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# Part IV

# Department of Health and Human Services

## Centers for Medicare & Medicaid

## 42 CFR Part 412

## Medicare Program; Inpatient Rehabilitation Facility Prospective Payment System for Federal Fiscal Year 2009; Proposed Rule

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Centers for Medicare & Medicaid Services**

**42 CFR Part 412**

**[CMS–1554–P]**

**RIN 0938–AP19**

# Medicare Program; Inpatient Rehabilitation Facility Prospective Payment System for Federal Fiscal Year 2009

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

**ACTION:** Proposed rule.

**SUMMARY:** This proposed rule would update the prospective payment rates for inpatient rehabilitation facilities (IRFs) for Federal fiscal year (FY) 2009 (for discharges occurring on or after October 1, 2008 and on or before September 30, 2009) as required under section 1886(j)(3)(C) of the Social Security Act (the Act). Section 1886(j)(5) of the Act requires the Secretary to publish in the **Federal Register** on or before the August 1 that precedes the start of each fiscal year, the classification and weighting factors for the IRF prospective payment system's (PPS) case-mix groups and a description of the methodology and data used in computing the prospective payment rates for that fiscal year.

We are proposing to revise existing policies regarding the PPS within the authority granted under section 1886(j) of the Act.

**DATES:** To be assured consideration, comments must be received at one of the addresses provided below, no later than 5 p.m. on June 20, 2008.

**ADDRESSES:** In commenting, please refer to file code CMS–1554–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–1554–P, P.O. Box 8012, Baltimore, MD 21244–8012.

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–1554–P, Mail Stop C4–26–05, 7500 Security Boulevard, Baltimore, MD 21244–8012.

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) 786–7195 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:** Susanne Seagrave, (410) 786–0044, for information regarding the payment policies. Jeanette Kranacs, (410) 786–9385, for information regarding the wage index.

**SUPPLEMENTARY INFORMATION:** *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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Acronyms

Because of the many terms to which we refer by acronym in this proposed rule, we are listing the acronyms used and their corresponding terms in alphabetical order below.

ASCA Administrative Simplification Compliance Act, Pub. L. 107–105

BBA Balanced Budget Act of 1997, Pub. L. 105–33

BBRA Medicare, Medicaid, and SCHIP [State Children's Health Insurance Program] Balanced Budget Refinement Act of 1999, Pub. L. 106–113

BIPA Medicare, Medicaid, and SCHIP [State Children's Health Insurance Program] Benefits Improvement and Protection Act of 2000, Pub. L. 106–554

CBSA Core-Based Statistical Area

CCR Cost-to-Charge Ratio

CFR Code of Federal Regulations

CMG Case-Mix Group

DRA Deficit Reduction Act of 2005, Pub. L. 109–171

DSH Disproportionate Share Hospital
ECI Employment Cost Index
FI Fiscal Intermediary
FR **Federal Register**
FY Federal Fiscal Year
GDP Gross Domestic Product
HHH Hubert H. Humphrey Building
HIPAA Health Insurance Portability and Accountability Act, Pub. L. 104–191
IFMC Iowa Foundation for Medical Care
IPF Inpatient Psychiatric Facility
IPPS Inpatient Prospective Payment System
IRF Inpatient Rehabilitation Facility
IRF–PAI Inpatient Rehabilitation Facility-Patient Assessment Instrument
IRF PPS Inpatient Rehabilitation Facility Prospective Payment System
IRVEN Inpatient Rehabilitation Validation and Entry
LIP Low-Income Percentage
LTCH Long-Term Care Hospital
MAC Medicare Administrative Contractor
MEDPAR Medicare Provider Analysis and Review
MMA Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Pub. L. 108–173
MSA Metropolitan Statistical Area
NAICS North American Industrial Classification System
OMB Office of Management and Budget
PAI Patient Assessment Instrument
PPS Prospective Payment System
RAND RAND Corporation
RFA Regulatory Flexibility Act, Pub. L. 96–354
RIA Regulatory Impact Analysis
RIC Rehabilitation Impairment Category
RPL Rehabilitation, Psychiatric, and Long-Term Care Hospital Market Basket
SCHIP State Children's Health Insurance Program
SIC Standard Industrial Code
TEFRA Tax Equity and Fiscal Responsibility Act of 1982, Pub. L. 97–248

## I. Background

### *A. Historical Overview of the Inpatient Rehabilitation Facility Prospective Payment System (IRF PPS)*

Section 4421 of the Balanced Budget Act of 1997 (BBA, Pub. L. 105–33), as amended by section 125 of the Medicare, Medicaid, and SCHIP (State Children's Health Insurance Program) Balanced Budget Refinement Act of 1999 (BBRA, Pub. L. 106–113), and by section 305 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA, Pub. L. 106–554), provides for the implementation of a per discharge prospective payment system (PPS) under section 1886(j) of the Social Security Act (the Act) for inpatient rehabilitation hospitals and inpatient rehabilitation units of a hospital (hereinafter referred to as IRFs).

Payments under the IRF PPS encompass inpatient operating and capital costs of furnishing covered rehabilitation services (that is, routine, ancillary, and capital costs) but not direct graduate medical education costs, costs of approved nursing and allied health education activities, bad debts, and other services or items outside the scope of the IRF PPS. Although a complete discussion of the IRF PPS provisions appears in the original, FY 2002 IRF PPS final rule (66 FR 41316) as revised in the FY 2006 IRF PPS final rule (70 FR 47880), we are providing below a general description of the IRF PPS for fiscal years (FYs) 2002 through 2005.

Under the IRF PPS from FY 2002 through FY 2005, as described in the FY 2002 IRF PPS final rule (66 FR 41316), the Federal prospective payment rates were computed across 100 distinct case-mix groups (CMGs). We constructed 95 CMGs using rehabilitation impairment categories (RICs), functional status (both motor and cognitive), and age (in some cases, cognitive status and age may not be a factor in defining a CMG). In addition, we constructed five special CMGs to account for very short stays and for patients who expire in the IRF.

For each of the CMGs, we developed relative weighting factors to account for a patient's clinical characteristics and expected resource needs. Thus, the weighting factors accounted for the relative difference in resource use across all CMGs. Within each CMG, we created tiers based on the estimated effects that certain comorbidities would have on resource use.

We established the Federal PPS rates using a standardized payment conversion factor (formerly referred to as the budget neutral conversion factor). For a detailed discussion of the budget neutral conversion factor, please refer to our FY 2004 IRF PPS final rule (68 FR 45684 through 45685). In the FY 2006 IRF PPS final rule (70 FR 47880), we discussed in detail the methodology for determining the standard payment conversion factor.

We applied the relative weighting factors to the standard payment conversion factor to compute the unadjusted Federal prospective payment rates under the IRF PPS from FYs 2002 through 2005. We then applied adjustments for geographic variations in wages (wage index), the percentage of low-income patients, and location in a rural area (if applicable) to the IRF's unadjusted Federal prospective payment rates. In addition, we made adjustments to account for short-stay transfer cases, interrupted stays, and high cost outliers.

For cost reporting periods that began on or after January 1, 2002 and before October 1, 2002, we determined the final prospective payment amounts using the transition methodology prescribed in section 1886(j)(1) of the Act. Under this provision, IRFs transitioning into the PPS were paid a blend of the Federal IRF PPS rate and the payment that the IRF would have received had the IRF PPS not been implemented. This provision also allowed IRFs to elect to bypass this blended payment and immediately be paid 100 percent of the Federal IRF PPS rate. The transition methodology expired as of cost reporting periods beginning on or after October 1, 2002 (FY 2003), and payments for all IRFs now consist of 100 percent of the Federal IRF PPS rate.

We established a CMS Web site as a primary information resource for the IRF PPS. The Web site URL is *http://www.cms.hhs.gov/InpatientRehabFacPPS/* and may be accessed to download or view publications, software, data specifications, educational materials, and other information pertinent to the IRF PPS.

Section 1886(j) of the Act confers broad statutory authority upon the Secretary to propose refinements to the IRF PPS. In the FY 2006 IRF PPS final rule (70 FR 47880) and in correcting amendments to the FY 2006 IRF PPS final rule (70 FR 57166) that we published on September 30, 2005, we finalized a number of refinements to the IRF PPS case-mix classification system (the CMGs and the corresponding relative weights) and the case-level and facility-level adjustments. Any reference to the FY 2006 IRF PPS final rule in this proposed rule also includes the provisions effective in the correcting amendments. For a detailed discussion of the final key policy changes for FY 2006, please refer to the FY 2006 IRF PPS final rule (70 FR 47880 and 70 FR 57166).

In the FY 2007 IRF PPS final rule (71 FR 48354), we further refined the IRF PPS case-mix classification system (the CMG relative weights) and the case-level adjustments, to ensure that IRF PPS payments continue to reflect as accurately as possible the costs of care. For a detailed discussion of the FY 2007 policy revisions, please refer to the FY 2007 IRF PPS final rule (71 FR 48354).

In the FY 2008 IRF PPS final rule (72 FR 44284), we updated the Federal prospective payment rates and the outlier threshold, revised the IRF wage index policy, and clarified how we determine high-cost outlier payments for transfer cases. For more information on the policy changes implemented for FY 2008, please refer to the FY 2008 IRF PPS final rule (72 FR 44284), in which we published the final FY 2008 IRF Federal prospective payment rates.

After publication of the FY 2008 IRF PPS final rule (72 FR 44284), section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007, Public Law 110–173, amended section 1886(j)(3)(C) of the Act to apply a zero percent increase factor for FYs 2008 and 2009, effective for IRF discharges occurring on or after April 1, 2008. Section 1886(j)(3)(C) of the Act requires the Secretary to develop an increase factor to update the IRF Federal prospective payment rates for each FY. Based on the legislative change to the increase factor, we revised the FY 2008 Federal prospective payment rates for IRF discharges occurring on or after April 1, 2008. Thus, the final FY 2008 IRF Federal prospective payment rates that were published in the FY 2008 IRF PPS final rule (72 FR 44284) were effective for discharges occurring on or after October 1, 2007 and on or before March 31, 2008; and the revised FY 2008 IRF Federal prospective payment rates will be effective for discharges occurring on or after April 1, 2008 and on or before September 30, 2008. The revised FY 2008 Federal prospective payment rates are available on the CMS Web site at *http://www.cms.hhs.gov/InpatientRehabFacPPS/07_DataFiles.asp#TopOfPage.*

*B. Operational Overview of the Current IRF PPS*

As described in the FY 2002 IRF PPS final rule, upon the admission and discharge of a Medicare Part A fee-for-service patient, the IRF is required to complete the appropriate sections of a patient assessment instrument, the Inpatient Rehabilitation Facility-Patient Assessment Instrument (IRF–PAI). All required data must be electronically encoded into the IRF–PAI software product. Generally, the software product includes patient grouping programming called the GROUPER software. The GROUPER software uses specific IRF–PAI data elements to classify (or group) patients into distinct CMGs and account for the existence of any relevant comorbidities.

The GROUPER software produces a five-digit CMG number. The first digit is an alpha-character that indicates the comorbidity tier. The last four digits represent the distinct CMG number. Free downloads of the Inpatient Rehabilitation Validation and Entry (IRVEN) software product, including the GROUPER software, are available on the CMS Web site at *http://www.cms.hhs.gov/InpatientRehabFacPPS/06_Software.asp.*

Once a patient is discharged, the IRF submits a Medicare claim (a Health Insurance Portability and Accountability Act (HIPAA, Pub. L. 104–191) compliant electronic claim or, if the Administrative Compliance Act (ASCA, Pub. L. 107–105,) permits a paper claim, a UB–04 or a CMS–1450, as appropriate) using the five-digit CMG number and sends it to the appropriate Medicare fiscal intermediary (FI) or Medicare Administrative Contractor (MAC). Claims submitted to Medicare must comply with both ASCA and HIPAA. Section 3 of the ASCA amends section 1862(a) of the Act by adding paragraph (22) which requires the Medicare program, subject to section 1862(h) of the Act, to deny payment under Part A or Part B for any expenses for items or services ''for which a claim is submitted other than in an electronic form specified by the Secretary.'' Section 1862(h) of the Act, in turn, provides that the Secretary shall waive such denial in situations in which there is no method available for the submission of claims in an electronic form or the entity submitting the claim is a small provider.

In addition, the Secretary also has the authority to waive such denial ''in such unusual cases as the Secretary finds appropriate.'' See also the final rule, ''Medicare Program; Electronic Submission of Medicare Claims'' (70 FR 71008, November 25, 2005). Section 3 of the ASCA operates in the context of the administrative simplification provisions of HIPAA, which include, among others, the requirements for transaction standards and code sets codified in 45 CFR, parts 160 and 162, subparts A and I through R (generally known as the Transactions Rule). The Transactions Rule requires covered entities, including covered healthcare providers, to conduct covered electronic transactions according to the applicable transaction standards. (See the program claim memoranda issued and published by CMS at: *http://www.cms.hhs.gov/ElectronicBillingEDITrans/* and listed in the addenda to the Medicare Intermediary Manual, Part 3, section 3600. CMS instructions for the limited number of Medicare claims submitted on paper are available at: *http://www.cms.hhs.gov/manuals/downloads/clm104c25.pdf.*)

The Medicare FI or MAC processes the claim through its software system. This software system includes pricing programming called the ''PRICER'' software. The PRICER software uses the CMG number, along with other specific claim data elements and provider-specific data, to adjust the IRF's prospective payment for interrupted stays, transfers, short stays, and deaths, and then applies the applicable adjustments to account for the IRF's wage index, percentage of low-income patients, rural location, and outlier payments. For discharges occurring on or after October 1, 2005, the IRF PPS payment also reflects the new teaching status adjustment that became effective as of FY 2006, as discussed in the FY 2006 IRF PPS final rule (70 FR 47880).

*C. Brief Summary of Proposed Revisions to the IRF PPS for FY 2009*

In this proposed rule, we are proposing to make the following updates to the IRF PPS:

- Update the FY 2009 IRF PPS relative weights and average length of stay values using the most current and complete Medicare claims and cost report data, as discussed in section II.
- Update the FY 2009 IRF PPS payment rates by the proposed wage index and labor related share in a budget neutral manner, as discussed in sections III.A and B.
- Update the outlier threshold amount for FY 2009, as discussed in section IV.A.
- Update the cost-to-charge ratio ceiling and the national average urban and rural cost-to-charge ratios for purposes of determining outlier payments under the IRF PPS, as discussed in section IV.B.

## II. Proposed Update to the CMG Relative Weights and Average Length of Stay Values for FY 2009

As specified in 42 CFR 412.620(b)(1), we calculate a relative weight for each CMG that is proportional to the resources needed by an average inpatient rehabilitation case in that CMG. For example, cases in a CMG with a relative weight of 2, on average, will cost twice as much as cases in a CMG with a relative weight of 1. Relative weights account for the variance in cost per discharge due to the variance in resource utilization among the payment groups, and their use helps to ensure that IRF PPS payments support beneficiary access to care as well as provider efficiency.

In this proposed rule, we propose to update the CMG relative weights and average length of stay values using the most recent available data (FY 2006). We propose to do this using the same methodology, with one change, that was described in the original, FY 2002 IRF PPS final rule (66 FR 41316) and the FY 2006 IRF PPS final rule (70 FR 47880, 47887 through 47888). The proposed change to the methodology involves using new, more detailed cost-to-charge ratio (CCR) data from the cost reports of IRF subprovider units of primary acute care hospitals, instead of CCR data from the associated primary acute care

hospitals, to calculate IRFs' average costs per case. For freestanding IRFs, we propose to continue using CCR data from the freestanding IRF's (that is, the primary hospital's) cost report. Previously, we were only able to use the CCR data from the cost reports of the primary acute care hospitals to estimate the relationship between costs and charges for the IRF subprovider units because those were the best data we had available. However, conceptually, the relationship between costs and charges in the primary acute care hospital could differ from the relationship between costs and charges in the IRF subprovider units. Since the two types of facilities provide a different range of services and treat different populations of patients, it might not be as precise to use the data from the primary acute care hospital to estimate the relationship between costs and charges in the IRF subprovider unit. When we analyzed the CMG relative weights for FY 2009, using both the primary acute care hospital CCRs and the IRF subprovider unit CCRs, we found that the CCRs we used made very little difference in the CMG relative weights. Since the data needed to calculate the IRF subprovider units' CCRs are now available in enough detail, and since conceptually it is more appropriate to use the cost report data from the IRF subprovider units to estimate the relationship between costs and charges in these IRF subprovider units, we are proposing this change to the methodology. As indicated previously, for freestanding IRFs, we propose to continue using CCR data from the freestanding IRF's (that is, the primary hospital's) cost report. In future years, we would continue to estimate the CMG relative weights using both the primary acute care hospital CCRs and the IRF subprovider unit CCRs to ensure that we continue to use the most appropriate data in updating the CMG relative weights.

In calculating the CMG relative weights, we use a hospital-specific relative value method to estimate operating (routine and ancillary services) and capital costs of IRFs. To estimate these costs for FY 2009, we propose to use the CCRs from the IRF subprovider units of primary acute care hospitals, except for the freestanding IRFs (for which we will continue to use the data from the cost report of the primary hospital, as discussed above). For FY 2009, we propose to use the same methodology we used to compute the CMG relative weights for FYs 2002 through 2008, with the one change described above, to update the CMG relative weights to reflect the most recent available data (FY 2006). The process used to calculate the CMG relative weights for this proposed rule follows below:

*Step 1.* We calculate the CMG relative weights by estimating the effects that comorbidities have on costs.

*Step 2.* We adjust the cost of each Medicare discharge (case) to reflect the effects found in the first step.

*Step 3.* We use the adjusted costs from the second step to calculate CMG relative weights, using the hospital-specific relative value method.

*Step 4.* We normalize to the same average CMG relative weight from the CMG relative weights implemented in the FY 2002 IRF PPS final rule (66 FR 41316), the FY 2006 IRF PPS final rule (70 FR 47880), and the FY 2007 IRF PPS final rule (71 FR 48354). (Note that we did not revise the CMG relative weights in the FY 2008 IRF PPS final rule (72 FR 44284)).

Consistent with the way we implemented changes to the IRF classification system in the FY 2006 IRF PPS final rule (70 FR 47880 and 70 FR 57166) and the FY 2007 IRF PPS final rule (71 FR 48354), we are proposing to make the revisions to the CMG relative weights for FY 2009 in such a way that total estimated aggregate payments to IRFs for FY 2009 are the same with or without the proposed changes (that is, in a budget neutral manner) by applying a budget neutrality factor to the standard payment amount. To calculate the appropriate proposed budget neutrality factor to apply to the standard payment amount, we propose to use the following steps:

*Step 1.* Calculate the estimated total amount of IRF PPS payments for FY 2009 (with no proposed changes to the CMG relative weights).

*Step 2.* Apply the proposed changes to the CMG relative weights (as discussed above) to calculate the estimated total amount of IRF PPS payments for FY 2009.

*Step 3.* Divide the amount calculated in step 1 by the amount calculated in step 2 to determine the proposed factor (0.9969) that would maintain the same total estimated aggregate payments in FY 2009 with and without the proposed changes to the CMG relative weights.

*Step 4.* Apply the proposed budget neutrality factor (0.9969) to the FY 2008 IRF PPS standard payment amount after the application of the budget-neutral wage adjustment factor.

In section III.C of this proposed rule, we discuss the proposed methodology for calculating the standard payment conversion factor for FY 2009.

