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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

42 CFR Part 418

[CMS-1548-P]

RIN 0938-AP14

Medicare Program; Proposed Hospice Wage Index for Fiscal Year 2009

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

ACTION: Proposed rule.

SUMMARY: This proposed rule proposes the hospice wage index for fiscal year 2009.

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

DATES: To be assured consideration, comments must be received at one of the addresses provided below, no later than 5 p.m. on [OFR—insert date 60 days after the date of filing for public inspection at OFR.]

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

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

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

2. By regular mail. You may mail written comments (one original and two copies) to the following address ONLY:

Centers for Medicare & Medicaid Services,

Department of Health and Human Services,

Attention: CMS-1548-P,

P.O. Box 8012,

Baltimore, MD 21244-1850.

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

3. By express or overnight mail. You may send written comments (one original and two copies) to the following address ONLY:

Centers for Medicare & Medicaid Services,

Department of Health and Human Services,

Attention: CMS-1548-P,

Mail Stop C4-26-05,

7500 Security Boulevard,

Baltimore, MD 21244-1850.

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

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

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

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

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

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

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

FOR FURTHER INFORMATION CONTACT:

Randy Thronset (410) 786-0131 or Katie Lucas (410) 786-7723.

SUPPLEMENTARY INFORMATION:

Submitting Comments: We welcome comments from the public on all issues set forth in this rule to assist us in fully considering issues and developing policies. You can assist us by referencing the file code CMS-1548-P and the specific "issue identifier" that

precedes the section on which you choose to comment.

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

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

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PART 418 – HOSPICE CARE

I. Background

A. General

1. Hospice Care

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

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

2. Medicare Payment for Hospice Care

Our regulations at 42 CFR part 418 establish eligibility requirements, payment standards and procedures, define covered services, and delineate the conditions a hospice

must meet to be approved for participation in the Medicare program. Part 418 subpart G provides for payment in one of four prospectively-determined rate categories (routine home care, continuous home care, inpatient respite care, and general inpatient care) to hospices based on each day a qualified Medicare beneficiary is under a hospice election.

B. Hospice Wage Index

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

The hospice wage index is used to adjust payment rates for hospice agencies under the Medicare program to reflect local differences in area wage levels. The original

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

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

1. Raw Wage Index Values (Pre-floor, Pre-reclassified Hospital Wage Index)

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

index used to determine payments to hospices.

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

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

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

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

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

The BNAF has been computed and applied annually to the labor portion of the hospice payment. Currently, the labor portion of the payment rates is as follows: for Routine Home Care, 68.71 percent; for Continuous Home Care, 68.71 percent; for General Inpatient Care, 64.01 percent; and for Respite Care, 54.13 percent. The non-

labor portion is equal to 100 percent minus the labor portion for each level of care.

Therefore the non-labor portion of the payment rates is as follows: for Routine Home Care, 31.29 percent; for Continuous Home Care, 31.29 percent; for General Inpatient Care, 35.99 percent; and for Respite Care, 45.87 percent.

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

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

3. Definition of Rural and Urban Areas

Each hospice's labor market is determined based on definitions of MSAs issued by OMB. In general, an urban area is defined as an MSA or New England County Metropolitan Area (NECMA) as defined by OMB. Under §412.64(b)(1)(ii)(C), a rural area is defined as any area outside of the urban area. The urban and rural area geographic

classifications are defined in §412.64(b)(1)(ii)(A) through (C), and have been used for the Medicare hospice benefit since implementation.

4. Areas Without Hospital Wage Data

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

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

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

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

type, such as a Critical Access Hospital, that does not submit the appropriate wage data), if a similar situation arose in the future, we would re-examine this policy.

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

5. CBSA Nomenclature Changes

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

6. Hospice Payment Rates

Section 4441(a) of the Balanced Budget Act of 1997 (BBA) amended section 1814(i)(1)(C)(ii) of the Act to establish updates to hospice rates for FYs 1998 through 2002. Hospice rates were to be updated by a factor equal to the market basket index, minus 1 percentage point. However, neither the BBA nor subsequent legislation specified alteration to the market basket adjustment to be used to compute payment for fiscal years beyond 2002. Payment rates for FYs since 2002 have been updated according to section 1814(i)(1)(C)(ii)(VII) of the Act, which states that the update to the payment rates for subsequent fiscal years will be the market basket percentage for the fiscal year. It has been longstanding practice to use the inpatient hospital market basket as a proxy for a hospice market basket.

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

II. Provisions of the Proposed Rule

A. Clarification of New England Deemed Counties

We are taking the opportunity to address the change in the designation of “New England deemed counties,” which are listed in §412.64(b)(1)(ii)(B). These counties were deemed to be parts of urban areas under section 601(g) of the Social Security Amendments of 1983, yet the OMB designates these counties as rural. In the FY 2008 Inpatient Prospective Payment System (IPPS) final rule, IPPS adopted the OMB designation for the pre-floor, pre-reclassified hospital wage index. The counties include

Litchfield County, Connecticut; York County, Maine; Sagadahoc County, Maine; Merrimack County, New Hampshire; and Newport County, Rhode Island. Of these five “New England deemed counties,” three (York County, Sagadahoc County, and Newport County) are also included in metropolitan statistical areas defined by OMB and are considered urban under the current IPPS labor market area definitions in §412.64(b)(1)(ii)(A).

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

proposed rule.

As discussed, our regulations at §418.306(c) require each hospice's labor market to be established using the most current hospital wage data available. The original hospice wage index was based on the 1981 Bureau of Labor Statistics hospital data. In 1994, a committee functioning under a process established by the Negotiated Rulemaking Act of 1990, was formed to negotiate a hospice wage index methodology that could be accepted by the industry and the government. The revised hospice wage index was based on the recommendations of the Negotiated Rulemaking Advisory Committee. This committee was established to provide advice and make recommendations to the Secretary on the hospice wage index used to adjust payment rates for hospices under the Medicare program, to reflect local differences in area wage levels. The Committee recommended that the revised hospice wage index be based on the most current available data for each fiscal year, which would be used to construct a pre-floor, pre-reclassified hospital wage index under the prospective payment system before adjustments were made to take into account the geographic reclassification of hospitals in accordance with sections 1886(d)(8)(B) and (d)(10) of the Act, as well as each hospice's labor market area as established by OMB. The reason the unadjusted hospital wage data were recommended was to avoid further reductions in certain rural statewide wage index values that would result from reclassification. The recommendations are codified in §418.306(c) of our regulations; however there is no reference to §412.64.

In other words, while §412.64 is not explicitly noted, the hospice program has used the urban definition in §412.64(b)(1)(ii)(A) and (B), and the rural definition as any area outside of an urban area in §412.64(b)(1)(ii)(C). Historical changes to the labor

market area/geographic classifications and annual updates to the hospice wage index values have been made effective October 1 each year. When we established the hospice wage index values effective October 1, 2007 through September 30, 2008, we considered the “New England deemed counties” (including Litchfield county, CT and Merrimack county, NH) as urban for FY 2008 in accordance with the definitions of urban and rural areas in the FY 2008 hospice final rule (72 FR 50216). Therefore, Litchfield county was listed as one of the constituent counties of urban CBSA 25540 (Hartford-West Hartford-East Hartford, CT), and Merrimack county was listed as one of the constituent counties of urban CBSA 31700 (Manchester-Nashua, NH) (72 FR 50236 and 50239, respectively). As noted above, the terms “rural” and “urban” areas are defined in IPPS according to the definitions of those terms in §412.64(b)(1)(ii)(A) through (C).

Litchfield county, CT and Merrimack county, NH are considered rural areas for hospital IPPS purposes in accordance with §412.64. Under this proposal, effective October 1, 2008, Litchfield county, CT would no longer be considered part of urban CBSA 25540 (Hartford-West Hartford-East Hartford, CT), and Merrimack county, NH would no longer be considered part of urban CBSA 31700 (Manchester-Nashua, NH). Rather, these counties would be considered to be rural areas within their respective states under the hospice payment system. This proposed policy is consistent with our policy of not taking into account IPPS geographic reclassifications in determining payments under the hospice wage index. We propose to amend §418.306(c) to cross-reference to the definitions of urban and rural in the IPPS regulations in 42 CFR Part 412 subpart D.

B. Wage Data for Multi-campus Hospitals

In the 2007 IPPS final rule, we changed in the way that we treat multi-campus

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

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

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

1. Background

The hospice final rule published in the **Federal Register** on December 16, 1983 (48 FR 56008) provided for adjustment to hospice payment rates to reflect differences in area wage levels. We apply the appropriate hospice wage index value to the labor portion of the hospice payment rates based on the geographic area where hospice care

was furnished. As noted earlier, each hospice's labor market area is based on definitions of Metropolitan Statistical Areas (MSAs) issued by the OMB. For FY 2009, we propose to again use a pre-floor, pre-reclassified hospital wage index based solely on the CBSA designations.

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

2. Areas Without Hospital Wage Data

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

Georgia. We propose to continue this policy for FY 2009.

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

However, as we noted in our final rule at 72 FR 50218, we do not believe that this policy is appropriate for Puerto Rico. We noted that there are sufficient economic differences between the hospitals in the United States and those in Puerto Rico, including the fact that hospitals in Puerto Rico are paid on blended Federal / Commonwealth-specific rates, to make a separate distinct policy for Puerto Rico necessary. For FY 2009, we again propose to continue to use the most recent pre-floor, pre-reclassified hospital wage index value available for Puerto Rico, which is 0.4047. This pre-floor, pre-

reclassified hospital wage index value is then adjusted upward by the hospice floor in the computing of the proposed FY 2009 hospice wage index.

