.9049
22180	Fayetteville, NC Cumberland, NC Hoke, NC	1.0013
22220	Fayetteville-Springdale-Rogers, AR-MO Benton, AR Washington, AR Madison, AR McDonald, MO	0.9211
22380	Flagstaff, AZ Coconino, AZ	1.2859
22420	Flint, MI Genesee, MI	1.1331

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
22500	Florence, SC Darlington, SC Florence, SC	0.9515
22520	Florence-Muscle Shoals, AL Colbert, AL Lauderdale, AL	0.8797
22540	Fond Du Lac, WI Fond Du Lac, WI	1.0252
22660	Fort Collins-Loveland, CO Larimer, CO	1.0764
22744	Ft Lauderdale-Pompano Beach-Deerfield Beach, FL Broward, FL	1.1094
22900	Fort Smith, AR-OK Crawford, AR Sebastian, AR Sequoyah, OK Franklin, AR Le Flore, OK	0.8752
23020	Fort Walton Beach-Crestview-Destin, FL Okaloosa, FL	0.9435
23060	Fort Wayne, IN Allen, IN Wells, IN Whitley, IN	1.0414
23104	Fort Worth-Arlington, TX Johnson, TX Parker, TX Tarrant, TX Wise, TX	1.0088
23420	Fresno, CA Fresno, CA	1.1207
23460	Gadsden, AL Etowah, AL	0.8442
23540	Gainesville, FL Alachua, FL Gilchrist, FL	0.9984
23580	Gainesville, GA Hall, GA	0.9437
23844	Gary, IN Lake, IN Porter, IN Jasper, IN Newton, IN	0.9991
24020	Glens Falls, NY Warren, NY Washington, NY	0.9102
24140	Goldsboro, NC Wayne, NC	0.9332

CBSA Code	Urban Area (Constituent Counties or County Equivalents)	Wage Index¹
24220	Grand Forks, ND-MN Grand Forks, ND Polk, MN	0.8402
24300	Grand Junction, CO Mesa, CO	1.0156
24340	Grand Rapids-Wyoming, MI Kent, MI Barry, MI Ionia, MI Newaygo, MI	0.9986
24500	Great Falls, MT Cascade, MT	0.9626
24540	Greeley, CO Weld, CO	1.0177
24580	Green Bay, WI Brown, WI Kewaunee, WI Oconto, WI	1.0085
24660	Greensboro-High Point, NC Guilford, NC Randolph, NC Rockingham, NC	0.9682
24780	Greenville, NC Pitt, NC Greene, NC	1.0023
24860	Greenville, SC Greenville, SC Pickens, SC Laurens, SC	1.0663
25020	Guayama, PR Arroyo, PR Guayama, PR Patillas, PR	0.3658
25060	Gulfport-Biloxi, MS Hancock, MS Harrison, MS Stone, MS	0.9496
25180	Hagerstown-Martinsburg, MD-WV Washington, MD Morgan, WV Berkeley, WV	1.0091
25260	Hanford-Corcoran, CA Kings, CA	1.0673
25420	Harrisburg-Carlisle, PA Cumberland, PA Dauphin, PA Perry, PA	0.9904

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
25500	Harrisonburg, VA Harrisonburg City, VA Rockingham, VA	0.9665
25540	Hartford-West Hartford-East Hartford, CT Hartford, CT Litchfield, CT Middlesex, CT Tolland, CT	1.1776
25620	Hattiesburg, MS Forrest, MS Lamar, MS Perry, MS	0.8083
25860	Hickory-Lenoir-Morganton, NC Alexander, NC Burke, NC Caldwell, NC Catawba, NC	0.9487
25980	Hinesville-Fort Stewart, GA Liberty, GA Long, GA	0.9782
26100	Holland-Grand Haven, MI Ottawa, MI	0.9630
26180	Honolulu, HI Honolulu, HI	1.1926
26300	Hot Springs, AR Garland, AR	0.9576
26380	Houma-Bayou Cane-Thibodaux, LA Lafourche, LA Terrebonne, LA	0.8395
26420	Houston-Sugar Land-Baytown, TX Chambers, TX Fort Bend, TX Harris, TX Liberty, TX Montgomery, TX Waller, TX Austin, TX San Jacinto, TX Brazoria, TX Galveston, TX	1.0630
26580	Huntington-Ashland, WV-KY-OH Boyd, KY Cabell, WV Greenup, KY Lawrence, OH Wayne, WV	1.0078