Table 1 below, ''Proposed Relative Weights and Average Lengths of Stay for Case-Mix Groups,'' presents the CMGs, the comorbidity tiers, the proposed corresponding relative weights, and the proposed average length of stay values for each CMG and tier for FY 2009. The average length of stay for each CMG is used to determine when an IRF discharge meets the definition of a short-stay transfer, which results in a per diem case level adjustment. The proposed relative weights and average length of stay values shown in Table 1 are subject to change for the final rule based on analysis of updated data.

TABLE 1.— PROPOSED RELATIVE WEIGHTS AND AVERAGE LENGTHS OF STAY FOR CASE-MIX GROUPS

| CMG | CMG Description (M = motor, C = cognitive, A = age) | Proposed relative weight | | | | Proposed average length of stay | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 | Tier 2 | Tier 3 | None | Tier 1 | Tier 2 | Tier 3 | None |
| 0101 | Stroke M>51.05 | 0.7741 | 0.7243 | 0.6463 | 0.6222 | 8 | 9 | 9 | 9 |
| 0102 | Stroke M>44.45 and M<51.05 and C>18.5. | 0.9569 | 0.8953 | 0.7989 | 0.7691 | 11 | 11 | 11 | 10 |
| 0103 | Stroke M>44.45 and M<51.05 and C<18.5. | 1.1184 | 1.0465 | 0.9338 | 0.8990 | 13 | 15 | 12 | 12 |
| 0104 | Stroke M>38.85 and M<44.45 | 1.2008 | 1.1235 | 1.0025 | 0.9651 | 14 | 15 | 13 | 13 |
| 0105 | Stroke M>34.25 and M<38.85 | 1.4207 | 1.3293 | 1.1861 | 1.1419 | 16 | 17 | 15 | 15 |
| 0106 | Stroke M>30.05 and M<34.25 | 1.6395 | 1.5341 | 1.3688 | 1.3178 | 17 | 19 | 17 | 17 |
| 0107 | Stroke M>26.15 and M<30.05 | 1.8826 | 1.7615 | 1.5718 | 1.5132 | 19 | 22 | 20 | 19 |
| 0108 | Stroke M<26.15 and A>84.5 | 2.2430 | 2.0987 | 1.8726 | 1.8028 | 29 | 27 | 24 | 23 |
| 0109 | Stroke M>22.35 and M<26.15 and A<84.5. | 2.1639 | 2.0247 | 1.8066 | 1.7393 | 22 | 25 | 22 | 22 |
| 0110 | Stroke M<22.35 and A<84.5 | 2.6983 | 2.5247 | 2.2528 | 2.1688 | 30 | 31 | 27 | 27 |

TABLE 1.— PROPOSED RELATIVE WEIGHTS AND AVERAGE LENGTHS OF STAY FOR CASE-MIX GROUPS—Continued

| CMG | CMG Description (M = motor, C = cognitive, A = age) | Proposed relative weight | | | | Proposed average length of stay | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 | Tier 2 | Tier 3 | None | Tier 1 | Tier 2 | Tier 3 | None |
| 0201 | Traumatic brain injury M>53.35 and C>23.5. | 0.7957 | 0.6567 | 0.5947 | 0.5509 | 10 | 9 | 8 | 8 |
| 0202 | Traumatic brain injury M>44.25 and M<53.35 and C>23.5. | 1.0090 | 0.8327 | 0.7541 | 0.6985 | 13 | 12 | 10 | 10 |
| 0203 | Traumatic brain injury M>44.25 and C<23.5. | 1.2165 | 1.0040 | 0.9092 | 0.8422 | 14 | 13 | 12 | 12 |
| 0204 | Traumatic brain injury M>40.65 and M<44.25. | 1.3278 | 1.0959 | 0.9924 | 0.9193 | 15 | 15 | 13 | 13 |
| 0205 | Traumatic brain injury M>28.75 and M<40.65. | 1.6060 | 1.3255 | 1.2004 | 1.1119 | 17 | 17 | 16 | 15 |
| 0206 | Traumatic brain injury M>22.05 and M<28.75. | 2.0505 | 1.6923 | 1.5326 | 1.4197 | 21 | 21 | 20 | 19 |
| 0207 | Traumatic brain injury M<22.05 | 2.6905 | 2.2205 | 2.0109 | 1.8627 | 36 | 27 | 25 | 23 |
| 0301 | Non-traumatic brain injury M>41.05. | 1.0947 | 0.9303 | 0.8501 | 0.7640 | 12 | 12 | 11 | 10 |
| 0302 | Non-traumatic brain injury M>35.05 and M<41.05. | 1.4084 | 1.1969 | 1.0937 | 0.9829 | 14 | 15 | 14 | 13 |
| 0303 | Non-traumatic brain injury M>26.15 and M<35.05. | 1.6925 | 1.4384 | 1.3144 | 1.1812 | 17 | 18 | 16 | 15 |
| 0304 | Non-traumatic brain injury M<26.15. | 2.3001 | 1.9548 | 1.7862 | 1.6053 | 28 | 24 | 21 | 20 |
| 0401 | Traumatic spinal cord injury M>48.45. | 0.9524 | 0.8236 | 0.7692 | 0.7107 | 12 | 11 | 10 | 10 |
| 0402 | Traumatic spinal cord injury M>30.35 and M<48.45. | 1.3448 | 1.1629 | 1.0862 | 1.0035 | 17 | 16 | 15 | 13 |
| 0403 | Traumatic spinal cord injury M>16.05 and M<30.35. | 2.2969 | 1.9863 | 1.8552 | 1.7140 | 30 | 25 | 23 | 22 |
| 0404 | Traumatic spinal cord injury M<16.05 and A>63.5. | 4.1471 | 3.5864 | 3.3497 | 3.0946 | 66 | 44 | 38 | 36 |
| 0405 | Traumatic spinal cord injury M<16.05 and A<63.5. | 3.3687 | 2.9132 | 2.7209 | 2.5138 | 42 | 30 | 30 | 32 |
| 0501 | Non-traumatic spinal cord injury M>51.35. | 0.7485 | 0.6643 | 0.5859 | 0.5236 | 9 | 9 | 8 | 8 |
| 0502 | Non-traumatic spinal cord injury M>40.15 and M<51.35. | 1.0121 | 0.8982 | 0.7922 | 0.7080 | 12 | 12 | 11 | 10 |
| 0503 | Non-traumatic spinal cord injury M>31.25 and M<40.15. | 1.3269 | 1.1777 | 1.0387 | 0.9282 | 15 | 15 | 14 | 12 |
| 0504 | Non-traumatic spinal cord injury M>29.25 and M<31.25. | 1.6143 | 1.4327 | 1.2637 | 1.1293 | 19 | 19 | 17 | 15 |
| 0505 | Non-traumatic spinal cord injury M>23.75 and M<29.25. | 1.9083 | 1.6936 | 1.4938 | 1.3349 | 21 | 19 | 19 | 17 |
| 0506 | Non-traumatic spinal cord injury M<23.75. | 2.6059 | 2.3127 | 2.0399 | 1.8229 | 30 | 29 | 24 | 23 |
| 0601 | Neurological M>47.75 | 0.9507 | 0.7701 | 0.7182 | 0.6558 | 11 | 11 | 9 | 9 |
| 0602 | Neurological M>37.35 and M<47.75. | 1.2627 | 1.0228 | 0.9539 | 0.8710 | 14 | 13 | 12 | 12 |
| 0603 | Neurological M>25.85 and M<37.35. | 1.6055 | 1.3005 | 1.2129 | 1.1075 | 16 | 16 | 15 | 15 |
| 0604 | Neurological M<25.85 | 2.1200 | 1.7172 | 1.6016 | 1.4624 | 25 | 21 | 20 | 18 |
| 0701 | Fracture of lower extremity M>42.15. | 0.9081 | 0.7815 | 0.7372 | 0.6629 | 10 | 10 | 10 | 9 |
| 0702 | Fracture of lower extremity M>34.15 and M<42.15. | 1.1867 | 1.0212 | 0.9633 | 0.8662 | 14 | 14 | 13 | 12 |
| 0703 | Fracture of lower extremity M>28.15 and M<34.15. | 1.4492 | 1.2471 | 1.1765 | 1.0579 | 16 | 16 | 15 | 14 |
| 0704 | Fracture of lower extremity M<28.15. | 1.8522 | 1.5939 | 1.5037 | 1.3520 | 19 | 20 | 19 | 18 |
| 0801 | Replacement of lower extremity joint M>49.55. | 0.6786 | 0.5637 | 0.5166 | 0.4690 | 8 | 8 | 7 | 7 |
| 0802 | Replacement of lower extremity joint M>37.05 and M<49.55. | 0.9002 | 0.7477 | 0.6853 | 0.6221 | 10 | 10 | 9 | 9 |
| 0803 | Replacement of lower extremity joint M>28.65 and M<37.05 and A>83.5. | 1.2808 | 1.0639 | 0.9750 | 0.8851 | 13 | 13 | 13 | 12 |
| 0804 | Replacement of lower extremity joint M>28.65 and M<37.05 and A<83.5. | 1.1331 | 0.9412 | 0.8625 | 0.7830 | 13 | 12 | 11 | 11 |
| 0805 | Replacement of lower extremity joint M>22.05 and M<28.65. | 1.4300 | 1.1879 | 1.0886 | 0.9882 | 16 | 15 | 14 | 13 |

TABLE 1.— PROPOSED RELATIVE WEIGHTS AND AVERAGE LENGTHS OF STAY FOR CASE-MIX GROUPS—Continued

| CMG | CMG Description (M = motor, C = cognitive, A = age) | Proposed relative weight | | | | Proposed average length of stay | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 | Tier 2 | Tier 3 | None | Tier 1 | Tier 2 | Tier 3 | None |
| 0806 | Replacement of lower extremity joint M<22.05. | 1.7498 | 1.4535 | 1.3320 | 1.2092 | 21 | 19 | 16 | 15 |
| 0901 | Other orthopedic M>44.75 | 0.8724 | 0.7428 | 0.6672 | 0.5950 | 12 | 9 | 10 | 9 |
| 0902 | Other orthopedic M>34.35 and M<44.75. | 1.1764 | 1.0016 | 0.8997 | 0.8023 | 13 | 13 | 12 | 11 |
| 0903 | Other orthopedic M>24.15 and M<34.35. | 1.5455 | 1.3159 | 1.1821 | 1.0541 | 16 | 17 | 15 | 14 |
| 0904 | Other orthopedic M<24.15 | 1.9922 | 1.6963 | 1.5238 | 1.3588 | 23 | 21 | 20 | 18 |
| 1001 | Amputation, lower extremity M>47.65. | 0.9530 | 0.9074 | 0.7850 | 0.7218 | 11 | 16 | 10 | 10 |
| 1002 | Amputation, lower extremity M>36.25 and M<47.65. | 1.2690 | 1.2083 | 1.0452 | 0.9611 | 14 | 15 | 13 | 13 |
| 1003 | Amputation, lower extremity M<36.25. | 1.8511 | 1.7625 | 1.5246 | 1.4019 | 19 | 21 | 19 | 18 |
| 1101 | Amputation, non-lower extremity M>36.35. | 1.1511 | 1.0159 | 0.9562 | 0.8734 | 12 | 13 | 12 | 12 |
| 1102 | Amputation, non-lower extremity M<36.35. | 1.7909 | 1.5805 | 1.4877 | 1.3589 | 19 | 21 | 18 | 16 |
| 1201 | Osteoarthritis M>37.65 | 1.0383 | 0.8996 | 0.8403 | 0.7356 | 12 | 11 | 11 | 10 |
| 1202 | Osteoarthritis M>30.75 and M<37.65. | 1.3069 | 1.1323 | 1.0576 | 0.9258 | 13 | 15 | 13 | 12 |
| 1203 | Osteoarthritis M<30.75 | 1.6806 | 1.4561 | 1.3600 | 1.1906 | 16 | 18 | 17 | 16 |
| 1301 | Rheumatoid, other arthritis M>36.35. | 1.2933 | 0.9197 | 0.8468 | 0.7603 | 13 | 12 | 11 | 10 |
| 1302 | Rheumatoid, other arthritis M>26.15 and M<36.35. | 1.7330 | 1.2324 | 1.1347 | 1.0188 | 18 | 15 | 14 | 14 |
| 1303 | Rheumatoid, other arthritis M<26.15. | 2.2338 | 1.5885 | 1.4625 | 1.3132 | 18 | 21 | 19 | 17 |
| 1401 | Cardiac M>48.85 | 0.8468 | 0.7331 | 0.6541 | 0.5895 | 10 | 10 | 10 | 9 |
| 1402 | Cardiac M>38.55 and M<48.85 | 1.1260 | 0.9748 | 0.8697 | 0.7838 | 13 | 13 | 12 | 11 |
| 1403 | Cardiac M>31.15 and M<38.55 | 1.4026 | 1.2142 | 1.0833 | 0.9764 | 14 | 15 | 14 | 13 |
| 1404 | Cardiac M<31.15 | 1.7824 | 1.5430 | 1.3767 | 1.2407 | 19 | 19 | 17 | 16 |
| 1501 | Pulmonary M>49.25 | 0.8979 | 0.8644 | 0.7627 | 0.7277 | 10 | 11 | 10 | 10 |
| 1502 | Pulmonary M>39.05 and M<49.25. | 1.1288 | 1.0867 | 0.9588 | 0.9149 | 12 | 14 | 12 | 12 |
| 1503 | Pulmonary M>29.15 and M<39.05. | 1.3885 | 1.3367 | 1.1795 | 1.1254 | 16 | 15 | 15 | 14 |
| 1504 | Pulmonary M<29.15 | 1.7937 | 1.7267 | 1.5236 | 1.4537 | 22 | 20 | 19 | 17 |
| 1601 | Pain syndrome M>37.15 | 0.9517 | 0.8382 | 0.7807 | 0.6881 | 13 | 11 | 11 | 10 |
| 1602 | Pain syndrome M>26.75 and M<37.15. | 1.3184 | 1.1611 | 1.0815 | 0.9532 | 15 | 15 | 13 | 13 |
| 1603 | Pain syndrome M<26.75 | 1.6571 | 1.4593 | 1.3593 | 1.1981 | 15 | 19 | 17 | 16 |
| 1701 | Major multiple trauma without brain or spinal cord injury M>39.25. | 1.0571 | 0.9515 | 0.8114 | 0.7336 | 12 | 14 | 12 | 10 |
| 1702 | Major multiple trauma without brain or spinal cord injury M>31.05 and M<39.25. | 1.4300 | 1.2870 | 1.0976 | 0.9924 | 16 | 15 | 14 | 13 |
| 1703 | Major multiple trauma without brain or spinal cord injury M>25.55 and M<31.05. | 1.6793 | 1.5114 | 1.2889 | 1.1654 | 20 | 19 | 16 | 15 |
| 1704 | Major multiple trauma without brain or spinal cord injury M<25.55. | 2.1809 | 1.9629 | 1.6740 | 1.5135 | 25 | 23 | 20 | 20 |
| 1801 | Major multiple trauma with brain or spinal cord injury M>40.85. | 0.9865 | 0.9494 | 0.7674 | 0.7313 | 14 | 13 | 11 | 10 |
| 1802 | Major multiple trauma with brain or spinal cord injury M>23.05 and M<40.85. | 1.6484 | 1.5864 | 1.2823 | 1.2221 | 20 | 19 | 17 | 16 |
| 1803 | Major multiple trauma with brain or spinal cord injury M<23.05. | 2.8473 | 2.7401 | 2.2149 | 2.1108 | 38 | 33 | 27 | 25 |
| 1901 | Guillain Barre M>35.95 | 1.1894 | 0.8847 | 0.8847 | 0.8847 | 18 | 11 | 13 | 12 |
| 1902 | Guillain Barre M>18.05 and M<35.95. | 2.3954 | 1.7817 | 1.7817 | 1.7817 | 30 | 23 | 21 | 22 |
| 1903 | Guillain Barre M<18.05 | 3.8382 | 2.8549 | 2.8549 | 2.8549 | 40 | 36 | 34 | 36 |
| 2001 | Miscellaneous M>49.15 | 0.8681 | 0.7274 | 0.6556 | 0.5908 | 10 | 10 | 9 | 8 |
| 2002 | Miscellaneous M>38.75 and M<49.15. | 1.1547 | 0.9676 | 0.8721 | 0.7859 | 12 | 12 | 11 | 11 |
| 2003 | Miscellaneous M>27.85 and M<38.75. | 1.4947 | 1.2525 | 1.1288 | 1.0173 | 16 | 15 | 14 | 13 |

TABLE 1.— PROPOSED RELATIVE WEIGHTS AND AVERAGE LENGTHS OF STAY FOR CASE-MIX GROUPS—Continued

| CMG | CMG Description (M = motor, C = cognitive, A = age) | Proposed relative weight | | | | Proposed average length of stay | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 | Tier 2 | Tier 3 | None | Tier 1 | Tier 2 | Tier 3 | None |
| 2004 | Miscellaneous M<27.85 | 1.9862 | 1.6644 | 1.5000 | 1.3518 | 23 | 20 | 19 | 17 |
| 2101 | Burns M>0 | 2.0633 | 1.8370 | 1.8370 | 1.3345 | 33 | 23 | 18 | 16 |
| 5001 | Short-stay cases, length of stay is 3 days or fewer. | | | | 0.1503 | | | | 3 |
| 5101 | Expired, orthopedic, length of stay is 13 days or fewer. | | | | 0.6577 | | | | 8 |
| 5102 | Expired, orthopedic, length of stay is 14 days or more. | | | | 1.6370 | | | | 20 |
| 5103 | Expired, not orthopedic, length of stay is 15 days or fewer. | | | | 0.6924 | | | | 8 |
| 5104 | Expired, not orthopedic, length of stay is 16 days or more. | | | | 1.9305 | | | | 23 |

Generally, updates to the CMG relative weights result in some increases and some decreases to the CMG relative weight values. Table 2 shows, overall, how the proposed revisions in this proposed rule would affect particular CMG relative weight values, which affect the overall distribution of payments within CMGs and tiers. Note that, because we propose to implement the CMG relative weight revisions in a budget neutral manner, total estimated aggregate payments to IRFs for FY 2009 would not be affected. However, the proposed revisions would affect the distribution of payments within CMGs and tiers.

TABLE 2.—DISTRIBUTIONAL EFFECTS OF THE PROPOSED CHANGES TO THE CMG RELATIVE WEIGHTS (FY 2008 VALUES COMPARED WITH FY 2009 VALUES)

| Percentage change | Number of cases affected | Percentage of cases affected |
|---|---|---|
| Increased by 15% or more | 65 | 0.0 |
| Increased by between 5% and 15% | 4,979 | 1.2 |
| Changed by less than 5% | 390,600 | 96.1 |
| Decreased by between 5% and 15% | 1,706 | 0.4 |
| Decreased by 15% or more | 2,531 | 2.3 |

As Table 2 shows, over 96 percent of all IRF cases are in CMGs and tiers that would experience less than a 5 percent change (either increase or decrease) in the CMG relative weight value as a result of the proposed revisions. The most significant increase in the proposed CMG relative weight values, in terms of the largest number of cases affected, would be a 3.3 percent increase in the CMG relative weight value for CMG A0802—Replacement of lower extremity joint, motor score greater than 37.05 and motor score less than 49.55—in the ''no-comorbidity'' tier. In the FY 2006 data, 25,822 IRF discharges were classified into this CMG and tier. We believe that the higher costs reported in this CMG and tier in FY 2006, compared with those reported for this CMG and tier in FY 2003, may reflect recent IRF case mix changes caused, at least in part, by the phase-in of the ''75 percent'' rule and increased medical review of IRF discharges. These changes to the system have likely increased the complexity of patients being admitted to IRFs, especially among the lower-extremity joint replacement cases with no comorbidities, which do not meet the 75 percent rule criteria and have been the focus of a lot of the medical review activities.