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

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

As discussed in section I.B of this proposed rule, the original hospice wage index was based on the 1981 Bureau of Labor Statistics (BLS) hospital data and had not been updated since 1983. During earlier attempts to update the hospice wage index, the hospice industry raised concerns over the adverse financial impact of a new wage index on individual hospices and a possible overall reduction in Medicare payments. Thus, the

result was that in the absence of agreement on a new wage index, we continued to use a wage index that was clearly obsolete for geographically adjusting Medicare hospice payments (see “Medicare Program; Notice Containing the Statement Drafted by the Committee Established to Negotiate the Wage Index to be Used to Adjust Hospice Payment Rates Under Medicare”, November 29, 1995, 60 FR 61264).

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

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

In formulating the provisions of that proposed rule, the Committee considered

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

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

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

had been used.

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

The BNAF is calculated by computing estimated payments using the most recent completed year of hospice claims data. The units (days or hours) from those claims are multiplied by the updated hospice payment rates to calculate estimated payments. The updated hospice wage index values are then applied to the labor portion of the payments. For this proposed rule, that means estimating payments for FY 2009 using FY 2006 hospice claims data, and applying the estimated updated FY 2009 hospice payment rates (updating the FY 2008 rates by the estimated FY 2009 market basket update). The proposed FY 2009 hospice wage index values are then applied to the labor portion only. The procedure is repeated using the same claims data and payment rates, but using the 1983 BLS-based wage index instead of the updated pre-floor, pre-reclassified hospital wage index. The total payments are then compared, and the adjustment required to make

total payments equal is computed; that adjustment factor is the BNAF. In 1998, the BNAF increased all wage index values by just over 2 percent.

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

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

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

In FY 1998, the BNAF was 1.020768; in FY 2008 it was 1.066671. In other words, any pre-floor, pre-reclassified hospital wage index value greater than 0.8 was increased by over 2 percent in FY 1998 and increased by almost 7 percent in FY 2008.

In FY 2008, this adjustment resulted in hospice providers receiving about 4 percent more in payments than they would have received if the BNAF had not been applied.

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

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

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

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

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

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

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

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

implement what is determined to be the most appropriate option based on the above information. We propose to maintain the hospice floor, which offers protection to hospices with pre-floor, pre-reclassified hospital wage index values less than 0.8.

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

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

a. Effects of phasing-out the BNAF using the published FY 2008 hospice wage index

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

The BNAF that was calculated and applied to the 2007 pre-floor, pre-reclassified hospital wage index values was 6.6671 percent. We propose reducing the BNAF by 25 percent for FY 2009, by 75 percent for FY 2010, and eliminating it altogether for FY

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

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

For the simulations of the BNAF phase-out for FY 2010 and FY 2011, we used the same pre-floor, pre-reclassified hospital wage index values and claims data as the example above, and simply changed the value of the BNAF to reflect either a 75 percent reduction for FY 2010 or a 100 percent reduction for FY 2011. In both cases we started with the full BNAF of 6.6671 percent. We changed the calculation to take 25 percent of the full BNAF to reflect a 75 percent reduction for FY 2010, or eliminated the BNAF

altogether to reflect a 100 percent reduction for FY 2011. For FY 2010, the reduced BNAF or the hospice floor was then applied to the 2008 pre-floor, pre-reclassified hospital wage index as described previously. For FY 2011 and subsequent years, the pre-floor, pre-reclassified hospital wage index values would be unadjusted unless they are less than 0.8, in which case the hospice floor calculation would be applied.

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

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

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

Those CBSAs whose pre-floor, pre-reclassified hospital wage index values had the hospice floor calculation applied prior to the BNAF reduction would not be affected by this proposed phase-out of the BNAF. These CBSAs, which typically include rural areas, are protected by the hospice floor calculation. Additionally, those CBSAs whose hospice wage index values were previously 0.8 or greater after the BNAF was applied,

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

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

percent hospital market basket update. CMS may implement updates to the payment rates in future rulemaking.

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

For FY 2009, we propose updating the hospice wage index using the 2008 pre-floor, pre-reclassified hospital wage index and the most complete claims data available (FY 2006 claims). Using these data, we computed a full BNAF of 6.5357 percent. For the first year of the BNAF phase-out (FY 2009), the BNAF would be reduced by 25 percent, or $0.065357 \times 0.75 = 0.049018$, to 4.9018 percent. This would decrease hospice wage index values by approximately 1.53 to 1.54 percent from wage index values with the full BNAF applied. As noted in the previous discussion on the effects of the BNAF reduction in the published FY 2008 hospice wage index, those CBSAs which already have pre-floor, pre-reclassified hospital wage index values that have the hospice floor applied prior to implementing a proposed BNAF reduction would be completely unaffected by this proposed BNAF reduction. Those CBSAs which previously had hospice wage index values above 0.8 after applying the full BNAF, but which now are below 0.8 with the 25 percent reduction in the BNAF would be less affected by the BNAF reduction than those CBSAs which are 0.8 or above after applying the BNAF, as they are protected by the hospice floor calculation. Additionally, as mentioned in section I.B.1 of this proposed rule, the final hospice wage index is only applied to the labor portion of the payment rates, so the actual effect on estimated payment would be less than the anticipated 1.53 to 1.54 percent reduction in the hospice wage index value. Furthermore, that effect may be mitigated by a market basket update. As noted earlier,

the market basket update will not be available until the summer, but estimates of the update are at about 3.0 percent.

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

D. Summary of the Provisions of the Proposed Rule

- We propose to clarify that the hospice benefit will follow the definition of “urban” specified in §412.64(b)(1)(ii)(A) and (B), and the rural definition as any area outside of an urban area in §412.64(b)(1)(ii)(C). The regulatory text of §418.306(c) will be amended to reference §412.64(b)(1)(ii)(A) through (C). This affects two New England “deemed” counties that meet the OMB definition of rural, but were previously counted as urban; these two counties would now be considered rural. See section II.A of this proposed rule for details.

- As a basis for the hospice wage index, we propose to continue to use the pre-floor, pre-reclassified hospital wage index, which includes a change to how wage data from multi-campus hospitals are apportioned. See section II.B of this proposed rule for more details.
- We propose to continue to use a pre-floor, pre-reclassified hospital wage index based solely on the CBSA designations, using the most recent pre-floor and pre-reclassified hospital wage index available at the time of publication. See section II.C.1 of this proposed rule for details.
- We propose to continue the policy that for urban labor markets without an urban hospital from which a pre-floor, pre-reclassified hospital wage index could be derived, all of the urban CBSA pre-floor, pre-reclassified hospital wage index values within the State would be used to calculate a statewide urban average pre-floor, pre-reclassified hospital wage index to use as a reasonable proxy for these areas. See section II.C.2 of this proposed rule for details.
- We propose to continue the policy that we impute an average pre-floor, pre-reclassified rural hospital wage index value by averaging the pre-floor, pre-reclassified hospital wage index values from contiguous CBSAs as a reasonable proxy for rural areas with no hospital wage data from which to calculate a pre-floor, pre-reclassified hospital wage index. See section II.C.2 f of this proposed rule or details.
- We propose to continue to utilize the most recent pre-floor, pre-reclassified hospital wage index value available for Puerto Rico. See section II.C.2 of this proposed rule for details.

- We propose to phase-out the hospice BNAF over 3 years, reducing it by 25 percent for FY 2009, by 75 percent for FY 2010, and eliminating it completely for FY 2011. See sections II.C.3.a and II.C.3.b of this proposed rule for details. As stated in section II.C.3, based on comments received, updated data, and subsequent analysis, for the final rule we may determine that a different percentage reduction in the BNAF (for any of the years) or a different phase-out timeframe would be more appropriate. Specifically, it may be determined that a more aggressive alternative (e.g. a 50 percent reduction in the BNAF in FY 2009, a 75 percent reduction in the BNAF in FY 2010, and elimination of the BNAF in FY 2011) is more appropriate. Consequently, we will continue to look at reduction percentages and time period alternatives for the phase-out of the BNAF and, for the final rule, will implement what is determined to be the most appropriate option based on the above information.
- We propose to continue to maintain the hospice floor calculation. See section II.C.3 of this proposed rule for details.

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

III. Collection of Information Requirements

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

IV. Regulatory Impact Analysis

A. Overall Impact

We have examined the impacts of this rule as required by Executive Order 12866 (September 1993, Regulatory Planning and Review), the Regulatory Flexibility Act (RFA) (September 19, 1980, Pub. L. 96-354), section 1102(b) of the Social Security Act, the Unfunded Mandates Reform Act of 1995 (Pub. L. 104-4), Executive Order 13132 on Federalism, and the Congressional Review Act (5 U.S.C. 804(2)). We estimated the impact on hospices, as a result of the changes to the proposed FY 2009 hospice wage index and of reducing the BNAF by 25 percent. As discussed previously, the methodology for computing the hospice wage index was determined through a negotiated rulemaking committee and implemented in the August 8, 1997 final rule (62 FR 42860). This rule proposes updates to the hospice wage index in accordance with our regulation but proposes to revise the Negotiated Rulemaking Committee methodology of including a BNAF.

Executive Order 12866 (as amended by Executive Order 13258, which merely reassigns responsibility of duties) directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits including potential economic, environmental, public health and safety effects, distributive impacts, and equity. A regulatory impact analysis (RIA) must be prepared for major rules with economically significant effects (\$100 million or more in any 1 year). We have determined that this proposed rule is an economically significant rule under this Executive Order.