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
26620	Huntsville, AL Limestone, AL Madison, AL	0.9726
26820	Idaho Falls, ID Bonneville, ID Jefferson, ID	1.0018
26900	Indianapolis, IN Boone, IN Hamilton, IN Hancock, IN Hendricks, IN Johnson, IN Marion, IN Morgan, IN Shelby, IN Brown, IN Putnam, IN	1.0549
26980	Iowa City, IA Johnson, IA Washington, IA	1.0365
27060	Ithaca, NY Tompkins, NY	1.0414
27100	Jackson, MI Jackson, MI	0.9894
27140	Jackson, MS Hinds, MS Madison, MS Rankin, MS Copiah, MS Simpson, MS	0.8838
27180	Jackson, TN Chester, TN Madison, TN	0.9533
27260	Jacksonville, FL Clay, FL Duval, FL Nassau, FL St. Johns, FL Baker, FL	0.9879
27340	Jacksonville, NC Onslow, NC	0.8759
27500	Janesville, WI Rock, WI	1.0143
27620	Jefferson City, MO Callaway, MO Cole, MO Moniteau, MO Osage, MO	0.8919

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
27740	Johnson City, TN Carter, TN Unicoi, TN Washington, TN	0.8441
27780	Johnstown, PA Cambria, PA	0.8884
27860	Jonesboro, AR Craighead, AR Poinsett, AR	0.8413
27900	Joplin, MO Jasper, MO Newton, MO	0.9127
28020	Kalamazoo-Portage, MI Kalamazoo, MI Van Buren, MI	1.0140
28100	Kankakee-Bradley, IL Kankakee, IL	1.1401
28140	Kansas City, MO-KS Cass, MO Clay, MO Clinton, MO Jackson, MO Johnson, KS Lafayette, MO Leavenworth, KS Miami, KS Platte, MO Ray, MO Wyandotte, KS Franklin, KS Linn, KS Bates, MO Caldwell, MO	1.0077
28420	Kennewick-Richland-Pasco, WA Benton, WA Franklin, WA	1.1293
28660	Killeen-Temple-Fort Hood, TX Bell, TX Coryell, TX Lampasas, TX	0.9067
28700	Kingsport-Bristol-Bristol, TN-VA Bristol city, VA Hawkins, TN Scott, VA Sullivan, TN Washington, VA	0.8565
28740	Kingston, NY Ulster, NY	0.9842

CBSA Code	Urban Area (Constituent Counties or County Equivalents)²	Wage Index¹
28940	Knoxville, TN Anderson, TN Blount, TN Knox, TN Loudon, TN Union, TN	0.8977
29020	Kokomo, IN Howard, IN Tipton, IN	1.0111
29100	La Crosse, WI-MN Houston, MN La Crosse, WI	1.0171
29140	Lafayette, IN Benton, IN Carroll, IN Tippecanoe, IN	0.9290
29180	Lafayette, LA Lafayette, LA St. Martin, LA	0.8963
29340	Lake Charles, LA Calcasieu, LA Cameron, LA	0.8330
29404	Lake County-Kenosha County, IL-WI Lake, IL Kenosha, WI	1.1091
29460	Lakeland, FL Polk, FL	0.9477
29540	Lancaster, PA Lancaster, PA	1.0309
29620	Lansing-East Lansing, MI Clinton, MI Eaton, MI Ingham, MI	1.0415
29700	Laredo, TX Webb, TX	0.8580
29740	Las Cruces, NM Dona Ana, NM	0.9004
29820	Las Vegas-Paradise, NV Clark, NV	1.2163
29940	Lawrence, KS Douglas, KS	0.9079
30020	Lawton, OK Comanche, OK	0.8371
30140	Lebanon, PA Lebanon, PA	0.8996
30300	Lewiston, ID-WA Nez Perce, ID Asotin, WA	1.0513

