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Medicare Program; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities for FY 2011; Notice

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS–1338–NC]

RIN 0938–AP87

Medicare Program; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities for FY 2011

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

ACTION: Notice with comment period.

SUMMARY: This notice with comment period sets forth an update to the payment rates used under the prospective payment system for skilled nursing facilities for fiscal year 2011, and implements section 10325 of the Patient Protection and Affordable Care Act.

DATES: *Effective Date:* The rate updates in this notice with comment period are effective on October 1, 2010.

Comment Date: To be assured consideration, comments must be received at one of the addresses provided below, no later than 5 p.m. on September 20, 2010.

ADDRESSES: In commenting, please refer to file code CMS–1338–NC. 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 under the "More Search Options" tab.

2. *By regular mail.* You may mail written comments to the following address only: Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention: CMS–1338–NC, P.O. Box 8016, Baltimore, MD 21244–8016.

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 to the following address only: Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention: CMS–1338–NC, Mail Stop C4–26–05, 7500 Security Boulevard, Baltimore, MD 21244–1850.

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

a. Centers for Medicare & Medicaid Services, Department of Health and Human Services, Room 445–G, Hubert H. Humphrey Building, 200 Independence Avenue, SW., Washington, DC 20201.

(Because access to the interior of the Hubert H. Humphrey 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. Centers for Medicare & Medicaid Services, Department of Health and Human Services, 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:
Ellen Berry, (410) 786–4528 (for information related to clinical issues).
Abby Ryan, (410) 786–4343 (for information related to the development of the payment rates and case-mix indexes).
Kia Sidbury, (410) 786–7816 (for information related to the wage index).
Bill Ullman, (410) 786–5667 (for information related to level of care determinations, consolidated billing, and general information).

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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Abbreviations

In addition, because of the many terms to which we refer by abbreviation in this notice, we are listing these abbreviations and their corresponding terms in alphabetical order below:

ACA Patient Protection and Affordable Care Act, Public Law 111–148
AIDS Acquired Immune Deficiency Syndrome
ARD Assessment Reference Date
BBA Balanced Budget Act of 1997, Public Law 105–33
BBRA Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999, Public Law 106–113
BIPA Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000, Public Law 106–554
CAH Critical Access Hospital
CBSA Core-Based Statistical Area
CFR Code of Federal Regulations
CMI Case-Mix Index
CMS Centers for Medicare & Medicaid Services
FQHC Federally Qualified Health Center
FR **Federal Register**
FY Fiscal Year
GAO Government Accountability Office
HCPCS Healthcare Common Procedure Coding System
HR–III Hybrid Resource Utilization Groups, Version 3
MDS Minimum Data Set
MMA Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108–173
MMSEA Medicare, Medicaid, and SCHIP Extension Act of 2007, Public Law 110–173
MSA Metropolitan Statistical Area
OMB Office of Management and Budget
OMRA Other Medicare Required Assessment
PPS Prospective Payment System
RAI Resident Assessment Instrument
RAVEN Resident Assessment Validation Entry
RFA Regulatory Flexibility Act, Public Law 96–354
RHC Rural Health Clinic
RIA Regulatory Impact Analysis
RUG–III Resource Utilization Groups, Version 3
RUG–IV Resource Utilization Groups, Version 4
RUG–53 Refined 53-Group RUG–III Case-Mix Classification System
SCHIP State Children's Health Insurance Program
SNF Skilled Nursing Facility
SOM State Operations Manual
STM Staff Time Measurement
STRIVE Staff Time and Resource Intensity Verification
UMRA Unfunded Mandates Reform Act, Public Law 104–4

I. Background

Annual updates to the prospective payment system (PPS) rates for skilled nursing facilities (SNFs) are required by section 1888(e) of the Social Security Act (the Act), as added by section 4432 of the Balanced Budget Act of 1997 (BBA, Pub. L. 105–33, enacted on August 5, 1997), and amended by the Medicare, Medicaid, and State Children's Health Insurance Program (SCHIP) Balanced Budget Refinement Act of 1999 (BBRA, Pub. L. 106–113, enacted on November 29, 1999), the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA, Pub. L. 106–554, enacted December 21, 2000), and the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA, Pub. L. 108–173, enacted on December 8, 2003). Our most recent annual update occurred in a final rule (74 FR 40288, August 11, 2009) that set forth updates to the SNF PPS payment rates for fiscal year (FY) 2010. We subsequently published a correction notice (74 FR 48865, September 25, 2009) with respect to those payment rate updates.

A. Current System for Payment of Skilled Nursing Facility Services Under Part A of the Medicare Program

Section 4432 of the BBA amended section 1888 of the Act to provide for the implementation of a per diem PPS for SNFs, covering all costs (routine, ancillary, and capital-related) of covered SNF services furnished to beneficiaries under Part A of the Medicare program, effective for cost reporting periods beginning on or after July 1, 1998. In this notice, we update the per diem payment rates for SNFs for FY 2011. Major elements of the SNF PPS include:

- *Rates.* As discussed in section I.G.1. of this notice, we established per diem Federal rates for urban and rural areas using allowable costs from FY 1995 cost reports. These rates also included a "Part B add-on" (an estimate of the cost of those services that, before July 1, 1998, were paid under Part B but furnished to Medicare beneficiaries in a SNF during a Part A covered stay). We adjust the rates annually using a SNF market basket index, and we adjust them by the hospital inpatient wage index to account for geographic variation in wages. We also apply a case-mix adjustment to account for the relative resource utilization of different patient types. As further discussed in section I.F, for FY 2011 this adjustment will utilize a "hybrid" RUG–III system that incorporates the specific revisions relating to concurrent therapy and the look-back period that are components of the Resource Utilization Groups, version 4 (RUG–IV) case-mix classification system, and will use information obtained from the required resident assessments using version 3.0 of the Minimum Data Set (MDS 3.0). (The resident assessment is approved under OMB# 0938–0739.) Additionally, as noted in the final rule for FY 2006 (70 FR 45028, August 4, 2005), the payment rates at various times have also reflected specific legislative provisions, including section 101 of the BBRA, sections 311, 312, and 314 of the BIPA, and section 511 of the MMA.
- *Transition.* Under sections 1888(e)(1)(A) and (e)(11) of the Act, the SNF PPS included an initial, three-phase transition that blended a facility-specific rate (reflecting the individual facility's historical cost experience) with the Federal case-mix adjusted rate. The transition extended through the facility's first three cost reporting periods under the PPS, up to and including the one that began in FY 2001. Thus, the SNF PPS is no longer operating under the transition, as all facilities have been paid at the full Federal rate effective with cost reporting periods beginning in FY 2002. As we now base payments entirely on the adjusted Federal per diem rates, we no longer include adjustment factors related to facility-specific rates for the coming FY.
- *Coverage.* The establishment of the SNF PPS did not change Medicare's fundamental requirements for SNF coverage. However, because the case-mix classification is based, in part, on the beneficiary's need for skilled nursing care and therapy, we have attempted, where possible, to coordinate claims review procedures with the existing resident assessment process and case-mix classification system. As further discussed in section II.E, in FY 2011, under the hybrid RUG–III system, this approach includes an administrative presumption that utilizes a beneficiary's initial classification in one of the upper 35 RUGs of the 53-group RUG–III case-mix classification system (RUG–53) to assist in making certain SNF level of care determinations. In the July 30, 1999 final rule (64 FR 41670), we indicated that we would announce any changes to the guidelines for Medicare level of care determinations related to modifications in the case-mix classification structure (see section II.E. of this notice for a more detailed discussion of the relationship between the case-mix classification system and SNF level of care determinations).
- *Consolidated Billing.* The SNF PPS includes a consolidated billing provision that requires a SNF to submit consolidated Medicare bills to its fiscal intermediary or Medicare

Administrative Contractor for almost all of the services that its residents receive during the course of a covered Part A stay. In addition, this provision places with the SNF the Medicare billing responsibility for physical therapy, occupational therapy, and speech-language pathology services that the resident receives during a noncovered stay. The statute excludes a small list of services from the consolidated billing provision (primarily those of physicians and certain other types of practitioners), which remain separately billable under Part B when furnished to a SNF's Part A resident. A more detailed discussion of this provision appears in section IV. of this notice.

• *Application of the SNF PPS to SNF services furnished by swing-bed hospitals.* Section 1883 of the Act permits certain small, rural hospitals to enter into a Medicare swing-bed agreement, under which the hospital can use its beds to provide either acute or SNF care, as needed. For critical access hospitals (CAHs), Part A pays on a reasonable cost basis for SNF services furnished under a swing-bed agreement. However, in accordance with section 1888(e)(7) of the Act, these services furnished by non-CAH rural hospitals are paid under the SNF PPS, effective with cost reporting periods beginning on or after July 1, 2002. A more detailed discussion of this provision appears in section V. of this notice.

B. Requirements of the Balanced Budget Act of 1997 (BBA) for Updating the Prospective Payment System for Skilled Nursing Facilities

Section 1888(e)(4)(H) of the Act requires that we provide for publication annually in the **Federal Register**:

1. The unadjusted Federal per diem rates to be applied to days of covered SNF services furnished during the upcoming FY.
2. The case-mix classification system to be applied with respect to these services during the upcoming FY.
3. The factors to be applied in making the area wage adjustment with respect to these services.

Along with other revisions discussed later in this preamble, this notice provides these required annual updates to the Federal rates.

C. The Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (BBRA)

There were several provisions in the BBRA that resulted in adjustments to the SNF PPS. We described these provisions in detail in the SNF PPS final rule for FY 2001 (65 FR 46770, July 31, 2000). In particular, section 101(a) of the BBRA provided for a temporary 20 percent increase in the per diem adjusted payment rates for 15 specified groups in the original, 44-group Resource Utilization Groups, version 3 (RUG–III) case-mix classification system. In accordance with section 101(c)(2) of the BBRA, this temporary payment adjustment expired on January 1, 2006, upon the implementation of a refined, 53-group version of the RUG–III system, RUG–53 (see section I.G.1. of this notice). We included further information on BBRA provisions that affected the SNF PPS in Program Memorandums A–99–53 and A–99–61 (December 1999).

Also, section 103 of the BBRA designated certain additional services for exclusion from the consolidated billing requirement, as discussed in section IV. of this notice. Further, for swing-bed hospitals with more than 49 (but less than 100) beds, section 408 of the BBRA provided for the repeal of certain statutory restrictions on length of stay and aggregate payment for patient days, effective with the end of the SNF PPS transition period described in section 1888(e)(2)(E) of the Act. In the final rule for FY 2002 (66 FR 39562, July 31, 2001), we made conforming changes to the regulations at § 413.114(d), effective for services furnished in cost reporting periods beginning on or after July 1, 2002, to reflect section 408 of the BBRA.

D. The Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA)

The BIPA also included several provisions that resulted in adjustments to the SNF PPS. We described these provisions in detail in the final rule for FY 2002 (66 FR 39562, July 31, 2001). In particular:

• Section 203 of the BIPA exempted CAH swing beds from the SNF PPS. We included further information on this provision in Program Memorandum A–01–09 (Change Request #1509), issued January 16, 2001, which is available online at *http://www.cms.gov/transmittals/downloads/a0109.pdf.*

• Section 311 of the BIPA revised the statutory update formula for the SNF market basket, and also directed us to conduct a study of alternative case-mix classification systems for the SNF PPS. In 2006, we submitted a report to the Congress on this study, which is available online at *http://www.cms.gov/SNFPPS/Downloads/RC_2006_PC–PPSSNF.pdf.*

• Section 312 of the BIPA provided for a temporary increase of 16.66 percent in the nursing component of the case-mix adjusted Federal rate for services furnished on or after April 1, 2001, and before October 1, 2002; accordingly, this add-on is no longer in effect. This section also directed the Government Accountability Office (GAO) to conduct an audit of SNF nursing staff ratios and submit a report to the Congress on whether the temporary increase in the nursing component should be continued. The report (GAO–03–176), which GAO issued in November 2002, is available online at *http://www.gao.gov/new.items/d03176.pdf.*

• Section 313 of the BIPA repealed the consolidated billing requirement for services (other than physical therapy, occupational therapy, and speech-language pathology services) furnished to SNF residents during noncovered stays, effective January 1, 2001. (A more detailed discussion of this provision appears in section IV. of this notice.)

• Section 314 of the BIPA corrected an anomaly involving three of the RUGs that section 101(a) of the BBRA had designated to receive the temporary payment adjustment discussed above in section I.C. of this notice. (As noted previously, in accordance with section 101(c)(2) of the BBRA, this temporary payment adjustment expired upon the implementation of case-mix refinements on January 1, 2006.)

• Section 315 of the BIPA authorized us to establish a geographic reclassification procedure that is specific to SNFs, but only after collecting the data necessary to establish a SNF wage index that is based on wage data from nursing homes. To date, this has proven to be unfeasible due to the volatility of existing SNF wage data and the significant amount of resources that would be required to improve the quality of that data.

We included further information on several of the BIPA provisions in Program Memorandum A–01–08 (Change Request #1510), issued January 16, 2001, which is available online at *http://www.cms.gov/transmittals/downloads/a0108.pdf.*

E. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA)

The MMA included a provision that resulted in a further adjustment to the SNF PPS. Specifically, section 511 of the MMA amended section 1888(e)(12) of the Act, to provide for a temporary increase of 128 percent in the PPS per diem payment for any SNF residents with Acquired Immune Deficiency Syndrome (AIDS), effective with services furnished on or after October 1, 2004. This special AIDS add-on was to remain in effect until " * * * the

Secretary certifies that there is an appropriate adjustment in the case mix * * * to compensate for the increased costs associated with [such] residents * * * " The AIDS add-on is also discussed in Program Transmittal #160 (Change Request #3291), issued on April 30, 2004, which is available online at *http://www.cms.gov/transmittals/downloads/r160cp.pdf*. In the SNF PPS final rule for FY 2010 (74 FR 40288, August 11, 2009), we did not address the certification of the AIDS add-on in that final rule's implementation of the case-mix refinements for RUG–IV, thus allowing the temporary add-on payment created by section 511 of the MMA to remain in effect.

For the limited number of SNF residents that qualify for the AIDS add-on, implementation of this provision results in a significant increase in payment. For example, using FY 2008 data, we identified less than 3,300 SNF residents with a diagnosis code of 042 (Human Immunodeficiency Virus (HIV) Infection). For FY 2011, an urban facility with a resident with AIDS in hybrid RUG–III (HR–III) group "SSB" would have a case-mix adjusted payment of $318.73 (see Table 4B) before the application of the MMA adjustment. After an increase of 128 percent, this urban facility would receive a case-mix adjusted payment of approximately $726.70. Similarly, an urban facility with a resident with AIDS in RUG–IV group "HC2" would have a case-mix adjusted payment of $394.48 (see Table 4A) before the application of the MMA adjustment. After an increase of 128 percent, this urban facility would receive a case-mix adjusted payment of approximately $899.41.

In addition, section 410 of the MMA contained a provision that excluded from consolidated billing certain services furnished to SNF residents by rural health clinics (RHCs) and Federally Qualified Health Centers (FQHCs). (Further information on this provision appears in section IV. of this notice.)