Column 4 of Table 1 shows the combined effects of the proposed 25 percent

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

The RFA requires agencies to analyze options for regulatory relief of small businesses, if a rule has a significant impact on a substantial number of small entities. The great majority of hospices and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of less than \$6.5 million to \$31.5 million in any one year (for details, see the Small Business Administration's regulation at 65 FR 69432, that sets forth size standards for health care industries). As indicated in Table 1 below, there are 2,986 hospices as of February 2008. Approximately 52.7 percent of Medicare certified hospices are identified as voluntary, government, or other

agencies and, therefore, are considered small entities. Most of these and most of the remainder are also small hospice entities because their revenues fall below the SBA size thresholds. We note that the hospice wage index methodology was previously guided by consensus, through a negotiated rulemaking committee that included representatives of national hospice associations, rural, urban, large and small hospices, multi-site hospices, and consumer groups. Based on all of the options considered, the committee agreed on the methodology described in the committee statement, and after notice and comment, it was adopted into regulation in the August 8, 1997 final rule. In developing the process for updating the hospice wage index in the 1997 final rule, we considered the impact of this methodology on small hospice entities and attempted to mitigate any potential negative effects. Small hospice entities are more likely to be in rural areas, which are less affected by the BNAF reduction than entities in urban areas. Generally, hospices in rural areas are protected by the hospice floor, which mitigates the effect of the BNAF reduction. The effects of this rule on hospices, as illustrated in Table 1, are small. Overall, Medicare payments to all hospices will decrease by an estimated 1.1 percent, reflecting the combined effects of the 25 percent reduction in the BNAF and the updated wage data. Within the hospice subgroups, Medicare payments will decrease by no more than 1.6 percent. Furthermore, when including the estimated market basket update of 3.0 percent into these figures, the combined effects of Medicare payment changes to all hospices will result in an increase of approximately 1.9 percent. Overall average hospice revenue effects will be slightly less than these estimates since according the National Hospice and Palliative Care Organization, about 16 percent of hospice caseload is non-Medicare. Longstanding HHS practice in interpreting the RFA is to consider effects

economically “significant” only if they reach a threshold of 3 to 5 percent or more.

Accordingly, we have determined that this proposed rule does not create a significant economic impact on a substantial number of small entities.

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

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

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

B. Anticipated Effects

This section discusses the impact of the projected effects of the proposed provisions of this rule, including the estimated effects of a projected 3.0 percent market basket update that will be communicated separately through an administrative instruction. The proposed provisions include continuing to use the CBSA-based pre-floor, pre-reclassified hospital wage index (to include the clarification of New England “deemed” counties and a change in the way that multi-campus hospital wage data are treated in the creation of the pre-floor, pre-reclassified hospital wage index), continuing the use the same policies for treatment of areas (rural and urban) without hospital wage data, and reducing the BNAF by 25 percent for the first year of a 3-year BNAF phase-out. The proposed FY 2009 hospice wage index is based upon the 2008 pre-floor, pre-reclassified hospital wage index and the most complete claims data available (FY 2006) with a 25 percent reduction in the BNAF.

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

Even though the market basket update is not part of this proposed rule, we have included a comparison of the combined effects of the 25 percent BNAF reduction, the

updated pre-floor, pre-reclassified hospital wage index, and an estimated 3.0 percent market basket increase for FY 2009 (Table 1, column 5). Presenting this data gives the hospice industry a more complete picture of the effects of the proposed changes in this rule and the market basket update. Certain events may limit the scope or accuracy of our impact analysis, because such an analysis is susceptible to forecasting errors due to other changes in the forecasted impact time period. The nature of the Medicare program is such that the changes may interact, and the complexity of the interaction of these changes could make it difficult to predict accurately the full scope of the impact upon hospices.

TABLE 1. Anticipated Impact on Medicare Hospice Payments of Reducing the BNAF, Updating the Pre-floor, Pre-Reclassified Hospital Wage Index Data, and Applying an Estimated 3.0 Percent Market Basket Update for the Proposed FY 2009 Hospice Wage Index, Compared to the Published Final FY 2008 Hospice Wage Index

	Number of Hospices*	Number of Routine Home Care Days in Thousands	Percent Change in Payments Due to the effects of the Updated Wage Data (FY 2009 Proposed Wage Index)	Percent Change in Payments due to the combined effects of the 25% reduction in the BNAF and the Updated Wage Data (FY 2009 Proposed Wage Index)	Percent Change in Payments due to the combined effects of the 25% Reduction in the BNAF, the Updated Wage Data (FY 2009 Proposed Wage Index), and Estimated Market Basket Update (3.0%)
	(1)	(2)	(3)	(4)	(5)
ALL HOSPICES	2,986	61,351	-0.1%	-1.1%	1.9%
URBAN HOSPICES	1,996	52,642	-0.1%	-1.1%	1.8%
RURAL HOSPICES	990	8,709	-0.1%	-0.9%	2.1%
BY REGION – URBAN:					
NEW ENGLAND	113	1,787	0.3%	-0.8%	2.2%
MIDDLE ATLANTIC	201	5,250	-0.5%	-1.6%	1.4%
SOUTH ATLANTIC	288	11,388	-0.1%	-1.1%	1.8%
EAST NORTH CENTRAL	296	7,638	-0.3%	-1.4%	1.6%
EAST SOUTH CENTRAL	160	4,365	-0.4%	-1.3%	1.7%

	Number of Hospices*	Number of Routine Home Care Days in Thousands	Percent Change in Payments Due to the effects of the Updated Wage Data (FY 2009 Proposed Wage Index)	Percent Change in Payments due to the combined effects of the 25% reduction in the BNAF and the Updated Wage Data (FY 2009 Proposed Wage Index)	Percent Change in Payments due to the combined effects of the 25% Reduction in the BNAF, the Updated Wage Data (FY 2009 Proposed Wage Index), and Estimated Market Basket Update (3.0%)
WEST NORTH CENTRAL	152	3,413	0.0%	-1.0%	1.9%
WEST SOUTH CENTRAL	339	7,131	-0.2%	-1.2%	1.7%
MOUNTAIN	183	4,543	0.0%	-1.1%	1.9%
PACIFIC	230	6,330	0.8%	-0.4%	2.6%
PUERTO RICO	34	797	-1.1%	-1.1%	1.9%
BY REGION – RURAL:					
NEW ENGLAND	26	147	-0.4%	-1.4%	1.5%
MIDDLE ATLANTIC	43	408	0.3%	-0.7%	2.3%
SOUTH ATLANTIC	125	1,759	0.0%	-0.9%	2.0%
EAST NORTH CENTRAL	140	1,148	0.0%	-1.0%	1.9%
EAST SOUTH CENTRAL	145	2,017	-0.4%	-1.1%	1.8%
WEST NORTH CENTRAL	189	945	-0.3%	-1.3%	1.7%
WEST SOUTH CENTRAL	165	1,325	-0.6%	-0.8%	2.2%
MOUNTAIN	104	580	0.4%	-0.6%	2.4%
PACIFIC	52	372	1.5%	0.4%	3.4%
PUERTO RICO	1	7	0.0%	0.0%	3.0%
ROUTINE HOME CARE DAYS:					
0- 3499 DAYS (small)	631	1,060	0.0%	-0.9%	2.0%
3500–19,999 DAYS (medium)	1,445	14,385	-0.1%	-1.1%	1.9%
20,000+ DAYS (large)	910	45,906	-0.1%	-1.1%	1.9%
TYPE OF OWNERSHIP:					
VOLUNTARY	1,194	27,185	-0.2%	-1.2%	1.8%
PROPRIETARY	1,412	30,017	0.0%	-1.0%	1.9%
GOVERNMENT	192	986	0.1%	-0.8%	2.2%
OTHER	188	3,163	0.0%	-1.0%	2.0%
HOSPICE BASE:					
FREESTANDING	1,807	45,473	-0.1%	-1.1%	1.8%
HOME HEALTH AGENCY	597	8,908	0.0%	-1.0%	2.0%
HOSPITAL SKILLED NURSING FACILITY	567	6,756	0.0%	-1.1%	1.9%
	15	213	-0.6%	-1.7%	1.2%

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

Table 1 shows the results of our analysis. In column 1 we indicate the number of hospices included in our analysis as of February 2008. In column 2, we indicate the

number of routine home care days that were included in our analysis, although the analysis was performed on all types of hospice care. Column 3 shows the percentage change in estimated Medicare payments from FY 2008 to FY 2009 due to the effects of the updated wage data only. Column 4 shows the percentage change in estimated hospice payments from FY 2008 to FY 2009 due to the combined effects of using the 2008 pre-floor, pre-reclassified hospital wage index and reducing the BNAF by 25 percent. Column 5 shows the percentage change in estimated hospice payments from FY 2008 to FY 2009 due to the combined effects of using updated wage data, a 25 percent BNAF reduction, and a 3.0 percent estimated market basket update.

Table 1 also categorizes hospices by various geographic and provider characteristics. The first row of data displays the aggregate result of the impact for all Medicare-certified hospices. The second and third rows of the table categorize hospices according to their geographic location (urban and rural). Our analysis indicated that there are 1,996 hospices located in urban areas and 990 hospices located in rural areas. The next two row groupings in the table indicate the number of hospices by census region, also broken down by urban and rural hospices. The next grouping shows the impact on hospices based on the size of the hospice's program. We determined that the majority of hospice payments are made at the routine home care rate. Therefore, we based the size of each individual hospice's program on the number of routine home care days provided in FY 2006. The next grouping shows the impact on hospices by type of ownership. The final grouping shows the impact on hospices defined by whether they are provider-based or freestanding.

As indicated in Table 1 below, there are 2,986 hospices. Approximately

52.7 percent of Medicare-certified hospices are identified as voluntary, government, or other agencies and, therefore, are considered small entities. Because the National Hospice and Palliative Care Organization estimates that approximately 83.7 percent of hospice patients are Medicare beneficiaries, we have not considered other sources of revenue in this analysis. As noted earlier, those CBSAs which had the hospice floor applied prior to our proposal to reduce the BNAF are unaffected by this proposed change in methodology. Those CBSAs that were not previously less than 0.8 after applying the full BNAF but which now are less than 0.8 after applying the reduced BNAF will see less of a reduction in payments as the floor protects their hospice wage index value.