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
30340	Lewiston-Auburn, ME Androscoggin, ME	0.9923
30460	Lexington-Fayette, KY Bourbon, KY Clark, KY Fayette, KY Jessamine, KY Scott, KY Woodford, KY	0.9651
30620	Lima, OH Allen, OH	0.9810
30700	Lincoln, NE Lancaster, NE Seward, NE	1.0862
30780	Little Rock-North Little Rock, AR Faulkner, AR Lonoke, AR Pulaski, AR Saline, AR Grant, AR Perry, AR	0.9302
30860	Logan, UT-ID Cache, UT Franklin, ID	0.9745
30980	Longview, TX Gregg, TX Upshur, TX Rusk, TX	0.9284
31020	Longview, WA Cowlitz, WA	1.0187
31084	Los Angeles-Long Beach-Santa Ana, CA Los Angeles, CA	1.2531
31140	Louisville, KY-IN Bullitt, KY Clark, IN Floyd, IN Harrison, IN Jefferson, KY Oldham, KY Washington, IN Henry, KY Meade, KY Nelson, KY Shelby, KY Spencer, KY Trimble, KY	0.9838

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
31180	Lubbock, TX Lubbock, TX Crosby, TX	0.9340
31340	Lynchburg, VA Amherst, VA Bedford, VA Bedford City, VA Campbell, VA Lynchburg City, VA Appomattox, VA	0.9242
31420	Macon, GA Bibb, GA Jones, GA Twiggs, GA Crawford, GA Monroe, GA	1.0042
31460	Madera, CA Madera, CA	0.9266
31540	Madison, WI Dane, WI Columbia, WI Iowa, WI	1.1335
31700	Manchester-Nashua, NH Hillsborough, NH Merrimack, NH	1.1011
31900	Mansfield, OH Richland, OH	1.0519
32420	Mayag•ez, PR Hormigueros, PR Mayag•ez, PR	0.4623
32580	McAllen-Edinburg-Mission, TX Hidalgo, TX	0.9501
32780	Medford, OR Jackson, OR	1.0874
32820	Memphis, TN-MS-AR Crittenden, AR DeSoto, MS Fayette, TN Shelby, TN Tipton, TN Marshall, MS Tate, MS Tunica, MS	0.9993
32900	Merced, CA Merced, CA	1.1814
33124	Miami-Miami Beach-Kendall, FL Miami-Dade, FL	1.0369

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
33140	Michigan City-La Porte, IN La Porte, IN	0.9995
33260	Midland, TX Midland, TX	1.0118
33340	Milwaukee-Waukesha-West Allis, WI Milwaukee, WI Ozaukee, WI Washington, WI Waukesha, WI	1.0790
33460	Minneapolis-St. Paul-Bloomington, MN-WI Anoka, MN Carver, MN Chisago, MN Dakota, MN Hennepin, MN Isanti, MN Pierce, WI Ramsey, MN Scott, MN Sherburne, MN St. Croix, WI Washington, MN Wright, MN	0.1778
33540	Missoula, MT Missoula, MT	1.0074
33660	Mobile, AL Mobile, AL	0.8392
33700	Modesto, CA Stanislaus, CA	1.2639
33740	Monroe, LA Ouachita, LA Union, LA	0.8541
33780	Monroe, MI Monroe, MI	1.0069
33860	Montgomery, AL Autauga, AL Elmore, AL Montgomery, AL Lowndes, AL	0.9165
34060	Morgantown, WV Monongalia, WV Preston, WV	0.8954
34100	Morristown, TN Grainger, TN Hamblen, TN Jefferson, TN	0.8466
34580	Mount Vernon-Anacortes, WA Skagit, WA	1.1117