These same trends explain the most significant decrease in the proposed CMG relative weight values, in terms of the largest number of cases affected. The proposed revisions would reduce the CMG relative weight value for CMG 5001—Short-stay cases, length of stay is 3 days or fewer—by 31.7 percent. This decrease is associated with a substantial decrease in the number of cases classified into this extremely short-stay CMG, from 10,222 IRF discharges in FY 2003 to 2,376 IRF discharges in FY 2006. We believe that increases in the complexity of IRF patients resulting from the ''75 percent'' rule and the IRF medical review activities may mean that fewer IRF patients can effectively be treated in IRFs for 3 days or fewer.

The changes in the proposed average length of stay values in this proposed rule, compared with the current (FY 2008) average length of stay values, are small and primarily distributional. Some values increase and some decrease, compared with the FY 2008 values. The only notable changes are in 3 of the CMGs for traumatic spinal cord injuries, B0403, B0404, and B0405 (all in tier 1), for which the proposed average length of stay values increased by 8.55 days, 14.92 days, and 9.72 days, respectively. This may, again, be due to increases in the complexity of IRF patients resulting from the ''75 percent'' rule and the IRF medical review activities. The overall average length of stay in IRFs also increased from 12.8 days in FY 2003 to 13.9 days in FY 2006, which may be attributable to increases in IRFs' case mix over this period.

Given the recent changes in IRFs' case mix, we believe that it is especially important to update the CMG relative weights and average length of stay values at this time to reflect these changes.

## III. Proposed FY 2009 IRF PPS Federal Prospective Payment Rates

### *A. Increase Factor for FY 2009 and Proposed FY 2009 Labor-Related Share*

Section 1886(j)(3)(C) of the Act requires the Secretary to establish an increase factor that reflects changes over time in the prices of an appropriate mix

of goods and services included in the covered IRF services, which is referred to as a market basket index. According to section 1886(j)(3)(A)(i) of the Act, the increase factor shall be used to update the IRF Federal prospective payment rates for each FY. However, section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007, Public Law 110–173, amended section 1886(j)(3)(C) of the Act to apply a zero percent increase factor for FYs 2008 and 2009, effective for IRF discharges occurring on or after April 1, 2008. In accordance with section 1886(j)(3)(C) of the Act, as amended by the legislation, we are applying an increase factor of zero percent to update the proposed IRF Federal prospective payment rates for FY 2009 in this proposed rule.

We continue to use the methodology described in the FY 2006 IRF PPS final rule to update the labor-related share for FY 2009. In FY 2004, we updated the 1992 market basket data to 1997 based on the methodology described in the FY 2004 IRF PPS final rule (68 FR 45688 through 45689). As discussed in the FY 2006 IRF PPS final rule (70 FR 47915 through 47917), we rebased and revised the market basket for FY 2006 using the 2002-based cost structures for IRFs, inpatient psychiatric facilities (IPFs), and long-term care hospitals (LTCHs) to determine the FY 2006 labor-related share. For FYs 2007 and 2008, we used the same methodology discussed in the FY 2006 IRF PPS final rule (70 FR at 47908 through 47917) to determine the IRF labor-related share. For FY 2009, we continue to use the same methodology discussed in the FY 2006 IRF PPS final rule. The labor-related share for FY 2009 is the sum of the FY 2009 relative importance of each labor-related cost category, and reflects the different rates of price change for these cost categories between the base year (FY 2002) and FY 2009. For this proposed rule, the labor-related share reflects Global Insight's first quarter 2008 forecast. As shown in Table 3, the total FY 2009 Rehabilitation, Psychiatric, and Long-Term Care Hospital Market Basket (RPL) labor-related share in this proposed rule is 75.691 percent. We propose to update the labor-related share with the most recent available data for the final rule.

TABLE 3.—PROPOSED FY 2009 IRF RPL LABOR-RELATED SHARE RELATIVE IMPORTANCE

| Cost category | Proposed FY 2009 IRF labor-related share relative importance |
|---|---|
| Wages and salaries | 52.683 |
| Employee benefits | 14.039 |
| Professional fees | 2.896 |
| All other labor intensive services | 2.137 |
| Subtotal: | 71.755 |
| Labor-related share of capital costs (.46) | 3.936 |
| Total: | 75.691 |

**Source:** GLOBAL INSIGHT, INC, 1st QTR, 2008; @USMACRO/CONTROL0308 @CISSIM/TL0208.SIM Historical Data through 4th QTR, 2007.

*B. Proposed Area Wage Adjustment*

Section 1886(j)(6) of the Act requires the Secretary to adjust the proportion (as estimated by the Secretary from time to time) of rehabilitation facilities' costs attributable to wages and wage-related costs by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the rehabilitation facility compared to the national average wage level for those facilities. The Secretary is required to update the IRF PPS wage index on the basis of information available to the Secretary on the wages and wage-related costs to furnish rehabilitation services. Any adjustments or updates made under section 1886(j)(6) of the Act for a FY are made in a budget neutral manner.

In the FY 2008 IRF PPS final rule (72 FR 44299), we maintained the methodology described in the FY 2006 IRF PPS final rule to determine the wage index, labor market area definitions, and hold harmless policy consistent with the rationale outlined in the FY 2006 IRF PPS final rule (70 FR 47917 through 47933).

For FY 2009, we propose to maintain the policies and methodologies described in the FY 2008 IRF PPS final rule relating to the labor market area definitions and the wage index methodology for areas with wage data. Therefore, this proposed rule continues to use the Core-Based Statistical Area (CBSA) labor market area definitions and the pre-reclassification and pre-floor hospital wage index data based on 2004 cost report data.

When adopting new labor market designations made by the Office of Management and Budget (OMB), 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 IRF PPS wage index. We continue to use the same methodology discussed in the FY 2008 IRF PPS final rule (72 FR 44299) to address those geographic areas where there are no hospitals and, thus, no hospital wage index data on which to base the calculation of the FY 2009 IRF PPS wage index.

Additionally, this proposed rule incorporates the CBSA changes published in the most recent OMB bulletin that applies to the hospital wage data used to determine the current IRF PPS wage index. The changes were nomenclature and did not represent substantive changes to the CBSA-based designations. Specifically, OMB added or deleted certain CBSA numbers and revised certain titles. The OMB bulletins are available online at *http://www.whitehouse.gov/omb/bulletins/index.html*.

Finally, as discussed in the FY 2008 IRF PPS final rule (72 FR 44298), FY 2008 was the third and final year of the 3-year phase-out of the budget neutral hold harmless policy. For FY 2008 and beyond, we no longer apply an adjustment for IRFs that meet the criteria described in the FY 2006 final rule (70 FR 47923 through 47926).

1. Clarification of New England Deemed Counties

We are taking this opportunity to address the change in the treatment of ''New England deemed counties'' (that is, those counties in New England listed in § 412.64(b)(1)(ii)(B) that were deemed

to be parts of urban areas under section 601(g) of the Social Security Amendments of 1983) that was made in the FY 2008 Inpatient Prospective Payment System (IPPS) final rule with comment period (72 FR 47337). These counties include the following: Litchfield County, CT; York County, ME; Sagadahoc County, ME; Merrimack County, NH; and Newport County, RI. Of these five ''New England deemed counties,'' three (York County, ME, Sagadahoc County, ME, and Newport County, RI) are also included in metropolitan statistical areas (MSAs) defined by OMB and are considered urban under both the current IPPS and IRF PPS labor market area definitions in § 412.64(b)(1)(ii)(A). The remaining two, Litchfield County, CT and Merrimack County, NH, are geographically located in areas that are considered rural under the current IPPS (and IRF PPS) labor market area definitions, but 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 47337 through 47338), § 412.64(b)(1)(ii)(B) was revised that the two ''New England deemed counties'' that are still considered rural under the OMB definitions (Litchfield County, CT and Merrimack County, NH), are no longer considered urban, effective for discharges occurring on or after October 1, 2007, and, therefore, 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 note that the IRF PPS does not provide for geographic reclassification. Also, in the FY 2008 IPPS final rule with comment period (72 FR 47338), we explained that we limited this policy change for the ''New England deemed counties'' only to IPPS hospitals, and any change to non-IPPS provider wage indexes would be addressed in the respective payment system rules.

Accordingly, as stated above, we are taking this opportunity to clarify the treatment of ''New England deemed counties'' under the IRF PPS in this proposed rule.

As discussed above, the IRF PPS has consistently used the IPPS definition of ''urban'' and ''rural'' with regard to the wage index used in the IRF PPS. Under existing § 412.602, an IRF's wage index is determined based on the location of the IRF in an urban or rural area as defined in §§ 412.64(b)(1)(ii)(A) through (C).

Historical changes to the labor market area/geographic classifications and annual updates to the wage index values under the IRF PPS are made effective October 1 each year. When we established the most recent IRF PPS payment rate update, effective for discharges occurring on or after 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, as evidenced by the inclusion of Litchfield County, CT as one of the constituent counties of urban CBSA 25540 (Hartford-West Hartford-East Hartford, CT), and the inclusion of Merrimack County, NH as one of the constituent counties of urban CBSA 31700 (Manchester-Nashua, NH).

As noted above, § 412.602 indicates that the terms ''rural'' and ''urban'' are defined according to the definitions of those terms in §§ 412.64(b)(1)(ii)(A) through (C). Applying the IPPS definitions, Litchfield County, CT and Merrimack County, NH are not considered ''urban'' under §§ 412.64(b)(1)(ii)(A) and (B) as revised under the FY 2008 IPPS final rule and, therefore, are considered ''rural'' under § 412.64(b)(1)(ii)(C). Accordingly, reflecting our policy to use the IPPS definitions of ''urban'' and ''rural'', these two counties would be considered ''rural'' under the IRF PPS effective with the next update of the IRF PPS payment rates, October 1, 2008, and would no longer be included in urban CBSA 25540 (Hartford-West Hartford-East Hartford, CT) and urban CBSA 31700 (Manchester-Nashua, NH), respectively. We note that this policy is consistent with our policy of not taking into account IPPS geographic reclassifications in determining payments under the IRF PPS. We do not need to make any changes to our regulations to effectuate this change.

There is one IRF (in Merrimack County, NH) that greatly benefits from treating these counties as rural. This IRF would begin to receive a higher wage index value and the 21.3 percent adjustment that is applied to IRF PPS payments for rural facilities. Currently, there are no IRFs in the following areas: Litchfield County, CT; rural Connecticut; or rural New Hampshire.

2. Multi-Campus Hospital Wage Index Data

In the FY 2008 IRF PPS final rule (72 FR 44284, August 7, 2007), we established IRF PPS wage index values for FY 2008 calculated from the same data (collected from cost reports submitted by hospitals for cost reporting periods beginning during FY 2003) used to compute the FY 2007 acute care hospital inpatient wage index, without taking into account geographic reclassification under sections 1886(d)(8) and (d)(10) of the Act. The IRF PPS wage index values applicable for discharges occurring on or after October 1, 2007 through September 30, 2008 are shown in Table 1 (for urban areas) and Table 2 (for rural areas) in the addendum to the FY 2008 IRF PPS final rule (72 FR 44312 through 44335).

We are continuing to use IPPS wage data for the FY 2009 IRF PPS Wage Index, because we believe that using the hospital inpatient wage data is appropriate and reasonable for the IRF PPS. We note that the IPPS wage data used to determine the FY 2009 IRF wage index values reflect our policy that was adopted under the IPPS beginning in FY 2008, which apportions the wage data for multi-campus hospitals located in different labor market areas (CBSAs) to each CBSA where the campuses are located (see the FY 2008 IPPS final rule with comment period (72 FR 47317 through 47320)). We computed the FY 2009 IRF PPS wage index values presented in this notice consistent with our pre-reclassified IPPS wage index policy (that is, our historical policy of not taking into account IPPS geographic reclassifications in determining payments under the IRF PPS).

For the FY 2009 IRF PPS, we computed the wage index from IPPS wage data (submitted by hospitals for cost reporting periods beginning in FY 2004 and used in the FY 2008 IPPS wage index), which allocated salaries and hours to the campuses of two multi-campus hospitals with campuses that are located in different labor areas, one in Massachusetts and another in Illinois. Thus, the proposed FY 2009 IRF PPS wage index values for the following CBSAs are affected by this policy: 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) (please refer to Table 1 in the addendum of this proposed rule).

3. Methodology for Applying the Proposed Revisions to the Area Wage Adjustment for FY 2009 in a Budget-Neutral Manner

To calculate the wage-adjusted facility payment for the payment rates set forth in this proposed rule, we multiply the unadjusted Federal prospective payment by the proposed FY 2009 RPL labor-related share (75.691 percent) to determine the labor-related portion of

the Federal prospective payments. We then multiply this labor-related portion by the applicable proposed IRF wage index shown in Table 1 for urban areas and Table 2 for rural areas in the addendum.

Adjustments or updates to the IRF wage index made under section 1886(j)(6) of the Act must be made in a budget neutral manner; therefore, we calculated a budget neutral wage adjustment factor as established in the FY 2004 IRF PPS final rule and codified at § 412.624(e)(1), and described in the steps below. We propose to use the following steps to ensure that the FY 2009 IRF standard payment conversion factor reflects the update to the proposed wage indexes (based on the FY 2004 pre-reclassified and pre-floor hospital wage data) and the proposed labor-related share in a budget neutral manner:

*Step 1.* Determine the total amount of the estimated FY 2008 IRF PPS rates, using the FY 2008 standard payment conversion factor and the labor-related share and the wage indexes from FY 2008 (as published in the FY 2008 IRF PPS final rule).

*Step 2.* Calculate the total amount of estimated IRF PPS payments, using the FY 2008 standard payment conversion factor and the proposed FY 2009 labor-related share and proposed CBSA urban and rural wage indexes.

*Step 3.* Divide the amount calculated in step 1 by the amount calculated in step 2, which equals the FY 2009 budget neutral wage adjustment factor of 1.0004.

*Step 4.* Apply the FY 2009 budget neutral wage adjustment factor from step 3 to the FY 2008 IRF PPS standard payment conversion factor after the application of the estimated market basket update to determine the FY 2009 standard payment conversion factor.

*C. Description of the Proposed IRF Standard Payment Conversion Factor and Proposed Payment Rates for FY 2009*

To calculate the proposed standard payment conversion factor for FY 2009, as illustrated in Table 5 below, we begin with the standard payment conversion factor for FY 2008. To explain how we determined the standard payment conversion factor for FY 2008, we include Table 4 below. The final FY 2008 IRF standard payment conversion factor that we show in Tables 4 and 5 below is different than the IRF standard payment conversion factor that we finalized in the FY 2008 IRF PPS final rule (72 FR 44284) because we adjusted the IRF standard payment conversion factor for IRF discharges occurring on or after April 1, 2008 to reflect the changes codified in section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. 110–173). Section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 amended section 1886(j)(3)(C) of the Act to require the Secretary to apply a zero percent increase factor for FYs 2008 and 2009, effective for discharges occurring on or after April 1, 2008. Section 1886(j)(3)(C) of the Act requires the Secretary to develop an increase factor to update the IRF Federal prospective payment rates for each FY. For a discussion of the increase factor the Secretary typically uses to update the IRF Federal prospective payment rates, see the FY 2008 IRF PPS final rule (72 FR 44284). In the FY 2008 IRF PPS final rule, we used the RPL market basket estimate described in that final rule (3.2 percent) to update the IRF standard payment conversion factor. As shown in Table 3 of the FY 2008 IRF PPS final rule, applying this market basket estimate to the standard payment amount resulted in a final standard payment conversion factor for FY 2008 of $13,451.

However, section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 had the effect of changing the increase factor for FY 2008 from 3.2 percent to zero percent for discharges occurring on or after April 1, 2008. This, in turn, had the effect of decreasing the IRF standard payment conversion factor for discharges occurring on or after April 1, 2008.

As shown in Table 4, to develop the FY 2008 standard payment conversion factor for discharges beginning on or after April 1, 2008, we started with the FY 2007 standard payment conversion factor that was finalized in the FY 2007 IRF PPS final rule (71 FR 48354). We then multiplied this by the zero percent increase factor, as described above. Then, we applied the same FY 2008 budget neutrality factor (1.0041) for the Wage Index, Labor-Related Share, and the Hold Harmless Provision that was published in the FY 2008 IRF PPS Final Rule (72 FR 44284). This resulted in the final FY 2008 standard payment conversion factor, effective for discharges occurring on or after April 1, 2008, of $13,034.

TABLE 4.—CALCULATIONS TO DETERMINE THE FY 2008 IRF STANDARD PAYMENT CONVERSION FACTOR FOR DISCHARGES BEGINNING ON OR AFTER APRIL 1, 2008

| Explanation for adjustment | Calculations |
|---|---|
| FY 2007 Standard Payment Conversion Factor (published in the FY 2007 IRF PPS Final Rule (71 FR 48354)) | $12,981 |
| Zero Percent Increase Factor for Discharges Occurring on or after April 1, 2008 | × 1.0000 |
| Budget Neutrality Factor for the Wage Index, Labor-Related Share, and the Hold Harmless Provision that was published in the FY 2008 IRF PPS Final Rule (72 FR 44284) | × 1.0041 |
| Standard Payment Conversion Factor for Discharges Occurring on or After April 1, 2008 | = $13,034 |

As a result, the IRF standard payment conversion factor changed from $13,451 for discharges occurring on or after October 1, 2007 to $13,034 for discharges occurring on or after April 1, 2008.

Further, as required by section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007, we apply an increase factor of zero percent to the standard payment conversion factor for FY 2009, meaning that it does not change from the current value of $13,034. Next, we apply the proposed combined budget neutrality factor for the FY 2009 wage index and labor related share of 1.0004, which would result in a standard payment amount of $13,039. Finally, we apply the proposed budget neutrality factor for the revised CMG relative weights of 0.9969, which would result in the proposed FY 2009 standard payment conversion factor of $12,999.

TABLE 5.—CALCULATIONS TO DETERMINE THE PROPOSED FY 2009 STANDARD PAYMENT CONVERSION FACTOR

| Explanation for adjustment | Calculations |
|---|---|
| Standard Payment Conversion Factor for Discharges Occurring on or After April 1, 2008 | $13,034 |

TABLE 5.—CALCULATIONS TO DETERMINE THE PROPOSED FY 2009 STANDARD PAYMENT CONVERSION FACTOR—Continued

| Explanation for adjustment | Calculations |
|---|---|
| Zero Percent Increase Factor for FY 2009 | × 1.0000 |
| Proposed Budget Neutrality Factor for the Wage Index and Labor-Related Share | × 1.0004 |
| Proposed Budget Neutrality Factor for the Revisions to the CMG Relative Weights | × 0.9969 |
| Proposed FY 2009 Standard Payment Conversion Factor | = $12,999 |

After the application of the CMG relative weights described in section II of this proposed rule, the resulting proposed unadjusted IRF prospective payment rates for FY 2009 are shown below in Table 6, ''Proposed FY 2009 Payment Rates.''