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

As discussed in the FY 2006 final rule (70 FR 45129), hospice agencies may use

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

The impact of hospice wage index changes has been analyzed according to the type of hospice, geographic location, type of ownership, hospice base, and size. Our analysis shows that most hospices are in urban areas and provide the vast majority of routine home care days. Most hospices are medium-sized followed by large hospices. Hospices are almost equal in numbers by ownership with 1,574 designated as non-profit and 1,412 as proprietary. The vast majority of hospices are freestanding.

1. Hospice Size

Under the Medicare hospice benefit, hospices can provide four different levels of care days. The majority of the days provided by a hospice are routine home care (RHC) days representing about 97 percent of the services provided by a hospice. Therefore, the number of RHC days can be used as a proxy for the size of the hospice, that is, the more

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

2. Geographic Location

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

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

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

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

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

region. Rural hospices are estimated to see an increase in estimated payments ranging from 1.5 percent for the New England region to 3.4 percent for the Pacific region.

3. Type of Ownership

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

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

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

4. Hospice Base

Column 3 demonstrates the effect of using the updated pre-floor, pre-reclassified

hospital wage index values, comparing estimated payments for FY 2009 to FY 2008. Estimated payments are anticipated to decrease by 0.1 percent for freestanding facilities and by 0.6 percent for skilled nursing facilities. Home health and hospital based facilities are anticipated to experience no change in estimated payments.

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

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

We note that the President's budget includes a proposal for a zero percent payment update for hospices in FY 2009. The impacts outlined in Column 5 of Table 1 in this proposed rule, which include the effects of a 3.0 percent market basket update, would need to change in the final rule to reflect any legislation that the Congress might enact which would affect the market basket update.

C. Accounting Statement

As required by OMB Circular A-4 (available at <http://www.whitehouse.gov/omb/circulars/a004/a-4.pdf>), in Table 2 below, we have

prepared an accounting statement showing the classification of the expenditures associated with the proposed provisions of this rule. This table provides our best estimate of the decrease in Medicare payments under the hospice benefit as a result of the changes presented in this proposed rule on data for 2,086 hospices in our database. All expenditures are classified as transfers to Medicare providers (that is, hospices).

TABLE 2. Accounting Statement: Classification of Estimated Expenditures, From FY 2008 to FY 2009 [in millions]

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

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

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

List of Subjects

42 CFR Part 418

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

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

PART 418 – HOSPICE CARE

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

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

Subpart G – Payment for Hospice Care

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

§418.306 Determination of payment rates

* * * * *

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

* * * * *

CMS-1548-P

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

Dated: _____

Kerry Weems,

Acting Administrator,

Centers for Medicare & Medicaid Services.

Approved: _____

Michael O. Leavitt,

Secretary.

BILLING CODE 4120-01-P

**Addendum A. Proposed Hospice Wage Index for Urban Areas by
CBSA - FY 2009**

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
10180	Abilene, TX Callahan County, TX Jones County, TX Taylor County, TX	0.8347
10380	Aguadilla-Isabela-San Sebastián, PR Aguada Municipio, PR Aguadilla Municipio, PR Añasco Municipio, PR Isabela Municipio, PR Lares Municipio, PR Moca Municipio, PR Rincón Municipio, PR San Sebastián Municipio, PR	0.3965
10420	Akron, OH Portage County, OH Summit County, OH	0.9225
10500	Albany, GA Baker County, GA Dougherty County, GA Lee County, GA Terrell County, GA Worth County, GA	0.8931
10580	Albany-Schenectady-Troy, NY Albany County, NY Rensselaer County, NY Saratoga County, NY Schenectady County, NY Schoharie County, NY	0.9009
10740	Albuquerque, NM Bernalillo County, NM Sandoval County, NM Torrance County, NM Valencia County, NM	1.0022
10780	Alexandria, LA Grant Parish, LA Rapides Parish, LA	0.8370
10900	Allentown-Bethlehem-Easton, PA-NJ Warren County, NJ Carbon County, PA Lehigh County, PA Northampton County, PA	1.0349
11020	Altoona, PA Blair County, PA	0.9040

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
11100	Amarillo, TX Armstrong County, TX Carson County, TX Potter County, TX Randall County, TX	0.9563
11180	Ames, IA Story County, IA	1.0538
11260	Anchorage, AK Anchorage Municipality, AK Matanuska-Susitna Borough, AK	1.2497
11300	Anderson, IN Madison County, IN	0.9260
11340	Anderson, SC Anderson County, SC	0.9531
11460	Ann Arbor, MI Washtenaw County, MI	1.1056
11500	Anniston-Oxford, AL Calhoun County, AL	0.8315
11540	Appleton, WI Calumet County, WI Outagamie County, WI	1.0068
11700	Asheville, NC Buncombe County, NC Haywood County, NC Henderson County, NC Madison County, NC	0.9635
12020	Athens-Clarke County, GA Clarke County, GA Madison County, GA Oconee County, GA Oglethorpe County, GA	1.1033

CBSA Code	Urban Area (Constituent Counties) ²	Wage Index ¹
12060	Atlanta-Sandy Springs-Marietta, GA Barrow County, GA Bartow County, GA Butts County, GA Carroll County, GA Cherokee County, GA Clayton County, GA Cobb County, GA Coweta County, GA Dawson County, GA DeKalb County, GA Douglas County, GA Fayette County, GA Forsyth County, GA Fulton County, GA Gwinnett County, GA Haralson County, GA Heard County, GA Henry County, GA Jasper County, GA Lamar County, GA Meriwether County, GA Newton County, GA Paulding County, GA Pickens County, GA Pike County, GA Rockdale County, GA Spalding County, GA Walton County, GA	1.0310
12100	Atlantic City, NJ Atlantic County, NJ	1.2796
12220	Auburn-Opelika, AL Lee County, AL	0.8487
12260	Augusta-Richmond County, GA-SC Burke County, GA Columbia County, GA McDuffie County, GA Richmond County, GA Aiken County, SC Edgefield County, SC	1.0118
12420	Austin-Round Rock, TX Bastrop County, TX Caldwell County, TX Hays County, TX Travis County, TX Williamson County, TX	1.0012
12540	Bakersfield, CA	1.1593

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
	Kern County, CA	
12580	Baltimore-Towson, MD Anne Arundel County, MD Baltimore County, MD Carroll County, MD Harford County, MD Howard County, MD Queen Anne's County, MD Baltimore City, MD	1.0631
12620	Bangor, ME Penobscot County, ME	1.0467
12700	Barnstable Town, MA Barnstable County, MA	1.3221
12940	Baton Rouge, LA Ascension Parish, LA East Baton Rouge Parish, LA East Feliciana Parish, LA Iberville Parish, LA Livingston Parish, LA Pointe Coupee Parish, LA St. Helena Parish, LA West Baton Rouge Parish, LA West Feliciana Parish, LA	0.8428
12980	Battle Creek, MI Calhoun County, MI	1.0678
13020	Bay City, MI Bay County, MI	0.9333
13140	Beaumont-Port Arthur, TX Hardin County, TX Jefferson County, TX Orange County, TX	0.8949
13380	Bellingham, WA Whatcom County, WA	1.2036
13460	Bend, OR Deschutes County, OR	1.1478
13644	Bethesda-Frederick-Gaithersburg, MD Frederick County, MD Montgomery County, MD	1.1026
13740	Billings, MT Carbon County, MT Yellowstone County, MT	0.9091
13780	Binghamton, NY Broome County, NY Tioga County, NY	0.9388

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
13820	Birmingham-Hoover, AL Bibb County, AL Blount County, AL Chilton County, AL Jefferson County, AL St. Clair County, AL Shelby County, AL Walker County, AL	0.9334
13900	Bismarck, ND Burleigh County, ND Morton County, ND	0.8000
13980	Blacksburg-Christiansburg-Radford, VA Giles County, VA Montgomery County, VA Pulaski County, VA Radford City, VA	0.8594
14020	Bloomington, IN Greene County, IN Monroe County, IN Owen County, IN	0.9352
14060	Bloomington-Normal, IL McLean County, IL	0.9782
14260	Boise City-Nampa, ID Ada County, ID Boise County, ID Canyon County, ID Gem County, ID Owyhee County, ID	0.9929
14484	Boston-Quincy, MA Norfolk County, MA Plymouth County, MA Suffolk County, MA	1.2370
14500	Boulder, CO Boulder County, CO	1.0937
14540	Bowling Green, KY Edmonson County, KY Warren County, KY	0.8559
14740	Bremerton-Silverdale, WA Kitsap County, WA	1.1438
14860	Bridgeport-Stamford-Norwalk, CT Fairfield County, CT	1.3359
15180	Brownsville-Harlingen, TX Cameron County, TX	0.9351
15260	Brunswick, GA Brantley County, GA Glynn County, GA McIntosh County, GA	0.9939
15380	Buffalo-Niagara Falls, NY Erie County, NY Niagara County, NY	1.0037
15500	Burlington, NC	0.9176

CBSA Code	Urban Area (Constituent Counties) ²	Wage Index ¹
	Alamance County, NC	
15540	Burlington-South Burlington, VT Chittenden County, VT Franklin County, VT Grand Isle County, VT	1.0134
15764	Cambridge-Newton-Framingham, MA Middlesex County, MA	1.1765
15804	Camden, NJ Burlington County, NJ Camden County, NJ Gloucester County, NJ	1.0921
15940	Canton-Massillon, OH Carroll County, OH Stark County, OH	0.9373
15980	Cape Coral-Fort Myers, FL Lee County, FL	0.9857
16180	Carson City, NV Carson City, NV	1.0493
16220	Casper, WY Natrona County, WY	0.9845
16300	Cedar Rapids, IA Benton County, IA Jones County, IA Linn County, IA	0.9286
16580	Champaign-Urbana, IL Champaign County, IL Ford County, IL Piatt County, IL	0.9852
16620	Charleston, WV Boone County, WV Clay County, WV Kanawha County, WV Lincoln County, WV Putnam County, WV	0.8695
16700	Charleston-North Charleston, SC Berkeley County, SC Charleston County, SC Dorchester County, SC	0.9571
16740	Charlotte-Gastonia-Concord, NC-SC Anson County, NC Cabarrus County, NC Gaston County, NC Mecklenburg County, NC Union County, NC York County, SC	0.9987
16820	Charlottesville, VA Albemarle County, VA Fluvanna County, VA Greene County, VA Nelson County, VA Charlottesville City, VA	0.9732