F. The Patient Protection and Affordable Care Act (ACA)

Section 10325 of the ACA (Pub. L. 111–148, enacted on March 23, 2010) includes a self-implementing provision involving the SNF PPS. Section 10325 postpones the implementation of the RUG–IV case-mix classification system published in the FY 2010 SNF PPS final rule (74 FR 40288, August 11, 2009), requiring that the Secretary not implement the RUG–IV case-mix classification system before October 1, 2011. Notwithstanding this postponement of overall RUG–IV implementation, section 10325 further specifies that the Secretary is required to implement, effective October 1 2010, the changes related to concurrent therapy and the look-back period that were finalized as components of RUG–IV (see 74 FR 40315–19, 40322–24). Because these changes were already subject to notice and public comment and finalized in the FY 2010 SNF PPS final rule, we believe that this ACA requirement is largely self-implementing and requires no substantive exercise of discretion by the Secretary. In addition, section 10325 of the ACA specifies that version 3.0 of the Minimum Data Set (MDS 3.0) shall proceed as planned, with an implementation date of October 1, 2010 (see 74 FR 40342–43). The MDS is approved under OMB# 0938–0872. The MDS 3.0 RAI Manual and MDS 3.0 Item Set are scheduled to be published on the CMS Web site, *http://www.cms.gov*, in October 2010.

The statutory mandate to adopt RUG–IV's concurrent therapy and look-back revisions (along with MDS 3.0) prior to implementing the overall RUG–IV system itself will necessitate implementing those particular revisions within the framework of the existing RUG–53 case-mix classification system. While there is currently an existing grouper (the software program that uses assessment data to assign each SNF resident to the appropriate RUG) that utilizes RUG–53 and the MDS 2.0, as well as a revised grouper that utilizes RUG–IV and the MDS 3.0, no grouper currently exists that incorporates the particular combination of features mandated by the statute: The use of the new RUG–IV revisions on concurrent therapy and the look-back period as well as the MDS 3.0, but within the overall context of the existing RUG–53 system. Moreover, attempting to develop and implement such a modified grouper within the short timeframe available before the ACA provision's October 1, 2010 effective date would potentially cause significant disruption to providers, suppliers, and State agencies.

Accordingly, as we continue to build the payment infrastructure needed to incorporate the combination of features mandated by section 10325 of the ACA for FY 2011, we will apply, effective October 1, 2010, interim payment rates that reflect not only the use of MDS 3.0 but also the new RUG–IV system in its entirety as finalized in the FY 2010 SNF PPS final rule (74 FR 40288, August 11, 2009). As discussed above, the only grouper that currently exists that utilizes MDS 3.0 is the RUG–IV grouper. Once the necessary infrastructure is in place, we will then retroactively adjust claims to reflect a hybrid RUG–III (HR–III) system which incorporates RUG–IV's specific revisions on concurrent therapy and the look-back period within the framework of the existing RUG–53 system, along with the use of MDS 3.0. Tables 4 and 5 set forth both the RUG–IV rates that will be used on an interim basis effective October 1, 2010 and the HR–III rates that will apply once we build the infrastructure necessary to support this system. The FY 2011 rates will be based on the rates that were finalized for FY 2010, as modified to reflect the market basket adjustment, the forecast error adjustment, the applicable case-mix adjustment, and the parity adjustment (as discussed below).

We note that a parity adjustment was applied to the RUG–53 nursing case-mix weights when the RUG–III system was initially refined in 2006, in order to ensure that the implementation of the refinements would not cause any change in overall payment levels (70 FR 45031, August 4, 2005). A detailed discussion of the parity adjustment in the specific context of the RUG–IV payment rates appears in the FY 2010 SNF PPS proposed rule (74 FR 22236–38, May 12, 2009) and final rule (74 FR 40338–39, August 11, 2009). Consistent with our policy set forth in the FY 2006 SNF PPS final rule (70 FR 45031) when we transitioned from the RUG–III 44 group model to the RUG–53 model, and in the FY 2010 SNF PPS final rule (74 FR 40338–39) when we finalized the transition from RUG–53 to RUG–IV, in calculating the rates under the HR–III model, we will apply a parity adjustment to the nursing case-mix weights under the HR–III system to ensure parity between overall payments under the RUG–53 model currently in effect and anticipated payments under the HR–III system required by the ACA. As discussed in section II.B.2 of this notice, we are calculating and applying this parity adjustment using the same methodology finalized in both the FY 2006 SNF PPS final rule and the FY 2010 SNF PPS final rule.

Accordingly, as discussed above, effective October 1, 2010, on an interim basis, we will implement and pay claims under the RUG–IV system that was finalized in the FY 2010 SNF PPS final rule, until we build the payment infrastructure necessary to support the HR–III system required by the ACA. Once that infrastructure is in place, we will then retroactively adjust claims back to October 1, 2010 as necessary to implement the rates effective under HR–III. In this notice, we also invite public comment on our implementation of section 10325 of the ACA.

As discussed above, we will implement the MDS 3.0 (including the MDS 3.0 swing bed assessment (see 74 FR 40356–57)) effective October 1, 2010 as specified in the FY 2010 SNF PPS final rule. We will also implement effective October 1, 2010, all other non-RUG–IV changes finalized in the FY 2010 SNF PPS final rule for implementation effective FY 2011, including without limitation revisions to certain therapy reporting and assessment procedures effective with the MDS 3.0 (74 FR 40346–49) (that is, updated reporting procedures for short-stay patients, implementation of an optional, abbreviated start-of-therapy OMRA, a revised Assessment Reference Date (ARD) requirement for the end-of-therapy OMRA, and an abbreviated end-of-therapy OMRA).

G. Skilled Nursing Facility Prospective Payment—General Overview

We implemented the Medicare SNF PPS effective with cost reporting periods beginning on or after July 1, 1998. This methodology uses prospective, case-mix adjusted per diem payment rates applicable to all covered SNF services. These payment rates cover all costs of furnishing covered skilled nursing services (routine, ancillary, and capital-related costs) other than costs associated with approved educational activities and bad debts. Covered SNF services include post-hospital services for which benefits are provided under Part A, as well as those items and services (other than physician and certain other services specifically excluded under the BBA) which, before July 1, 1998, had been paid under Part B but furnished to Medicare beneficiaries in an SNF during a covered Part A stay. A comprehensive discussion of these provisions appears in the May 12, 1998 interim final rule (63 FR 26252).

1. Payment Provisions—Federal Rate

The PPS uses per diem Federal payment rates based on mean SNF costs in a base year (FY 1995) updated for inflation to the first effective period of the PPS. We developed the Federal payment rates using allowable costs from hospital-based and freestanding SNF cost reports for reporting periods beginning in FY 1995. The data used in developing the Federal rates also incorporated an estimate of the amounts that would be payable under Part B for covered SNF services furnished to individuals during the course of a covered Part A stay in an SNF.

In developing the rates for the initial period, we updated costs to the first effective year of the PPS (the 15-month period beginning July 1, 1998) using an SNF market basket index, and then standardized for the costs of facility differences in case mix and for geographic variations in wages. In compiling the database used to compute the Federal payment rates, we excluded those providers that received new provider exemptions from the routine cost limits, as well as costs related to payments for exceptions to the routine cost limits. Using the formula that the BBA prescribed, we set the Federal rates at a level equal to the weighted mean of freestanding costs plus 50 percent of the difference between the freestanding mean and weighted mean of all SNF costs (hospital-based and freestanding) combined. We computed and applied separately the payment rates for facilities located in urban and rural areas. In addition, we adjusted the portion of the Federal rate attributable to wage-related costs by a wage index.

The Federal rate also incorporates adjustments to account for facility case-mix, using a classification system that accounts for the relative resource utilization of different patient types. The RUG–IV classification system uses beneficiary assessment data from the MDS 3.0 completed by SNFs to assign beneficiaries to one of 66 RUG–IV groups. The original RUG–III case-mix classification system used beneficiary assessment data from the MDS, version 2.0 (MDS 2.0) completed by SNFs to assign beneficiaries to one of 44 RUG–III groups. Then, under incremental refinements that became effective on January 1, 2006, we added nine new groups—comprising a new Rehabilitation plus Extensive Services category—at the top of the RUG–III hierarchy. The May 12, 1998 interim final rule (63 FR 26252) included a detailed description of the original 44-group RUG–III case-mix classification system. A comprehensive description of the refined RUG–53 system appeared in the proposed and final rules for FY 2006 (70 FR 29070, May 19, 2005, and 70 FR 45026, August 4, 2005), and a detailed description of the 66-group RUG–IV system appeared in the proposed and final rules for FY 2010 (74 FR 22208, May 12, 2009, and 74 FR 40288, August 11, 2009).

Further, in accordance with section 1888(e)(4)(E)(ii)(IV) of the Act, the Federal rates in this notice reflect an update to the rates that we published in the final rule for FY 2010 (74 FR 40288, August 11, 2009) and the associated correction notice (74 FR 48865, September 25, 2009), equal to the full change in the SNF market basket index, adjusted by the forecast error correction. A more detailed discussion of the SNF market basket index and related issues appears in sections I.F.2. and III. of this notice.

2. FY 2011 Rate Updates Using the Skilled Nursing Facility Market Basket Index

Section 1888(e)(5) of the Act requires us to establish a SNF market basket index that reflects changes over time in the prices of an appropriate mix of goods and services included in covered SNF services. We use the SNF market basket index to update the Federal rates on an annual basis. In the SNF PPS final rule for FY 2008 (72 FR 43425 through 43430, August 3, 2007), we revised and rebased the market basket, which included updating the base year from FY 1997 to FY 2004. The proposed FY 2011 market basket increase is 2.3 percent, which is based on IHS Global Insight, Inc. second quarter 2010 forecast with historical data through first quarter 2010.

In addition, as explained in the final rule for FY 2004 (66 FR 46058, August 4, 2003) and in section III.B. of this notice, the annual update of the payment rates includes, as appropriate, an adjustment to account for market basket forecast error. As described in the final rule for FY 2008, the threshold percentage that serves to trigger an adjustment to account for market basket forecast error is 0.5 percentage point effective for FY 2008 and subsequent years. This adjustment takes into account the forecast error from the most recently available FY for which there is final data, and applies whenever the difference between the forecasted and actual change in the market basket exceeds a 0.5 percentage point threshold. For FY 2009 (the most recently available FY for which there is final data), the estimated increase in the market basket index was 3.4 percentage points, while the actual increase was 2.8 percentage points, resulting in the actual increase being 0.6 percentage point lower than the estimated increase. Accordingly, as the difference between the estimated and actual amount of change exceeds the 0.5 percentage point threshold, the payment rates for FY 2011 include a negative 0.6 percentage point forecast error adjustment. As we stated in the final rule for FY 2004 that first promulgated the forecast error adjustment (68 FR 46058, August 4, 2003), the adjustment will "* * * reflect both upward and downward adjustments, as appropriate." Table 1 shows the forecasted and actual market basket amounts for FY 2009.

Table 1 - Difference Between the Forecasted and Actual Market Basket Increases for FY 2009

Index	Forecasted FY 2009 Increase*	Actual FY 2009 Increase**	FY 2009 Difference***
SNF	3.4	2.8	<-0.6>

*Published in Federal Register; based on second quarter 2008 IHS Global Insight Inc. forecast (2004-based index).
**Based on the second quarter 2010 IHS Global Insight forecast (2004-based index).
***The FY 2009 forecast error correction of the SNF market basket will be applied to the FY 2011 PPS update recommendations.

II. FY 2011 Annual Update of Payment Rates Under the Prospective Payment System for Skilled Nursing Facilities

A. Federal Prospective Payment System

This notice sets forth a schedule of Federal prospective payment rates applicable to Medicare Part A SNF services beginning October 1, 2010. The schedule incorporates per diem Federal rates that provide Part A payment for almost all costs of services furnished to a beneficiary in a SNF during a Medicare-covered stay.

1. Costs and Services Covered by the Federal Rates

In accordance with section 1888(e)(2)(B) of the Act, the Federal rates apply to all costs (routine, ancillary, and capital-related) of covered SNF services other than costs associated with approved educational activities as defined in § 413.85. Under section 1888(e)(2)(A)(i) of the Act, covered SNF services include post-hospital SNF services for which benefits are provided under Part A (the hospital insurance program), as well as all items and services (other than those services excluded by statute) that, before July 1, 1998, were paid under Part B (the supplementary medical insurance program) but furnished to Medicare beneficiaries in a SNF during a Part A covered stay. (These excluded service categories are discussed in greater detail in section V.B.2. of the May 12, 1998 interim final rule (63 FR 26295 through 26297)).

2. Methodology Used for the Calculation of the Federal Rates

The FY 2011 rates reflect an update using the latest market basket index, and adjusting for the FY 2009 forecast error correction. The FY 2011 market basket increase factor is 2.3 percent which, when combined with a negative 0.6 percentage point forecast error adjustment for FY 2009, results in a net FY 2011 update of 1.7 percent. A complete description of the multi-step process used to calculate Federal rates initially appeared in the May 12, 1998 interim final rule (63 FR 26252), as further revised in subsequent rules. As explained above in section I.C of this notice, under section 101(c)(2) of the BBRA, the previous temporary increases in the per diem adjusted payment rates for certain designated RUGs (as specified in section 101(a) of the BBRA and section 314 of the BIPA) are no longer in effect due to the implementation of case-mix refinements as of January 1, 2006. However, the temporary increase of 128 percent in the per diem adjusted payment rates for SNF residents with AIDS, enacted by section 511 of the MMA, remains in effect.

We used the SNF market basket to adjust each per diem component of the Federal rates forward to reflect cost increases occurring between the midpoint of the Federal FY beginning October 1, 2009, and ending September 30, 2010, and the midpoint of the Federal FY beginning October 1, 2010, and ending September 30, 2011, to which the payment rates apply. In accordance with section 1888(e)(4)(E)(ii)(IV) of the Act, we update the payment rates for FY 2011 by a factor equal to the full market basket index percentage increase. As explained in section I.G.2 of this notice, we adjust the market basket index by the forecast error from the most recently available FY for which there is final data and apply this adjustment whenever the difference between the forecasted and actual change in the market basket exceeds a 0.5 percentage point threshold. We further adjust the rates by a wage index budget neutrality factor, described later in this section. Tables 2 and 3 reflect the updated components of the unadjusted Federal rates for FY 2011, prior to adjustment for case-mix.

Table 2
FY 2011 Unadjusted Federal Rate Per Diem
Urban

Rate Component	Nursing - Case-Mix	Therapy - Case-Mix	Therapy - Non-Case-mix	Non-Case-Mix
Per Diem Amount	$157.82	$118.88	$15.66	$80.54

Table 3
FY 2011 Unadjusted Federal Rate Per Diem
Rural

Rate Component	Nursing - Case-Mix	Therapy - Case-Mix	Therapy - Non-Case-mix	Non-Case-Mix
Per Diem Amount	$150.79	$137.08	$16.72	$82.04

B. Case-Mix Adjustments

1. Background

Section 1888(e)(4)(G)(i) of the Act requires the Secretary to make an adjustment to account for case-mix. The statute specifies that the adjustment is to reflect both a resident classification system that the Secretary establishes to account for the relative resource use of different patient types, as well as resident assessment and other data that the Secretary considers appropriate. In first implementing the SNF PPS (63 FR 26252, May 12, 1998), we developed the RUG–III case-mix classification system, which tied the amount of payment to resident resource use in combination with resident characteristic information. Staff time measurement (STM) studies conducted in 1990, 1995, and 1997 provided information on resource use (time spent by staff members on residents) and resident characteristics that enabled us not only to establish RUG–III, but also to create case-mix indexes (CMIs).