TABLE 6.—PROPOSED FY 2009 PAYMENT RATES

| CMG | Payment rate tier 1 | Payment rate tier 2 | Payment rate tier 3 | Payment rate no comorbidity |
|---|---|---|---|---|
| 0101 | $10,062.53 | $9,415.18 | $8,401.25 | $8,087.98 |
| 0102 | 12,438.74 | 11,638.00 | 10,384.90 | 9,997.53 |
| 0103 | 14,538.08 | 13,603.45 | 12,138.47 | 11,686.10 |
| 0104 | 15,609.20 | 14,604.38 | 13,031.50 | 12,545.33 |
| 0105 | 18,467.68 | 17,279.57 | 15,418.11 | 14,843.56 |
| 0106 | 21,311.86 | 19,941.77 | 17,793.03 | 17,130.08 |
| 0107 | 24,471.92 | 22,897.74 | 20,431.83 | 19,670.09 |
| 0108 | 29,156.76 | 27,281.00 | 24,341.93 | 23,434.60 |
| 0109 | 28,128.54 | 26,319.08 | 23,483.99 | 22,609.16 |
| 0110 | 35,075.20 | 32,818.58 | 29,284.15 | 28,192.23 |
| 0201 | 10,343.30 | 8,536.44 | 7,730.51 | 7,161.15 |
| 0202 | 13,115.99 | 10,824.27 | 9,802.55 | 9,079.80 |
| 0203 | 15,813.28 | 13,051.00 | 11,818.69 | 10,947.76 |
| 0204 | 17,260.07 | 14,245.60 | 12,900.21 | 11,949.98 |
| 0205 | 20,876.39 | 17,230.17 | 15,604.00 | 14,453.59 |
| 0206 | 26,654.45 | 21,998.21 | 19,922.27 | 18,454.68 |
| 0207 | 34,973.81 | 28,864.28 | 26,139.69 | 24,213.24 |
| 0301 | 14,230.01 | 12,092.97 | 11,050.45 | 9,931.24 |
| 0302 | 18,307.79 | 15,558.50 | 14,217.01 | 12,776.72 |
| 0303 | 22,000.81 | 18,697.76 | 17,085.89 | 15,354.42 |
| 0304 | 29,899.00 | 25,410.45 | 23,218.81 | 20,867.29 |
| 0401 | 12,380.25 | 10,705.98 | 9,998.83 | 9,238.39 |
| 0402 | 17,481.06 | 15,116.54 | 14,119.51 | 13,044.50 |
| 0403 | 29,857.40 | 25,819.91 | 24,115.74 | 22,280.29 |
| 0404 | 53,908.15 | 46,619.61 | 43,542.75 | 40,226.71 |
| 0405 | 43,789.73 | 37,868.69 | 35,368.98 | 32,676.89 |
| 0501 | 9,729.75 | 8,635.24 | 7,616.11 | 6,806.28 |
| 0502 | 13,156.29 | 11,675.70 | 10,297.81 | 9,203.29 |
| 0503 | 17,248.37 | 15,308.92 | 13,502.06 | 12,065.67 |
| 0504 | 20,984.29 | 18,623.67 | 16,426.84 | 14,679.77 |
| 0505 | 24,805.99 | 22,015.11 | 19,417.91 | 17,352.37 |
| 0506 | 33,874.09 | 30,062.79 | 26,516.66 | 23,695.88 |
| 0601 | 12,358.15 | 10,010.53 | 9,335.88 | 8,524.74 |
| 0602 | 16,413.84 | 13,295.38 | 12,399.75 | 11,322.13 |
| 0603 | 20,869.89 | 16,905.20 | 15,766.49 | 14,396.39 |
| 0604 | 27,557.88 | 22,321.88 | 20,819.20 | 19,009.74 |
| 0701 | 11,804.39 | 10,158.72 | 9,582.86 | 8,617.04 |
| 0702 | 15,425.91 | 13,274.58 | 12,521.94 | 11,259.73 |
| 0703 | 18,838.15 | 16,211.05 | 15,293.32 | 13,751.64 |
| 0704 | 24,076.75 | 20,719.11 | 19,546.60 | 17,574.65 |
| 0801 | 8,821.12 | 7,327.54 | 6,715.28 | 6,096.53 |
| 0802 | 11,701.70 | 9,719.35 | 8,908.21 | 8,086.68 |
| 0803 | 16,649.12 | 13,829.64 | 12,674.03 | 11,505.41 |
| 0804 | 14,729.17 | 12,234.66 | 11,211.64 | 10,178.22 |
| 0805 | 18,588.57 | 15,441.51 | 14,150.71 | 12,845.61 |
| 0806 | 22,745.65 | 18,894.05 | 17,314.67 | 15,718.39 |
| 0901 | 11,340.33 | 9,655.66 | 8,672.93 | 7,734.41 |
| 0902 | 15,292.02 | 13,019.80 | 11,695.20 | 10,429.10 |
| 0903 | 20,089.95 | 17,105.38 | 15,366.12 | 13,702.25 |
| 0904 | 25,896.61 | 22,050.20 | 19,807.88 | 17,663.04 |
| 1001 | 12,388.05 | 11,795.29 | 10,204.22 | 9,382.68 |
| 1002 | 16,495.73 | 15,706.69 | 13,586.55 | 12,493.34 |
| 1003 | 24,062.45 | 22,910.74 | 19,818.28 | 18,223.30 |
| 1101 | 14,963.15 | 13,205.68 | 12,429.64 | 11,353.33 |
| 1102 | 23,279.91 | 20,544.92 | 19,338.61 | 17,664.34 |

TABLE 6.—PROPOSED FY 2009 PAYMENT RATES—Continued

| CMG | Payment rate tier 1 | Payment rate tier 2 | Payment rate tier 3 | Payment rate no comorbidity |
|---|---|---|---|---|
| 1201 | 13,496.86 | 11,693.90 | 10,923.06 | 9,562.06 |
| 1202 | 16,988.39 | 14,718.77 | 13,747.74 | 12,034.47 |
| 1203 | 21,846.12 | 18,927.84 | 17,678.64 | 15,476.61 |
| 1301 | 16,811.61 | 11,955.18 | 11,007.55 | 9,883.14 |
| 1302 | 22,527.27 | 16,019.97 | 14,749.97 | 13,243.38 |
| 1303 | 29,037.17 | 20,648.91 | 19,011.04 | 17,070.29 |
| 1401 | 11,007.55 | 9,529.57 | 8,502.65 | 7,662.91 |
| 1402 | 14,636.87 | 12,671.43 | 11,305.23 | 10,188.62 |
| 1403 | 18,232.40 | 15,783.39 | 14,081.82 | 12,692.22 |
| 1404 | 23,169.42 | 20,057.46 | 17,895.72 | 16,127.86 |
| 1501 | 11,671.80 | 11,236.34 | 9,914.34 | 9,459.37 |
| 1502 | 14,673.27 | 14,126.01 | 12,463.44 | 11,892.79 |
| 1503 | 18,049.11 | 17,375.76 | 15,332.32 | 14,629.07 |
| 1504 | 23,316.31 | 22,445.37 | 19,805.28 | 18,896.65 |
| 1601 | 12,371.15 | 10,895.76 | 10,148.32 | 8,944.61 |
| 1602 | 17,137.88 | 15,093.14 | 14,058.42 | 12,390.65 |
| 1603 | 21,540.64 | 18,969.44 | 17,669.54 | 15,574.10 |
| 1701 | 13,741.24 | 12,368.55 | 10,547.39 | 9,536.07 |
| 1702 | 18,588.57 | 16,729.71 | 14,267.70 | 12,900.21 |
| 1703 | 21,829.22 | 19,646.69 | 16,754.41 | 15,149.03 |
| 1704 | 28,349.52 | 25,515.74 | 21,760.33 | 19,673.99 |
| 1801 | 12,823.51 | 12,341.25 | 9,975.43 | 9,506.17 |
| 1802 | 21,427.55 | 20,621.61 | 16,668.62 | 15,886.08 |
| 1803 | 37,012.05 | 35,618.56 | 28,791.49 | 27,438.29 |
| 1901 | 15,461.01 | 11,500.22 | 11,500.22 | 11,500.22 |
| 1902 | 31,137.80 | 23,160.32 | 23,160.32 | 23,160.32 |
| 1903 | 49,892.76 | 37,110.85 | 37,110.85 | 37,110.85 |
| 2001 | 11,284.43 | 9,455.47 | 8,522.14 | 7,679.81 |
| 2002 | 15,009.95 | 12,577.83 | 11,336.43 | 10,215.91 |
| 2003 | 19,429.61 | 16,281.25 | 14,673.27 | 13,223.88 |
| 2004 | 25,818.61 | 21,635.54 | 19,498.50 | 17,572.05 |
| 2101 | 26,820.84 | 23,879.16 | 23,879.16 | 17,347.17 |
| 5001 | 0.00 | 0.00 | 0.00 | 1,953.75 |
| 5101 | 0.00 | 0.00 | 0.00 | 8,549.44 |
| 5102 | 0.00 | 0.00 | 0.00 | 21,279.36 |
| 5103 | 0.00 | 0.00 | 0.00 | 9,000.51 |
| 5104 | 0.00 | 0.00 | 0.00 | 25,094.57 |

*D. Example of the Methodology for Adjusting the Proposed Federal Prospective Payment Rates*

Table 7 illustrates the proposed methodology for adjusting the Federal prospective payments (as described in sections III.A through III.C of this proposed rule). The examples below are based on two hypothetical Medicare beneficiaries, both classified into CMG 0110 (without comorbidities). The unadjusted Federal prospective payment rate for CMG 0110 (without comorbidities) appears in Table 6 above.

One beneficiary is in Facility A, an IRF located in rural Spencer County, Indiana, and another beneficiary is in Facility B, an IRF located in urban Harrison County, Indiana. Facility A, a non-teaching hospital, has a disproportionate share hospital (DSH) percentage of 5 percent (which results in a low-income percentage (LIP) adjustment of 1.0309), a wage index of 0.8576, and an applicable rural adjustment of 21.3 percent. Facility B, a teaching hospital, has a DSH percentage of 15 percent (which results in a LIP adjustment of 1.0910), a wage index of 0.9065, and an applicable teaching status adjustment of 0.109.

To calculate each IRF's labor and non-labor portion of the Federal prospective payment, we begin by taking the unadjusted Federal prospective payment rate for CMG 0110 (without comorbidities) from Table 6 above. Then, we multiply the estimated labor-related share (75.691) described in section III.A by the unadjusted Federal prospective payment rate. To determine the non-labor portion of the Federal prospective payment rate, we subtract the labor portion of the Federal payment from the unadjusted Federal prospective payment.

To compute the wage-adjusted Federal prospective payment, we multiply the result of the labor portion of the Federal payment by the appropriate wage index found in the addendum in Tables 1 and 2, which would result in the wage-adjusted amount. Next, we compute the wage-adjusted Federal payment by adding the wage-adjusted amount to the non-labor portion.

Adjusting the Federal prospective payment by the facility-level adjustments involves several steps. First, we take the wage-adjusted Federal prospective payment and multiply it by the appropriate rural and LIP adjustments (if applicable). Second, to determine the appropriate amount of additional payment for the teaching status adjustment (if applicable), we multiply the teaching status adjustment (0.109, in this example) by the wage-adjusted and rural-adjusted amount (if applicable). Finally, we add the additional teaching status payments (if applicable) to the wage, rural, and LIP-adjusted Federal prospective payment rates. Table 7 illustrates the components of the proposed adjusted payment calculation.

TABLE 7.—EXAMPLE OF COMPUTING AN IRF-PROPOSED FY 2009 FEDERAL PROSPECTIVE PAYMENT

| Steps | | Rural Facility A (Spencer Co., IN) | Urban Facility B (Harrison Co., IN) |
|---|---|---|---|
| 1 | Unadjusted Federal Prospective Payment | $28,192.23 | $28,192.23 |
| 2 | Labor Share | × 0.75691 | × 0.75691 |
| 3 | Labor Portion of Federal Payment | = $21,338.98 | = $21,338.98 |
| 4 | CBSA Based Wage Index (shown in the Addendum, Tables 1 and 2) | × 0.8576 | × 0.9065 |
| 5 | Wage-Adjusted Amount | = $18,300.31 | = $19,343.79 |
| 6 | Non-labor Amount | + $6,853.25 | + $6,853.25 |
| 7 | Wage-Adjusted Federal Payment | = $25,153.56 | = $26,197.04 |
| 8 | Rural Adjustment | × 1.213 | × 1.000 |
| 9 | Wage- and Rural-Adjusted Federal Payment | = $30,511.27 | = $26,197.04 |
| 10 | LIP Adjustment | × 1.0309 | × 1.0910 |
| 11 | FY 2009 Wage-, Rural- and LIP-Adjusted Federal Prospective Payment Rate | = $31,454.07 | = $28,580.97 |
| 12 | FY 2009 Wage- and Rural-Adjusted Federal Prospective Payment | $30,511.27 | $26,197.04 |
| 13 | Teaching Status Adjustment | × 0.000 | × 0.109 |
| 14 | Teaching Status Adjustment Amount | = $0.00 | = $2,855.48 |
| 15 | FY 2009 Wage-, Rural-, and LIP-Adjusted Federal Prospective Payment Rate | + $31,454.07 | + $28,580.97 |
| 16 | Total FY 2009 Adjusted Federal Prospective Payment | = $31,454.07 | = $31,436.44 |

Thus, the proposed adjusted payment for Facility A would be $31,454.07 and the proposed adjusted payment for Facility B would be $31,436.44.

## IV. Proposed Update to Payments for High-Cost Outliers Under the IRF PPS

### *A. Proposed Update to the Outlier Threshold Amount for FY 2009*

Section 1886(j)(4) of the Act provides the Secretary with the authority to make payments in addition to the basic IRF prospective payments for cases incurring extraordinarily high costs. A case qualifies for an outlier payment if the estimated cost of the case exceeds the adjusted outlier threshold. We calculate the adjusted outlier threshold by adding the IRF PPS payment for the case (that is, the CMG payment adjusted by all of the relevant facility-level adjustments) and the adjusted threshold amount (also adjusted by all of the relevant facility-level adjustments). Then, we calculate the estimated cost of a case by multiplying the IRF's overall CCR by the Medicare allowable covered charge. If the estimated cost of the case is higher than the adjusted outlier threshold, we make an outlier payment for the case equal to 80 percent of the difference between the estimated cost of the case and the outlier threshold.

In the FY 2002 IRF PPS final rule (66 FR 41316, 41362 through 41363), we discussed our rationale for setting the outlier threshold amount for the IRF PPS so that estimated outlier payments would equal 3 percent of total estimated payments. Subsequently, we updated the IRF outlier threshold amount in the FYs 2006, 2007, and 2008 IRF PPS final rules (70 FR 47880, 70 FR 57166, 71 FR 48354, and 72 FR 44284) to maintain estimated outlier payments at 3 percent of total estimated payments, and we also stated that we would continue to analyze the estimated outlier payments for subsequent years and adjust the outlier threshold amount as appropriate to maintain the 3 percent target.

For this proposed rule, we performed an updated analysis of FY 2006 claims and IRF–PAI data using the same methodology that we used to set the initial outlier threshold amount when we first implemented the IRF PPS in the FY 2002 IRF PPS final rule (66 FR 41316), which is also the same methodology we used to update the outlier threshold amounts for FYs 2006, 2007, and 2008. (Note that the methodology that we use to calculate the appropriate outlier threshold amount for each FY requires us to simulate Medicare payments for that FY, which requires the use of IRF–PAI data. The CMGs and tiers in effect for FY 2009 would be slightly different than those that were in effect for FY 2006, due to revisions that were implemented in the FY 2007 IRF PPS final rule (71 FR 48354). Thus, we use the IRF–PAI data rather than the IRF claims data to classify the FY 2006 patients into the appropriate CMGs and tiers for FY 2009 to simulate payments and thereby calculate the appropriate outlier threshold amount.) We did not update the outlier threshold amounts for FYs 2003, 2004, and 2005 because data from the FYs immediately after we implemented the IRF PPS were not yet available to perform the analysis of the outlier threshold amount for these FYs.

For FY 2009, based on an analysis of updated FY 2006 claims and IRF–PAI data, we estimate that IRF outlier payments as a percentage of total estimated payments would be 3.7 percent without the proposed change to the outlier threshold amount. The reason for this change is discussed below.

In the FY 2008 IRF PPS final rule (72 FR 44284), we established an outlier threshold amount for FY 2008 that would maintain estimated IRF outlier payments equal to 3 percent of total estimated IRF payments. However, the estimate of the outlier threshold amount for a given FY is dependent upon the estimated total IRF PPS payments for that FY. If estimated total IRF PPS payments for a FY decrease, then the outlier threshold amount must increase to maintain estimated outlier payments at 3 percent of total estimated payments.

Further, we use the IRF market basket estimate to project IRF cost increases for each FY. If we project IRF cost increases for a given FY that are larger than the projected increase in IRF PPS payments in that FY, then the outlier threshold amount must increase for that FY to maintain estimated outlier payments at 3 percent of total estimated payments.

As discussed previously in this proposed rule, section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. 110–173), which amended section 1886(j)(3)(C) of the Social Security Act, required the Secretary to apply a zero percent increase factor for FYs 2008 and 2009, effective for discharges occurring on or after April 1, 2008. The effect of this change was to decrease projected IRF PPS payments after we implemented what would have been the appropriate outlier threshold amount for FY 2008 if the increase factor had not been adjusted mid-year. We estimate that total IRF PPS payments for FY 2008 decreased from approximately $6.5 billion to approximately $6.4 billion as a result of the changes codified in section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. 110–173). This reduction in estimated total payments for FY 2008, and lack of

increase to estimated total payments for FY 2009 that is an effect of the legislative adjustment to the increase factor for FY 2009 (described above), had the indirect effect of increasing our estimates of outlier payments as a percentage of total estimated payments for FYs 2008 and 2009. We estimate that IRF outlier payments as a percentage of total estimated payments for FY 2008 would exceed 3 percent, because of the change in estimated aggregate IRF PPS payments for FY 2008 that is described above.

In addition, we estimate that IRF costs would increase by 3.0 percent (the FY 2009 IRF market basket estimate) between FY 2008 and FY 2009. The combined effect of the estimated decrease in IRF PPS payments for FY 2008, the lack of increase to IRF PPS payments for FY 2009 that is an effect of the legislative adjustment to the increase factor for FY 2009 (described above), and the projected 3.0 percent increase in IRF costs for FY 2009 is to increase estimated IRF outlier payments to 3.7 percent of total estimated payments for FY 2009. This increase in estimated IRF outlier payments as a percentage of total estimated payments for FY 2009 results in a larger than anticipated increase in the outlier threshold amount for FY 2009 to maintain estimated outlier payments at 3 percent of total estimated payments.

Based on the updated analysis of FY 2006 claims and IRF–PAI data and the revised estimates of total IRF PPS payments for FYs 2008 and 2009 (as discussed above), we propose to update the outlier threshold amount to $9,191 to maintain estimated outlier payments at 3 percent of total estimated aggregate IRF payments for FY 2009.

The outlier threshold amount for FY 2009 is subject to change in the final rule based on analysis of updated data.

*B. Update to the IRF Cost-to-Charge Ratio Ceilings*

In accordance with the methodology stated in the FY 2004 IRF PPS final rule (68 FR 45692 through 45694), we apply a ceiling to IRFs' CCRs. Using the methodology described in that final rule, we propose to update the national urban and rural CCRs for IRFs. We apply the national urban and rural CCRs in the following situations:

- New IRFs that have not yet submitted their first Medicare cost report.
- IRFs whose overall CCR is in excess of the proposed national CCR ceiling for FY 2009, as discussed below.
- Other IRFs accurate data which to calculate an overall CCR are not available.