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
16860	Chattanooga, TN-GA Catoosa County, GA Dade County, GA Walker County, GA Hamilton County, TN Marion County, TN Sequatchie County, TN	0.9435
16940	Cheyenne, WY Laramie County, WY	0.9764
16974	Chicago-Naperville-Joliet, IL Cook County, IL DeKalb County, IL DuPage County, IL Grundy County, IL Kane County, IL Kendall County, IL McHenry County, IL Will County, IL	1.1240
17020	Chico, CA Butte County, CA	1.1843
17140	Cincinnati-Middletown, OH-KY-IN Dearborn County, IN Franklin County, IN Ohio County, IN Boone County, KY Bracken County, KY Campbell County, KY Gallatin County, KY Grant County, KY Kenton County, KY Pendleton County, KY Brown County, OH Butler County, OH Clermont County, OH Hamilton County, OH Warren County, OH	1.0264
17300	Clarksville, TN-KY Christian County, KY Trigg County, KY Montgomery County, TN Stewart County, TN	0.8655
17420	Cleveland, TN Bradley County, TN Polk County, TN	0.8447
17460	Cleveland-Elyria-Mentor, OH Cuyahoga County, OH Geauga County, OH Lake County, OH Lorain County, OH	0.9797

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
	Medina County, OH	
17660	Coeur d'Alene, ID Kootenai County, ID	0.9999
17780	College Station-Bryan, TX Brazos County, TX Burleson County, TX Robertson County, TX	0.9817
17820	Colorado Springs, CO El Paso County, CO Teller County, CO	1.0195
17860	Columbia, MO Boone County, MO Howard County, MO	0.9082
17900	Columbia, SC Calhoun County, SC Fairfield County, SC Kershaw County, SC Lexington County, SC Richland County, SC Saluda County, SC	0.9231
17980	Columbus, GA-AL Russell County, AL Chattahoochee County, GA Harris County, GA Marion County, GA Muscogee County, GA	0.9157
18020	Columbus, IN Bartholomew County, IN	1.0004
18140	Columbus, OH Delaware County, OH Fairfield County, OH Franklin County, OH Licking County, OH Madison County, OH Morrow County, OH Pickaway County, OH Union County, OH	1.0579
18580	Corpus Christi, TX Aransas County, TX Nueces County, TX San Patricio County, TX	0.9009
18700	Corvallis, OR Benton County, OR	1.1496
19060	Cumberland, MD-WV Allegany County, MD Mineral County, WV	0.8701

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
19124	Dallas-Plano-Irving, TX Collin County, TX Dallas County, TX Delta County, TX Denton County, TX Ellis County, TX Hunt County, TX Kaufman County, TX Rockwall County, TX	1.0401
19140	Dalton, GA Murray County, GA Whitfield County, GA	0.9189
19180	Danville, IL Vermilion County, IL	0.9396
19260	Danville, VA Pittsylvania County, VA Danville City, VA	0.8644
19340	Davenport-Moline-Rock Island, IA-IL Henry County, IL Mercer County, IL Rock Island County, IL Scott County, IA	0.9263
19380	Dayton, OH Greene County, OH Miami County, OH Montgomery County, OH Preble County, OH	0.9640
19460	Decatur, AL Lawrence County, AL Morgan County, AL	0.8272
19500	Decatur, IL Macon County, IL	0.8470
19660	Deltona-Daytona Beach-Ormond Beach, FL Volusia County, FL	0.9474
19740	Denver-Aurora, CO Adams County, CO Arapahoe County, CO Broomfield County, CO Clear Creek County, CO Denver County, CO Douglas County, CO Elbert County, CO Gilpin County, CO Jefferson County, CO Park County, CO	1.1243

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
19780	Des Moines-West Des Moines, IA Dallas County, IA Guthrie County, IA Madison County, IA Polk County, IA Warren County, IA	0.9678
19804	Detroit-Livonia-Dearborn, MI Wayne County, MI	1.0489
20020	Dothan, AL Geneva County, AL Henry County, AL Houston County, AL	0.8000
20100	Dover, DE Kent County, DE	1.0594
20220	Dubuque, IA Dubuque County, IA	0.9502
20260	Duluth, MN-WI Carlton County, MN St. Louis County, MN Douglas County, WI	1.0464
20500	Durham, NC Chatham County, NC Durham County, NC Orange County, NC Person County, NC	1.0297
20740	Eau Claire, WI Chippewa County, WI Eau Claire County, WI	0.9939
20764	Edison, NJ Middlesex County, NJ Monmouth County, NJ Ocean County, NJ Somerset County, NJ	1.1729
20940	El Centro, CA Imperial County, CA	0.9351
21060	Elizabethtown, KY Hardin County, KY Larue County, KY	0.9138
21140	Elkhart-Goshen, IN Elkhart County, IN	1.0082
21300	Elmira, NY Chemung County, NY	0.8669
21340	El Paso, TX El Paso County, TX	0.9430
21500	Erie, PA Erie County, PA	0.8911
21660	Eugene-Springfield, OR Lane County, OR	1.1468

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
21780	Evansville, IN-KY Gibson County, IN Posey County, IN Vanderburgh County, IN Warrick County, IN Henderson County, KY Webster County, KY	0.9087
21820	Fairbanks, AK Fairbanks North Star Borough, AK	1.1592
21940	Fajardo, PR Ceiba Municipio, PR Fajardo Municipio, PR Luquillo Municipio, PR	0.5031
22020	Fargo, ND-MN Cass County, ND Clay County, MN	0.8436
22140	Farmington, NM San Juan County, NM	1.0057
22180	Fayetteville, NC Cumberland County, NC Hoke County, NC	0.9827
22220	Fayetteville-Springdale-Rogers, AR-MO Benton County, AR Madison County, AR Washington County, AR McDonald County, MO	0.9171
22380	Flagstaff, AZ Coconino County, AZ	1.2260
22420	Flint, MI Genesee County, MI	1.1770
22500	Florence, SC Darlington County, SC Florence County, SC	0.8653
22520	Florence-Muscle Shoals, AL Colbert County, AL Lauderdale County, AL	0.8056
22540	Fond du Lac, WI Fond du Lac County, WI	1.0141
22660	Fort Collins-Loveland, CO Larimer County, CO	1.0382
22744	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL Broward County, FL	1.0730
22900	Fort Smith, AR-OK Crawford County, AR Franklin County, AR Sebastian County, AR Le Flore County, OK Sequoyah County, OK	0.8322
23020	Fort Walton Beach-Crestview-Destin, FL Okaloosa County, FL	0.9172

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
23060	Fort Wayne, IN Allen County, IN Wells County, IN Whitley County, IN	0.9739
23104	Fort Worth-Arlington, TX Johnson County, TX Parker County, TX Tarrant County, TX Wise County, TX	1.0168
23420	Fresno, CA Fresno County, CA	1.1532
23460	Gadsden, AL Etowah County, AL	0.8559
23540	Gainesville, FL Alachua County, FL Gilchrist County, FL	0.9647
23580	Gainesville, GA Hall County, GA	0.9668
23844	Gary, IN Jasper County, IN Lake County, IN Newton County, IN Porter County, IN	0.9676
24020	Glens Falls, NY Warren County, NY Washington County, NY	0.8661
24140	Goldsboro, NC Wayne County, NC	0.9743
24220	Grand Forks, ND-MN Polk County, MN Grand Forks County, ND	0.8267
24300	Grand Junction, CO Mesa County, CO	1.0348
24340	Grand Rapids-Wyoming, MI Barry County, MI Ionia County, MI Kent County, MI Newaygo County, MI	0.9772
24500	Great Falls, MT Cascade County, MT	0.9100
24540	Greeley, CO Weld County, CO	1.0131
24580	Green Bay, WI Brown County, WI Kewaunee County, WI Oconto County, WI	1.0204
24660	Greensboro-High Point, NC Guilford County, NC Randolph County, NC Rockingham County, NC	0.9452

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
24780	Greenville, NC Greene County, NC Pitt County, NC	0.9863
24860	Greenville, SC Greenville County, SC Laurens County, SC Pickens County, SC	1.0343
25020	Guayama, PR Arroyo Municipio, PR Guayama Municipio, PR Patillas Municipio, PR	0.3524
25060	Gulfport-Biloxi, MS Hancock County, MS Harrison County, MS Stone County, MS	0.9203
25180	Hagerstown-Martinsburg, MD-WV Washington County, MD Berkeley County, WV Morgan County, WV	0.9455
25260	Hanford-Corcoran, CA Kings County, CA	1.1014
25420	Harrisburg-Carlisle, PA Cumberland County, PA Dauphin County, PA Perry County, PA	0.9735
25500	Harrisonburg, VA Rockingham County, VA Harrisonburg City, VA	0.9302
25540	Hartford-West Hartford-East Hartford, CT Hartford County, CT Middlesex County, CT Tolland County, CT	1.1496
25620	Hattiesburg, MS Forrest County, MS Lamar County, MS Perry County, MS	0.8000
25860	Hickory-Lenoir-Morganton, NC Alexander County, NC Burke County, NC Caldwell County, NC Catawba County, NC	0.9471
25980	Hinesville-Fort Stewart, GA ³ Liberty County, GA Long County, GA	0.9637
26100	Holland-Grand Haven, MI Ottawa County, MI	0.9447
26180	Honolulu, HI Honolulu County, HI	1.2122
26300	Hot Springs, AR Garland County, AR	0.9556