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
34620	Muncie, IN Delaware, IN	0.9497
34740	Muskegon-Norton Shores, MI Muskegon, MI	1.0277
34820	Myrtle Beach-Conway-North Myrtle Beach, SC Horry, SC	0.9501
34900	Napa, CA Napa, CA	1.3445
34940	Naples-Marco Island, FL Collier, FL	1.0782
34980	Nashville-Davidson-Murfreesboro, TN Cheatham, TN Davidson, TN Dickson, TN Robertson, TN Rutherford, TN Sumner, TN Williamson, TN Wilson, TN Cannon, TN Hickman, TN Macon, TN Smith, TN Trousdale, TN	1.0411
35004	Nassau-Suffolk, NY Nassau, NY Suffolk, NY	1.3526
35084	Newark-Union, NJ-PA Pike, PA Essex, NJ Morris, NJ Sussex, NJ Union, NJ Hunterdon, NJ	1.2637
35300	New Haven-Milford, CT New Haven, CT	1.2641
35380	New Orleans-Metairie-Kenner, LA Jefferson, LA Orleans, LA Plaquemines, LA St. Bernard, LA St. Charles, LA St. John Baptist, LA St. Tammany, LA	0.9566

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
35644	New York-White Plains-Wayne, NY-NJ Bronx, NY Kings, NY New York, NY Putnam, NY Queens, NY Richmond, NY Rockland, NY Westchester, NY Bergen, NJ Passaic, NJ Hudson, NJ	1.4025
35660	Niles-Benton Harbor, MI Berrien, MI	0.9442
35980	Norwich-New London, CT New London, CT	1.2065
36084	Oakland-Fremont-Hayward, CA Alameda, CA Contra Costa, CA	1.6320
36100	Ocala, FL Marion, FL	0.9491
36140	Ocean City, NJ Cape May, NJ	1.1710
36220	Odessa, TX Ector, TX	1.0511
36260	Ogden-Clearfield, UT Davis, UT Weber, UT Morgan, UT	0.9602
36420	Oklahoma City, OK Canadian, OK Cleveland, OK Logan, OK McClain, OK Oklahoma, OK Grady, OK Lincoln, OK	0.9604
36500	Olympia, WA Thurston, WA	1.1620
36540	Omaha-Council Bluffs, NE-IA Cass, NE Douglas, NE Pottawattamie, IA Sarpy, NE Washington, NE Harrison, IA Mills, IA Saunders, NE	1.0167

CBSA Code	Urban Area (Constituent Counties or County Equivalents)	Wage Index¹
36740	Orlando-Kissimmee, FL Lake, FL Orange, FL Osceola, FL Seminole, FL	1.0064
36780	Oshkosh-Neenah, WI Winnebago, WI	0.9766
36980	Owensboro, KY Daviess, KY Hancock, KY Mc Lean, KY	0.9337
37100	Oxnard-Thousand Oaks-Ventura, CA Ventura, CA	1.2359
37340	Palm Bay-Melbourne-Titusville, FL Brevard, FL	1.0463
37460	Panama City-Lynn Haven, FL Bay, FL	0.8513
37620	Parkersburg-Marietta-Vienna, WV-OH Pleasants, WV Wirt, WV Washington, OH Wood, WV	0.8795
37700	Pascagoula, MS George, MS Jackson, MS	0.8673
37860	Pensacola-Ferry Pass-Brent, FL Escambia, FL Santa Rosa, FL	0.8610
37900	Peoria, IL Peoria, IL Tazewell, IL Woodford, IL Marshall, IL Stark, IL	0.9433
37964	Philadelphia, PA Bucks, PA Chester, PA Delaware, PA Montgomery, PA Philadelphia, PA	1.1738
38060	Phoenix-Mesa-Scottsdale, AZ Maricopa, AZ Pinal, AZ	1.0770
38220	Pine Bluff, AR Jefferson, AR Cleveland, AR Lincoln, AR	0.9231