Although the establishment of the SNF PPS did not change Medicare's fundamental requirements for SNF coverage, there is a correlation between level of care and provider payment. One of the elements affecting the SNF PPS per diem rates is the case-mix adjustment derived from a classification system based on comprehensive resident assessments using the MDS. Case-mix classification is based, in part, on the beneficiary's need for skilled nursing care and therapy. The case-mix classification system uses clinical data from the MDS, and wage-adjusted staff time measurement data, to assign a case-mix group to each patient record that is then used to calculate a per diem payment under the SNF PPS. The original RUG–III grouper logic was based on clinical data collected in 1990, 1995, and 1997. As discussed in the SNF PPS proposed rule for FY 2010 (74 FR 22208, May 12, 2009), we subsequently conducted a multi-year data collection and analysis under the Staff Time and Resource Intensity Verification (STRIVE) project to update the case-mix classification system for FY 2011. The resulting RUG–IV case-mix classification system reflected the data collected in 2006–2007 during the STRIVE project, and was finalized in the FY 2010 SNF PPS final rule (74 FR 40288, August 11, 2009) to take effect in FY 2011 concurrently with an updated new resident assessment instrument, the MDS 3.0, which collects the clinical data used for case-mix classification under RUG–IV.

Under the BBA, each update of the SNF PPS payment rates must include the case-mix classification methodology applicable for the coming Federal FY. As indicated in section I.F of this notice, the payment rates set forth herein reflect the use of the HR–III case-mix classification system from October 1, 2010 through September 30, 2011. However, due to time constraints in preparing the HR–III grouper, the 66-group RUG–IV case-mix classification system that we discussed in detail in the proposed and final rules for FY 2010 will be used beginning October 1, 2010. Once the HR–III Grouper is ready for implementation, payments will be retroactively adjusted to the October 1, 2010 date.

2. Parity Adjustment

Consistent with the policy finalized in the FY 2010 SNF PPS final rule (74 FR 40338–39), the updated RUG–IV rates set forth in Tables 4A and 5A reflect an upward adjustment to the nursing CMIs to achieve parity in overall payments between the existing RUG—53 model and the RUG–IV model. As explained in the FY 2010 SNF PPS final rule, we applied an upward adjustment of 59.4 percent to the RUG–IV nursing CMIs to achieve parity between the RUG–53 and RUG–IV models, based on an analysis using FY 2008 claims data. However, after the FY 2010 SNF PPS final rule was published, final FY 2009 claims data became available. As we stated in the FY 2010 SNF PPS final rule (74 FR 40339), in the absence of actual RUG–IV utilization data, we believe the most recent final claims data are the best source available to estimate RUG–IV utilization for FY 2011, as they are closest to the FY 2011 timeframe. Thus, we updated our analysis described in the FY 2010 SNF PPS proposed and final rules using final FY 2009 claims data to enhance the accuracy of our calculation of the adjustment necessary to achieve parity between the RUG–53 model and the RUG–IV model. Using the methodology finalized in the FY 2010 SNF PPS final rule with updated FY 2009 claims data, the adjustment to the RUG–IV nursing CMIs necessary to achieve parity is an upward adjustment of 61 percent.

Consistent with this policy, and using the same methodology finalized in the FY 2006 SNF PPS final rule and the FY 2010 SNF PPS final rule, we have calculated and applied a parity adjustment to the HR–III nursing CMIs so that overall payments under the HR–III case-mix classification system maintain parity with overall payments under the existing RUG–53 model. We used FY 2009 claims data, the most recent final claims data available, to compare the distribution of payment days by RUG category in the RUG–53 model with anticipated payments by RUG category in the new HR–III model. Our projections of future utilization patterns under the HR–III system indicated that the HR–III system would

produce lower overall payments than under the RUG–53 model. Therefore, consistent with our policy in place when we transitioned to the RUG–53 model in FY 2006, and our policy in FY 2010 when we finalized the transition from the RUG–53 model to the RUG–IV model, we are providing for an adjustment to the nursing CMIs under the HR–III system that would achieve "parity" between the RUG–53 and the HR–III models (that is, would not cause any change in overall payment levels). Based on our analysis of the FY 2009 claims data, the adjustment to the nursing CMIs under the HR–III model necessary to achieve "parity" is an upward adjustment of 34.2 percent. Our calculation of the parity adjustment uses the most recent data available to estimate HR–III utilization for FY 2011. In the absence of actual HR–III utilization data, we believe the most recent data are the best source available, as they are closest to the FY 2011 timeframe. As actual HR–III utilization becomes available, we intend to assess the effectiveness of the parity adjustment in maintaining budget neutrality and, if necessary, to recalibrate the adjustment in the future.

We list the case-mix adjusted RUG–IV payment rates separately for urban and rural SNFs in Tables 4A and 5A, with the corresponding case-mix values which reflect the parity adjustment discussed above. Similarly, the HR–III case-mix adjusted payment rates (reflecting the parity adjustment) are listed on Tables 4B and 5B. These tables do not reflect the AIDS add-on enacted by section 511 of the MMA, which we apply only after making all other adjustments (wage and case-mix).

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Table 4A
RUG-IV
CASE-MIX ADJUSTED FEDERAL RATES AND ASSOCIATED INDEXES
URBAN

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Total Rate
RUX	3.59	1.87	566.57	222.31		80.54	869.42
RUL	3.45	1.87	544.48	222.31		80.54	847.33
RVX	3.51	1.28	553.95	152.17		80.54	786.66
RVL	2.95	1.28	465.57	152.17		80.54	698.28
RHX	3.43	0.85	541.32	101.05		80.54	722.91
RHL	2.89	0.85	456.10	101.05		80.54	637.69
RMX	3.31	0.55	522.38	65.38		80.54	668.30
RML	2.95	0.55	465.57	65.38		80.54	611.49
RLX	3.04	0.28	479.77	33.29		80.54	593.60
RUC	2.1	1.87	331.42	222.31		80.54	634.27
RUB	2.1	1.87	331.42	222.31		80.54	634.27
RUA	1.33	1.87	209.90	222.31		80.54	512.75
RVC	2.02	1.28	318.80	152.17		80.54	551.51
RVB	1.49	1.28	235.15	152.17		80.54	467.86
RVA	1.48	1.28	233.57	152.17		80.54	466.28
RHC	1.94	0.85	306.17	101.05		80.54	487.76
RHB	1.6	0.85	252.51	101.05		80.54	434.10
RHA	1.23	0.85	194.12	101.05		80.54	375.71
RMC	1.83	0.55	288.81	65.38		80.54	434.73
RMB	1.63	0.55	257.25	65.38		80.54	403.17
RMA	1.13	0.55	178.34	65.38		80.54	324.26
RLB	2.01	0.28	317.22	33.29		80.54	431.05
RLA	0.95	0.28	149.93	33.29		80.54	263.76
ES3	3.58		565.00		15.66	80.54	661.20
ES2	2.67		421.38		15.66	80.54	517.58
ES1	2.32		366.14		15.66	80.54	462.34
HE2	2.22		350.36		15.66	80.54	446.56
HE1	1.74		274.61		15.66	80.54	370.81
HD2	2.04		321.95		15.66	80.54	418.15
HD1	1.6		252.51		15.66	80.54	348.71
HC2	1.89		298.28		15.66	80.54	394.48
HC1	1.48		233.57		15.66	80.54	329.77
HB2	1.86		293.55		15.66	80.54	389.75
HB1	1.46		230.42		15.66	80.54	326.62
LE2	1.96		309.33		15.66	80.54	405.53
LE1	1.54		243.04		15.66	80.54	339.24

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Total Rate
LD2	1.86		293.55		15.66	80.54	389.75
LD1	1.46		230.42		15.66	80.54	326.62
LC2	1.56		246.20		15.66	80.54	342.40
LC1	1.22		192.54		15.66	80.54	288.74
LB2	1.45		228.84		15.66	80.54	325.04
LB1	1.14		179.91		15.66	80.54	276.11
CE2	1.68		265.14		15.66	80.54	361.34
CE1	1.5		236.73		15.66	80.54	332.93
CD2	1.56		246.20		15.66	80.54	342.40
CD1	1.38		217.79		15.66	80.54	313.99
CC2	1.29		203.59		15.66	80.54	299.79
CC1	1.15		181.49		15.66	80.54	277.69
CB2	1.15		181.49		15.66	80.54	277.69
CB1	1.02		160.98		15.66	80.54	257.18
CA2	0.88		138.88		15.66	80.54	235.08
CA1	0.78		123.10		15.66	80.54	219.30
BB2	0.97		153.09		15.66	80.54	249.29
BB1	0.9		142.04		15.66	80.54	238.24
BA2	0.7		110.47		15.66	80.54	206.67
BA1	0.64		101.00		15.66	80.54	197.20
PE2	1.5		236.73		15.66	80.54	332.93
PE1	1.4		220.95		15.66	80.54	317.15
PD2	1.38		217.79		15.66	80.54	313.99
PD1	1.28		202.01		15.66	80.54	298.21
PC2	1.1		173.60		15.66	80.54	269.80
PC1	1.02		160.98		15.66	80.54	257.18
PB2	0.84		132.57		15.66	80.54	228.77
PB1	0.78		123.10		15.66	80.54	219.30
PA2	0.59		93.11		15.66	80.54	189.31
PA1	0.54		85.22		15.66	80.54	181.42

Table 4B
HYBRID RUG-III (HR-III)
CASE-MIX ADJUSTED FEDERAL RATES AND ASSOCIATED INDEXES
URBAN

HR-III Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Component	Non-case Mix Component	Total Rate
RUX	2.37	2.25	374.03	267.48		80.54	722.05
RUL	1.76	2.25	277.76	267.48		80.54	625.78

HR-III Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Component	Non-case Mix Component	Total Rate
RVX	1.93	1.41	304.59	167.62		80.54	552.75
RVL	1.66	1.41	261.98	167.62		80.54	510.14
RHX	1.78	0.94	280.92	111.75		80.54	473.21
RHL	1.7	0.94	268.29	111.75		80.54	460.58
RMX	2.41	0.77	380.35	91.54		80.54	552.43
RML	2.11	0.77	333.00	91.54		80.54	505.08
RLX	1.64	0.43	258.82	51.12		80.54	390.48
RUC	1.61	2.25	254.09	267.48		80.54	602.11
RUB	1.23	2.25	194.12	267.48		80.54	542.14
RUA	1.05	2.25	165.71	267.48		80.54	513.73
RVC	1.53	1.41	241.46	167.62		80.54	489.62
RVB	1.36	1.41	214.64	167.62		80.54	462.80
RVA	1.03	1.41	162.55	167.62		80.54	410.71
RHC	1.52	0.94	239.89	111.75		80.54	432.18
RHB	1.38	0.94	217.79	111.75		80.54	410.08
RHA	1.18	0.94	186.23	111.75		80.54	378.52
RMC	1.44	0.77	227.26	91.54		80.54	399.34
RMB	1.36	0.77	214.64	91.54		80.54	386.72
RMA	1.3	0.77	205.17	91.54		80.54	377.25
RLB	1.42	0.43	224.10	51.12		80.54	355.76
RLA	1.06	0.43	167.29	51.12		80.54	298.95
SE3	2.31		364.56		15.66	80.54	460.76
SE2	1.85		291.97		15.66	80.54	388.17
SE1	1.57		247.78		15.66	80.54	343.98
SSC	1.53		241.46		15.66	80.54	337.66
SSB	1.41		222.53		15.66	80.54	318.73
SSA	1.37		216.21		15.66	80.54	312.41
CC2	1.52		239.89		15.66	80.54	336.09
CC1	1.33		209.90		15.66	80.54	306.10
CB2	1.22		192.54		15.66	80.54	288.74
CB1	1.13		178.34		15.66	80.54	274.54
CA2	1.11		175.18		15.66	80.54	271.38
CA1	1.01		159.40		15.66	80.54	255.60
IB2	0.93		146.77		15.66	80.54	242.97
IB1	0.9		142.04		15.66	80.54	238.24
IA2	0.76		119.94		15.66	80.54	216.14
IA1	0.71		112.05		15.66	80.54	208.25

HR-III Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Component	Non-case Mix Component	Total Rate
BB2	0.91		143.62		15.66	80.54	239.82
BB1	0.87		137.30		15.66	80.54	233.50
BA2	0.75		118.37		15.66	80.54	214.57
BA1	0.64		101.00		15.66	80.54	197.20
PE2	1.06		167.29		15.66	80.54	263.49
PE1	1.03		162.55		15.66	80.54	258.75
PD2	0.97		153.09		15.66	80.54	249.29
PD1	0.94		148.35		15.66	80.54	244.55
PC2	0.89		140.46		15.66	80.54	236.66
PC1	0.87		137.30		15.66	80.54	233.50
PB2	0.7		110.47		15.66	80.54	206.67
PB1	0.67		105.74		15.66	80.54	201.94
PA2	0.66		104.16		15.66	80.54	200.36
PA1	0.62		97.85		15.66	80.54	194.05

Table 5A
RUG-IV
CASE-MIX ADJUSTED FEDERAL RATES AND ASSOCIATED INDEXES
RURAL

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Total Rate
RUX	3.59	1.87	541.34	256.34		82.04	879.72
RUL	3.45	1.87	520.23	256.34		82.04	858.61
RVX	3.51	1.28	529.27	175.46		82.04	786.77
RVL	2.95	1.28	444.83	175.46		82.04	702.33
RHX	3.43	0.85	517.21	116.52		82.04	715.77
RHL	2.89	0.85	435.78	116.52		82.04	634.34
RMX	3.31	0.55	499.11	75.39		82.04	656.54
RML	2.95	0.55	444.83	75.39		82.04	602.26
RLX	3.04	0.28	458.40	38.38		82.04	578.82
RUC	2.1	1.87	316.66	256.34		82.04	655.04
RUB	2.1	1.87	316.66	256.34		82.04	655.04
RUA	1.33	1.87	200.55	256.34		82.04	538.93
RVC	2.02	1.28	304.60	175.46		82.04	562.10
RVB	1.49	1.28	224.68	175.46		82.04	482.18
RVA	1.48	1.28	223.17	175.46		82.04	480.67
RHC	1.94	0.85	292.53	116.52		82.04	491.09
RHB	1.6	0.85	241.26	116.52		82.04	439.82
RHA	1.23	0.85	185.47	116.52		82.04	384.03