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
26380	Houma-Bayou Cane-Thibodaux, LA Lafourche Parish, LA Terrebonne Parish, LA	0.8279
26420	Houston-Sugar Land-Baytown, TX Austin County, TX Brazoria County, TX Chambers County, TX Fort Bend County, TX Galveston County, TX Harris County, TX Liberty County, TX Montgomery County, TX San Jacinto County, TX Waller County, TX	1.0426
26580	Huntington-Ashland, WV-KY-OH Boyd County, KY Greenup County, KY Lawrence County, OH Cabell County, WV Wayne County, WV	0.9484
26620	Huntsville, AL Limestone County, AL Madison County, AL	0.9594
26820	Idaho Falls, ID Bonneville County, ID Jefferson County, ID	0.9718
26900	Indianapolis-Carmel, IN Boone County, IN Brown County, IN Hamilton County, IN Hancock County, IN Hendricks County, IN Johnson County, IN Marion County, IN Morgan County, IN Putnam County, IN Shelby County, IN	1.0327
26980	Iowa City, IA Johnson County, IA Washington County, IA	1.0037
27060	Ithaca, NY Tompkins County, NY	1.0102
27100	Jackson, MI Jackson County, MI	0.9786

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
27140	Jackson, MS Copiah County, MS Hinds County, MS Madison County, MS Rankin County, MS Simpson County, MS	0.8404
27180	Jackson, TN Chester County, TN Madison County, TN	0.9101
27260	Jacksonville, FL Baker County, FL Clay County, FL Duval County, FL Nassau County, FL St. Johns County, FL	0.9463
27340	Jacksonville, NC Onslow County, NC	0.8475
27500	Janesville, WI Rock County, WI	1.0178
27620	Jefferson City, MO Callaway County, MO Cole County, MO Moniteau County, MO Osage County, MO	0.8894
27740	Johnson City, TN Carter County, TN Unicoi County, TN Washington County, TN	0.8053
27780	Johnstown, PA Cambria County, PA	0.8000
27860	Jonesboro, AR Craighead County, AR Poinsett County, AR	0.8172
27900	Joplin, MO Jasper County, MO Newton County, MO	0.9390
28020	Kalamazoo-Portage, MI Kalamazoo County, MI Van Buren County, MI	1.0944
28100	Kankakee-Bradley, IL Kankakee County, IL	1.0740

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
28140	Kansas City, MO-KS Franklin County, KS Johnson County, KS Leavenworth County, KS Linn County, KS Miami County, KS Wyandotte County, KS Bates County, MO Caldwell County, MO Cass County, MO Clay County, MO Clinton County, MO Jackson County, MO Lafayette County, MO Platte County, MO Ray County, MO	0.9970
28420	Kennewick-Richland-Pasco, WA Benton County, WA Franklin County, WA	1.0569
28660	Killeen-Temple-Fort Hood, TX Bell County, TX Coryell County, TX Lampasas County, TX	0.8653
28700	Kingsport-Bristol-Bristol, TN-VA Hawkins County, TN Sullivan County, TN Bristol City, VA Scott County, VA Washington County, VA	0.8033
28740	Kingston, NY Ulster County, NY	1.0024
28940	Knoxville, TN Anderson County, TN Blount County, TN Knox County, TN Loudon County, TN Union County, TN	0.8430
29020	Kokomo, IN Howard County, IN Tipton County, IN	1.0061
29100	La Crosse, WI-MN Houston County, MN La Crosse County, WI	1.0160
29140	Lafayette, IN Benton County, IN Carroll County, IN Tippecanoe County, IN	0.9304
29180	Lafayette, LA Lafayette Parish, LA St. Martin Parish, LA	0.8651

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
29340	Lake Charles, LA Calcasieu Parish, LA Cameron Parish, LA	0.8158
29404	Lake County-Kenosha County, IL-WI Lake County, IL Kenosha County, WI	1.1123
29420	Lake Havasu City - Kingman, AZ Mohave County, AZ	0.9790
29460	Lakeland, FL Polk County, FL	0.9086
29540	Lancaster, PA Lancaster County, PA	0.9706
29620	Lansing-East Lansing, MI Clinton County, MI Eaton County, MI Ingham County, MI	1.0615
29700	Laredo, TX Webb County, TX	0.8490
29740	Las Cruces, NM Dona Ana County, NM	0.9101
29820	Las Vegas-Paradise, NV Clark County, NV	1.2377
29940	Lawrence, KS Douglas County, KS	0.8630
30020	Lawton, OK Comanche County, OK	0.8418
30140	Lebanon, PA Lebanon County, PA	0.8594
30300	Lewiston, ID-WA Nez Perce County, ID Asotin County, WA	0.9917
30340	Lewiston-Auburn, ME Androscoggin County, ME	0.9644
30460	Lexington-Fayette, KY Bourbon County, KY Clark County, KY Fayette County, KY Jessamine County, KY Scott County, KY Woodford County, KY	0.9642
30620	Lima, OH Allen County, OH	0.9886
30700	Lincoln, NE Lancaster County, NE Seward County, NE	1.0544

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
30780	Little Rock-North Little Rock, AR Faulkner County, AR Grant County, AR Lonoke County, AR Perry County, AR Pulaski County, AR Saline County, AR	0.9297
30860	Logan, UT-ID Franklin County, ID Cache County, UT	0.9633
30980	Longview, TX Gregg County, TX Rusk County, TX Upshur County, TX	0.9144
31020	Longview, WA Cowlitz County, WA	1.1358
31084	Los Angeles-Long Beach-Glendale, CA Los Angeles County, CA	1.2348
31140	Louisville, KY-IN Clark County, IN Floyd County, IN Harrison County, IN Washington County, IN Bullitt County, KY Henry County, KY Jefferson County, KY Meade County, KY Nelson County, KY Oldham County, KY Shelby County, KY Spencer County, KY Trimble County, KY	0.9509
31180	Lubbock, TX Crosby County, TX Lubbock County, TX	0.9105
31340	Lynchburg, VA Amherst County, VA Appomattox County, VA Bedford County, VA Campbell County, VA Bedford City, VA Lynchburg City, VA	0.9160
31420	Macon, GA Bibb County, GA Crawford County, GA Jones County, GA Monroe County, GA Twiggs County, GA	1.0009
31460	Madera, CA Madera County, CA	0.8465

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31540	Madison, WI Columbia County, WI Dane County, WI Iowa County, WI	1.1471
31700	Manchester-Nashua, NH Hillsborough County, NH	1.0777
31900	Mansfield, OH Richland County, OH	0.9725
32420	Mayagüez, PR Hormigueros Municipio, PR Mayagüez Municipio, PR	0.4268
32580	McAllen-Edinburg-Pharr, TX Hidalgo County, TX	0.9570
32780	Medford, OR Jackson County, OR	1.0824
32820	Memphis, TN-MS-AR Crittenden County, AR DeSoto County, MS Marshall County, MS Tate County, MS Tunica County, MS Fayette County, TN Shelby County, TN Tipton County, TN	0.9703
32900	Merced, CA Merced County, CA	1.2714
33124	Miami-Miami Beach-Kendall, FL Miami-Dade County, FL	1.0492
33140	Michigan City-La Porte, IN LaPorte County, IN	0.9351
33260	Midland, TX Midland County, TX	1.0508
33340	Milwaukee-Waukesha-West Allis, WI Milwaukee County, WI Ozaukee County, WI Washington County, WI Waukesha County, WI	1.0715

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33460	Minneapolis-St. Paul-Bloomington, MN-WI Anoka County, MN Carver County, MN Chisago County, MN Dakota County, MN Hennepin County, MN Isanti County, MN Ramsey County, MN Scott County, MN Sherburne County, MN Washington County, MN Wright County, MN Pierce County, WI St. Croix County, WI	1.1637
33540	Missoula, MT Missoula County, MT	0.9392
33660	Mobile, AL Mobile County, AL	0.8427
33700	Modesto, CA Stanislaus County, CA	1.2548
33740	Monroe, LA Ouachita Parish, LA Union Parish, LA	0.8216
33780	Monroe, MI Monroe County, MI	0.9875
33860	Montgomery, AL Autauga County, AL Elmore County, AL Lowndes County, AL Montgomery County, AL	0.8484
34060	Morgantown, WV Monongalia County, WV Preston County, WV	0.8729
34100	Morristown, TN Grainger County, TN Hamblen County, TN Jefferson County, TN	0.8000
34580	Mount Vernon-Anacortes, WA Skagit County, WA	1.1045
34620	Muncie, IN Delaware County, IN	0.8617
34740	Muskegon-Norton Shores, MI Muskegon County, MI	1.0318
34820	Myrtle Beach-Conway-North Myrtle Beach, SC Horry County, SC	0.9057
34900	Napa, CA Napa County, CA	1.5186
34940	Naples-Marco Island, FL Collier County, FL	0.9952

CBSA Code	Urban Area (Constituent Counties) ²	Wage Index ¹
34980	Nashville-Davidson--Murfreesboro, TN Cannon County, TN Cheatham County, TN Davidson County, TN Dickson County, TN Hickman County, TN Macon County, TN Robertson County, TN Rutherford County, TN Smith County, TN Sumner County, TN Trousdale County, TN Williamson County, TN Wilson County, TN	1.0164
35004	Nassau-Suffolk, NY Nassau County, NY Suffolk County, NY	1.3260
35084	Newark-Union, NJ-PA Essex County, NJ Hunterdon County, NJ Morris County, NJ Sussex County, NJ Union County, NJ Pike County, PA	1.2443
35300	New Haven-Milford, CT New Haven County, CT	1.2453
35380	New Orleans-Metairie-Kenner, LA Jefferson Parish, LA Orleans Parish, LA Plaquemines Parish, LA St. Bernard Parish, LA St. Charles Parish, LA St. John the Baptist Parish, LA St. Tammany Parish, LA	0.9333
35644	New York-Wayne-White Plains, NY-NJ Bergen County, NJ Hudson County, NJ Passaic County, NJ Bronx County, NY Kings County, NY New York County, NY Putnam County, NY Queens County, NY Richmond County, NY Rockland County, NY Westchester County, NY	1.3758