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
38300	Pittsburgh, PA Allegheny, PA Beaver, PA Butler, PA Fayette, PA Washington, PA Westmoreland, PA Armstrong, PA	0.9406
38340	Pittsfield, MA Berkshire, MA	1.0827
38540	Pocatello, ID Bannock, ID Power, ID	0.9944
38660	Ponce, PR Juana Diaz, PR Ponce, PR Villalba, PR	0.5680
38860	Portland-South Portland-Biddeford, ME Cumberland, ME Sagadahoc, ME York, ME	1.1041
38900	Portland-Vancouver-Beaverton, OR-WA Clackamas, OR Clark, WA Columbia, OR Multnomah, OR Washington, OR Yamhill, OR Skamania, WA	1.1981
38940	Port St. Lucie-Fort Pierce, FL Martin, FL St. Lucie, FL	1.0765
39100	Poughkeepsie-Newburgh-Middletown, NY Dutchess, NY Orange, NY	1.1582
39140	Prescott, AZ Yavapai, AZ	1.0495
39300	Providence-New Bedford-Fall River, RI-MA Bristol, MA Bristol, RI Kent, RI Newport, RI Providence, RI Washington, RI	1.1662
39340	Provo-Orem, UT Utah, UT Juab, UT	1.0103

CBSA Code	Urban Area (Constituent Counties or County Equivalents)	Wage Index¹
39380	Pueblo, CO Pueblo, CO	0.9170
39460	Punta Gorda, FL Charlotte, FL	0.9842
39540	Racine, WI Racine, WI	0.9568
39580	Raleigh-Cary, NC Franklin, NC Johnston, NC Wake, NC	1.0306
39660	Rapid City, SD Pennington, SD Meade, SD	0.9557
39740	Reading, PA Berks, PA	1.0301
39820	Redding, CA Shasta, CA	1.2977
39900	Reno-Sparks, NV Washoe, NV Storey, NV	1.1679
40060	Richmond, VA Charles City, 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 Amelia, VA Caroline, VA Cumberland, VA King and Queen, VA King William, VA Louisa, VA Sussex, VA	0.9920
40140	Riverside-San Bernardino-Ontario, CA Riverside, CA San Bernardino, CA	1.1727

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
40220	Roanoke, VA Craig, VA Franklin, VA Botetourt, VA Roanoke, VA Roanoke City, VA Salem City, VA	0.8905
40340	Rochester, MN Olmsted, MN Dodge, MN Wabasha, MN	1.1837
40380	Rochester, NY Livingston, NY Monroe, NY Ontario, NY Orleans, NY Wayne, NY	0.9700
40420	Rockford, IL Boone, IL Winnebago, IL	1.0617
40484	Rockingham County, NH Rockingham, NH Strafford, NH	1.1032
40580	Rocky Mount, NC Edgecombe, NC Nash, NC	0.9481
40660	Rome, GA Floyd, GA	1.0011
40900	Sacramento--Arden-Arcade--Roseville, CA El Dorado, CA Placer, CA Sacramento, CA Yolo, CA	1.3792
40980	Saginaw-Saginaw Township North, MI Saginaw, MI	0.9665
41060	St. Cloud, MN Benton, MN Stearns, MN	1.0597
41100	St. George, UT Washington, UT	0.9988
41140	St. Joseph, MO-KS Andrew, MO Buchanan, MO Doniphan, KS De Kalb, MO	1.0123

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
41180	St. Louis, MO-IL Clinton, IL Franklin, MO Jefferson, MO Jersey, IL Lincoln, MO Madison, IL Monroe, IL St. Charles, MO St. Clair, IL St. Louis, MO St. Louis City, MO Warren, MO Bond, IL Calhoun, IL Macoupin, IL Crawford, MO Washington, MO	0.9522
41420	Salem, OR Marion, OR Polk, OR	1.1105
41500	Salinas, CA Monterey, CA	1.5024
41540	Salisbury, MD Somerset, MD Wicomico, MD	0.9639
41620	Salt Lake City, UT Salt Lake, UT Summit, UT Tooele, UT	1.0019
41660	San Angelo, TX Irion, TX Tom Green, TX	0.8796
41700	San Antonio, TX Bexar, TX Comal, TX Guadalupe, TX Wilson, TX Atascosa, TX Bandera, TX Kendall, TX Medina, TX	0.9550
41740	San Diego-Carlsbad-San Marcos, CA San Diego, CA	1.2137
41780	Sandusky, OH Erie, OH	0.9591