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Total Rate
RMC	1.83	0.55	275.95	75.39		82.04	433.38
RMB	1.63	0.55	245.79	75.39		82.04	403.22
RMA	1.13	0.55	170.39	75.39		82.04	327.82
RLB	2.01	0.28	303.09	38.38		82.04	423.51
RLA	0.95	0.28	143.25	38.38		82.04	263.67
ES3	3.58		539.83		16.72	82.04	638.59
ES2	2.67		402.61		16.72	82.04	501.37
ES1	2.32		349.83		16.72	82.04	448.59
HE2	2.22		334.75		16.72	82.04	433.51
HE1	1.74		262.37		16.72	82.04	361.13
HD2	2.04		307.61		16.72	82.04	406.37
HD1	1.6		241.26		16.72	82.04	340.02
HC2	1.89		284.99		16.72	82.04	383.75
HC1	1.48		223.17		16.72	82.04	321.93
HB2	1.86		280.47		16.72	82.04	379.23
HB1	1.46		220.15		16.72	82.04	318.91
LE2	1.96		295.55		16.72	82.04	394.31
LE1	1.54		232.22		16.72	82.04	330.98
LD2	1.86		280.47		16.72	82.04	379.23
LD1	1.46		220.15		16.72	82.04	318.91
LC2	1.56		235.23		16.72	82.04	333.99
LC1	1.22		183.96		16.72	82.04	282.72
LB2	1.45		218.65		16.72	82.04	317.41
LB1	1.14		171.90		16.72	82.04	270.66
CE2	1.68		253.33		16.72	82.04	352.09
CE1	1.5		226.19		16.72	82.04	324.95
CD2	1.56		235.23		16.72	82.04	333.99
CD1	1.38		208.09		16.72	82.04	306.85
CC2	1.29		194.52		16.72	82.04	293.28
CC1	1.15		173.41		16.72	82.04	272.17
CB2	1.15		173.41		16.72	82.04	272.17
CB1	1.02		153.81		16.72	82.04	252.57
CA2	0.88		132.70		16.72	82.04	231.46
CA1	0.78		117.62		16.72	82.04	216.38
BB2	0.97		146.27		16.72	82.04	245.03
BB1	0.9		135.71		16.72	82.04	234.47
BA2	0.7		105.55		16.72	82.04	204.31
BA1	0.64		96.51		16.72	82.04	195.27
PE2	1.5		226.19		16.72	82.04	324.95
PE1	1.4		211.11		16.72	82.04	309.87
PD2	1.38		208.09		16.72	82.04	306.85

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Total Rate
PD1	1.28		193.01		16.72	82.04	291.77
PC2	1.1		165.87		16.72	82.04	264.63
PC1	1.02		153.81		16.72	82.04	252.57
PB2	0.84		126.66		16.72	82.04	225.42
PB1	0.78		117.62		16.72	82.04	216.38
PA2	0.59		88.97		16.72	82.04	187.73
PA1	0.54		81.43		16.72	82.04	180.19

Table 5B
HYBRID RUG-III
CASE-MIX ADJUSTED FEDERAL RATES AND ASSOCIATED INDEXES
RURAL

HR-III Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Component	Non-case Mix Component	Total Rate
RUX	2.37	2.25	357.37	308.43		82.04	747.84
RUL	1.76	2.25	265.39	308.43		82.04	655.86
RVX	1.93	1.41	291.02	193.28		82.04	566.34
RVL	1.66	1.41	250.31	193.28		82.04	525.63
RHX	1.78	0.94	268.41	128.86		82.04	479.31
RHL	1.7	0.94	256.34	128.86		82.04	467.24
RMX	2.41	0.77	363.40	105.55		82.04	550.99
RML	2.11	0.77	318.17	105.55		82.04	505.76
RLX	1.64	0.43	247.30	58.94		82.04	388.28
RUC	1.61	2.25	242.77	308.43		82.04	633.24
RUB	1.23	2.25	185.47	308.43		82.04	575.94
RUA	1.05	2.25	158.33	308.43		82.04	548.80
RVC	1.53	1.41	230.71	193.28		82.04	506.03
RVB	1.36	1.41	205.07	193.28		82.04	480.39
RVA	1.03	1.41	155.31	193.28		82.04	430.63
RHC	1.52	0.94	229.20	128.86		82.04	440.10
RHB	1.38	0.94	208.09	128.86		82.04	418.99
RHA	1.18	0.94	177.93	128.86		82.04	388.83
RMC	1.44	0.77	217.14	105.55		82.04	404.73
RMB	1.36	0.77	205.07	105.55		82.04	392.66
RMA	1.3	0.77	196.03	105.55		82.04	383.62
RLB	1.42	0.43	214.12	58.94		82.04	355.10
RLA	1.06	0.43	159.84	58.94		82.04	300.82

HR-III Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Component	Non-case Mix Component	Total Rate
SE3	2.31		348.32		16.72	82.04	447.08
SE2	1.85		278.96		16.72	82.04	377.72
SE1	1.57		236.74		16.72	82.04	335.50
SSC	1.53		230.71		16.72	82.04	329.47
SSB	1.41		212.61		16.72	82.04	311.37
SSA	1.37		206.58		16.72	82.04	305.34
CC2	1.52		229.20		16.72	82.04	327.96
CC1	1.33		200.55		16.72	82.04	299.31
CB2	1.22		183.96		16.72	82.04	282.72
CB1	1.13		170.39		16.72	82.04	269.15
CA2	1.11		167.38		16.72	82.04	266.14
CA1	1.01		152.30		16.72	82.04	251.06
IB2	0.93		140.23		16.72	82.04	238.99
IB1	0.9		135.71		16.72	82.04	234.47
IA2	0.76		114.60		16.72	82.04	213.36
IA1	0.71		107.06		16.72	82.04	205.82
BB2	0.91		137.22		16.72	82.04	235.98
BB1	0.87		131.19		16.72	82.04	229.95
BA2	0.75		113.09		16.72	82.04	211.85
BA1	0.64		96.51		16.72	82.04	195.27
PE2	1.06		159.84		16.72	82.04	258.60
PE1	1.03		155.31		16.72	82.04	254.07
PD2	0.97		146.27		16.72	82.04	245.03
PD1	0.94		141.74		16.72	82.04	240.50
PC2	0.89		134.20		16.72	82.04	232.96
PC1	0.87		131.19		16.72	82.04	229.95
PB2	0.7		105.55		16.72	82.04	204.31
PB1	0.67		101.03		16.72	82.04	199.79
PA2	0.66		99.52		16.72	82.04	198.28
PA1	0.62		93.49		16.72	82.04	192.25

C. Wage Index Adjustment to Federal Rates

Section 1888(e)(4)(G)(ii) of the Act requires that we adjust the Federal rates to account for differences in area wage levels, using a wage index that we find appropriate. Since the inception of a PPS for SNFs, we have used hospital wage data in developing a wage index to be applied to SNFs. We are maintaining that practice for FY 2011, as we continue to believe that in the absence of SNF-specific wage data, using the hospital inpatient wage index is appropriate and reasonable for the SNF PPS. As explained in the update notice for FY 2005 (69 FR 45786, July 30, 2004), the SNF PPS does not use the hospital area wage index's occupational mix adjustment, as this adjustment serves specifically to define the occupational categories more clearly in a hospital setting; moreover, the collection of the occupational wage data also excludes any wage data related to SNFs. Therefore, we believe that using the updated wage data exclusive of the occupational mix adjustment continues to be appropriate for SNF payments.

Finally, we continue to use the same methodology discussed in the SNF PPS final rule for FY 2008 (72 FR 43423) to address those geographic areas in which there are no hospitals and, thus, no hospital wage index data on which to base the calculation of the FY 2011 SNF PPS wage index. For rural geographic areas that do not have hospitals and, therefore, lack hospital wage data on which to base an area wage adjustment, we use the average wage index from all contiguous Core-Based Statistical Areas (CBSAs) as a reasonable proxy. This methodology is used to construct the wage index for rural Massachusetts. However, we do not apply this methodology to rural Puerto Rico due to the distinct economic circumstances that exist there, but instead continue using the most recent wage index previously available for that area. For urban areas without specific hospital wage index data, we use the average wage indexes of all of the urban areas

within the State to serve as a reasonable proxy for the wage index of that urban CBSA. The only urban area without wage index data available is CBSA 25980, Hinesville-Fort Stewart, GA.

To calculate the SNF PPS wage index adjustment, we apply the wage index adjustment to the labor-related portion of the Federal rate, which is 69.311 percent of the total rate. This percentage reflects the labor-related relative importance for FY 2011, using the revised and rebased FY 2004-based market basket. The labor-related relative importance for FY 2010 was 69.840, as shown in Table 9. We calculate the labor-related relative importance from the SNF market basket, and it approximates the labor-related portion of the total costs after taking into account historical and projected price changes between the base year and FY 2011. The price proxies that move the different cost categories in the market basket do not necessarily change at the same rate, and the relative importance captures these changes. Accordingly, the relative importance figure more closely reflects the cost share weights for FY 2011 than the base year weights from the SNF market basket.

We calculate the labor-related relative importance for FY 2011 in four steps. First, we compute the FY 2011 price index level for the total market basket and each cost category of the market basket. Second, we calculate a ratio for each cost category by dividing the FY 2011 price index level for that cost category by the total market basket price index level. Third, we determine the FY 2011 relative importance for each cost category by multiplying this ratio by the base year (FY 2004) weight. Finally, we add the FY 2011 relative importance for each of the labor-related cost categories (wages and salaries, employee benefits, non-medical professional fees, labor-intensive services, and a portion of capital-related expenses) to produce the FY 2011 labor-related relative importance. Tables 6A and 7A below show the Federal rates for RUG–IV by labor-related and non-labor-related components. Similarly, Tables 6B and 7B show the Federal rates for HR–III.

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Table 6A
RUG-IV
Case-Mix Adjusted Federal Rates for Urban SNFs
By Labor and Non-Labor Component

RUG-IV Category	Total Rate	Labor Portion	Non-Labor Portion
RUX	869.42	$602.60	$266.82
RUL	847.33	$587.29	$260.04
RVX	786.66	$545.24	$241.42
RVL	698.28	$483.98	$214.30
RHX	722.91	$501.06	$221.85
RHL	637.69	$441.99	$195.70
RMX	668.30	$463.21	$205.09
RML	611.49	$423.83	$187.66
RLX	593.60	$411.43	$182.17
RUC	634.27	$439.62	$194.65
RUB	634.27	$439.62	$194.65
RUA	512.75	$355.39	$157.36
RVC	551.51	$382.26	$169.25
RVB	467.86	$324.28	$143.58
RVA	466.28	$323.18	$143.10
RHC	487.76	$338.07	$149.69
RHB	434.10	$300.88	$133.22
RHA	375.71	$260.41	$115.30
RMC	434.73	$301.32	$133.41
RMB	403.17	$279.44	$123.73
RMA	324.26	$224.75	$99.51
RLB	431.05	$298.77	$132.28
RLA	263.76	$182.81	$80.95
ES3	661.20	$458.28	$202.92
ES2	517.58	$358.74	$158.84
ES1	462.34	$320.45	$141.89
HE2	446.56	$309.52	$137.04
HE1	370.81	$257.01	$113.80
HD2	418.15	$289.82	$128.33
HD1	348.71	$241.69	$107.02
HC2	394.48	$273.42	$121.06
HC1	329.77	$228.57	$101.20

RUG-IV Category	Total Rate	Labor Portion	Non-Labor Portion
HB2	389.75	$270.14	$119.61
HB1	326.62	$226.38	$100.24
LE2	405.53	$281.08	$124.45
LE1	339.24	$235.13	$104.11
LD2	389.75	$270.14	$119.61
LD1	326.62	$226.38	$100.24
LC2	342.40	$237.32	$105.08
LC1	288.74	$200.13	$88.61
LB2	325.04	$225.29	$99.75
LB1	276.11	$191.37	$84.74
CE2	361.34	$250.45	$110.89
CE1	332.93	$230.76	$102.17
CD2	342.40	$237.32	$105.08
CD1	313.99	$217.63	$96.36
CC2	299.79	$207.79	$92.00
CC1	277.69	$192.47	$85.22
CB2	277.69	$192.47	$85.22
CB1	257.18	$178.25	$78.93
CA2	235.08	$162.94	$72.14
CA1	219.30	$152.00	$67.30
BB2	249.29	$172.79	$76.50
BB1	238.24	$165.13	$73.11
BA2	206.67	$143.25	$63.42
BA1	197.20	$136.68	$60.52
PE2	332.93	$230.76	$102.17
PE1	317.15	$219.82	$97.33
PD2	313.99	$217.63	$96.36
PD1	298.21	$206.69	$91.52
PC2	269.80	$187.00	$82.80
PC1	257.18	$178.25	$78.93
PB2	228.77	$158.56	$70.21
PB1	219.30	$152.00	$67.30
PA2	189.31	$131.21	$58.10
PA1	181.42	$125.74	$55.68

Table 6B
HYBRID RUG-III
Case-Mix Adjusted Federal Rates for Urban SNFs
By Labor and Non-Labor Component

HR-III	TOTAL RATE	Labor Portion	Non-Labor Portion
RUX	722.05	$500.46	$221.59
RUL	625.78	$433.73	$192.05
RVX	552.75	$383.12	$169.63
RVL	510.14	$353.58	$156.56
RHX	473.21	$327.99	$145.22
RHL	460.58	$319.23	$141.35
RMX	552.43	$382.89	$169.54
RML	505.08	$350.08	$155.00
RLX	390.48	$270.65	$119.83
RUC	602.11	$417.33	$184.78
RUB	542.14	$375.76	$166.38
RUA	513.73	$356.07	$157.66
RVC	489.62	$339.36	$150.26
RVB	462.80	$320.77	$142.03
RVA	410.71	$284.67	$126.04
RHC	432.18	$299.55	$132.63
RHB	410.08	$284.23	$125.85
RHA	378.52	$262.36	$116.16
RMC	399.34	$276.79	$122.55
RMB	386.72	$268.04	$118.68
RMA	377.25	$261.48	$115.77
RLB	355.76	$246.58	$109.18
RLA	298.95	$207.21	$91.74
SE3	460.76	$319.36	$141.40
SE2	388.17	$269.04	$119.13
SE1	343.98	$238.42	$105.56
SSC	337.66	$234.04	$103.62
SSB	318.73	$220.91	$97.82
SSA	312.41	$216.53	$95.88
CC2	336.09	$232.95	$103.14
CC1	306.10	$212.16	$93.94
CB2	288.74	$200.13	$88.61
CB1	274.54	$190.29	$84.25
CA2	271.38	$188.10	$83.28
CA1	255.60	$177.16	$78.44
IB2	242.97	$168.40	$74.57
IB1	238.24	$165.13	$73.11

HR-III	TOTAL RATE	Labor Portion	Non-Labor Portion
IA2	216.14	$149.81	$66.33
IA1	208.25	$144.34	$63.91
BB2	239.82	$166.22	$73.60
BB1	233.50	$161.84	$71.66
BA2	214.57	$148.72	$65.85
BA1	197.20	$136.68	$60.52
PE2	263.49	$182.63	$80.86
PE1	258.75	$179.34	$79.41
PD2	249.29	$172.79	$76.50
PD1	244.55	$169.50	$75.05
PC2	236.66	$164.03	$72.63
PC1	233.50	$161.84	$71.66
PB2	206.67	$143.25	$63.42
PB1	201.94	$139.97	$61.97
PA2	200.36	$138.87	$61.49
PA1	194.05	$134.50	$59.55