Specifically, for FY 2009, we estimate a proposed national average CCR of 0.616 for rural IRFs, which we calculate by taking an average of the CCRs for all rural IRFs for which we have sufficient cost report data. Similarly, we estimate a proposed national CCR of 0.486 for urban IRFs, which we calculate by taking an average of the CCRs for all urban IRFs for which we have sufficient cost report data. We weight both of these averages by the IRFs' estimated costs, meaning that the CCRs of IRFs with higher costs factor more heavily into the averages than the CCRs of IRFs with lower costs. For new IRFs, we use these national CCRs until the facility's actual CCR can be computed using the first settled cost report (either tentative or final, whichever is earlier).

In addition, we propose to set the national CCR ceiling at 1.58 for FY 2009. This means that, if an individual IRF's CCR exceeds this ceiling of 1.58 for FY 2009, we would replace the IRF's CCR with the appropriate national average CCR (either rural or urban, depending on the geographic location of the IRF). We estimate the national CCR ceiling by:

*Step 1.* Taking the national average CCR of all IRFs for which we have sufficient cost report data (both rural and urban IRFs combined);

*Step 2.* Estimating the standard deviation of the national average CCR computed in step 1;

Step 3. Multiplying the standard deviation of the national average CCR computed in step 2 by a factor of 3; and

*Step 4.* Adding the result from step 3 to the national average CCR of all IRFs for which we have sufficient cost report data, from step 1.

We note that the proposed national average rural and urban CCRs and our estimate of the national CCR ceiling in this section are subject to change in the final rule based on analysis of updated data.

## V. Revisions to the Regulation Text in Response to the Medicare, Medicaid, and SCHIP Extension Act of 2007

Section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. 110–173) amended section 5005 of the Deficit Reduction Act of 2005 (DRA, Pub. L. 109–171) to revise the following elements of the 75 percent rule that are used to classify IRFs:

- The compliance rate that IRFs must meet to be excluded from the IPPS and to be paid under the IRF PPS shall be no greater than the 60 percent compliance rate that became effective for cost reporting periods beginning on or after July 1, 2006.
- Patient comorbidities that satisfy the criteria specified in 42 CFR 412.23(b)(2)(i) shall be included in the calculations used to determine whether an IRF meets the 60 percent compliance percentage for cost reporting periods beginning on or after July 1, 2007.

Although section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. 110–173) grants the Secretary broad discretion to implement compliance criteria up to 60 percent, we are setting the compliance rate at 60 percent, the highest level possible within current statutory authority, for the reasons discussed below. In addition, we will monitor the impact of the new compliance criteria to ensure that IRFs predominantly treat patients who benefit most from this level of care.

We believe that a 60 percent compliance rate implements the provisions of the statute with minimal disruption to IRF operations. The 60 percent compliance rate has been in effect for cost reporting periods beginning on or after July 1, 2005, and the overwhelming majority of IRFs have already adjusted operations to meet or exceed the 60 percent compliance rate. Fewer than 20 IRFs out of approximately 1,250 IRFs nationwide have been declassified since the May 7, 2004 final rule (69 FR 25752) became effective. Thus, a conservative estimate is that over 98 percent of IRFs have been able to meet or exceed the 60 percent compliance rate.

Maintaining the 60 percent compliance rate also allows us to more effectively analyze changes in IRF operations and admissions patterns that would be needed to comply with the current statutory requirement to analyze IRF utilization and issue a report to Congress.

Finally, we believe that setting the compliance rate at 60 percent, the highest level possible within current statutory authority, will help to ensure that IRFs predominantly treat patients who benefit most from this level of care. Prior to the implementation of section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. 110–173), the Medicare regulations in 42 CFR § 412.23(b)(2) specified that a 75 percent compliance rate would become effective, and that comorbidities would no longer be used to determine whether an IRF met the 75 percent rule requirements, for cost reporting periods beginning on or after July 1, 2008.

We note that the FY 2009 President's budget proposes a repeal of the provisions in section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. 110–173) that require that the compliance rate be

set no higher than 60 percent for cost reporting periods beginning on or after July 1, 2006 and that patient comorbidities continue to be used in the calculations for determining whether an IRF meets the compliance percentage for cost reporting periods beginning on or after July 1, 2007.

For these reasons, we propose the following revisions to the regulation text in § 412.23(b). Specifically, we propose to remove the following phrases from the first sentence of § 412.23(b)(2)(i):

- ''and before July 1, 2007;'' and
- ''and for cost reporting periods beginning on or after July 1, 2007 and before July 1, 2008, the hospital has served an inpatient population of whom at least 65 percent,''

We also propose to remove § 412.23(b)(2)(ii) in its entirety, redesignate the existing § 412.23(b)(2)(iii) to § 412.23(b)(2)(ii), and revise all references to the previously numbered § 412.23(b)(2)(iii) accordingly.

As noted above, we will continue to monitor trends in IRF utilization and spending to ensure that IRFs are treating the types of patients who benefit most from the intensive rehabilitation therapies provided in IRFs. In this regard, we will also continue to work with the Medicare contractors to review the medical necessity of IRF claims. With the IRF compliance rate set below 75 percent, it is particularly important for the Medicare contractors to review the medical necessity of IRF stays, regardless of whether the primary reason for admission is 1 or more of the 13 conditions listed in § 412.23(b)(2)(iii) (which is being redesignated as § 412.23(b)(2)(ii) in this proposed rule). We also believe that it is important for us to work with stakeholders to review the IRF medical necessity criteria to ensure that they reflect the current practice of medicine, and that they are consistently interpreted and applied by the stakeholders.

## VI. Post Acute Care Payment Reform

Under current law, Medicare covers post-acute care (PAC) services in various care settings, including skilled nursing facilities (SNFs), home health agencies (HHAs), long-term care hospitals (LTCHs), and IRFs. Each of the PAC sites has a separate payment system that relies on different patient assessment instruments, although there is no mandated assessment instrument for LTCHs. The current model is based on provider-oriented ''silos'' with significant payment differentials existing between provider types that treat similar patients and provide similar services.

In the FY 2007 IRF PPS proposed rule (71 FR at 28134), we described our plans to explore refinements to the existing PAC payment methodologies to create a more seamless system for the delivery and payment of PAC services under Medicare. The new model will focus on beneficiary needs rather than provider type and will be characterized by more consistent payments for the same type of care across different sites of service, quality driven pay-for-performance incentives, and collection of uniform clinical assessment information to support quality and discharge planning functions.

We also noted in the FY 2007 IRF PPS proposed rule (71 FR at 28134) that section 5008 of the Deficit Reduction Act (DRA) of 2005 mandates a PAC payment reform demonstration for purposes of understanding costs and outcomes across different PAC sites. To meet this mandate, CMS implemented the PAC Payment Reform Demonstration (PAC–PRD) to examine differences in costs and outcomes for PAC patients of similar case mix who use different types of PAC providers and to develop a standardized patient assessment tool for use at acute care hospital discharge and at PAC admission and discharge. This tool, the Continuity Assessment Record and Evaluation (CARE) tool, will measure the health and functional status of Medicare acute discharges. During the demonstration, CARE will be completed upon a patient's discharge from the acute care hospital and upon admission and discharge from a PAC setting. The CARE instrument consists of a core set of assessment items that are common to all patients and care settings and are organized under several major domains: Medical, Functional, Cognitive, Social, and Continuity of Care, in addition to supplemental items for specific conditions and care settings.

Additional information on the PAC–PRD is available at: *http://www.cms.hhs.gov/DemoProjectsEvalRpts/MD/itemdetail.asp?filterType=dual,%20keyword&filterValue=post%20acute%20care&filterByDID=0&sortByDID=3&sortOrder=descending&itemID=CMS1201325&intNumPerPage=10.*

We are interested in receiving public comments on the CARE instrument, and specifically invite comments on how CARE might advance the use of Health Information Technology (HIT) in automating the process for collecting and submitting quality data. The CARE tool is available at *http://www.cms.hhs.gov/paperworkreductionactof1995/pral/list.asp.* Viewers should scroll down to the entry for CMS–10243, ''Data Collection for Administering the Medicare Continuity Assessment Record and Evaluation (CARE) Instrument.'' Viewers can then click on the link to CMS–10243, click on the link to ''Downloads,'' and open Appendix A (''CARE Tool Item Matrix,'' a .pdf file) and Appendix B (''CARE Tool Master Document,'' in Microsoft Word).

In addition, we wish to take this opportunity to discuss recent developments in the related area of value-based purchasing (VBP). VBP ties payment to performance through the use of incentives based on measures of quality and cost of care. The implementation of VBP is rapidly transforming CMS from being a passive payer of claims to an active purchaser of higher quality, more efficient health care for Medicare beneficiaries. Our VBP initiatives include hospital pay for reporting (the Reporting Hospital Quality Data for the Annual Payment Update Program), physician pay for reporting (the Physician Quality Reporting Initiative), home health pay for reporting, the Hospital VBP Plan Report to Congress, and various VBP demonstration programs across payment settings, including the Premier Hospital Quality Incentive Demonstration and the Physician Group Practice Demonstration.

The preventable hospital-acquired conditions (HAC) payment provision for IPPS hospitals is another of CMS' value-based purchasing initiatives. Section 1886(d)(4)(D) of the Act required the Secretary to select for the HAC IPPS payment provision conditions that: (a) Are high cost, high volume, or both; (b) are assigned to a higher-paying diagnosis-related group (DRG) when present as a secondary diagnosis; and (c) could reasonably have been prevented through the application of evidence-based guidelines. Beginning October 1, 2008, Medicare can no longer assign an inpatient hospital discharge to a higher-paying MS–DRG if a selected HAC condition was not present on admission. That is, the case will be paid as though the preventable condition that becomes a secondary diagnosis were not present. (Medicare will continue to assign a discharge to a higher-paying MS–DRG in those instances where the selected condition was, in fact, present on admission).

The broad principle articulated in the HAC payment provision for IPPS hospitals—of Medicare not paying for these types of preventable conditions—could potentially be applied to other Medicare payment systems for similar conditions that occur in settings other than IPPS hospitals. Other possible

settings of care might include hospital outpatient departments, SNFs, HHAs, end-stage renal disease facilities, and physician practices. The implementation would be different for each setting, as each payment system is different and the reasonable preventability through the application of evidence-based guidelines would vary for candidate conditions over the different settings. However, alignment of incentives across settings of care is an important goal for all of CMS' VBP initiatives, including the HAC provision.

A related application of the broad principle behind the HAC payment provision for IPPS hospitals could be considered through Medicare secondary payer policy by requiring the provider that failed to prevent the occurrence of a preventable condition in one setting to pay for all or part of the necessary follow-up care in a second setting. This would help shield the Medicare program from inappropriately paying for the downstream effects of a preventable condition acquired in the first setting but treated in the second setting.

We note that we are not proposing new Medicare policy in this discussion of the possible application of HACs payment policy for IPPS hospitals to other settings, as some of these approaches may require new statutory authority. Rather, we are seeking public comment on the application of the preventable HACs payment provision for IPPS hospitals to other Medicare payment systems and settings. We look forward to working with stakeholders in the fight against these preventable conditions.

## VII. Provisions of the Proposed Rule

We are proposing to make revisions to the regulation text in response to section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. 110–173). Specifically, we are proposing to revise 42 CFR part 412. We discuss these proposed revisions and others in detail below.

### *A. Section 412.23 Excluded Hospitals: Classifications*

As discussed in section V of this proposed rule, we propose to revise the regulation text in paragraph (b)(2)(i) and remove paragraph (b)(2)(ii) in response to section 115 of the Medicare, Medicaid, and SCHIP Extension Act of 2007. To summarize, for cost reporting periods—

(1) Beginning on or after July 1, 2005, the hospital has served an inpatient population of whom at least 60 percent require intensive rehabilitation services for treatment of one or more of the conditions specified at paragraph (b)(2)(ii) of this section.

(2) A comorbidity that meets the criteria as specified in § 412.23(b)(2)(i) (as amended by removing former (b)(2)(ii) and redesignating former (b)(2)(iii) as the new (b)(2)(ii)) may continue to be used to determine the compliance threshold.

### *B. Additional Proposed Changes*

- Update the FY 2009 IRF PPS relative weights and average length of stay values using the most current and complete Medicare claims and cost report data, as discussed in section II.
- Update the FY 2009 IRF PPS payment rates by the proposed wage index and labor related share in a budget neutral manner, as discussed in section III.A and B.
- Update the outlier threshold amount for FY 2009, as discussed in section IV.A.
- Update the cost-to-charge ratio ceiling and the national average urban and rural cost-to-charge ratios for purposes of determining outlier payments under the IRF PPS, as discussed in section IV.B.

## VIII. Collection of Information Requirements

This document does not impose information collection and recordkeeping requirements. Consequently, it need not be reviewed by the Office of Management and Budget under the authority of the Paperwork Reduction Act of 1995.

## IX. Response to Public Comments

Because of the large number of public comments we normally receive on **Federal Register** documents, we are not able to acknowledge or respond to them individually. We will consider all comments we receive by the date and time specified in the DATES section of this preamble and, when we proceed with a subsequent document, we will respond to the comments in the preamble to that document.

## X. Regulatory Impact Statement

We have examined the impact of this proposed 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)).

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 one year). This proposed rule does not reach the $100 million economic threshold and thus is not considered a major rule. We estimate that the total impact of the proposed changes in this proposed rule would be a decrease of approximately $20 million (this reflects a $20 million decrease due to the proposed update to the outlier threshold amount to decrease estimated outlier payments from approximately 3.3 percent in FY 2008 to 3 percent in FY 2009).

The RFA requires agencies to analyze options for regulatory relief of small entities. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and small governmental jurisdictions. Most IRFs and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of $6.5 million to $31.5 million in any one year. (For details, see the Small Business Administration's final rule that set forth size standards for health care industries, at 65 FR 69432, November 17, 2000.) Because we lack data on individual hospital receipts, we cannot determine the number of small proprietary IRFs or the proportion of IRFs' revenue that is derived from Medicare payments. Therefore, we assume that all IRFs (an approximate total of 1,200 IRFs, of which approximately 60 percent are nonprofit facilities) are considered small entities and that Medicare payment constitutes the majority of their revenues. The Department of Health and Human Services generally uses a revenue impact of 3 to 5 percent as a significance threshold under the RFA. Medicare fiscal intermediaries and carriers are not considered to be small entities. Individuals and States are not included in the definition of a small entity. We are not preparing an analysis for the RFA because we have determined, and the Secretary certifies, that this proposed rule would not have 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 603 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 of a Metropolitan Statistical Area and has fewer than 100 beds. We are not preparing an analysis for section 1102(b) of the Act because we have determined, and the Secretary certifies, that this proposed rule would not have a significant impact on the operations of a substantial number of small rural hospitals.

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA) also requires that agencies assess anticipated costs and benefits before issuing any rule whose mandates require spending in any one year of $100 million in 1995 dollars, updated annually for inflation. That threshold level is currently approximately $130 million. This proposed rule would not mandate any requirements for State, local, or tribal governments, nor would it affect private sector costs.

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. As stated above, this proposed rule would not have a substantial effect on State and local governments.

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

**List of Subjects in 42 CFR Part 412**

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

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

## PART 412—PROSPECTIVE PAYMENT SYSTEMS FOR INPATIENT HOSPITAL SERVICES

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

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

## Subpart B—Hospital Services Subject to and Excluded From the Prospective Payment Systems for Inpatient Operating Costs and Inpatient Capital—Related Costs

2. Section 412.23 is amended by—

A. Revising paragraph (b)(2)(i).

B. Removing paragraph (b)(2)(ii).

C. Redesignating paragraph (b)(2)(iii) as (b)(2)(ii).

The revision reads as follows:

### § 412.23 Excluded hospitals: Classifications.

* * * * *

(b) * * *

(2) * * *

(i) For cost reporting periods beginning on or after July 1, 2004 and before July 1, 2005, the hospital has served an inpatient population of whom at least 50 percent, and for cost reporting periods beginning on or after July 1, 2005, the hospital has served an inpatient population of whom at least 60 percent required intensive rehabilitation services for treatment of one or more of the conditions specified at paragraph (b)(2)(ii) of this section. A patient with a comorbidity, as defined at § 412.602, may be included in the inpatient population that counts toward the required applicable percentage if—

(A) The patient is admitted for inpatient rehabilitation for a condition that is not one of the conditions specified in paragraph (b)(2)(ii) of this section;

(B) The patient has a comorbidity that falls in one of the conditions specified in paragraph (b)(2)(ii) of this section; and

* * * * *

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

Dated: March 20, 2008.

**Kerry Weems,**

*Acting Administrator, Centers for Medicare & Medicaid Services.*

Approved: April 10, 2008.