CBSA Code	Urban Area (Constituent Counties or County Equivalents)²	Wage Index¹
41884	San Francisco-San Mateo-Redwood City, CA Marin, CA San Francisco, CA San Mateo, CA	1.5945
41900	San Germán-Cabo Rojo, PR Lajas, PR Cabo Rojo, PR Sabana Grande, PR San Germán, PR	0.5348
41940	San Jose-Sunnyvale-Santa Clara, CA Santa Clara, CA San Benito, CA	1.6057

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
41980	San Juan-Caguas-Guaynabo, PR Aguas Buenas, PR Barceloneta, PR Bayamón, PR Canóvanas, PR Carolina, PR Cataño, PR Comerio, PR Corozal, PR Dorado, PR Florida, PR Guaynabo, PR Humacao, PR Juncos, PR Las Piedras, PR Loíza, PR Maguabo, PR Manatí, PR Morovis, 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 Aibonito, PR Barranquitas, PR Ciales, PR Maunabo, PR Orocovis, PR Quebradillas, PR Arecibo, PR Camuy, PR Hatillo, PR Caguas, PR Cayey, PR Cidra, PR Gurabo, PR San Lorenzo, PR	0.5314
42020	San Luis Obispo-Paso Robles, CA San Luis Obispo, CA	1.2069
42044	Santa Ana-Anaheim-Irvine, CA Orange, CA	1.2292
42060	Santa Barbara-Santa Maria, CA Santa Barbara, CA	1.2436

CBSA Code	Urban Area (Constituent Counties or County Equivalents)¹	Wage Index¹
42100	Santa Cruz-Watsonville, CA Santa Cruz, CA	1.6128
42140	Santa Fe, NM Santa Fe, NM	1.1613
42220	Santa Rosa-Petaluma, CA Sonoma, CA	1.4349
42260	Sarasota-Bradenton-Venice, FL Manatee, FL Sarasota, FL	1.0251
42340	Savannah, GA Bryan, GA Chatham, GA Effingham, GA	1.0061
42540	Scranton--Wilkes-Barre, PA Lackawanna, PA Luzerne, PA Wyoming, PA	0.9082
42644	Seattle-Bellevue-Everett, WA King, WA Snohomish, WA	1.2312
43100	Sheboygan, WI Sheboygan, WI	0.9476
43300	Sherman-Denison, TX Grayson, TX	1.0110
43340	Shreveport-Bossier City, LA Bossier, LA Caddo, LA De Soto, LA	0.9316
43580	Sioux City, IA-NE-SD Dixon, NE Dakota, NE Woodbury, IA Union, SD	0.9976
43620	Sioux Falls, SD Lincoln, SD Minnehaha, SD McCook, SD Turner, SD	1.0246
43780	South Bend-Mishawaka, IN-MI St. Joseph, IN Cass, MI	1.0409
43900	Spartanburg, SC Spartanburg, SC	0.9754
44060	Spokane, WA Spokane, WA	1.1597
44100	Springfield, IL Menard, IL Sangamon, IL	0.9350

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
44140	Springfield, MA Franklin, MA Hampden, MA Hampshire, MA	1.0898
44180	Springfield, MO Christian, MO Greene, MO Webster, MO Dallas, MO Polk, MO	0.8760
44220	Springfield, OH Clark, OH	0.8929
44300	State College, PA Centre, PA	0.8886
44700	Stockton, CA San Joaquin, CA	1.2024
44940	Sumter, SC Sumter, SC	0.8909
45060	Syracuse, NY Madison, NY Onondaga, NY Oswego, NY	1.0181
45104	Tacoma, WA Pierce, WA	1.1424
45220	Tallahassee, FL Gadsden, FL Leon, FL Wakulla, FL Jefferson, FL	0.9239
45300	Tampa-St. Petersburg-Clearwater, FL Hernando, FL Hillsborough, FL Pasco, FL Pinellas, FL	0.9819
45460	Terre Haute, IN Clay, IN Vermillion, IN Vigo, IN Sullivan, IN	0.8831
45500	Texarkana, TX-Texarkana, AR Bowie, TX Miller, AR	0.8809
45780	Toledo, OH Fulton, OH Lucas, OH Wood, OH Ottawa, OH	1.0181