Table 7A
RUG-IV
Case-Mix Adjusted Federal Rates for Rural SNFs by Labor and Non-Labor Component

RUG-IV Category	Total Rate	Labor Portion	Non-Labor Portion
RUX	879.72	609.74	269.98
RUL	858.61	595.11	263.50
RVX	786.77	545.32	241.45
RVL	702.33	486.79	215.54
RHX	715.77	496.11	219.66
RHL	634.34	439.67	194.67
RMX	656.54	455.05	201.49
RML	602.26	417.43	184.83
RLX	578.82	401.19	177.63
RUC	655.04	454.01	201.03
RUB	655.04	454.01	201.03
RUA	538.93	373.54	165.39
RVC	562.10	389.60	172.50
RVB	482.18	334.20	147.98
RVA	480.67	333.16	147.51
RHC	491.09	340.38	150.71
RHB	439.82	304.84	134.98
RHA	384.03	266.18	117.85

RUG-IV Category	Total Rate	Labor Portion	Non-Labor Portion
RMC	433.38	300.38	133.00
RMB	403.22	279.48	123.74
RMA	327.82	227.22	100.60
RLB	423.51	293.54	129.97
RLA	263.67	182.75	80.92
ES3	638.59	442.61	195.98
ES2	501.37	347.50	153.87
ES1	448.59	310.92	137.67
HE2	433.51	300.47	133.04
HE1	361.13	250.30	110.83
HD2	406.37	281.66	124.71
HD1	340.02	235.67	104.35
HC2	383.75	265.98	117.77
HC1	321.93	223.13	98.80
HB2	379.23	262.85	116.38
HB1	318.91	221.04	97.87
LE2	394.31	273.30	121.01
LE1	330.98	229.41	101.57
LD2	379.23	262.85	116.38
LD1	318.91	221.04	97.87
LC2	333.99	231.49	102.50
LC1	282.72	195.96	86.76
LB2	317.41	220.00	97.41
LB1	270.66	187.60	83.06
CE2	352.09	244.04	108.05
CE1	324.95	225.23	99.72
CD2	333.99	231.49	102.50
CD1	306.85	212.68	94.17
CC2	293.28	203.28	90.00
CC1	272.17	188.64	83.53
CB2	272.17	188.64	83.53
CB1	252.57	175.06	77.51
CA2	231.46	160.43	71.03
CA1	216.38	149.98	66.40
BB2	245.03	169.83	75.20
BB1	234.47	162.51	71.96
BA2	204.31	141.61	62.70
BA1	195.27	135.34	59.93
PE2	324.95	225.23	99.72
PE1	309.87	214.77	95.10
PD2	306.85	212.68	94.17
PD1	291.77	202.23	89.54

RUG-IV Category	Total Rate	Labor Portion	Non-Labor Portion
PC2	264.63	183.42	81.21
PC1	252.57	175.06	77.51
PB2	225.42	156.24	69.18
PB1	216.38	149.98	66.40
PA2	187.73	130.12	57.61
PA1	180.19	124.89	55.30

Table 7B
HYBRID RUG-III
Case-Mix Adjusted Federal Rates for Rural SNFs
By Labor and Non-Labor Component

HR-III	TOTAL RATE	Labor Portion	Non-Labor Portion
RUX	747.84	$518.34	$229.50
RUL	655.86	$454.58	$201.28
RVX	566.34	$392.54	$173.80
RVL	525.63	$364.32	$161.31
RHX	479.31	$332.21	$147.10
RHL	467.24	$323.85	$143.39
RMX	550.99	$381.90	$169.09
RML	505.76	$350.55	$155.21
RLX	388.28	$269.12	$119.16
RUC	633.24	$438.90	$194.34
RUB	575.94	$399.19	$176.75
RUA	548.80	$380.38	$168.42
RVC	506.03	$350.73	$155.30
RVB	480.39	$332.96	$147.43
RVA	430.63	$298.47	$132.16
RHC	440.10	$305.04	$135.06
RHB	418.99	$290.41	$128.58
RHA	388.83	$269.50	$119.33
RMC	404.73	$280.52	$124.21
RMB	392.66	$272.16	$120.50
RMA	383.62	$265.89	$117.73
RLB	355.10	$246.12	$108.98
RLA	300.82	$208.50	$92.32
SE3	447.08	$309.88	$137.20
SE2	377.72	$261.80	$115.92
SE1	335.50	$232.54	$102.96
SSC	329.47	$228.36	$101.11
SSB	311.37	$215.81	$95.56
SSA	305.34	$211.63	$93.71
CC2	327.96	$227.31	$100.65
CC1	299.31	$207.45	$91.86

HR-III	TOTAL RATE	Labor Portion	Non-Labor Portion
CB2	282.72	$195.96	$86.76
CB1	269.15	$186.55	$82.60
CA2	266.14	$184.46	$81.68
CA1	251.06	$174.01	$77.05
IB2	238.99	$165.65	$73.34
IB1	234.47	$162.51	$71.96
IA2	213.36	$147.88	$65.48
IA1	205.82	$142.66	$63.16
BB2	235.98	$163.56	$72.42
BB1	229.95	$159.38	$70.57
BA2	211.85	$146.84	$65.01
BA1	195.27	$135.34	$59.93
PE2	258.60	$179.24	$79.36
PE1	254.07	$176.10	$77.97
PD2	245.03	$169.83	$75.20
PD1	240.50	$166.69	$73.81
PC2	232.96	$161.47	$71.49
PC1	229.95	$159.38	$70.57
PB2	204.31	$141.61	$62.70
PB1	199.79	$138.48	$61.31
PA2	198.28	$137.43	$60.85
PA1	192.25	$133.25	$59.00

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Section 1888(e)(4)(G)(ii) of the Act also requires that we apply this wage index in a manner that does not result in aggregate payments that are greater or less than would otherwise be made in the absence of the wage adjustment. For FY 2011 (Federal rates effective October 1, 2010), we apply an adjustment to fulfill the budget neutrality requirement. We meet this requirement by multiplying each of the components of the unadjusted Federal rates by a budget neutrality factor equal to the ratio of the weighted average wage adjustment factor for FY 2010 to the weighted average wage adjustment factor for FY 2011. For this calculation, we use the same 2009 claims utilization data for both the numerator and denominator of this ratio. We define the wage adjustment factor used in this calculation as the labor share of the rate component multiplied by the wage index plus the non-labor share of the rate component. The budget neutrality factor for this year is 0.9997. The wage index applicable to FY 2011 is set forth in Tables A and B, which appear in the Addendum of this notice.

In the SNF PPS final rule for FY 2006 (70 FR 45026, August 4, 2005), we adopted the changes discussed in the Office of Management and Budget (OMB) Bulletin No. 03–04 (June 6, 2003), available online at *http://www.whitehouse.gov/omb/bulletins/b03-04.html,* which announced revised definitions for Metropolitan Statistical Areas (MSAs), and the creation of Micropolitan Statistical Areas and Combined Statistical Areas. In addition, OMB published subsequent bulletins regarding CBSA changes, including changes in CBSA numbers and titles. As indicated in the FY 2008 SNF PPS final rule (72 FR 43423, August 3, 2007), this and all subsequent SNF PPS rules and notices are considered to incorporate the CBSA changes published in the most recent OMB bulletin that applies to the hospital wage data used to determine the current SNF PPS wage index. The OMB bulletins may be accessed online at *http://www.whitehouse.gov/omb/bulletins/index.html.*

In adopting the OMB Core-Based Statistical Area (CBSA) geographic designations, we provided for a 1-year transition with a blended wage index for all providers. For FY 2006, the wage index for each provider consisted of a blend of 50 percent of the FY 2006 MSA-based wage index and 50 percent of the FY 2006 CBSA-based wage index (both using FY 2002 hospital data). We referred to the blended wage index as the FY 2006 SNF PPS transition wage index. As discussed in the SNF PPS final rule for FY 2006 (70 FR 45041), subsequent to the expiration of this 1-year transition on September 30, 2006, we used the full CBSA-based wage index values, as now presented in Tables A and B in the Addendum of this notice.

D. Updates to the Federal Rates

In accordance with section 1888(e)(4)(E) of the Act, as amended by section 311 of the BIPA, the payment rates in this notice reflect an update equal to the full SNF market basket, estimated at 2.3 percentage points. In addition, as discussed in sections I.G.2

and III. of this notice, the annual update includes a negative 0.6 percentage point adjustment to account for market basket forecast error, for a net update of 1.7 percent for FY 2011. We continue to disseminate the rates, wage index, and case-mix classification methodology through the **Federal Register** before the August 1 that precedes the start of each succeeding FY.

E. Relationship of RUG–IV and HR–III Classification System to Existing Skilled Nursing Facility Level-of-Care Criteria

As discussed in § 413.345, we include in each update of the Federal payment rates in the **Federal Register** the designation of those specific RUGs under the classification system that represent the required SNF level of care, as provided in § 409.30. As set forth in the FY 2010 SNF PPS final rule (74 FR 40341, August 11, 2009), this designation reflects an administrative presumption under the 66-group RUG–IV system that beneficiaries who are correctly assigned to one of the upper 52 RUG–IV groups on the initial 5-day, Medicare-required assessment are automatically classified as meeting the SNF level of care definition up to and including the assessment reference date on the 5-day Medicare required assessment.

A beneficiary assigned to any of the lower 14 RUG–IV groups is not automatically classified as either meeting or not meeting the definition, but instead receives an individual level of care determination using the existing administrative criteria. This presumption recognizes the strong likelihood that beneficiaries assigned to one of the upper 52 RUG–IV groups during the immediate post-hospital period require a covered level of care, which would be less likely for those beneficiaries assigned to one of the lower 14 RUG–IV groups.

In this notice, we designate the upper 52 RUG–IV groups for purposes of this administrative presumption, consisting of all groups encompassed by the following RUG–IV categories:

- Rehabilitation plus Extensive Services;
- Ultra High Rehabilitation;
- Very High Rehabilitation;
- High Rehabilitation;
- Medium Rehabilitation;
- Low Rehabilitation;
- Extensive Services;
- Special Care High;
- Special Care Low; and,
- Clinically Complex.

By contrast, under the HR–III system discussed in section I.F of this notice, we will revert to the 53-group classification structure of the previous, RUG–53 case-mix classification system. Under that structure, as discussed in section III.B.5 of the FY 2010 SNF PPS final rule (74 FR 40304, August 11, 2009), the administrative level-of-care presumption applies to the upper 35 groups (as encompassed by the Rehabilitation plus Extensive Services, Ultra High Rehabilitation, Very High Rehabilitation, High Rehabilitation, Medium Rehabilitation, Low Rehabilitation, Extensive Services, Special Care, and Clinically Complex categories), while it does not apply to the lower 18 groups.

F. Example of Computation of Adjusted PPS Rates and SNF Payment

Using the hypothetical SNF XYZ described in Tables 8A and 8B below, the following shows the adjustments made to the Federal per diem rate to compute the provider's actual per diem PPS payment, for RUG–IV and HR–III, respectively. SNF XYZ's 12-month cost reporting period begins October 1, 2010. SNF XYZ's total PPS payment would equal $41,979 for RUG–IV and $36,517 for HR–III, respectively. We derive the Labor and Non-labor columns from Table 6A for RUG–IV and Table 6B for HR–III.

Table 8A
RUG-IV
SNF XYZ: Located in Cedar Rapids, IA (Urban CBSA 16300)
Wage Index: 0.8858

RUG-IV Group	Labor	Wage index	Adjusted Labor	Non-Labor	Adjusted Rate	Percent Adjustment	Medicare Days	Payment
RVX	$545.24	0.8858	$482.97	$241.42	$724.39	$724.39	14	$10,142.00
ES2	$358.74	0.8858	$317.77	$158.84	$476.61	$476.61	30	$14,298.00
RHA	$260.41	0.8858	$230.67	$115.30	$345.97	$345.97	16	$5,536.00
CC2	$207.79	0.8858	$184.06	$ 92.00	$276.06	*$629.42	10	$6,294.00
BA2	$143.25	0.8858	$126.89	$ 63.42	$190.31	$190.31	30	$5,709.00
							100	$41,979.00

*Reflects a 128 percent adjustment from section 511 of the MMA.

Table 8B
HYBRID RUG-III
SNF XYZ: Located in Cedar Rapids, IA (Urban CBSA 16300)
Wage Index: 0.8858

HR-III Group	Labor	Wage index	Adjusted Labor	Non-Labor	Adjusted Rate	Percent Adjustment	Medicare Days	Payment
RVX	$383.12	0.8858	$339.37	$169.63	$509.00	$509.00	14	$7,126.00
RLX	$270.65	0.8858	$239.74	$119.83	$359.57	$359.57	30	$10,787.00
RHA	$262.36	0.8858	$232.40	$116.16	$348.56	$348.56	16	$5,577.00
CC2	$232.95	0.8858	$206.35	$103.14	$309.49	*$705.63	10	$7,056.00
IA2	$149.81	0.8858	$132.70	$ 66.33	$199.03	$199.03	30	$5,971.00
							100	$36,517.00

*Reflects a 128 percent adjustment from section 511 of the MMA.

III. The Skilled Nursing Facility Market Basket Index

Section 1888(e)(5)(A) of the Act requires us to establish a SNF market basket index (input price index), that reflects changes over time in the prices of an appropriate mix of goods and services included in the SNF PPS. This notice incorporates the latest available projections of the SNF market basket index. Accordingly, we have developed a SNF market basket index that encompasses the most commonly used cost categories for SNF routine services, ancillary services, and capital-related expenses.

Each year, we calculate a revised labor-related share based on the relative importance of labor-related cost categories in the input price index. Table 9 below summarizes the updated labor-related share for FY 2011.

Table 9
Labor-related Relative Importance, FY 2010 and FY 2011

	Relative importance, labor-related, FY 2010 09:2 forecast	Relative importance, labor-related, FY 2011 10:2 forecast
Wages and salaries	51.078	50.654
Employee benefits	11.533	11.511
Nonmedical professional fees	1.323	1.32
Labor-intensive services	3.446	3.427
Capital-related (.391)	2.460	2.399
Total	69.840	69.311

Source: IHS Global Insight, Inc.

A. Use of the Skilled Nursing Facility Market Basket Percentage

Section 1888(e)(5)(B) of the Act defines the SNF market basket percentage as the percentage change in the SNF market basket index from the average of the previous FY to the average of the current FY. For the Federal rates established in this notice, we use the percentage increase in the SNF market basket index to compute the update factor for FY 2011. This is based on the IHS Global Insight, Inc. (formerly DRI–WEFA) second quarter 2010 forecast (with historical data through the first quarter 2010) of the FY 2011 percentage increase in the FY 2004-based SNF market basket index for routine, ancillary, and capital-related expenses, to compute the update factor in this notice. Finally, as discussed in section I.A. of this notice, we no longer compute update factors to adjust a facility-specific portion of the SNF PPS rates, because the initial three-phase transition period from facility-specific to full Federal rates that started with cost reporting periods beginning in July 1998 has expired.