**Michael O. Leavitt,**

*Secretary.*

**BILLING CODE 4120–01–P**

**The following addendum will not appear in the Code of Federal Regulations.**

**ADDENDUM**

This addendum contains the tables referred to throughout the preamble of this proposed rule. The tables presented below are as follows:

Table 1.-- Proposed Inpatient Rehabilitation Facility Wage Index for Urban Areas for Discharges Occurring from October 1, 2008 through September 30, 2009

Table 2.-- Proposed Inpatient Rehabilitation Facility Wage Index for Rural Areas for Discharges Occurring from October 1, 2008 through September 30, 2009

**Table 1. – PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009**

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 10180 | Abilene, TX<br>Callahan County, TX<br>Jones County, TX<br>Taylor County, TX | 0.7957 |
| 10380 | Aguadilla-Isabela-San Sebastián, PR<br>Aguada Municipio, PR<br>Aguadilla Municipio, PR<br>Añasco Municipio, PR<br>Isabela Municipio, PR<br>Lares Municipio, PR<br>Moca Municipio, PR<br>Rincón Municipio, PR<br>San Sebastián Municipio, PR | 0.3448 |
| 10420 | Akron, OH<br>Portage County, OH<br>Summit County, OH | 0.8794 |
| 10500 | Albany, GA<br>Baker County, GA<br>Dougherty County, GA<br>Lee County, GA<br>Terrell County, GA<br>Worth County, GA | 0.8514 |
| 10580 | Albany-Schenectady-Troy, NY<br>Albany County, NY<br>Rensselaer County, NY<br>Saratoga County, NY<br>Schenectady County, NY<br>Schoharie County, NY | 0.8588 |
| 10740 | Albuquerque, NM<br>Bernalillo County, NM<br>Sandoval County, NM<br>Torrance County, NM<br>Valencia County, NM | 0.9554 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 10780 | Alexandria, LA<br>Grant Parish, LA<br>Rapides Parish, LA | 0.7979 |
| 10900 | Allentown-Bethlehem-Easton, PA-NJ<br>Warren County, NJ<br>Carbon County, PA<br>Lehigh County, PA<br>Northampton County, PA | 0.9865 |
| 11020 | Altoona, PA<br>Blair County, PA | 0.8618 |
| 11100 | Amarillo, TX<br>Armstrong County, TX<br>Carson County, TX<br>Potter County, TX<br>Randall County, TX | 0.9116 |
| 11180 | Ames, IA<br>Story County, IA | 1.0046 |
| 11260 | Anchorage, AK<br>Anchorage Municipality, AK<br>Matanuska-Susitna Borough, AK | 1.1913 |
| 11300 | Anderson, IN<br>Madison County, IN | 0.8827 |
| 11340 | Anderson, SC<br>Anderson County, SC | 0.9086 |
| 11460 | Ann Arbor, MI<br>Washtenaw County, MI | 1.0539 |
| 11500 | Anniston-Oxford, AL<br>Calhoun County, AL | 0.7926 |
| 11540 | Appleton, WI<br>Calumet County, WI<br>Outagamie County, WI | 0.9598 |
| 11700 | Asheville, NC<br>Buncombe County, NC<br>Haywood County, NC<br>Henderson County, NC<br>Madison County, NC | 0.9185 |
| 12020 | Athens-Clarke County, GA<br>Clarke County, GA<br>Madison County, GA<br>Oconee County, GA<br>Oglethorpe County, GA | 1.0517 |
| 12060 | Atlanta-Sandy Springs-Marietta, GA<br>Barrow County, GA<br>Bartow County, GA<br>Butts County, GA<br>Carroll County, GA<br>Cherokee County, GA<br>Clayton County, GA<br>Cobb County, GA<br>Coweta County, GA<br>Dawson County, GA<br>DeKalb County, GA<br>Douglas County, GA<br>Fayette County, GA<br>Forsyth County, GA<br>Fulton County, GA<br>Gwinnett County, GA<br>Haralson County, GA<br>Heard County, GA<br>Henry County, GA<br>Jasper County, GA<br>Lamar County, GA<br>Meriwether County, GA<br>Newton County, GA<br>Paulding County, GA<br>Pickens County, GA<br>Pike County, GA<br>Rockdale County, GA<br>Spalding County, GA<br>Walton County, GA | 0.9828 |
| 12100 | Atlantic City, NJ<br>Atlantic County, NJ | 1.2198 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 12220 | Auburn-Opelika, AL<br>Lee County, AL | 0.8090 |
| 12260 | Augusta-Richmond County, GA-SC<br>Burke County, GA<br>Columbia County, GA<br>McDuffie County, GA<br>Richmond County, GA<br>Aiken County, SC<br>Edgefield County, SC | 0.9645 |
| 12420 | Austin-Round Rock, TX<br>Bastrop County, TX<br>Caldwell County, TX<br>Hays County, TX<br>Travis County, TX<br>Williamson County, TX | 0.9544 |
| 12540 | Bakersfield, CA<br>Kern County, CA | 1.1051 |
| 12580 | Baltimore-Towson, MD<br>Anne Arundel County, MD<br>Baltimore County, MD<br>Carroll County, MD<br>Harford County, MD<br>Howard County, MD<br>Queen Anne's County, MD<br>Baltimore City, MD | 1.0134 |
| 12620 | Bangor, ME<br>Penobscot County, ME | 0.9978 |
| 12700 | Barnstable Town, MA<br>Barnstable County, MA | 1.2603 |
| 12940 | Baton Rouge, LA<br>Ascension Parish, LA<br>East Baton Rouge Parish, LA<br>East Feliciana Parish, LA<br>Iberville Parish, LA<br>Livingston Parish, LA<br>Pointe Coupee Parish, LA<br>St. Helena Parish, LA<br>West Baton Rouge Parish, LA<br>West Feliciana Parish, LA | 0.8034 |
| 12980 | Battle Creek, MI<br>Calhoun County, MI | 1.0179 |
| 13020 | Bay City, MI<br>Bay County, MI | 0.8897 |
| 13140 | Beaumont-Port Arthur, TX<br>Hardin County, TX<br>Jefferson County, TX<br>Orange County, TX | 0.8531 |
| 13380 | Bellingham, WA<br>Whatcom County, WA | 1.1474 |
| 13460 | Bend, OR<br>Deschutes County, OR | 1.0942 |
| 13644 | Bethesda-Gaithersburg-Frederick, MD<br>Frederick County, MD<br>Montgomery County, MD | 1.0511 |
| 13740 | Billings, MT<br>Carbon County, MT<br>Yellowstone County, MT | 0.8666 |
| 13780 | Binghamton, NY<br>Broome County, NY<br>Tioga County, NY | 0.8949 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 13820 | Birmingham-Hoover, AL<br>Bibb County, AL<br>Blount County, AL<br>Chilton County, AL<br>Jefferson County, AL<br>St. Clair County, AL<br>Shelby County, AL<br>Walker County, AL | 0.8898 |
| 13900 | Bismarck, ND<br>Burleigh County, ND<br>Morton County, ND | 0.7225 |
| 13980 | Blacksburg-Christiansburg-Radford, VA<br>Giles County, VA<br>Montgomery County, VA<br>Pulaski County, VA<br>Radford City, VA | 0.8192 |
| 14020 | Bloomington, IN<br>Greene County, IN<br>Monroe County, IN<br>Owen County, IN | 0.8915 |
| 14060 | Bloomington-Normal, IL<br>McLean County, IL | 0.9325 |
| 14260 | Boise City-Nampa, ID<br>Ada County, ID<br>Boise County, ID<br>Canyon County, ID<br>Gem County, ID<br>Owyhee County, ID | 0.9465 |
| 14484 | Boston-Quincy, MA<br>Norfolk County, MA<br>Plymouth County, MA<br>Suffolk County, MA | 1.1792 |
| 14500 | Boulder, CO<br>Boulder County, CO | 1.0426 |
| 14540 | Bowling Green, KY<br>Edmonson County, KY<br>Warren County, KY | 0.8159 |
| 14740 | Bremerton-Silverdale, WA<br>Kitsap County, WA | 1.0904 |
| 14860 | Bridgeport-Stamford-Norwalk, CT<br>Fairfield County, CT | 1.2735 |
| 15180 | Brownsville-Harlingen, TX<br>Cameron County, TX | 0.8914 |
| 15260 | Brunswick, GA<br>Brantley County, GA<br>Glynn County, GA<br>McIntosh County, GA | 0.9475 |
| 15380 | Buffalo-Niagara Falls, NY<br>Erie County, NY<br>Niagara County, NY | 0.9568 |
| 15500 | Burlington, NC<br>Alamance County, NC | 0.8747 |
| 15540 | Burlington-South Burlington, VT<br>Chittenden County, VT<br>Franklin County, VT<br>Grand Isle County, VT | 0.9660 |
| 15764 | Cambridge-Newton-Framingham, MA<br>Middlesex County, MA | 1.1215 |
| 15804 | Camden, NJ<br>Burlington County, NJ<br>Camden County, NJ<br>Gloucester County, NJ | 1.0411 |
| 15940 | Canton-Massillon, OH<br>Carroll County, OH<br>Stark County, OH | 0.8935 |
| 15980 | Cape Coral-Fort Myers, FL<br>Lee County, FL | 0.9396 |
| 16180 | Carson City, NV<br>Carson City, NV | 1.0003 |
| 16220 | Casper, WY<br>Natrona County, WY | 0.9385 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 16300 | Cedar Rapids, IA<br>Benton County, IA<br>Jones County, IA<br>Linn County, IA | 0.8852 |
| 16580 | Champaign-Urbana, IL<br>Champaign County, IL<br>Ford County, IL<br>Piatt County, IL | 0.9392 |
| 16620 | Charleston, WV<br>Boone County, WV<br>Clay County, WV<br>Kanawha County, WV<br>Lincoln County, WV<br>Putnam County, WV | 0.8289 |
| 16700 | Charleston-North Charleston, SC<br>Berkeley County, SC<br>Charleston County, SC<br>Dorchester County, SC | 0.9124 |
| 16740 | Charlotte-Gastonia-Concord, NC-SC<br>Anson County, NC<br>Cabarrus County, NC<br>Gaston County, NC<br>Mecklenburg County, NC<br>Union County, NC<br>York County, SC | 0.9520 |
| 16820 | Charlottesville, VA<br>Albemarle County, VA<br>Fluvanna County, VA<br>Greene County, VA<br>Nelson County, VA<br>Charlottesville City, VA | 0.9277 |
| 16860 | Chattanooga, TN-GA<br>Catoosa County, GA<br>Dade County, GA<br>Walker County, GA<br>Hamilton County, TN<br>Marion County, TN<br>Sequatchie County, TN | 0.8994 |
| 16940 | Cheyenne, WY<br>Laramie County, WY | 0.9308 |
| 16974 | Chicago-Naperville-Joliet, IL<br>Cook County, IL<br>DeKalb County, IL<br>DuPage County, IL<br>Grundy County, IL<br>Kane County, IL<br>Kendall County, IL<br>McHenry County, IL<br>Will County, IL | 1.0715 |
| 17020 | Chico, CA<br>Butte County, CA | 1.1290 |
| 17140 | Cincinnati-Middletown, OH-KY-IN<br>Dearborn County, IN<br>Franklin County, IN<br>Ohio County, IN<br>Boone County, KY<br>Bracken County, KY<br>Campbell County, KY<br>Gallatin County, KY<br>Grant County, KY<br>Kenton County, KY<br>Pendleton County, KY<br>Brown County, OH<br>Butler County, OH<br>Clermont County, OH<br>Hamilton County, OH<br>Warren County, OH | 0.9784 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 17300 | Clarksville, TN-KY<br>Christian County, KY<br>Trigg County, KY<br>Montgomery County, TN<br>Stewart County, TN | 0.8251 |
| 17420 | Cleveland, TN<br>Bradley County, TN<br>Polk County, TN | 0.8052 |
| 17460 | Cleveland-Elyria-Mentor, OH<br>Cuyahoga County, OH<br>Geauga County, OH<br>Lake County, OH<br>Lorain County, OH<br>Medina County, OH | 0.9339 |
| 17660 | Coeur d'Alene, ID<br>Kootenai County, ID | 0.9532 |
| 17780 | College Station-Bryan, TX<br>Brazos County, TX<br>Burleson County, TX<br>Robertson County, TX | 0.9358 |
| 17820 | Colorado Springs, CO<br>El Paso County, CO<br>Teller County, CO | 0.9719 |
| 17860 | Columbia, MO<br>Boone County, MO<br>Howard County, MO | 0.8658 |
| 17900 | Columbia, SC<br>Calhoun County, SC<br>Fairfield County, SC<br>Kershaw County, SC<br>Lexington County, SC<br>Richland County, SC<br>Saluda County, SC | 0.8800 |
| 17980 | Columbus, GA-AL<br>Russell County, AL<br>Chattahoochee County, GA<br>Harris County, GA<br>Marion County, GA<br>Muscogee County, GA | 0.8729 |
| 18020 | Columbus, IN<br>Bartholomew County, IN | 0.9537 |
| 18140 | Columbus, OH<br>Delaware County, OH<br>Fairfield County, OH<br>Franklin County, OH<br>Licking County, OH<br>Madison County, OH<br>Morrow County, OH<br>Pickaway County, OH<br>Union County, OH | 1.0085 |
| 18580 | Corpus Christi, TX<br>Aransas County, TX<br>Nueces County, TX<br>San Patricio County, TX | 0.8588 |
| 18700 | Corvallis, OR<br>Benton County, OR | 1.0959 |
| 19060 | Cumberland, MD-WV<br>Allegany County, MD<br>Mineral County, WV | 0.8294 |
| 19124 | Dallas-Plano-Irving, TX<br>Collin County, TX<br>Dallas County, TX<br>Delta County, TX<br>Denton County, TX<br>Ellis County, TX<br>Hunt County, TX<br>Kaufman County, TX<br>Rockwall County, TX | 0.9915 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 19140 | Dalton, GA<br>Murray County, GA<br>Whitfield County, GA | 0.8760 |
| 19180 | Danville, IL<br>Vermilion County, IL | 0.8957 |
| 19260 | Danville, VA<br>Pittsylvania County, VA<br>Danville City, VA | 0.8240 |
| 19340 | Davenport-Moline-Rock Island, IA-IL<br>Henry County, IL<br>Mercer County, IL<br>Rock Island County, IL<br>Scott County, IA | 0.8830 |
| 19380 | Dayton, OH<br>Greene County, OH<br>Miami County, OH<br>Montgomery County, OH<br>Preble County, OH | 0.9190 |
| 19460 | Decatur, AL<br>Lawrence County, AL<br>Morgan County, AL | 0.7885 |
| 19500 | Decatur, IL<br>Macon County, IL | 0.8074 |
| 19660 | Deltona-Daytona Beach-Ormond Beach, FL<br>Volusia County, FL | 0.9031 |
| 19740 | Denver-Aurora, CO<br>Adams County, CO<br>Arapahoe County, CO<br>Broomfield County, CO<br>Clear Creek County, CO<br>Denver County, CO<br>Douglas County, CO<br>Elbert County, CO<br>Gilpin County, CO<br>Jefferson County, CO<br>Park County, CO | 1.0718 |
| 19780 | Des Moines-West Des Moines, IA<br>Dallas County, IA<br>Guthrie County, IA<br>Madison County, IA<br>Polk County, IA<br>Warren County, IA | 0.9226 |
| 19804 | Detroit-Livonia-Dearborn, MI<br>Wayne County, MI | 0.9999 |
| 20020 | Dothan, AL<br>Geneva County, AL<br>Henry County, AL<br>Houston County, AL | 0.7270 |
| 20100 | Dover, DE<br>Kent County, DE | 1.0099 |
| 20220 | Dubuque, IA<br>Dubuque County, IA | 0.9058 |
| 20260 | Duluth, MN-WI<br>Carlton County, MN<br>St. Louis County, MN<br>Douglas County, WI | 0.9975 |
| 20500 | Durham, NC<br>Chatham County, NC<br>Durham County, NC<br>Orange County, NC<br>Person County, NC | 0.9816 |
| 20740 | Eau Claire, WI<br>Chippewa County, WI<br>Eau Claire County, WI | 0.9475 |
| 20764 | Edison, NJ<br>Middlesex County, NJ<br>Monmouth County, NJ<br>Ocean County, NJ<br>Somerset County, NJ | 1.1181 |
| 20940 | El Centro, CA<br>Imperial County, CA | 0.8914 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 21060 | Elizabethtown, KY<br>Hardin County, KY<br>Larue County, KY | 0.8711 |
| 21140 | Elkhart-Goshen, IN<br>Elkhart County, IN | 0.9611 |
| 21300 | Elmira, NY<br>Chemung County, NY | 0.8264 |
| 21340 | El Paso, TX<br>El Paso County, TX | 0.8989 |
| 21500 | Erie, PA<br>Erie County, PA | 0.8495 |
| 21660 | Eugene-Springfield, OR<br>Lane County, OR | 1.0932 |
| 21780 | Evansville, IN-KY<br>Gibson County, IN<br>Posey County, IN<br>Vanderburgh County, IN<br>Warrick County, IN<br>Henderson County, KY<br>Webster County, KY | 0.8662 |
| 21820 | Fairbanks, AK<br>Fairbanks North Star Borough, AK | 1.1050 |
| 21940 | Fajardo, PR<br>Ceiba Municipio, PR<br>Fajardo Municipio, PR<br>Luquillo Municipio, PR | 0.4375 |
| 22020 | Fargo, ND-MN<br>Cass County, ND<br>Clay County, MN | 0.8042 |
| 22140 | Farmington, NM<br>San Juan County, NM | 0.9587 |
| 22180 | Fayetteville, NC<br>Cumberland County, NC<br>Hoke County, NC | 0.9368 |
| 22220 | Fayetteville-Springdale-Rogers, AR-MO<br>Benton County, AR<br>Madison County, AR<br>Washington County, AR<br>McDonald County, MO | 0.8742 |
| 22380 | Flagstaff, AZ<br>Coconino County, AZ | 1.1687 |
| 22420 | Flint, MI<br>Genesee County, MI | 1.1220 |
| 22500 | Florence, SC<br>Darlington County, SC<br>Florence County, SC | 0.8249 |
| 22520 | Florence-Muscle Shoals, AL<br>Colbert County, AL<br>Lauderdale County, AL | 0.7680 |
| 22540 | Fond du Lac, WI<br>Fond du Lac County, WI | 0.9667 |
| 22660 | Fort Collins-Loveland, CO<br>Larimer County, CO | 0.9897 |
| 22744 | Fort Lauderdale-Pompano Beach-Deerfield Beach, FL<br>Broward County, FL | 1.0229 |
| 22900 | Fort Smith, AR-OK<br>Crawford County, AR<br>Franklin County, AR<br>Sebastian County, AR<br>Le Flore County, OK<br>Sequoyah County, OK | 0.7933 |
| 23020 | Fort Walton Beach-Crestview-Destin, FL<br>Okaloosa County, FL | 0.8743 |
| 23060 | Fort Wayne, IN<br>Allen County, IN<br>Wells County, IN<br>Whitley County, IN | 0.9284 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 23104 | Fort Worth-Arlington, TX<br>Johnson County, TX<br>Parker County, TX<br>Tarrant County, TX<br>Wise County, TX | 0.9693 |
| 23420 | Fresno, CA<br>Fresno County, CA | 1.0993 |
| 23460 | Gadsden, AL<br>Etowah County, AL | 0.8159 |
| 23540 | Gainesville, FL<br>Alachua County, FL<br>Gilchrist County, FL | 0.9196 |
| 23580 | Gainesville, GA<br>Hall County, GA | 0.9216 |
| 23844 | Gary, IN<br>Jasper County, IN<br>Lake County, IN<br>Newton County, IN<br>Porter County, IN | 0.9224 |
| 24020 | Glens Falls, NY<br>Warren County, NY<br>Washington County, NY | 0.8256 |
| 24140 | Goldsboro, NC<br>Wayne County, NC | 0.9288 |
| 24220 | Grand Forks, ND-MN<br>Polk County, MN<br>Grand Forks County, ND | 0.7881 |
| 24300 | Grand Junction, CO<br>Mesa County, CO | 0.9864 |
| 24340 | Grand Rapids-Wyoming, MI<br>Barry County, MI<br>Ionia County, MI<br>Kent County, MI<br>Newaygo County, MI | 0.9315 |
| 24500 | Great Falls, MT<br>Cascade County, MT | 0.8675 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 24540 | Greeley, CO<br>Weld County, CO | 0.9658 |
| 24580 | Green Bay, WI<br>Brown County, WI<br>Kewaunee County, WI<br>Oconto County, WI | 0.9727 |
| 24660 | Greensboro-High Point, NC<br>Guilford County, NC<br>Randolph County, NC<br>Rockingham County, NC | 0.9010 |
| 24780 | Greenville, NC<br>Greene County, NC<br>Pitt County, NC | 0.9402 |
| 24860 | Greenville-Mauldin-Easley, SC<br>Greenville County, SC<br>Laurens County, SC<br>Pickens County, SC | 0.9860 |
| 25020 | Guayama, PR<br>Arroyo Municipio, PR<br>Guayama Municipio, PR<br>Patillas Municipio, PR | 0.3064 |
| 25060 | Gulfport-Biloxi, MS<br>Hancock County, MS<br>Harrison County, MS<br>Stone County, MS | 0.8773 |
| 25180 | Hagerstown-Martinsburg, MD-WV<br>Washington County, MD<br>Berkeley County, WV<br>Morgan County, WV | 0.9013 |
| 25260 | Hanford-Corcoran, CA<br>Kings County, CA | 1.0499 |
| 25420 | Harrisburg-Carlisle, PA<br>Cumberland County, PA<br>Dauphin County, PA<br>Perry County, PA | 0.9280 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 25500 | Harrisonburg, VA<br>Rockingham County, VA<br>Harrisonburg City, VA | 0.8867 |
| 25540 | Hartford-West Hartford-East Hartford, CT<br>Hartford County, CT<br>Middlesex County, CT<br>Tolland County, CT | 1.0959 |
| 25620 | Hattiesburg, MS<br>Forrest County, MS<br>Lamar County, MS<br>Perry County, MS | 0.7366 |
| 25860 | Hickory-Lenoir-Morganton, NC<br>Alexander County, NC<br>Burke County, NC<br>Caldwell County, NC<br>Catawba County, NC | 0.9028 |
| 25980 | Hinesville-Fort Stewart, GA[1]<br>Liberty County, GA<br>Long County, GA | 0.9251 |
| 26100 | Holland-Grand Haven, MI<br>Ottawa County, MI | 0.9006 |
| 26180 | Honolulu, HI<br>Honolulu County, HI | 1.1556 |
| 26300 | Hot Springs, AR<br>Garland County, AR | 0.9109 |
| 26380 | Houma-Bayou Cane-Thibodaux, LA<br>Lafourche Parish, LA<br>Terrebonne Parish, LA | 0.7892 |
| 26420 | Houston-Sugar Land-Baytown, TX<br>Austin County, TX<br>Brazoria County, TX<br>Chambers County, TX<br>Fort Bend County, TX<br>Galveston County, TX<br>Harris County, TX<br>Liberty County, TX<br>Montgomery County, TX<br>San Jacinto County, TX<br>Waller County, TX | 0.9939 |
| 26580 | Huntington-Ashland, WV-KY-OH<br>Boyd County, KY<br>Greenup County, KY<br>Lawrence County, OH<br>Cabell County, WV<br>Wayne County, WV | 0.9041 |
| 26620 | Huntsville, AL<br>Limestone County, AL<br>Madison County, AL | 0.9146 |
| 26820 | Idaho Falls, ID<br>Bonneville County, ID<br>Jefferson County, ID | 0.9264 |
| 26900 | Indianapolis-Carmel, IN<br>Boone County, IN<br>Brown County, IN<br>Hamilton County, IN<br>Hancock County, IN<br>Hendricks County, IN<br>Johnson County, IN<br>Marion County, IN<br>Morgan County, IN<br>Putnam County, IN<br>Shelby County, IN | 0.9844 |
| 26980 | Iowa City, IA<br>Johnson County, IA<br>Washington County, IA | 0.9568 |
| 27060 | Ithaca, NY<br>Tompkins County, NY | 0.9630 |
| 27100 | Jackson, MI<br>Jackson County, MI | 0.9329 |
| 27140 | Jackson, MS<br>Copiah County, MS<br>Hinds County, MS<br>Madison County, MS<br>Rankin County, MS<br>Simpson County, MS | 0.8011 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 27180 | Jackson, TN<br>Chester County, TN<br>Madison County, TN | 0.8676 |
| 27260 | Jacksonville, FL<br>Baker County, FL<br>Clay County, FL<br>Duval County, FL<br>Nassau County, FL<br>St. Johns County, FL | 0.9021 |
| 27340 | Jacksonville, NC<br>Onslow County, NC | 0.8079 |
| 27500 | Janesville, WI<br>Rock County, WI | 0.9702 |
| 27620 | Jefferson City, MO<br>Callaway County, MO<br>Cole County, MO<br>Moniteau County, MO<br>Osage County, MO | 0.8478 |
| 27740 | Johnson City, TN<br>Carter County, TN<br>Unicoi County, TN<br>Washington County, TN | 0.7677 |
| 27780 | Johnstown, PA<br>Cambria County, PA | 0.7543 |
| 27860 | Jonesboro, AR<br>Craighead County, AR<br>Poinsett County, AR | 0.7790 |
| 27900 | Joplin, MO<br>Jasper County, MO<br>Newton County, MO | 0.8951 |
| 28020 | Kalamazoo-Portage, MI<br>Kalamazoo County, MI<br>Van Buren County, MI | 1.0433 |
| 28100 | Kankakee-Bradley, IL<br>Kankakee County, IL | 1.0238 |
| 28140 | Kansas City, MO-KS<br>Franklin County, KS<br>Johnson County, KS<br>Leavenworth County, KS<br>Linn County, KS<br>Miami County, KS<br>Wyandotte County, KS<br>Bates County, MO<br>Caldwell County, MO<br>Cass County, MO<br>Clay County, MO<br>Clinton County, MO<br>Jackson County, MO<br>Lafayette County, MO<br>Platte County, MO<br>Ray County, MO | 0.9504 |
| 28420 | Kennewick-Richland-Pasco, WA<br>Benton County, WA<br>Franklin County, WA | 1.0075 |
| 28660 | Killeen-Temple-Fort Hood, TX<br>Bell County, TX<br>Coryell County, TX<br>Lampasas County, TX | 0.8249 |
| 28700 | Kingsport-Bristol-Bristol, TN-VA<br>Hawkins County, TN<br>Sullivan County, TN<br>Bristol City, VA<br>Scott County, VA<br>Washington County, VA | 0.7658 |
| 28740 | Kingston, NY<br>Ulster County, NY | 0.9556 |
| 28940 | Knoxville, TN<br>Anderson County, TN<br>Blount County, TN<br>Knox County, TN<br>Loudon County, TN<br>Union County, TN | 0.8036 |