CBSA Code	Urban Area (Constituent Counties or County Equivalents)²	Wage Index¹
45820	Topeka, KS Shawnee, KS Jackson, KS Jefferson, KS Osage, KS Wabaunsee, KS	0.9486
45940	Trenton-Ewing, NJ Mercer, NJ	1.1521
46060	Tucson, AZ Pima County, AZ	0.9578
46140	Tulsa, OK Creek, OK Osage, OK Rogers, OK Tulsa, OK Wagoner, OK Okmulgee, OK Pawnee, OK	0.9085
46220	Tuscaloosa, AL Tuscaloosa, AL Greene, AL Hale, AL	0.9194
46340	Tyler, TX Smith, TX	0.9750
46540	Utica-Rome, NY Herkimer, NY Oneida, NY	0.8888
46660	Valdosta, GA Brooks, GA Echols, GA Lanier, GA Lowndes, GA	0.9429
46700	Vallejo-Fairfield, CA Solano, CA	1.5884
46940	Vero Beach, FL Indian River, FL	1.0033
47020	Victoria, TX Victoria, TX Calhoun, TX Goliad, TX	0.8678
47220	Vineland-Millville-Bridgeton, NJ Cumberland, NJ	1.0451

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
47260	Virginia Beach-Norfolk-Newport News, VA Chesapeake City, VA Currituck, NC Gloucester, VA Hampton City, VA Isle of Wight, VA James City, VA Mathews, VA Newport News City, VA Norfolk City, VA Poquoson, VA Portsmouth City, VA Suffolk City, VA Virginia Beach City, VA Williamsburg City, VA York, VA Surry, VA	0.9357
47300	Visalia-Porterville, CA Tulare, CA	1.0765
47380	Waco, TX McLennan, TX	0.9058
47580	Warner Robins, GA Houston, GA	0.9194
47644	Warren-Farmington-Hills-Troy, MI Lapeer, MI Macomb, MI Oakland, MI St. Clair, MI Livingston, MI	1.0497

CBSA Code	Urban Area (Constituent Counties or County Equivalents) ²	Wage Index ¹
47894	Washington-Arlington-Alexandria, DC-VA-MD-WV Alexandria City, VA Arlington, VA Calvert, MD Charles, MD Clarke, VA Fairfax, VA Fairfax City, VA Falls Church City, VA Fauquier, VA Fredericksburg City, VA Jefferson, WV Loudoun, VA Manassas City, VA Manassas Park city, VA Prince Georges, MD Prince William, VA Spotsylvania, VA Stafford, VA District of Columbia, DC Warren, VA	1.1619
47940	Waterloo-Cedar Falls, IA Black Hawk, IA Bremer, IA Grundy, IA	0.9100
48140	Wausau, WI Marathon, WI	1.0198
48260	Weirton-Steubenville, WV-OH Brooke, WV Hancock, WV Jefferson, OH	0.8315
48300	Wenatchee, WA Chelan, WA Douglas, WA	1.0709
48424	West Palm Beach-Boca Raton-Boynton FL Palm Beach, FL	1.0706
48540	Wheeling, WV-OH Belmont, OH Marshall, WV Ohio, WV	0.8000
48620	Wichita, KS Butler, KS Harvey, KS Sedgwick, KS Sumner, KS	0.9734
48660	Wichita Falls, TX Archer, TX Wichita, TX Clay, TX	0.8811