B. Market Basket Forecast Error Adjustment

As discussed in the June 10, 2003, supplemental proposed rule (68 FR 34768) and finalized in the August 4, 2003, final rule (68 FR 46057–59), the regulations at § 413.337(d)(2) provide for an adjustment to account for market basket forecast error. The initial adjustment applied to the update of the FY 2003 rate for FY 2004, and took into account the cumulative forecast error for the period from FY 2000 through FY 2002, resulting in an increase of 3.26 percent. Subsequent adjustments in succeeding FYs take into account the forecast error from the most recently available FY for which there is final data, and apply whenever the difference between the forecasted and actual change in the market basket exceeds a specified threshold. We originally used a 0.25 percentage point threshold for this purpose; however, for the reasons specified in the FY 2008 SNF PPS final rule (72 FR 43425, August 3, 2007), we adopted a 0.5 percentage point threshold effective with FY 2008. As discussed previously in section I.G.2. of this notice, as the difference between the estimated and actual amounts of increase in the market basket index for FY 2009 (the most recently available FY for which there is final data) exceeds the 0.5 percentage point threshold, the payment rates for FY 2011 include a forecast error adjustment.

C. Federal Rate Update Factor

Section 1888(e)(4)(E)(ii)(IV) of the Act requires that the update factor used to establish the FY 2011 Federal rates be at a level equal to the full market basket percentage change. Accordingly, to establish the update factor, we determined the total growth from the average market basket level for the period of October 1, 2009 through September 30, 2010 to the average market basket level for the period of October 1, 2010 through September 30, 2011. Using this process, the market basket update factor for FY 2011 SNF PPS Federal rates is 2.3 percent, adjusted by the negative 0.6 percentage point forecast error adjustment, for a net update of 1.7 percent for FY 2011. We used this update factor to compute the SNF PPS rate shown in Tables 2 and 3.

IV. Consolidated Billing

Section 4432(b) of the BBA established a consolidated billing requirement that places the Medicare billing responsibility for virtually all of the services that the SNF's residents receive with the SNF, except for a small number of services that the statute specifically identifies as being excluded from this provision. As noted previously in section I. of this notice, subsequent legislation enacted a number of modifications in the consolidated billing provision.

Specifically, section 103 of the BBRA amended this provision by further excluding a number of individual "high-cost, low-probability" services, identified by the Healthcare Common Procedure Coding System (HCPCS) codes, within several broader categories (chemotherapy and its administration, radioisotope services, and customized prosthetic devices) that otherwise remained subject to the provision. We discuss this BBRA amendment in greater detail in the proposed and final rules for FY 2001 (65 FR 19231 through 19232, April 10, 2000, and 65 FR 46790 through 46795, July 31, 2000), as well as in Program Memorandum AB–00–18 (Change Request #1070), issued March 2000, which is available online at *http://www.cms.gov/transmittals/downloads/ab001860.pdf.*

Section 313 of the BIPA further amended this provision by repealing its Part B aspect; that is, its applicability to services furnished to a resident during a SNF stay that Medicare Part A does not cover. (However, physical therapy, occupational therapy, and speech-language pathology services remain subject to consolidated billing, regardless of whether the resident who receives these services is in a covered Part A stay.) We discuss this BIPA amendment in greater detail in the proposed and final rules for FY 2002 (66 FR 24020 through 24021, May 10, 2001,

and 66 FR 39587 through 39588, July 31, 2001).

In addition, section 410 of the MMA amended this provision by excluding certain practitioner and other services furnished to SNF residents by RHCs and FQHCs. We discuss this MMA amendment in greater detail in the update notice for FY 2005 (69 FR 45818 through 45819, July 30, 2004), as well as in Program Transmittal #390 (Change Request #3575), issued December 10, 2004, which is available online at *http://www.cms.gov/transmittals/downloads/r390cp.pdf.*

Further, while not substantively revising the consolidated billing requirement itself, a related provision was enacted in the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA, Pub. L. 110–275). Specifically, section 149 of MIPPA amended section 1834(m)(4)(C)(ii) of the Act to add subclause (VII), which adds SNFs (as defined in section 1819(a) of the Act) to the list of entities that can serve as a telehealth "originating site" (that is, the location at which an eligible individual can receive, via a telecommunications system, services of a physician or other practitioner who is located elsewhere at a "distant site").

As explained in the Medicare Physician Fee Schedule (PFS) final rule for Calendar Year (CY) 2009 (73 FR 69726, 69879, November 19, 2008), a telehealth originating site receives a facility fee which is always separately payable under Part B outside of any other payment methodology. Section 149(b) of MIPPA amended section 1888(e)(2)(A)(ii) of the Act to exclude telehealth services furnished under section 1834(m)(4)(C)(ii)(VII) of the Act from the definition of "covered skilled nursing facility services" that are paid under the SNF PPS. Thus, a SNF "* * * can receive separate payment for a telehealth originating site facility fee even in those instances where it also receives a bundled per diem payment under the SNF PPS for a resident's covered Part A stay" (73 FR 69881). By contrast, under section 1834(m)(2)(A) of the Act, a telehealth distant site service is payable under Part B to an eligible physician or practitioner only to the same extent that it would have been so payable if furnished without the use of a telecommunications system. Thus, as explained in the CY 2009 Physician Fee Schedule final rule (73 FR 69726), eligible distant site physicians or practitioners can receive payment for a telehealth service that they furnish—

* * * only if the service is separately payable under the PFS when furnished in a face-to-face encounter at that location. For example, we pay distant site physicians or practitioners for furnishing services via telehealth only if such services are not included in a bundled payment to the facility that serves as the originating site (73 FR 69880).

This means that in those situations where a SNF serves as the telehealth originating site, the distant site professional services would be separately payable under Part B only to the extent that they are not already included in the SNF PPS bundled per diem payment and subject to consolidated billing. Thus, for a type of practitioner whose services are not otherwise excluded from consolidated billing when furnished during a face-to-face encounter, the use of a telehealth distant site would not serve to unbundle those services. In fact, consolidated billing does exclude the professional services of physicians, along with those of most of the other types of telehealth practitioners that the law specifies at section 1842(b)(18)(C) of the Act, that is, physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists, certified nurse midwives, and clinical psychologists (see section 1888(e)(2)(A)(ii) of the Act and 42 CFR 411.15(p)(2)). However, the services of clinical social workers, registered dietitians and nutrition professionals remain subject to consolidated billing when furnished to a SNF's Part A resident and, thus, cannot qualify for separate Part B payment as telehealth distant site services in this situation. Additional information on this provision appears in Program Transmittal #1635 (Change Request #6215), issued November 14, 2008, which is available online at *http://www.cms.gov/transmittals/downloads/R1635CP.pdf.* To date, the Congress has enacted no further legislation affecting the consolidated billing provision.

V. Application of the SNF PPS to SNF Services Furnished by Swing-Bed Hospitals

In accordance with section 1888(e)(7) of the Act, as amended by section 203 of the BIPA, Part A pays CAHs on a reasonable cost basis for SNF services furnished under a swing-bed agreement. However, effective with cost reporting periods beginning on or after July 1, 2002, the swing-bed services of non-CAH rural hospitals are paid under the SNF PPS. As explained in the final rule for FY 2002 (66 FR 39562, July 31, 2001), we selected this effective date consistent with the statutory provision to integrate swing-bed rural hospitals into the SNF PPS by the end of the SNF transition period, June 30, 2002.

Accordingly, all non-CAH swing-bed rural hospitals have come under the SNF PPS as of June 30, 2003. Therefore, all rates and wage indexes outlined in earlier sections of this notice for the SNF PPS also apply to all non-CAH swing-bed rural hospitals. A complete discussion of assessment schedules, the MDS and the transmission software (RAVEN–SB for Swing Beds) appears in the final rule for FY 2002 (66 FR 39562, July 31, 2001) and in the final rule for FY 2010 (74 FR 40288, August 11, 2009). As finalized in the FY 2010 SNF PPS final rule (74 FR 40356–57), effective October 1, 2010, non-CAH swing-bed rural hospitals will be required to complete an MDS 3.0 swing-bed assessment which is limited to the required demographic, payment, and quality items. The latest changes in the MDS for swing-bed rural hospitals appear on the SNF PPS Web site, *www.cms.gov/snfpps.*

VI. Collection of Information Requirements

The information collection requirements referenced in this notice with comment period are approved under OMB#'s 0938–0739 and 0938–0872.

VII. Response to 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.

VIII. Regulatory Impact Analysis

A. Overall Impact

We have examined the impacts of this notice as required by Executive Order 12866 on Regulatory Planning and Review (September 30, 1993), the Regulatory Flexibility Act (September 19, 1980, RFA, Pub. L. 96–354), section 1102(b) of the Social Security Act, section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA, Pub. L. 104–4), Executive Order 13132 on Federalism (August 4, 1999), and the Congressional Review Act (5 U.S.C. 804(2)).

Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize

net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). A regulatory impact analysis (RIA) must be prepared for major rules with economically significant effects ($100 million or more in any 1 year). This notice is an economically significant rule under Executive Order 12866, because we estimate the FY 2011 impact of the standard update will be to increase payments to SNFs by approximately $542 million. As discussed in the final rule for FY 2010 (74 FR 40358, August 11, 2009), we estimate that there will be no aggregate impact on payments as a result of the implementation of the RUG–IV model, which is introduced on a budget neutral basis. Similarly, there would be no impact with HR–III, as we are introducing this on a budget neutral basis. Furthermore, we are also considering this a major rule as defined in the Congressional Review Act (5 U.S.C. 804(2)).

The update set forth in this notice applies to payments in FY 2011. Accordingly, the analysis that follows describes the impact of each system on an annual basis. In accordance with the requirements of the Act, we will publish a notice for each subsequent FY that will provide for an update to the payment rates and include an associated impact analysis.

The RFA requires agencies to analyze options for regulatory relief of small entities, if a rule has a significant impact on a substantial number of small entities. For purposes of the RFA, small entities as that term is used in the RFA includes small businesses, nonprofit organizations, and small government jurisdictions. Most SNFs and most other providers and suppliers are small entities, either by their nonprofit status or by having revenues of $13.5 million or less in any 1 year. For purposes of the RFA, approximately 51 percent of SNFs are considered small businesses according to the Small Business Administration's latest size standards, with total revenues of $13.5 million or less in any 1 year. (For details, see the Small Business Administration's final rule that sets forth standards for health care industries, at 65 FR 69432, November 17, 2000). Individuals and States are not included in the definition of a small entity. In addition, approximately 29 percent of SNFs are nonprofit organizations.

This notice updates the SNF PPS rates published in the final rule for FY 2010 (74 FR 40288, August 11, 2009) and the associated correction notice (74 FR 48865, September 25, 2009), thereby increasing net payments by an estimated $542 million. As indicated in Tables 10A and 10B, the effect on facilities will be an aggregate positive impact of 1.7 percent. We note that some individual providers may experience larger increases in payments than others due to the distributional impact of the FY 2011 wage indexes and the degree of Medicare utilization.

Guidance issued by the Department of Health and Human Services on the proper assessment of the impact on small entities in rulemakings, utilizes a revenue impact of 3 to 5 percent as a significance threshold under the RFA. While this notice is considered economically significant, its relative impact on SNFs overall is small because Medicare is a relatively minor payer source for nursing home care. We estimate that Medicare covers approximately 10 percent of service days, and approximately 20 percent of payments. However, the distribution of days and payments is highly variable, with the majority of SNFs having significantly lower Medicare utilization. As indicated in Tables 10A and 10B, the effect on facilities is projected to be an aggregate positive impact of 1.7 percent. As the overall impact is positive on the industry as a whole, and on small entities specifically, the Secretary has determined that this notice would not have a significant impact on a substantial number of small entities. Therefore, in view of the positive economic impact on small entities, it is not necessary to consider regulatory alternatives.

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural hospitals. This analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside of a Metropolitan Statistical Area and has fewer than 100 beds. The notice will affect small rural hospitals that (a) furnish SNF services under a swing-bed agreement or (b) have a hospital-based SNF. We anticipate that the impact on small rural hospitals will be similar to the impact on SNF providers overall. Therefore, the Secretary has determined that this notice will not have a significant impact on the operations of a substantial number of small rural hospitals.

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA) also requires that agencies assess anticipated costs and benefits before issuing any rule whose mandates require spending in any 1 year of $100 million in 1995 dollars, updated annually for inflation. In 2010, that threshold is approximately $135 million. This notice would not impose spending costs on State, local, or tribal governments in the aggregate, or by the private sector, of $135 million.

Executive Order 13132 establishes certain requirements that an agency must meet when it promulgates regulations that impose substantial direct requirement costs on State and local governments, preempts State law, or otherwise has Federalism implications. This notice would have no substantial direct effect on State and local governments, preempt State law, or otherwise have Federalism implications.

B. Anticipated Effects

This notice sets forth updates of the SNF PPS rates contained in the final rule for FY 2010 (74 FR 40288, August 11, 2009) and the associated correction notice (74 FR 48865, September 25, 2009). Based on the above, we estimate the FY 2011 impact would be a net increase of $542 million on payments to SNFs. The impact analysis of this notice represents the projected effects of the changes in the SNF PPS from FY 2010 to FY 2011. We assess the effects by estimating payments while holding all other payment-related variables constant. Although the best data available is utilized, there is no attempt to predict behavioral responses to these changes, or to make adjustments for future changes in such variables as days or case-mix.

Certain events may occur to limit the scope or accuracy of our impact analysis, as this analysis is future-oriented and, thus, very susceptible to forecasting errors due to certain events that may occur within the assessed impact time period. Some examples of possible events may include newly legislated general Medicare program funding changes by the Congress, or changes specifically related to SNFs. In addition, changes to the Medicare program may continue to be made as a result of previously enacted legislation, or new statutory provisions. Although these changes may not be specific to the SNF PPS, the nature of the Medicare program is that the changes may interact and, thus, the complexity of the interaction of these changes could make it difficult to predict accurately the full scope of the impact upon SNFs.

In accordance with section 1888(e)(4)(E) of the Act, we update the payment rates for FY 2010 by a factor equal to the full market basket index percentage increase adjusted by the FY 2009 forecast error adjustment to

determine the payment rates for FY 2011. The special AIDS add-on established by section 511 of the MMA remains in effect until "* * * such date as the Secretary certifies that there is an appropriate adjustment in the case mix * * *" We have not provided a separate impact analysis for the MMA provision. Our latest estimates indicate that there are less than 3,300 beneficiaries who qualify for the AIDS add-on payment. The impact to Medicare is included in the "total" column of Tables 10A and 10B. In updating the rates for FY 2011, we made a number of standard annual revisions and clarifications mentioned elsewhere in this notice (for example, the update to the wage and market basket indexes used for adjusting the Federal rates). These revisions would increase payments to SNFs by approximately $542 million.

The FY 2011 impacts appear in Tables 10A and 10B. The breakdown of the various categories of data in the table follows.