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
35660	Niles-Benton Harbor, MI Berrien County, MI	0.9589
35980	Norwich-New London, CT New London County, CT	1.1992
36084	Oakland-Fremont-Hayward, CA Alameda County, CA Contra Costa County, CA	1.6454
36100	Ocala, FL Marion County, FL	0.9050
36140	Ocean City, NJ Cape May County, NJ	1.1527
36220	Odessa, TX Ector County, TX	1.0534
36260	Ogden-Clearfield, UT Davis County, UT Morgan County, UT Weber County, UT	0.9441
36420	Oklahoma City, OK Canadian County, OK Cleveland County, OK Grady County, OK Lincoln County, OK Logan County, OK McClain County, OK Oklahoma County, OK	0.9247
36500	Olympia, WA Thurston County, WA	1.2076
36540	Omaha-Council Bluffs, NE-IA Harrison County, IA Mills County, IA Pottawattamie County, IA Cass County, NE Douglas County, NE Sarpy County, NE Saunders County, NE Washington County, NE	1.0030
36740	Orlando, FL Lake County, FL Orange County, FL Osceola County, FL Seminole County, FL	0.9678
36780	Oshkosh-Neenah, WI Winnebago County, WI	1.0019

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
36980	Owensboro, KY Daviess County, KY Hancock County, KY McLean County, KY	0.9076
37100	Oxnard-Thousand Oaks-Ventura, CA Ventura County, CA	1.2433
37340	Palm Bay-Melbourne-Titusville, FL Brevard County, FL	0.9782
37380	Palm Coast, FL Flagler County, FL	0.9383
37460	Panama City-Lynn Haven, FL Bay County, FL	0.8720
37620	Parkersburg-Marietta, WV-OH Washington County, OH Pleasants County, WV Wirt County, WV Wood County, WV	0.8502
37700	Pascagoula, MS George County, MS Jackson County, MS	0.9071
37764	Peabody, MA Essex County, MA	1.1172
37860	Pensacola-Ferry Pass-Brent, FL Escambia County, FL Santa Rosa County, FL	0.8687
37900	Peoria, IL Marshall County, IL Peoria County, IL Stark County, IL Tazewell County, IL Woodford County, IL	0.9755
37964	Philadelphia, PA Bucks County, PA Chester County, PA Delaware County, PA Montgomery County, PA Philadelphia County, PA	1.1461
38060	Phoenix-Mesa-Scottsdale, AZ Maricopa County, AZ Pinal County, AZ	1.0767
38220	Pine Bluff, AR Cleveland County, AR Jefferson County, AR Lincoln County, AR	0.8223
38300	Pittsburgh, PA Allegheny County, PA Armstrong County, PA Beaver County, PA Butler County, PA Fayette County, PA Washington County, PA	0.8943

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
	Westmoreland County, PA	
38340	Pittsfield, MA Berkshire County, MA	1.0586
38540	Pocatello, ID Bannock County, ID Power County, ID	0.9929
38660	Ponce, PR Juana Díaz Municipio, PR Ponce Municipio, PR Villalba Municipio, PR	0.5118
38860	Portland-South Portland-Biddeford, ME Cumberland County, ME Sagadahoc County, ME York County, ME	1.0534
38900	Portland-Vancouver-Beaverton, OR-WA Clackamas County, OR Columbia County, OR Multnomah County, OR Washington County, OR Yamhill County, OR Clark County, WA Skamania County, WA	1.2062
38940	Port St. Lucie—Fort Pierce, FL Martin County, FL St. Lucie County, FL	1.0507
39100	Poughkeepsie-Newburgh-Middletown, NY Dutchess County, NY Orange County, NY	1.1520
39140	Prescott, AZ Yavapai County, AZ	1.0511
39300	Providence-New Bedford-Fall River, RI-MA Bristol County, MA Bristol County, RI Kent County, RI Newport County, RI Providence County, RI Washington County, RI	1.1092
39340	Provo-Orem, UT Juab County, UT Utah County, UT	1.0025
39380	Pueblo, CO Pueblo County, CO	0.9285
39460	Punta Gorda, FL Charlotte County, FL	0.9708

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
39540	Racine, WI Racine County, WI	0.9964
39580	Raleigh-Cary, NC Franklin County, NC Johnston County, NC Wake County, NC	1.0321
39660	Rapid City, SD Meade County, SD Pennington County, SD	0.9243
39740	Reading, PA Berks County, PA	0.9815
39820	Redding, CA Shasta County, CA	1.4205
39900	Reno-Sparks, NV Storey County, NV Washoe County, NV	1.1240
40060	Richmond, VA Amelia County, VA Caroline County, VA Charles City County, VA Chesterfield County, VA Cumberland County, VA Dinwiddie County, VA Goochland County, VA Hanover County, VA Henrico County, VA King and Queen County, VA King William County, VA Louisa County, VA New Kent County, VA Powhatan County, VA Prince George County, VA Sussex County, VA Colonial Heights City, VA Hopewell City, VA Petersburg City, VA Richmond City, VA	0.9887
40140	Riverside-San Bernardino-Ontario, CA Riverside County, CA San Bernardino County, CA	1.1644
40220	Roanoke, VA Botetourt County, VA Craig County, VA Franklin County, VA Roanoke County, VA Roanoke City, VA Salem City, VA	0.9117

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
40340	Rochester, MN Dodge County, MN Olmsted County, MN Wabasha County, MN	1.1282
40380	Rochester, NY Livingston County, NY Monroe County, NY Ontario County, NY Orleans County, NY Wayne County, NY	0.9292
40420	Rockford, IL Boone County, IL Winnebago County, IL	1.0295
40484	Rockingham County-Strafford County, NH Rockingham County, NH Strafford County, NH	1.0607
40580	Rocky Mount, NC Edgecombe County, NC Nash County, NC	0.9442
40660	Rome, GA Floyd County, GA	0.9485
40900	Sacramento--Arden-Arcade--Roseville, CA El Dorado County, CA Placer County, CA Sacramento County, CA Yolo County, CA	1.4167
40980	Saginaw-Saginaw Township North, MI Saginaw County, MI	0.9244
41060	St. Cloud, MN Benton County, MN Stearns County, MN	1.1066
41100	St. George, UT Washington County, UT	0.9817
41140	St. Joseph, MO-KS Doniphan County, KS Andrew County, MO Buchanan County, MO DeKalb County, MO	0.9191

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
41180	St. Louis, MO-IL Bond County, IL Calhoun County, IL Clinton County, IL Jersey County, IL Macoupin County, IL Madison County, IL Monroe County, IL St. Clair County, IL Crawford County, MO Franklin County, MO Jefferson County, MO Lincoln County, MO St. Charles County, MO St. Louis County, MO Warren County, MO Washington County, MO St. Louis City, MO	0.9466
41420	Salem, OR Marion County, OR Polk County, OR	1.1090
41500	Salinas, CA Monterey County, CA	1.5499
41540	Salisbury, MD Somerset County, MD Wicomico County, MD	0.9435
41620	Salt Lake City, UT Salt Lake County, UT Summit County, UT Tooele County, UT	0.9860
41660	San Angelo, TX Irion County, TX Tom Green County, TX	0.9000
41700	San Antonio, TX Atascosa County, TX Bandera County, TX Bexar County, TX Comal County, TX Guadalupe County, TX Kendall County, TX Medina County, TX Wilson County, TX	0.9267
41740	San Diego-Carlsbad-San Marcos, CA San Diego County, CA	1.2055
41780	Sandusky, OH Erie County, OH	0.9254
41884	San Francisco-San Mateo-Redwood City, CA Marin County, CA San Francisco County, CA	1.5940

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
	San Mateo County, CA	
41900	San Germán-Cabo Rojo, PR Cabo Rojo Municipio, PR Lajas Municipio, PR Sabana Grande Municipio, PR San Germán Municipio, PR	0.5438
41940	San Jose-Sunnyvale-Santa Clara, CA San Benito County, CA Santa Clara County, CA	1.6506

CBSA Code	Urban Area (Constituent Counties) ²	Wage Index ¹
41980	San Juan-Caguas-Guaynabo, PR Aguas Buenas Municipio, PR Aibonito Municipio, PR Arecibo Municipio, PR Barceloneta Municipio, PR Barranquitas Municipio, PR Bayamón Municipio, PR Caguas Municipio, PR Camuy Municipio, PR Canóvanas Municipio, PR Carolina Municipio, PR Cataño Municipio, PR Cayey Municipio, PR Ciales Municipio, PR Cidra Municipio, PR Comerío Municipio, PR Corozal Municipio, PR Dorado Municipio, PR Florida Municipio, PR Guaynabo Municipio, PR Gurabo Municipio, PR Hatillo Municipio, PR Humacao Municipio, PR Juncos Municipio, PR Las Piedras Municipio, PR Loíza Municipio, PR Manatí Municipio, PR Maunabo Municipio, PR Morovis Municipio, PR Naguabo Municipio, PR Naranjito Municipio, PR Orocovis Municipio, PR Quebradillas Municipio, PR Río Grande Municipio, PR San Juan Municipio, PR San Lorenzo Municipio, PR Toa Alta Municipio, PR Toa Baja Municipio, PR Trujillo Alto Municipio, PR Vega Alta Municipio, PR Vega Baja Municipio, PR Yabucoa Municipio, PR	0.5207
42020	San Luis Obispo-Paso Robles, CA San Luis Obispo County, CA	1.3100
42044	Santa Ana-Anaheim-Irvine, CA Orange County, CA	1.2343