| SA de | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| )20 | Kokomo, IN<br>Howard County, IN<br>Tipton County, IN | 0.9591 |
| 100 | La Crosse, WI-MN<br>Houston County, MN<br>La Crosse County, WI | 0.9685 |
| 140 | Lafayette, IN<br>Benton County, IN<br>Carroll County, IN<br>Tippecanoe County, IN | 0.8869 |
| 180 | Lafayette, LA<br>Lafayette Parish, LA<br>St. Martin Parish, LA | 0.8247 |
| 340 | Lake Charles, LA<br>Calcasieu Parish, LA<br>Cameron Parish, LA | 0.7777 |
| 404 | Lake County-Kenosha County, IL-WI<br>Lake County, IL<br>Kenosha County, WI | 1.0603 |
| 420 | Lake Havasu City-Kingman, AZ<br>Mohave County, AZ | 0.9333 |
| 460 | Lakeland, FL<br>Polk County, FL | 0.8661 |
| 540 | Lancaster, PA<br>Lancaster County, PA | 0.9252 |
| 520 | Lansing-East Lansing, MI<br>Clinton County, MI<br>Eaton County, MI<br>Ingham County, MI | 1.0119 |
| 700 | Laredo, TX<br>Webb County, TX | 0.8093 |
| 740 | Las Cruces, NM<br>Dona Ana County, NM | 0.8676 |
| 320 | Las Vegas-Paradise, NV<br>Clark County, NV | 1.1799 |
| 940 | Lawrence, KS<br>Douglas County, KS | 0.8227 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 30020 | Lawton, OK<br>Comanche County, OK | 0.8025 |
| 30140 | Lebanon, PA<br>Lebanon County, PA | 0.8192 |
| 30300 | Lewiston, ID-WA<br>Nez Perce County, ID<br>Asotin County, WA | 0.9454 |
| 30340 | Lewiston-Auburn, ME<br>Androscoggin County, ME | 0.9193 |
| 30460 | Lexington-Fayette, KY<br>Bourbon County, KY<br>Clark County, KY<br>Fayette County, KY<br>Jessamine County, KY<br>Scott County, KY<br>Woodford County, KY | 0.9191 |
| 30620 | Lima, OH<br>Allen County, OH | 0.9424 |
| 30700 | Lincoln, NE<br>Lancaster County, NE<br>Seward County, NE | 1.0051 |
| 30780 | Little Rock-North Little Rock-Conway, AR<br>Faulkner County, AR<br>Grant County, AR<br>Lonoke County, AR<br>Perry County, AR<br>Pulaski County, AR<br>Saline County, AR | 0.8863 |
| 30860 | Logan, UT-ID<br>Franklin County, ID<br>Cache County, UT | 0.9183 |
| 30980 | Longview, TX<br>Gregg County, TX<br>Rusk County, TX<br>Upshur County, TX | 0.8717 |
| 31020 | Longview, WA<br>Cowlitz County, WA | 1.0827 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 31084 | Los Angeles-Long Beach-Santa Ana, CA<br>Los Angeles County, CA | 1.1771 |
| 31140 | Louisville-Jefferson County, KY-IN<br>Clark County, IN<br>Floyd County, IN<br>Harrison County, IN<br>Washington County, IN<br>Bullitt County, KY<br>Henry County, KY<br>Meade County, KY<br>Nelson County, KY<br>Oldham County, KY<br>Shelby County, KY<br>Spencer County, KY<br>Trimble County, KY | 0.9065 |
| 31180 | Lubbock, TX<br>Crosby County, TX<br>Lubbock County, TX | 0.8680 |
| 31340 | Lynchburg, VA<br>Amherst County, VA<br>Appomattox County, VA<br>Bedford County, VA<br>Campbell County, VA<br>Bedford City, VA<br>Lynchburg City, VA | 0.8732 |
| 31420 | Macon, GA<br>Bibb County, GA<br>Crawford County, GA<br>Jones County, GA<br>Monroe County, GA<br>Twiggs County, GA | 0.9541 |
| 31460 | Madera, CA<br>Madera County, CA | 0.8069 |
| 31540 | Madison, WI<br>Columbia County, WI<br>Dane County, WI<br>Iowa County, WI | 1.0935 |
| 31700 | Manchester-Nashua, NH<br>Hillsborough County, NH | 1.0273 |
| 31900 | Mansfield, OH[1]<br>Richland County, OH | 0.9271 |
| 32420 | Mayagüez, PR<br>Hormigueros Municipio, PR<br>Mayagüez Municipio, PR | 0.3711 |
| 32580 | McAllen-Edinburg-Mission, TX<br>Hidalgo County, TX | 0.9123 |
| 32780 | Medford, OR<br>Jackson County, OR | 1.0318 |
| 32820 | Memphis, TN-MS-AR<br>Crittenden County, AR<br>DeSoto County, MS<br>Marshall County, MS<br>Tate County, MS<br>Tunica County, MS<br>Fayette County, TN<br>Shelby County, TN<br>Tipton County, TN | 0.9250 |
| 32900 | Merced, CA<br>Merced County, CA | 1.2120 |
| 33124 | Miami-Miami Beach-Kendall, FL<br>Miami-Dade County, FL | 1.0002 |
| 33140 | Michigan City-La Porte, IN<br>LaPorte County, IN | 0.8914 |
| 33260 | Midland, TX<br>Midland County, TX | 1.0017 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 33340 | Milwaukee-Waukesha-West Allis, WI<br>Milwaukee County, WI<br>Ozaukee County, WI<br>Washington County, WI<br>Waukesha County, WI | 1.0214 |
| 33460 | Minneapolis-St. Paul-Bloomington, MN-WI<br>Anoka County, MN<br>Carver County, MN<br>Chisago County, MN<br>Dakota County, MN<br>Hennepin County, MN<br>Isanti County, MN<br>Ramsey County, MN<br>Scott County, MN<br>Sherburne County, MN<br>Washington County, MN<br>Wright County, MN<br>Pierce County, WI<br>St. Croix County, WI | 1.1093 |
| 33540 | Missoula, MT<br>Missoula County, MT | 0.8953 |
| 33660 | Mobile, AL<br>Mobile County, AL | 0.8033 |
| 33700 | Modesto, CA<br>Stanislaus County, CA | 1.1962 |
| 33740 | Monroe, LA<br>Ouachita Parish, LA<br>Union Parish, LA | 0.7832 |
| 33780 | Monroe, MI<br>Monroe County, MI | 0.9414 |
| 33860 | Montgomery, AL<br>Autauga County, AL<br>Elmore County, AL<br>Lowndes County, AL<br>Montgomery County, AL | 0.8088 |
| 34060 | Morgantown, WV<br>Monongalia County, WV<br>Preston County, WV | 0.8321 |
| 34100 | Morristown, TN<br>Grainger County, TN<br>Hamblen County, TN<br>Jefferson County, TN | 0.7388 |
| 34580 | Mount Vernon-Anacortes, WA<br>Skagit County, WA | 1.0529 |
| 34620 | Muncie, IN<br>Delaware County, IN | 0.8214 |
| 34740 | Muskegon-Norton Shores, MI<br>Muskegon County, MI | 0.9836 |
| 34820 | Myrtle Beach-Conway-North Myrtle Beach, SC<br>Horry County, SC | 0.8634 |
| 34900 | Napa, CA<br>Napa County, CA | 1.4476 |
| 34940 | Naples-Marco Island, FL<br>Collier County, FL | 0.9487 |
| 34980 | Nashville-Davidson–Murfreesboro--Franklin, TN<br>Cannon County, TN<br>Cheatham County, TN<br>Davidson County, TN<br>Dickson County, TN<br>Hickman County, TN<br>Macon County, TN<br>Robertson County, TN<br>Rutherford County, TN<br>Smith County, TN<br>Sumner County, TN<br>Trousdale County, TN<br>Williamson County, TN<br>Wilson County, TN | 0.9689 |
| 35004 | Nassau-Suffolk, NY<br>Nassau County, NY<br>Suffolk County, NY | 1.2640 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 35084 | Newark-Union, NJ-PA<br>Essex County, NJ<br>Hunterdon County, NJ<br>Morris County, NJ<br>Sussex County, NJ<br>Union County, NJ<br>Pike County, PA | 1.1862 |
| 35300 | New Haven-Milford, CT<br>New Haven County, CT | 1.1871 |
| 35380 | New Orleans-Metairie-Kenner, LA<br>Jefferson Parish, LA<br>Orleans Parish, LA<br>Plaquemines Parish, LA<br>St. Bernard Parish, LA<br>St. Charles Parish, LA<br>St. John the Baptist Parish, LA<br>St. Tammany Parish, LA | 0.8897 |
| 35644 | New York-White Plains-Wayne, NY-NJ<br>Bergen County, NJ<br>Hudson County, NJ<br>Passaic County, NJ<br>Bronx County, NY<br>Kings County, NY<br>New York County, NY<br>Putnam County, NY<br>Queens County, NY<br>Richmond County, NY<br>Rockland County, NY<br>Westchester County, NY | 1.3115 |
| 35660 | Niles-Benton Harbor, MI<br>Berrien County, MI | 0.9141 |
| 35980 | Norwich-New London, CT<br>New London County, CT | 1.1432 |
| 36084 | Oakland-Fremont-Hayward, CA<br>Alameda County, CA<br>Contra Costa County, CA | 1.5685 |
| 36100 | Ocala, FL<br>Marion County, FL | 0.8627 |
| 36140 | Ocean City, NJ<br>Cape May County, NJ | 1.0988 |
| 36220 | Odessa, TX<br>Ector County, TX | 1.0042 |
| 36260 | Ogden-Clearfield, UT<br>Davis County, UT<br>Morgan County, UT<br>Weber County, UT | 0.9000 |
| 36420 | Oklahoma City, OK<br>Canadian County, OK<br>Cleveland County, OK<br>Grady County, OK<br>Lincoln County, OK<br>Logan County, OK<br>McClain County, OK<br>Oklahoma County, OK | 0.8815 |
| 36500 | Olympia, WA<br>Thurston County, WA | 1.1512 |
| 36540 | Omaha-Council Bluffs, NE-IA<br>Harrison County, IA<br>Mills County, IA<br>Pottawattamie County, IA<br>Cass County, NE<br>Douglas County, NE<br>Sarpy County, NE<br>Saunders County, NE<br>Washington County, NE | 0.9561 |
| 36740 | Orlando-Kissimmee, FL<br>Lake County, FL<br>Orange County, FL<br>Osceola County, FL<br>Seminole County, FL | 0.9226 |
| 36780 | Oshkosh-Neenah, WI<br>Winnebago County, WI | 0.9551 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 36980 | Owensboro, KY<br>Daviess County, KY<br>Hancock County, KY<br>McLean County, KY | 0.8652 |
| 37100 | Oxnard-Thousand Oaks-Ventura, CA<br>Ventura County, CA | 1.1852 |
| 37340 | Palm Bay-Melbourne-Titusville, FL<br>Brevard County, FL | 0.9325 |
| 37380 | Palm Coast, FL<br>Flagler County, FL | 0.8945 |
| 37460 | Panama City-Lynn Haven, FL<br>Bay County, FL | 0.8313 |
| 37620 | Parkersburg-Marietta-Vienna, WV-OH<br>Washington County, OH<br>Pleasants County, WV<br>Wirt County, WV<br>Wood County, WV | 0.8105 |
| 37700 | Pascagoula, MS<br>George County, MS<br>Jackson County, MS | 0.8647 |
| 37764 | Peabody, MA<br>Essex County, MA | 1.0650 |
| 37860 | Pensacola-Ferry Pass-Brent, FL<br>Escambia County, FL<br>Santa Rosa County, FL | 0.8281 |
| 37900 | Peoria, IL<br>Marshall County, IL<br>Peoria County, IL<br>Stark County, IL<br>Tazewell County, IL<br>Woodford County, IL | 0.9299 |
| 37964 | Philadelphia, PA<br>Bucks County, PA<br>Chester County, PA<br>Delaware County, PA<br>Montgomery County, PA<br>Philadelphia County, PA | 1.0925 |
| 38060 | Phoenix-Mesa-Scottsdale, AZ<br>Maricopa County, AZ<br>Pinal County, AZ | 1.0264 |
| 38220 | Pine Bluff, AR<br>Cleveland County, AR<br>Jefferson County, AR<br>Lincoln County, AR | 0.7839 |
| 38300 | Pittsburgh, PA<br>Allegheny County, PA<br>Armstrong County, PA<br>Beaver County, PA<br>Butler County, PA<br>Fayette County, PA<br>Washington County, PA<br>Westmoreland County, PA | 0.8525 |
| 38340 | Pittsfield, MA<br>Berkshire County, MA | 1.0091 |
| 38540 | Pocatello, ID<br>Bannock County, ID<br>Power County, ID | 0.9465 |
| 38660 | Ponce, PR<br>Juana Díaz Municipio, PR<br>Ponce Municipio, PR<br>Villalba Municipio, PR | 0.4450 |
| 38860 | Portland-South Portland-Biddeford, ME<br>Cumberland County, ME<br>Sagadahoc County, ME<br>York County, ME | 1.0042 |
| 38900 | Portland-Vancouver-Beaverton, OR-WA<br>Clackamas County, OR<br>Columbia County, OR<br>Multnomah County, OR<br>Washington County, OR<br>Yamhill County, OR<br>Clark County, WA<br>Skamania County, WA | 1.1498 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 38940 | Port St. Lucie, FL<br>Martin County, FL<br>St. Lucie County, FL | 1.0016 |
| 39100 | Poughkeepsie-Newburgh-Middletown, NY<br>Dutchess County, NY<br>Orange County, NY | 1.0982 |
| 39140 | Prescott, AZ<br>Yavapai County, AZ | 1.0020 |
| 39300 | Providence-New Bedford-Fall River, RI-MA<br>Bristol County, MA<br>Bristol County, RI<br>Kent County, RI<br>Newport County, RI<br>Providence County, RI<br>Washington County, RI | 1.0574 |
| 39340 | Provo-Orem, UT<br>Juab County, UT<br>Utah County, UT | 0.9557 |
| 39380 | Pueblo, CO<br>Pueblo County, CO | 0.8851 |
| 39460 | Punta Gorda, FL<br>Charlotte County, FL | 0.9254 |
| 39540 | Racine, WI<br>Racine County, WI | 0.9498 |
| 39580 | Raleigh-Cary, NC<br>Franklin County, NC<br>Johnston County, NC<br>Wake County, NC | 0.9839 |
| 39660 | Rapid City, SD<br>Meade County, SD<br>Pennington County, SD | 0.8811 |
| 39740 | Reading, PA<br>Berks County, PA | 0.9356 |
| 39820 | Redding, CA<br>Shasta County, CA | 1.3541 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 39900 | Reno-Sparks, NV<br>Storey County, NV<br>Washoe County, NV | 1.0715 |
| 40060 | Richmond, VA<br>Amelia County, VA<br>Caroline County, VA<br>Charles City County, VA<br>Chesterfield County, VA<br>Cumberland County, VA<br>Dinwiddie County, VA<br>Goochland County, VA<br>Hanover County, VA<br>Henrico County, VA<br>King and Queen County, VA<br>King William County, VA<br>Louisa County, VA<br>New Kent County, VA<br>Powhatan County, VA<br>Prince George County, VA<br>Sussex County, VA<br>Colonial Heights City, VA<br>Hopewell City, VA<br>Petersburg City, VA<br>Richmond City, VA | 0.9425 |
| 40140 | Riverside-San Bernardino-Ontario, CA<br>Riverside County, CA<br>San Bernardino County, CA | 1.1100 |
| 40220 | Roanoke, VA<br>Botetourt County, VA<br>Craig County, VA<br>Franklin County, VA<br>Roanoke County, VA<br>Roanoke City, VA<br>Salem City, VA | 0.8691 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 40340 | Rochester, MN<br>Dodge County, MN<br>Olmsted County, MN<br>Wabasha County, MN | 1.0755 |
| 40380 | Rochester, NY<br>Livingston County, NY<br>Monroe County, NY<br>Ontario County, NY<br>Orleans County, NY<br>Wayne County, NY | 0.8858 |
| 40420 | Rockford, IL<br>Boone County, IL<br>Winnebago County, IL | 0.9814 |
| 40484 | Rockingham County, NH<br>Rockingham County, NH<br>Strafford County, NH | 1.0111 |
| 40580 | Rocky Mount, NC<br>Edgecombe County, NC<br>Nash County, NC | 0.9001 |
| 40660 | Rome, GA<br>Floyd County, GA | 0.9042 |
| 40900 | Sacramento--Arden-Arcade--Roseville, CA<br>El Dorado County, CA<br>Placer County, CA<br>Sacramento County, CA<br>Yolo County, CA | 1.3505 |
| 40980 | Saginaw-Saginaw Township North, MI<br>Saginaw County, MI | 0.8812 |
| 41060 | St. Cloud, MN<br>Benton County, MN<br>Stearns County, MN | 1.0549 |
| 41100 | St. George, UT<br>Washington County, UT | 0.9358 |
| 41140 | St. Joseph, MO-KS<br>Doniphan County, KS<br>Andrew County, MO<br>Buchanan County, MO<br>DeKalb County, MO | 0.8762 |
| 41180 | St. Louis, MO-IL<br>Bond County, IL<br>Calhoun County, IL<br>Clinton County, IL<br>Jersey County, IL<br>Macoupin County, IL<br>Madison County, IL<br>Monroe County, IL<br>St. Clair County, IL<br>Crawford County, MO<br>Franklin County, MO<br>Jefferson County, MO<br>Lincoln County, MO<br>St. Charles County, MO<br>St. Louis County, MO<br>Warren County, MO<br>Washington County, MO<br>St. Louis City, MO | 0.9024 |
| 41420 | Salem, OR<br>Marion County, OR<br>Polk County, OR | 1.0572 |
| 41500 | Salinas, CA<br>Monterey County, CA | 1.4775 |
| 41540 | Salisbury, MD<br>Somerset County, MD<br>Wicomico County, MD | 0.8994 |
| 41620 | Salt Lake City, UT<br>Salt Lake County, UT<br>Summit County, UT<br>Tooele County, UT | 0.9399 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 41660 | San Angelo, TX<br>Irion County, TX<br>Tom Green County, TX | 0.8579 |
| 41700 | San Antonio, TX<br>Atascosa County, TX<br>Bandera County, TX<br>Bexar County, TX<br>Comal County, TX<br>Guadalupe County, TX<br>Kendall County, TX<br>Medina County, TX<br>Wilson County, TX | 0.8834 |
| 41740 | San Diego-Carlsbad-San Marcos, CA<br>San Diego County, CA | 1.1492 |
| 41780 | Sandusky, OH<br>Erie County, OH | 0.8822 |
| 41884 | San Francisco-San Mateo-Redwood City, CA<br>Marin County, CA<br>San Francisco County, CA<br>San Mateo County, CA | 1.5195 |
| 41900 | San Germán-Cabo Rojo, PR<br>Cabo Rojo Municipio, PR<br>Lajas Municipio, PR<br>Sabana Grande Municipio, PR<br>San Germán Municipio, PR | 0.4729 |
| 41940 | San Jose-Sunnyvale-Santa Clara, CA<br>San Benito County, CA<br>Santa Clara County, CA | 1.5735 |
| 41980 | San Juan-Caguas-Guaynabo, PR<br>Aguas Buenas Municipio, PR<br>Aibonito Municipio, PR<br>Arecibo Municipio, PR<br>Barceloneta Municipio, PR<br>Barranquitas Municipio, PR<br>Bayamón Municipio, PR<br>Caguas Municipio, PR<br>Camuy Municipio, PR<br>Canóvanas Municipio, PR<br>Carolina Municipio, PR<br>Cataño Municipio, PR<br>Cayey Municipio, PR<br>Ciales Municipio, PR<br>Cidra Municipio, PR<br>Comerío Municipio, PR<br>Corozal Municipio, PR<br>Dorado Municipio, PR<br>Florida Municipio, PR<br>Guaynabo Municipio, PR<br>Gurabo Municipio, PR<br>Hatillo Municipio, PR<br>Humacao Municipio, PR<br>Juncos Municipio, PR<br>Las Piedras Municipio, PR<br>Loíza Municipio, PR<br>Manatí Municipio, PR<br>Maunabo Municipio, PR<br>Morovis Municipio, PR<br>Naguabo Municipio, PR<br>Naranjito Municipio, PR<br>Orocovis Municipio, PR<br>Quebradillas Municipio, PR<br>Río Grande Municipio, PR<br>San Juan Municipio, PR<br>San Lorenzo Municipio, PR<br>Toa Alta Municipio, PR<br>Toa Baja Municipio, PR<br>Trujillo Alto Municipio, PR<br>Vega Alta Municipio, PR<br>Vega Baja Municipio, PR<br>Yabucoa Municipio, PR | 0.4528 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 42020 | San Luis Obispo-Paso Robles, CA<br>San Luis Obispo County, CA | 1.2488 |
| 42044 | Santa Ana-Anaheim-Irvine, CA<br>Orange County, CA | 1.1766 |
| 42060 | Santa Barbara-Santa Maria-Goleta, CA<br>Santa Barbara County, CA | 1.1714 |
| 42100 | Santa Cruz-Watsonville, CA<br>Santa Cruz County, CA | 1.6122 |
| 42140 | Santa Fe, NM<br>Santa Fe County, NM | 1.0734 |
| 42220 | Santa Rosa-Petaluma, CA<br>Sonoma County, CA | 1.4696 |
| 42260 | Sarasota-Bradenton-Venice, FL<br>Manatee County, FL<br>Sarasota County, FL | 0.9933 |
| 42340 | Savannah, GA<br>Bryan County, GA<br>Chatham County, GA<br>Effingham County, GA | 0.9131 |
| 42540 | Scranton--Wilkes-Barre, PA<br>Lackawanna County, PA<br>Luzerne County, PA<br>Wyoming County, PA | 0.8457 |
| 42644 | Seattle-Bellevue-Everett, WA<br>King County, WA<br>Snohomish County, WA | 1.1572 |
| 42680 | Sebastian-Vero Beach, FL<br>Indian River County, FL | 0.9412 |
| 43100 | Sheboygan, WI<br>Sheboygan County, WI | 0.8975 |
| 43300 | Sherman-Denison, TX<br>Grayson County, TX | 0.8320 |
| 43340 | Shreveport-Bossier City, LA<br>Bossier Parish, LA<br>Caddo Parish, LA<br>De Soto Parish, LA | 0.8476 |
| 43580 | Sioux City, IA-NE-SD<br>Woodbury County, IA<br>Dakota County, NE<br>Dixon County, NE<br>Union County, SD | 0.9251 |
| 43620 | Sioux Falls, SD<br>Lincoln County, SD<br>McCook County, SD<br>Minnehaha County, SD<br>Turner County, SD | 0.9563 |
| 43780 | South Bend-Mishawaka, IN-MI<br>St. Joseph County, IN<br>Cass County, MI | 0.9617 |
| 43900 | Spartanburg, SC<br>Spartanburg County, SC | 0.9422 |
| 44060 | Spokane, WA<br>Spokane County, WA | 1.0455 |
| 44100 | Springfield, IL<br>Menard County, IL<br>Sangamon County, IL | 0.8944 |
| 44140 | Springfield, MA<br>Franklin County, MA<br>Hampden County, MA<br>Hampshire County, MA | 1.0366 |
| 44180 | Springfield, MO<br>Christian County, MO<br>Dallas County, MO<br>Greene County, MO<br>Polk County, MO<br>Webster County, MO | 0.8695 |
| 44220 | Springfield, OH<br>Clark County, OH | 0.8694 |
| 44300 | State College, PA<br>Centre County, PA | 0.8768 |
| 44700 | Stockton, CA<br>San Joaquin County, CA | 1.1855 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 44940 | Sumter, SC<br>Sumter County, SC | 0.8599 |
| 45060 | Syracuse, NY<br>Madison County, NY<br>Onondaga County, NY<br>Oswego County, NY | 0.9910 |
| 45104 | Tacoma, WA<br>Pierce County, WA | 1.1055 |
| 45220 | Tallahassee, FL<br>Gadsden County, FL<br>Jefferson County, FL<br>Leon County, FL<br>Wakulla County, FL | 0.9025 |
| 45300 | Tampa-St. Petersburg-Clearwater, FL<br>Hernando County, FL<br>Hillsborough County, FL<br>Pasco County, FL<br>Pinellas County, FL | 0.9020 |
| 45460 | Terre Haute, IN<br>Clay County, IN<br>Sullivan County, IN<br>Vermillion County, IN<br>Vigo County, IN | 0.8805 |
| 45500 | Texarkana, TX-Texarkana, AR<br>Miller County, AR<br>Bowie County, TX | 0.7770 |
| 45780 | Toledo, OH<br>Fulton County, OH<br>Lucas County, OH<br>Ottawa County, OH<br>Wood County, OH | 0.9431 |
| 45820 | Topeka, KS<br>Jackson County, KS<br>Jefferson County, KS<br>Osage County, KS<br>Shawnee County, KS<br>Wabaunsee County, KS | 0.8538 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 45940 | Trenton-Ewing, NJ<br>Mercer County, NJ | 1.0699 |
| 46060 | Tucson, AZ<br>Pima County, AZ | 0.9245 |
| 46140 | Tulsa, OK<br>Creek County, OK<br>Okmulgee County, OK<br>Osage County, OK<br>Pawnee County, OK<br>Rogers County, OK<br>Tulsa County, OK<br>Wagoner County, OK | 0.8340 |
| 46220 | Tuscaloosa, AL<br>Greene County, AL<br>Hale County, AL<br>Tuscaloosa County, AL | 0.8303 |
| 46340 | Tyler, TX<br>Smith County, TX | 0.9114 |
| 46540 | Utica-Rome, NY<br>Herkimer County, NY<br>Oneida County, NY | 0.8486 |
| 46660 | Valdosta, GA<br>Brooks County, GA<br>Echols County, GA<br>Lanier County, GA<br>Lowndes County, GA | 0.8098 |
| 46700 | Vallejo-Fairfield, CA<br>Solano County, CA | 1.4666 |
| 47020 | Victoria, TX<br>Calhoun County, TX<br>Goliad County, TX<br>Victoria County, TX | 0.8302 |
| 47220 | Vineland-Millville-Bridgeton, NJ<br>Cumberland County, NJ | 1.0133 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 47260 | Virginia Beach-Norfolk-Newport News, VA-NC<br>Currituck County, NC<br>Gloucester County, VA<br>Isle of Wight County, VA<br>James City County, VA<br>Mathews County, VA<br>Surry County, VA<br>York County, VA<br>Chesapeake City, VA<br>Hampton City, VA<br>Newport News City, VA<br>Norfolk City, VA<br>Poquoson City, VA<br>Portsmouth City, VA<br>Suffolk City, VA<br>Virginia Beach City, VA<br>Williamsburg City, VA | 0.8818 |
| 47300 | Visalia-Porterville, CA<br>Tulare County, CA | 1.0091 |
| 47380 | Waco, TX<br>McLennan County, TX | 0.8518 |
| 47580 | Warner Robins, GA<br>Houston County, GA | 0.9128 |
| 47644 | Warren-Troy-Farmington Hills, MI<br>Lapeer County, MI<br>Livingston County, MI<br>Macomb County, MI<br>Oakland County, MI<br>St. Clair County, MI | 1.0001 |
| 47894 | Washington-Arlington-Alexandria, DC-VA-MD-WV<br>District of Columbia, DC<br>Calvert County, MD<br>Charles County, MD<br>Prince George's County, MD<br>Arlington County, VA<br>Clarke County, VA<br>Fairfax County, VA<br>Fauquier County, VA<br>Loudoun County, VA<br>Prince William County, VA<br>Spotsylvania County, VA<br>Stafford County, VA<br>Warren County, VA<br>Alexandria City, VA<br>Fairfax City, VA<br>Falls Church City, VA<br>Fredericksburg City, VA<br>Manassas City, VA<br>Manassas Park City, VA<br>Jefferson County, WV | 1.0855 |
| 47940 | Waterloo-Cedar Falls, IA<br>Black Hawk County, IA<br>Bremer County, IA<br>Grundy County, IA | 0.8519 |
| 48140 | Wausau, WI<br>Marathon County, WI | 0.9679 |
| 48260 | Weirton-Steubenville, WV-OH<br>Jefferson County, OH<br>Brooke County, WV<br>Hancock County, WV | 0.7924 |
| 48300 | Wenatchee, WA<br>Chelan County, WA<br>Douglas County, WA | 1.1469 |
| 48424 | West Palm Beach-Boca Raton-Boynton Beach, FL<br>Palm Beach County, FL | 0.9728 |