The first column shows the breakdown of all SNFs by urban or rural status, hospital-based or freestanding status, and census region.

The first row of figures in the first column describes the estimated effects of the various changes on all facilities. The next six rows show the effects on facilities split by hospital-based, freestanding, urban, and rural categories. The urban and rural designations are based on the location of the facility under the CBSA designation. The next twenty-two rows show the effects on urban versus rural status by census region.

The second column in the table shows the number of facilities in the impact database.

The third column of the table shows the effect of the annual update to the wage index. This represents the effect of using the most recent wage data available. The total impact of this change is zero percent; however, there are distributional effects of the change.

The fourth column shows the distributional effect due to the RUG–IV and HR–III classification systems. Though the aggregate impact shows no change in total payments, it is estimated that some facilities will experience payment increases while others experience payment decreases due to Medicare utilization under RUG–IV in Table 10A, and in HR–III in Table 10B. For example, in Table 10A under RUG–IV, providers in the urban Pacific region only show increases of 0.1 percent, while providers in the urban Mountain region show a decrease of 0.8 percent. Similarly, in Table 10B under HR–III, providers in the urban East South Central region only show increases of 0.3 percent, while providers in the urban South Atlantic region show a decrease of 0.9 percent.

The fifth column shows the effect of all of the changes on the FY 2011 payments. The update of 1.7 percent, consisting of the market basket increase of 2.3 percentage points, adjusted by the negative 0.6 percentage point forecast error adjustment is constant for all providers and, though not shown individually, is included in the total column. It is projected that aggregate payments will increase by 1.7 percent, assuming facilities do not change their care delivery and billing practices in response.

As can be seen from Tables 10A and 10B, the combined effects of all of the changes vary by specific types of providers and by location. For example, nearly all facilities would experience payment increases in FY 2011 total payments under RUG–IV, ranging from 5.2 percent in urban Outlying regions to 0.5 percent in the rural Pacific region. Of those facilities showing decreases under RUG–IV, facilities in the rural South Atlantic area of the country show the smallest decrease of 0.1 percent and facilities in the rural East North Central area show the largest decrease of 0.4 percent.

Table 10A--RUG-IV Projected Impact to the SNF PPS for FY 2011

	Number of facilities	Update wage data	RUG-IV	Total FY 2011 change
Total	15,450	0.0%	0.0%	1.7%
Urban	10,542	0.0%	0.2%	1.9%
Rural	4,908	0.0%	-0.9%	0.7%
Hospital based urban	559	-0.1%	-1.3%	0.3%
Free standing urban	9,983	0.0%	0.3%	2.0%
Hospital based rural	413	-0.1%	-0.7%	0.9%
Freestanding rural	4,495	0.0%	-1.0%	0.7%
Urban by region:				
New England	824	-0.6%		2.0%

	Number of facilities	Update wage data	RUG-IV	Total FY 2011 change
			0.9%	
Middle Atlantic	1,466	-0.5%	1.3%	2.5%
South Atlantic	1,729	0.1%	-0.6%	1.2%
East North Central	2,033	0.3%	-0.2%	1.8%
East South Central	523	-0.6%	1.1%	2.2%
West North Central	872	0.0%	0.1%	1.9%
West South Central	1,191	0.4%	1.0%	3.1%
Mountain	473	0.0%	-0.8%	0.9%
Pacific	1,424	0.3%	0.1%	2.2%
Outlying	7	0.0%	3.5%	5.2%
Rural by region:				
New England	157	-0.2%	-1.6	-0.2%
Middle Atlantic	271	0.8%	0.6	3.1%
South Atlantic	619	-0.5%	-1.3	-0.1%
East North Central	946	-0.5%	-1.6	-0.4%
East South Central	558	0.4%	-0.3	1.9%
West North Central	1,128	-0.4%	0.0	1.3%
West South Central	835	0.7%	-1.4	1.0%
Mountain	259	0.3%	-1.2	0.8%
Pacific	135	0.5%	-1.7	0.5%
Outlying	0	---	---	---
Ownership:				
Government	834	0.0%	1.2	2.9%
Proprietary	10,572	0.0%	-0.1	1.6%
Voluntary	4,044	-0.1%	0.2	1.8%

Note: The Total column includes the 2.3 percent market basket increase, adjusted by the negative 0.6 percentage point forecast error adjustment.

Table 10B
HYBRID RUG-III
Projected Impact to the SNF PPS for FY 2011

	Number of facilities	Update wage data	HR-III	Total FY 2011 change
Total	15,450	0.0%	0.0%	1.7%
Urban	10,542	0.0%	0.1%	1.8%
Rural	4,908	0.0%	-0.2%	1.5%
Hospital based urban	559	-0.1%	2.9%	4.6%
Free standing urban	9,983	0.0%	0.0%	1.7%
Hospital based rural	413	-0.1%	3.3%	5.0%
Freestanding rural	4,495	0.0%	-0.5%	1.2%
Urban by region:				
New England	824	-0.6%	0.6%	1.7%
Middle Atlantic	1,466	-0.5%	1.3%	2.5%
South Atlantic	1,729	0.1%	-0.9%	0.9%
East North Central	2,033	0.3%	-0.0%	2.0%
East South Central	523	-0.6%	0.3%	1.5%
West North Central	872	0.0%	1.2%	3.0%
West South Central	1,191	0.4%	0.5%	2.6%
Mountain	473	0.0%	-0.7%	1.0%
Pacific	1,424	0.3%	-0.4%	1.6%
Outlying	7	0.0%	7.4%	9.2%
Rural by region:				
New England	157	-0.2%	-1.3%	0.2%
Middle Atlantic	271	0.8%	0.6%	3.1%
South Atlantic	619	-0.5%	-0.7%	0.6%
East North Central	946	-0.5%	-0.9%	0.4%
East South Central	558	0.4%	-0.6%	1.5%

	Number of facilities	Update wage data	HR-III	Total FY 2011 change
West North Central	1,128	-0.4%	2.3%	3.6%
West South Central	835	0.7%	-0.6%	1.8%
Mountain	259	0.3%	0.1%	2.1%
Pacific	135	0.5%	-0.6%	1.5%
Outlying	0	---	---	---
Ownership:				
Government	834	0.0%	2.6%	4.3%
Proprietary	10,572	0.0%	-0.4%	1.3%
Voluntary	4,044	-0.1%	1.3%	3.0%

Note: The Total column includes the 2.3 percent market basket increase, adjusted by the negative 0.6 percentage point forecast error adjustment.

C. Alternatives Considered

Section 1888(e) of the Act establishes the SNF PPS for the payment of Medicare SNF services for cost reporting periods beginning on or after July 1, 1998. This section of the statute prescribes a detailed formula for calculating payment rates under the SNF PPS, and does not provide for the use of any alternative methodology. It specifies that the base year cost data to be used for computing the SNF PPS payment rates must be from FY 1995 (October 1, 1994, through September 30, 1995). In accordance with the statute, we also incorporated a number of elements into the SNF PPS (for example, case-mix classification methodology, the MDS assessment schedule, a market basket index, a wage index, and the urban and rural distinction used in the development or adjustment of the Federal rates). Further, section 1888(e)(4)(H) of the Act specifically requires us to disseminate the payment rates for each new FY through the **Federal Register**, and to do so before the August 1 that precedes the start of the new FY. Accordingly, we are not pursuing alternatives with respect to the payment methodology as discussed above.

D. Accounting Statement

As required by OMB Circular A–4 (available at *http://www.whitehouse.gov/omb/circulars/a004/a-4.pdf*), in Table 11 below, we have prepared an accounting statement showing the classification of the expenditures associated with the provisions of this update notice. This table provides our best estimate of the change in Medicare payments under the SNF PPS as a result of the policies in this update notice based on the data for 15,307 SNFs in our database. All expenditures are classified as transfers to Medicare providers (that is, SNFs).

Table 11
Accounting Statement: Classification of Estimated Expenditures, from the 2010 SNF PPS Fiscal Year to the 2011 SNF PPS Fiscal Year

Category	Transfers
Annualized Monetized Transfers	$542 million
From Whom To Whom?	Federal Government to SNF Medicare Providers

E. Conclusion

Overall estimated payments for SNFs in FY 2011 are projected to increase by $542 million, or 1.7 percent, compared with those in FY 2010. We estimate that under RUG–IV, SNFs in urban and rural areas would experience a 1.9 and 0.7 percent increase, respectively, in estimated payments compared with FY 2010. Providers in the urban New England region would show an increase in payments of 2.0 percent. We estimate that under HR–III, SNFs in urban and rural areas would experience a 1.8 and 1.5 percent increase in estimated payments, respectively, compared with FY 2010. Providers in the rural Pacific region and the East South Central region would both show increases in payments of 1.5 percent.

Finally, in accordance with the provisions of Executive Order 12866, this notice was reviewed by the Office of Management and Budget.

IX. Waiver of Proposed Rulemaking

We would ordinarily publish a notice of proposed rulemaking in the **Federal Register** to provide a period for public comment before the provisions of a notice such as this take effect. However,

we can waive this procedure if we find good cause that a notice and comment procedure is impracticable, unnecessary, or contrary to the public interest and incorporate a statement of the finding and its reasons in the notice issued.

We believe it is unnecessary to undertake notice and comment rulemaking in this instance, as the statute requires annual updates to the SNF PPS rates, and the methodologies used to update the rates and the policies initiated in this notice have been previously subject to public comment and finalized.

As discussed in section I.F, section 10325 of the ACA requires that the Secretary postpone implementation of the RUG–IV case-mix classification system. Notwithstanding this postponement, section 10325 further specifies that the Secretary is required to implement certain components of RUG–IV effective October 1, 2010 (that is, the changes relating to concurrent therapy and the lookback period). Because the concurrent therapy and look back period changes were already subject to notice and public comment and finalized in the FY 2010 SNF PPS final rule (74 FR 40288, August 11, 2009), we believe that these ACA requirements are largely self-implementing and require no substantive exercise of discretion by the Secretary. In addition, section 10325 of the ACA specifies that the implementation of the MDS 3.0 shall proceed as planned (see 74 FR 40342 through 40343), with an effective date of October 1, 2010. Similarly, we believe this provision is self-implementing and does not require the exercise of discretion. Thus, we find that notice and comment procedures are unnecessary.

However, as discussed in section I.F, there are some operational issues that arise in connection with the implementation of section 10325 of the ACA in the context of the existing RUG–III case-mix classification system. Thus, we are providing a 60-day comment period for public comment.

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

Dated: *May 19, 2010.*

Marilyn Tavenner,

Acting Administrator and Chief Operating Officer, Centers for Medicare & Medicaid Services.

Approved: *July 14, 2010.*

Kathleen Sebelius,

Secretary.

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

BILLING CODE 4120–01–P

Addendum – FY 2011 CBSA Wage Index Tables

In this addendum, we provide the wage index tables referred to in the preamble to this notice. Tables A and B display the CBSA-based wage index values for urban and rural providers.

Table A: FY 2011 WAGE INDEX FOR URBAN AREAS BASED ON CBSA LABOR MARKET AREAS

CBSA Code	Urban Area (Constituent Counties)	Wage Index
10180	Abilene, TX Callahan County, TX Jones County, TX Taylor County, TX	0.8003
10380	Aguadilla-Isabela-San Sebastián, PR Aguada Municipio, PR Aguadilla Municipio, PR Añasco Municipio, PR Isabela Municipio, PR Lares Municipio, PR Moca Municipio, PR Rincón Municipio, PR San Sebastián Municipio, PR	0.3471
10420	Akron, OH Portage County, OH Summit County, OH	0.8843
10500	Albany, GA Baker County, GA Dougherty County, GA Lee County, GA Terrell County, GA Worth County, GA	0.9036
10580	Albany-Schenectady-Troy, NY Albany County, NY Rensselaer County, NY Saratoga County, NY Schenectady County, NY Schoharie County, NY	0.8653
10740	Albuquerque, NM Bernalillo County, NM Sandoval County, NM Torrance County, NM Valencia County, NM	0.9456
10780	Alexandria, LA Grant Parish, LA Rapides Parish, LA	0.7995

CBSA Code	Urban Area (Constituent Counties)	Wage Index
10900	Allentown-Bethlehem-Easton, PA-NJ Warren County, NJ Carbon County, PA Lehigh County, PA Northampton County, PA	0.9194
11020	Altoona, PA Blair County, PA	0.8620
11100	Amarillo, TX Armstrong County, TX Carson County, TX Potter County, TX Randall County, TX	0.8644
11180	Ames, IA Story County, IA	0.9970
11260	Anchorage, AK Anchorage Municipality, AK Matanuska-Susitna Borough, AK	1.1964
11300	Anderson, IN Madison County, IN	0.9192
11340	Anderson, SC Anderson County, SC	0.8691
11460	Ann Arbor, MI Washtenaw County, MI	1.0124
11500	Anniston-Oxford, AL Calhoun County, AL	0.7918
11540	Appleton, WI Calumet County, WI Outagamie County, WI	0.9361
11700	Asheville, NC Buncombe County, NC Haywood County, NC Henderson County, NC Madison County, NC	0.9001
12020	Athens-Clarke County, GA Clarke County, GA Madison County, GA Oconee County, GA Oglethorpe County, GA	0.9659
12060	Atlanta-Sandy Springs-Marietta, GA Barrow County, GA Bartow County, GA Butts County, GA Carroll County, GA Cherokee County, GA Clayton County, GA Cobb County, GA Coweta County, GA Dawson County, GA DeKalb County, GA Douglas County, GA Fayette County, GA Forsyth County, GA Fulton County, GA Gwinnett County, GA Haralson County, GA Heard County, GA Henry County, GA Jasper County, GA Lamar County, GA Meriwether County, GA Newton County, GA Paulding County, GA Pickens County, GA Pike County, GA Rockdale County, GA Spalding County, GA Walton County, GA	0.9549
12100	Atlantic City-Hammonton, NJ Atlantic County, NJ	1.1129
12220	Auburn-Opelika, AL Lee County, AL	0.7190
12260	Augusta-Richmond County, GA-SC Burke County, GA Columbia County, GA McDuffie County, GA Richmond County, GA Aiken County, SC Edgefield County, SC	0.9538