CBSA Code	Urban Area (Constituent Counties or County Equivalents)²	Wage Index¹
48700	Williamsport, PA Lycoming, PA	0.8895
48864	Wilmington, DE-MD-NJ Cecil, MD New Castle, DE Salem, NJ	1.1135
48900	Wilmington, NC Brunswick, NC New Hanover, NC Pender, NC	1.0190
49020	Winchester, VA-WV Frederick, VA Winchester City, VA Hampshire, WV	1.0862
49180	Winston-Salem, NC Davie, NC Forsyth, NC Stokes, NC Yadkin, NC	0.9511
49340	Worcester, MA Worcester, MA	1.1728
49420	Yakima, WA Yakima, WA	1.0799
49500	Yauco, PR Guánica, PR Guayanilla, PR Peñuelas, PR Yauco, PR	0.5069
49620	York-Hanover, PA York, PA	0.9940
49660	Youngstown-Warren-Boardman, OH-PA Mahoning, OH Trumbull, OH Mercer, PA	0.9149
49700	Yuba City, CA Sutter, CA Yuba, CA	1.1614
49740	Yuma, AZ Yuma, AZ	0.9705

¹ Wage index values are based on FY 2002 hospital cost report data before reclassification. This wage index is further adjusted. Wage index values greater than 0.8 are subject to a budget neutrality adjustment. Wage index values below 0.8 are adjusted to be the greater of a 15-percent increase, subject to a maximum wage index value of 0.8, or a budget neutrality adjustment calculated by multiplying the hospital wage index value for a given area by the budget neutrality factor. We have completed all of these adjustments and included them in the wage index values reflected in this table.

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

TABLE B--HOSPICE WAGE INDEX FOR RURAL AREAS

CBSA Code Number	Nonurban Area	Wage Index ³
1	Alabama	0.8000
2	Alaska	1.2737
3	Arizona	0.9324
4	Arkansas	0.8000
5	California	1.1755
6	Colorado	0.9975
7	Connecticut	1.2474
8	Delaware	1.0187
10	Florida	0.9112
11	Georgia	0.8148
12	Hawaii	1.1220
13	Idaho	0.8547
14	Illinois	0.8796
15	Indiana	0.9171
16	Iowa	0.9049
17	Kansas	0.8545
18	Kentucky	0.8259
19	Louisiana	0.8000
20	Maine	0.9404
21	Maryland	0.9946
22	Massachusetts ⁵	1.0864
23	Michigan	0.9459
24	Minnesota	0.9711
25	Mississippi	0.8161
26	Missouri	0.8401
27	Montana	0.9318
28	Nebraska	0.9206
29	Nevada	0.9640
30	New Hampshire	1.1503
31	New Jersey ⁴	-----
32	New Mexico	0.9183

CBSA Code Number	Nonurban Area	Wage Index ³
33	New York	0.8671
34	North Carolina	0.9082
35	North Dakota	0.8000
36	Ohio	0.9386
37	Oklahoma	0.8062
38	Oregon	1.0449
39	Pennsylvania	0.8817
40	Puerto Rico ⁵	0.4654
41	Rhode Island ⁴	-----
42	South Carolina	0.9186
43	South Dakota	0.9103
44	Tennessee	0.8396
45	Texas	0.8511
46	Utah	0.8633
47	Vermont	1.0454
48	Virgin Islands	0.8098
49	Virginia	0.8521
50	Washington	1.1177
51	West Virginia	0.8207
52	Wisconsin	1.0112
53	Wyoming	0.9844
65	Guam	1.0221

³ Wage index values are based on FY 2002 hospital cost report data before reclassification. This wage index is further adjusted. Wage index values greater than 0.8 are subject to a budget neutrality adjustment. Wage index values below 0.8 are adjusted to be the greater of a 15-percent increase, subject to a maximum wage index value of 0.8, or a budget neutrality adjustment calculated by multiplying the hospital wage index value for a given area by the budget neutrality factor. We have completed all of these adjustments and included them in the wage index values reflected in this table.

⁴ All counties within the State are classified as urban.

⁵ Based on CBSA designations Massachusetts and Puerto Rico have areas designated as rural. However, no IPPS hospitals are located in those rural area(s) for FY 2007. Because more recent data is not available for those areas, we are using the FY 2005 pre-floor, pre-reclassified hospital wage index value for rural Massachusetts and for rural Puerto Rico.