| CBSA Code | Urban Area (Constituent Counties) | Wage Index |
|---|---|---|
| 48540 | Wheeling, WV-OH<br>Belmont County, OH<br>Marshall County, WV<br>Ohio County, WV | 0.6961 |
| 48620 | Wichita, KS<br>Butler County, KS<br>Harvey County, KS<br>Sedgwick County, KS<br>Sumner County, KS | 0.9062 |
| 48660 | Wichita Falls, TX<br>Archer County, TX<br>Clay County, TX<br>Wichita County, TX | 0.7920 |
| 48700 | Williamsport, PA<br>Lycoming County, PA | 0.8043 |
| 48864 | Wilmington, DE-MD-NJ<br>New Castle County, DE<br>Cecil County, MD<br>Salem County, NJ | 1.0824 |
| 48900 | Wilmington, NC<br>Brunswick County, NC<br>New Hanover County, NC<br>Pender County, NC | 0.9410 |
| 49020 | Winchester, VA-WV<br>Frederick County, VA<br>Winchester City, VA<br>Hampshire County, WV | 0.9913 |
| 49180 | Winston-Salem, NC<br>Davie County, NC<br>Forsyth County, NC<br>Stokes County, NC<br>Yadkin County, NC | 0.9118 |
| 49340 | Worcester, MA<br>Worcester County, MA | 1.1287 |
| 49420 | Yakima, WA<br>Yakima County, WA | 1.0267 |
| 49500 | Yauco, PR<br>Guánica Municipio, PR<br>Guayanilla Municipio, PR<br>Peñuelas Municipio, PR<br>Yauco Municipio, PR | 0.3284 |
| 49620 | York-Hanover, PA<br>York County, PA | 0.9359 |
| 49660 | Youngstown-Warren-Boardman, OH-PA<br>Mahoning County, OH<br>Trumbull County, OH<br>Mercer County, PA | 0.9002 |
| 49700 | Yuba City, CA<br>Sutter County, CA<br>Yuba County, CA | 1.0756 |
| 49740 | Yuma, AZ<br>Yuma County, AZ | 0.9488 |

[1] At this time, there are no hospitals located in this urban area on which to base a wage index.

**Table 2.— PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR RURAL AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009**

| CBSA Code | Nonurban Area | Wage Index |
|---|---|---|
| 1 | Alabama | 0.7533 |
| 2 | Alaska | 1.2109 |
| 3 | Arizona | 0.8479 |
| 4 | Arkansas | 0.7371 |
| 5 | California | 1.2023 |
| 6 | Colorado | 0.9704 |
| 7 | Connecticut | 1.1119 |
| 8 | Delaware | 0.9727 |
| 10 | Florida | 0.8465 |
| 11 | Georgia | 0.7659 |

| CBSA Code | Nonurban Area | Wage Index |
|---|---|---|
| 12 | Hawaii | 1.0612 |
| 13 | Idaho | 0.7920 |
| 14 | Illinois | 0.8335 |
| 15 | Indiana | 0.8576 |
| 16 | Iowa | 0.8566 |
| 17 | Kansas | 0.7981 |
| 18 | Kentucky | 0.7793 |
| 19 | Louisiana | 0.7373 |
| 20 | Maine | 0.8476 |
| 21 | Maryland | 0.9034 |
| 22 | Massachusetts[1] | 1.1644 |
| 23 | Michigan | 0.8953 |
| 24 | Minnesota | 0.9079 |
| 25 | Mississippi | 0.7700 |
| 26 | Missouri | 0.7930 |
| 27 | Montana | 0.8379 |
| 28 | Nebraska | 0.8849 |
| 29 | Nevada | 0.9272 |
| 30 | New Hampshire | 1.0470 |
| 31 | New Jersey[1] | ------ |
| 32 | New Mexico | 0.8940 |
| 33 | New York | 0.8268 |
| 34 | North Carolina | 0.8603 |
| 35 | North Dakota | 0.7182 |
| 36 | Ohio | 0.8714 |
| 37 | Oklahoma | 0.7492 |
| 38 | Oregon | 0.9906 |
| 39 | Pennsylvania | 0.8385 |
| 40 | Puerto Rico[1] | 0.4047 |
| 41 | Rhode Island[1] | ------ |
| 42 | South Carolina | 0.8656 |
| 43 | South Dakota | 0.8549 |
| 44 | Tennessee | 0.7723 |
| 45 | Texas | 0.7968 |
| 46 | Utah | 0.8116 |
| 47 | Vermont | 0.9919 |
| 48 | Virgin Islands | 0.6830 |
| 49 | Virginia | 0.7896 |
| 50 | Washington | 1.0259 |
| 51 | West Virginia | 0.7454 |
| 52 | Wisconsin | 0.9667 |
| 53 | Wyoming | 0.9287 |
| 65 | Guam | 0.9611 |

[1] All counties within the State are classified as urban, with the exception of Massachusetts and Puerto Rico. Massachusetts and Puerto Rico have areas designated as rural; however, no short-term, acute care hospitals are located in the area(s) for FY 2009. The rural Massachusetts wage index is calculated as the average of all contiguous CBSAs The Puerto Rico wage index is the same as FY 2008.

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