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
42060	Santa Barbara-Santa Maria-Goleta, CA Santa Barbara County, CA	1.2288
42100	Santa Cruz-Watsonville, CA Santa Cruz County, CA	1.6912
42140	Santa Fe, NM Santa Fe County, NM	1.1260
42220	Santa Rosa-Petaluma, CA Sonoma County, CA	1.5416
42260	Sarasota-Bradenton-Venice, FL Manatee County, FL Sarasota County, FL	1.0420
42340	Savannah, GA Bryan County, GA Chatham County, GA Effingham County, GA	0.9579
42540	Scranton--Wilkes-Barre, PA Lackawanna County, PA Luzerne County, PA Wyoming County, PA	0.8872
42644	Seattle-Bellevue-Everett, WA King County, WA Snohomish County, WA	1.2139
42680	Sebastian-Vero Beach, FL Indian River County, FL	0.9873
43100	Sheboygan, WI Sheboygan County, WI	0.9415
43300	Sherman-Denison, TX Grayson County, TX	0.8728
43340	Shreveport-Bossier City, LA Bossier Parish, LA Caddo Parish, LA De Soto Parish, LA	0.8891
43580	Sioux City, IA-NE-SD Woodbury County, IA Dakota County, NE Dixon County, NE Union County, SD	0.9704
43620	Sioux Falls, SD Lincoln County, SD McCook County, SD Minnehaha County, SD Turner County, SD	1.0032
43780	South Bend-Mishawaka, IN-MI St. Joseph County, IN Cass County, MI	1.0088
43900	Spartanburg, SC Spartanburg County, SC	0.9884
44060	Spokane, WA Spokane County, WA	1.0967

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
44100	Springfield, IL Menard County, IL Sangamon County, IL	0.9382
44140	Springfield, MA Franklin County, MA Hampden County, MA Hampshire County, MA	1.0874
44180	Springfield, MO Christian County, MO Dallas County, MO Greene County, MO Polk County, MO Webster County, MO	0.9121
44220	Springfield, OH Clark County, OH	0.9120
44300	State College, PA Centre County, PA	0.9198
44700	Stockton, CA San Joaquin County, CA	1.2436
44940	Sumter, SC Sumter County, SC	0.9021
45060	Syracuse, NY Madison County, NY Onondaga County, NY Oswego County, NY	1.0396
45104	Tacoma, WA Pierce County, WA	1.1597
45220	Tallahassee, FL Gadsden County, FL Jefferson County, FL Leon County, FL Wakulla County, FL	0.9467
45300	Tampa-St. Petersburg-Clearwater, FL Hernando County, FL Hillsborough County, FL Pasco County, FL Pinellas County, FL	0.9462
45460	Terre Haute, IN Clay County, IN Sullivan County, IN Vermillion County, IN Vigo County, IN	0.9237
45500	Texarkana, TX-Texarkana, AR Miller County, AR Bowie County, TX	0.8151
45780	Toledo, OH Fulton County, OH Lucas County, OH Ottawa County, OH Wood County, OH	0.9893

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
45820	Topeka, KS Jackson County, KS Jefferson County, KS Osage County, KS Shawnee County, KS Wabaunsee County, KS	0.8957
45940	Trenton-Ewing, NJ Mercer County, NJ	1.1223
46060	Tucson, AZ Pima County, AZ	0.9698
46140	Tulsa, OK Creek County, OK Okmulgee County, OK Osage County, OK Pawnee County, OK Rogers County, OK Tulsa County, OK Wagoner County, OK	0.8749
46220	Tuscaloosa, AL Greene County, AL Hale County, AL Tuscaloosa County, AL	0.8710
46340	Tyler, TX Smith County, TX	0.9561
46540	Utica-Rome, NY Herkimer County, NY Oneida County, NY	0.8902
46660	Valdosta, GA Brooks County, GA Echols County, GA Lanier County, GA Lowndes County, GA	0.8495
46700	Vallejo-Fairfield, CA Solano County, CA	1.5385
47020	Victoria, TX Calhoun County, TX Goliad County, TX Victoria County, TX	0.8709
47220	Vineland-Millville-Bridgeton, NJ Cumberland County, NJ	1.0630

CBSA Code	Urban Area (Constituent Counties)²	Wage Index¹
47260	Virginia Beach-Norfolk-Newport News, VA-NC Currituck County, NC Gloucester County, VA Isle of Wight County, VA James City County, VA Mathews County, VA Surry County, VA York County, VA Chesapeake City, VA Hampton City, VA Newport News City, VA Norfolk City, VA Poquoson City, VA Portsmouth City, VA Suffolk City, VA Virginia Beach City, VA Williamsburg City, VA	0.9250
47300	Visalia-Porterville, CA Tulare County, CA	1.0586
47380	Waco, TX McLennan County, TX	0.8936
47580	Warner Robins, GA Houston County, GA	0.9575
47644	Warren-Troy-Farmington Hills, MI Lapeer County, MI Livingston County, MI Macomb County, MI Oakland County, MI St. Clair County, MI	1.0491

CBSA Code	Urban Area (Constituent Counties) ²	Wage Index ¹
47894	Washington-Arlington-Alexandria, DC-VA-MD-WV District of Columbia, DC Calvert County, MD Charles County, MD Prince George's County, MD Arlington County, VA Clarke County, VA Fairfax County, VA Fauquier County, VA Loudoun County, VA Prince William County, VA Spotsylvania County, VA Stafford County, VA Warren County, VA Alexandria City, VA Fairfax City, VA Falls Church City, VA Fredericksburg City, VA Manassas City, VA Manassas Park City, VA Jefferson County, WV	1.1387
47940	Waterloo-Cedar Falls, IA Black Hawk County, IA Bremer County, IA Grundy County, IA	0.8937
48140	Wausau, WI Marathon County, WI	1.0153
48260	Weirton-Steubenville, WV-OH Jefferson County, OH Brooke County, WV Hancock County, WV	0.8312
48300	Wenatchee, WA Chelan County, WA Douglas County, WA	1.2031
48424	West Palm Beach-Boca Raton-Boynton Beach, FL Palm Beach County, FL	1.0205
48540	Wheeling, WV-OH Belmont County, OH Marshall County, WV Ohio County, WV	0.8000
48620	Wichita, KS Butler County, KS Harvey County, KS Sedgwick County, KS Sumner County, KS	0.9506
48660	Wichita Falls, TX Archer County, TX Clay County, TX Wichita County, TX	0.8308
48700	Williamsport, PA	0.8437

CBSA Code	Urban Area (Constituent Counties) ²	Wage Index ¹
	Lycoming County, PA	
48864	Wilmington, DE-MD-NJ New Castle County, DE Cecil County, MD Salem County, NJ	1.1355
48900	Wilmington, NC Brunswick County, NC New Hanover County, NC Pender County, NC	0.9871
49020	Winchester, VA-WV Frederick County, VA Winchester City, VA Hampshire County, WV	1.0399
49180	Winston-Salem, NC Davie County, NC Forsyth County, NC Stokes County, NC Yadkin County, NC	0.9565
49340	Worcester, MA Worcester County, MA	1.1840
49420	Yakima, WA Yakima County, WA	1.0770
49500	Yauco, PR Guánica Municipio, PR Guayanilla Municipio, PR Peñuelas Municipio, PR Yauco Municipio, PR	0.3777
49620	York-Hanover, PA York County, PA	0.9818
49660	Youngstown-Warren-Boardman, OH-PA Mahoning County, OH Trumbull County, OH Mercer County, PA	0.9443
49700	Yuba City, CA Sutter County, CA Yuba County, CA	1.1283
49740	Yuma, AZ Yuma County, AZ	0.9953

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

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

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

**Addendum B. Proposed Hospice Wage Index for Rural Areas by
CBSA- FY 2009**

CBSA Code	Non-urban Area	Wage Index
1	Alabama	0.8000
2	Alaska	1.2703
3	Arizona	0.8895
4	Arkansas	0.8000
5	California	1.2612
6	Colorado	1.0180
7	Connecticut	1.1664
8	Delaware	1.0204
10	Florida	0.8880
11	Georgia	0.8034
12	Hawaii	1.1132
13	Idaho	0.8308
14	Illinois	0.8744
15	Indiana	0.8996
16	Iowa	0.8986
17	Kansas	0.8372
18	Kentucky	0.8175
19	Louisiana	0.8000
20	Maine	0.8891
21	Maryland	0.9477
22	Massachusetts ¹	1.2157
23	Michigan	0.9392
24	Minnesota	0.9524
25	Mississippi	0.8077
26	Missouri	0.8319
27	Montana	0.8790
28	Nebraska	0.9283
29	Nevada	0.9726
30	New Hampshire	1.0983
31	New Jersey ²	-----
32	New Mexico	0.9378
33	New York	0.8673

CBSA Code	Non-urban Area	Wage Index
34	North Carolina	0.9025
35	North Dakota	0.8000
36	Ohio	0.9141
37	Oklahoma	0.8000
38	Oregon	1.0392
39	Pennsylvania	0.8796
40	Puerto Rico ³	0.4654
41	Rhode Island ²	-----
42	South Carolina	0.9080
43	South Dakota	0.8968
44	Tennessee	0.8102
45	Texas	0.8359
46	Utah	0.8514
47	Vermont	1.0405
48	Virgin Islands	0.7855
49	Virginia	0.8283
50	Washington	1.0762
51	West Virginia	0.8000
52	Wisconsin	1.0141
53	Wyoming	0.9742
65	Guam	1.0082

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

²There are no rural areas in this state.

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