CBSA Code	Urban Area (Constituent Counties)	Wage Index
12420	Austin-Round Rock, TX Bastrop County, TX Caldwell County, TX Hays County, TX Travis County, TX Williamson County, TX	0.9514
12540	Bakersfield, CA Kern County, CA	1.1707
12580	Baltimore-Towson, MD Anne Arundel County, MD Baltimore County, MD Carroll County, MD Harford County, MD Howard County, MD Queen Anne's County, MD Baltimore City, MD	1.0255
12620	Bangor, ME Penobscot County, ME	0.9777
12700	Barnstable Town, MA Barnstable County, MA	1.2823
12940	Baton Rouge, LA Ascension Parish, LA East Baton Rouge Parish, LA East Feliciana Parish, LA Iberville Parish, LA Livingston Parish, LA Pointe Coupee Parish, LA St. Helena Parish, LA West Baton Rouge Parish, LA West Feliciana Parish, LA	0.8583
12980	Battle Creek, MI Calhoun County, MI	0.9656
13020	Bay City, MI Bay County, MI	0.9221
13140	Beaumont-Port Arthur, TX Hardin County, TX Jefferson County, TX Orange County, TX	0.8488
13380	Bellingham, WA Whatcom County, WA	1.1390
13460	Bend, OR Deschutes County, OR	1.1372
13644	Bethesda-Frederick-Gaithersburg, MD Frederick County, MD Montgomery County, MD	1.0525
13740	Billings, MT Carbon County, MT Yellowstone County, MT	0.8674
13780	Binghamton, NY Broome County, NY Tioga County, NY	0.8719
13820	Birmingham-Hoover, AL Bibb County, AL Blount County, AL Chilton County, AL Jefferson County, AL St. Clair County, AL Shelby County, AL Walker County, AL	0.8611
13900	Bismarck, ND Burleigh County, ND Morton County, ND	0.7348
13980	Blacksburg-Christiansburg-Radford, VA Giles County, VA Montgomery County, VA Pulaski County, VA Radford City, VA	0.8314
14020	Bloomington, IN Greene County, IN Monroe County, IN Owen County, IN	0.8989
14060	Bloomington-Normal, IL McLean County, IL	0.9439
14260	Boise City-Nampa, ID Ada County, ID Boise County, ID Canyon County, ID Gem County, ID Owyhee County, ID	0.9273

CBSA Code	Urban Area (Constituent Counties)	Wage Index
14484	Boston-Quincy, MA Norfolk County, MA Plymouth County, MA Suffolk County, MA	1.2178
14500	Boulder, CO Boulder County, CO	1.0065
14540	Bowling Green, KY Edmonson County, KY Warren County, KY	0.8666
14740	Bremerton-Silverdale, WA Kitsap County, WA	1.0667
14860	Bridgeport-Stamford-Norwalk, CT Fairfield County, CT	1.2547
15180	Brownsville-Harlingen, TX Cameron County, TX	0.9173
15260	Brunswick, GA Brantley County, GA Glynn County, GA McIntosh County, GA	0.9209
15380	Buffalo-Niagara Falls, NY Erie County, NY Niagara County, NY	0.9530
15500	Burlington, NC Alamance County, NC	0.8863
15540	Burlington-South Burlington, VT Chittenden County, VT Franklin County, VT Grand Isle County, VT	0.9947
15764	Cambridge-Newton-Framingham, MA Middlesex County, MA	1.1250
15804	Camden, NJ Burlington County, NJ Camden County, NJ Gloucester County, NJ	1.0386
15940	Canton-Massillon, OH Carroll County, OH Stark County, OH	0.8749
15980	Cape Coral-Fort Myers, FL Lee County, FL	0.9195
16020	Cape Girardeau-Jackson, MO-IL Alexander County, IL Bollinger County, MO Cape Girardeau County, MO	0.8983
16180	Carson City, NV Carson City, NV	1.0465
16220	Casper, WY Natrona County, WY	0.9655
16300	Cedar Rapids, IA Benton County, IA Jones County, IA Linn County, IA	0.8844
16580	Champaign-Urbana, IL Champaign County, IL Ford County, IL Piatt County, IL	1.0235
16620	Charleston, WV Boone County, WV Clay County, WV Kanawha County, WV Lincoln County, WV Putnam County, WV	0.7895
16700	Charleston-North Charleston-Summerville, SC Berkeley County, SC Charleston County, SC Dorchester County, SC	0.9354
16740	Charlotte-Gastonia-Concord, NC-SC Anson County, NC Cabarrus County, NC Gaston County, NC Mecklenburg County, NC Union County, NC York County, SC	0.9420
16820	Charlottesville, VA Albemarle County, VA Fluvanna County, VA Greene County, VA Nelson County, VA Charlottesville City, VA	0.9342

CBSA Code	Urban Area (Constituent Counties)	Wage Index
16860	Chattanooga, TN-GA Catoosa County, GA Dade County, GA Walker County, GA Hamilton County, TN Marion County, TN Sequatchie County, TN	0.8829
16940	Cheyenne, WY Laramie County, WY	0.9392
16974	Chicago-Naperville-Joliet, IL Cook County, IL DeKalb County, IL DuPage County, IL Grundy County, IL Kane County, IL Kendall County, IL McHenry County, IL Will County, IL	1.0593
17020	Chico, CA Butte County, CA	1.1533
17140	Cincinnati-Middletown, OH-KY-IN Dearborn County, IN Franklin County, IN Ohio County, IN Boone County, KY Bracken County, KY Campbell County, KY Gallatin County, KY Grant County, KY Kenton County, KY Pendleton County, KY Brown County, OH Butler County, OH Clermont County, OH Hamilton County, OH Warren County, OH	0.9699
17300	Clarksville, TN-KY Christian County, KY Trigg County, KY Montgomery County, TN Stewart County, TN	0.7888
17420	Cleveland, TN Bradley County, TN Polk County, TN	0.7731
17460	Cleveland-Elyria-Mentor, OH Cuyahoga County, OH Geauga County, OH Lake County, OH Lorain County, OH Medina County, OH	0.9050
17660	Coeur d'Alene, ID Kootenai County, ID	0.9364
17780	College Station-Bryan, TX Brazos County, TX Burleson County, TX Robertson County, TX	0.9588
17820	Colorado Springs, CO El Paso County, CO Teller County, CO	0.9481
17860	Columbia, MO Boone County, MO Howard County, MO	0.8282
17900	Columbia, SC Calhoun County, SC Fairfield County, SC Kershaw County, SC Lexington County, SC Richland County, SC Saluda County, SC	0.8733
17980	Columbus, GA-AL Russell County, AL Chattahoochee County, GA Harris County, GA Marion County, GA Muscogee County, GA	0.9027
18020	Columbus, IN Bartholomew County, IN	0.9434

CBSA Code	Urban Area (Constituent Counties)	Wage Index
18140	Columbus, OH Delaware County, OH Fairfield County, OH Franklin County, OH Licking County, OH Madison County, OH Morrow County, OH Pickaway County, OH Union County, OH	1.0141
18580	Corpus Christi, TX Aransas County, TX Nueces County, TX San Patricio County, TX	0.8585
18700	Corvallis, OR Benton County, OR	1.0455
18880	Crestview-Fort Walton Beach-Destin, FL Okaloosa County, FL	0.8842
19060	Cumberland, MD-WV Allegany County, MD Mineral County, WV	0.8186
19124	Dallas-Plano-Irving, TX Collin County, TX Dallas County, TX Delta County, TX Denton County, TX Ellis County, TX Hunt County, TX Kaufman County, TX Rockwall County, TX	0.9860
19140	Dalton, GA Murray County, GA Whitfield County, GA	0.8622
19180	Danville, IL Vermilion County, IL	0.9693
19260	Danville, VA Pittsylvania County, VA Danville City, VA	0.8168
19340	Davenport-Moline-Rock Island, IA-IL Henry County, IL Mercer County, IL Rock Island County, IL Scott County, IA	0.8400
19380	Dayton, OH Greene County, OH Miami County, OH Montgomery County, OH Preble County, OH	0.9140
19460	Decatur, AL Lawrence County, AL Morgan County, AL	0.7621
19500	Decatur, IL Macon County, IL	0.7916
19660	Deltona-Daytona Beach-Ormond Beach, FL Volusia County, FL	0.8736
19740	Denver-Aurora-Broomfield, CO Adams County, CO Arapahoe County, CO Broomfield County, CO Clear Creek County, CO Denver County, CO Douglas County, CO Elbert County, CO Gilpin County, CO Jefferson County, CO Park County, CO	1.0718
19780	Des Moines-West Des Moines, IA Dallas County, IA Guthrie County, IA Madison County, IA Polk County, IA Warren County, IA	0.9621
19804	Detroit-Livonia-Dearborn, MI Wayne County, MI	0.9699
20020	Dothan, AL Geneva County, AL Henry County, AL Houston County, AL	0.7435

CBSA Code	Urban Area (Constituent Counties)	Wage Index
20100	Dover, DE Kent County, DE	0.9921
20220	Dubuque, IA Dubuque County, IA	0.8774
20260	Duluth, MN-WI Carlton County, MN St. Louis County, MN Douglas County, WI	1.0565
20500	Durham-Chapel Hill, NC Chatham County, NC Durham County, NC Orange County, NC Person County, NC	0.9664
20740	Eau Claire, WI Chippewa County, WI Eau Claire County, WI	0.9639
20764	Edison-New Brunswick, NJ Middlesex County, NJ Monmouth County, NJ Ocean County, NJ Somerset County, NJ	1.1006
20940	El Centro, CA Imperial County, CA	0.9258
21060	Elizabethtown, KY Hardin County, KY Larue County, KY	0.8449
21140	Elkhart-Goshen, IN Elkhart County, IN	0.9465
21300	Elmira, NY Chemung County, NY	0.8445
21340	El Paso, TX El Paso County, TX	0.8475
21500	Erie, PA Erie County, PA	0.8360
21660	Eugene-Springfield, OR Lane County, OR	1.1384
21780	Evansville, IN-KY Gibson County, IN Posey County, IN Vanderburgh County, IN Warrick County, IN Henderson County, KY Webster County, KY	0.8433
21820	Fairbanks, AK Fairbanks North Star Borough, AK	1.1080
21940	Fajardo, PR Ceiba Municipio, PR Fajardo Municipio, PR Luquillo Municipio, PR	0.3883
22020	Fargo, ND-MN Cass County, ND Clay County, MN	0.8064
22140	Farmington, NM San Juan County, NM	0.9339
22180	Fayetteville, NC Cumberland County, NC Hoke County, NC	0.9323
22220	Fayetteville-Springdale-Rogers, AR-MO Benton County, AR Madison County, AR Washington County, AR McDonald County, MO	0.8616
22380	Flagstaff, AZ Coconino County, AZ	1.2443
22420	Flint, MI Genesee County, MI	1.1496
22500	Florence, SC Darlington County, SC Florence County, SC	0.8252
22520	Florence-Muscle Shoals, AL Colbert County, AL Lauderdale County, AL	0.8144
22540	Fond du Lac, WI Fond du Lac County, WI	0.9223

CBSA Code	Urban Area (Constituent Counties)	Wage Index
22660	Fort Collins-Loveland, CO Larimer County, CO	0.9892
22744	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL Broward County, FL	1.0160
22900	Fort Smith, AR-OK Crawford County, AR Franklin County, AR Sebastian County, AR Le Flore County, OK Sequoyah County, OK	0.7599
23060	Fort Wayne, IN Allen County, IN Wells County, IN Whitley County, IN	0.9362
23104	Fort Worth-Arlington, TX Johnson County, TX Parker County, TX Tarrant County, TX Wise County, TX	0.9474
23420	Fresno, CA Fresno County, CA	1.1422
23460	Gadsden, AL Etowah County, AL	0.7180
23540	Gainesville, FL Alachua County, FL Gilchrist County, FL	0.9160
23580	Gainesville, GA Hall County, GA	0.9223
23844	Gary, IN Jasper County, IN Lake County, IN Newton County, IN Porter County, IN	0.9084
24020	Glens Falls, NY Warren County, NY Washington County, NY	0.8507
24140	Goldsboro, NC Wayne County, NC	0.9067
24220	Grand Forks, ND-MN Polk County, MN Grand Forks County, ND	0.7717
24300	Grand Junction, CO Mesa County, CO	0.9850
24340	Grand Rapids-Wyoming, MI Barry County, MI Ionia County, MI Kent County, MI Newaygo County, MI	0.9169
24500	Great Falls, MT Cascade County, MT	0.8289
24540	Greeley, CO Weld County, CO	0.9496
24580	Green Bay, WI Brown County, WI Kewaunee County, WI Oconto County, WI	0.9586
24660	Greensboro-High Point, NC Guilford County, NC Randolph County, NC Rockingham County, NC	0.8882
24780	Greenville, NC Greene County, NC Pitt County, NC	0.9370
24860	Greenville-Mauldin-Easley, SC Greenville County, SC Laurens County, SC Pickens County, SC	0.9644
25020	Guayama, PR Arroyo Municipio, PR Guayama Municipio, PR Patillas Municipio, PR	0.3686
25060	Gulfport-Biloxi, MS Hancock County, MS Harrison County, MS Stone County, MS	0.8877

CBSA Code	Urban Area (Constituent Counties)	Wage Index
25180	Hagerstown-Martinsburg, MD-WV Washington County, MD Berkeley County, WV Morgan County, WV	0.9254
25260	Hanford-Corcoran, CA Kings County, CA	1.1205
25420	Harrisburg-Carlisle, PA Cumberland County, PA Dauphin County, PA Perry County, PA	0.9296
25500	Harrisonburg, VA Rockingham County, VA Harrisonburg City, VA	0.9158
25540	Hartford-West Hartford-East Hartford, CT Hartford County, CT Middlesex County, CT Tolland County, CT	1.0927
25620	Hattiesburg, MS Forrest County, MS Lamar County, MS Perry County, MS	0.7714
25860	Hickory-Lenoir-Morganton, NC Alexander County, NC Burke County, NC Caldwell County, NC Catawba County, NC	0.8693
25980	Hinesville-Fort Stewart, GA[1] Liberty County, GA Long County, GA	0.8958
26100	Holland-Grand Haven, MI Ottawa County, MI	0.8632
26180	Honolulu, HI Honolulu County, HI	1.1807
26300	Hot Springs, AR Garland County, AR	0.9151
26380	Houma-Bayou Cane-Thibodaux, LA Lafourche Parish, LA Terrebonne Parish, LA	0.7852

CBSA Code	Urban Area (Constituent Counties)	Wage Index
26420	Houston-Sugar Land-Baytown, TX Austin County, TX Brazoria County, TX Chambers County, TX Fort Bend County, TX Galveston County, TX Harris County, TX Liberty County, TX Montgomery County, TX San Jacinto County, TX Waller County, TX	0.9824
26580	Huntington-Ashland, WV-KY-OH Boyd County, KY Greenup County, KY Lawrence County, OH Cabell County, WV Wayne County, WV	0.8953
26620	Huntsville, AL Limestone County, AL Madison County, AL	0.9191
26820	Idaho Falls, ID Bonneville County, ID Jefferson County, ID	0.9663
26900	Indianapolis-Carmel, IN Boone County, IN Brown County, IN Hamilton County, IN Hancock County, IN Hendricks County, IN Johnson County, IN Marion County, IN Morgan County, IN Putnam County, IN Shelby County, IN	0.9672
26980	Iowa City, IA Johnson County, IA Washington County, IA	0.9657
27060	Ithaca, NY Tompkins County, NY	0.9842
27100	Jackson, MI Jackson County, MI	0.9155

CBSA Code	Urban Area (Constituent Counties)	Wage Index
27140	Jackson, MS Copiah County, MS Hinds County, MS Madison County, MS Rankin County, MS Simpson County, MS	0.8042
27180	Jackson, TN Chester County, TN Madison County, TN	0.8404
27260	Jacksonville, FL Baker County, FL Clay County, FL Duval County, FL Nassau County, FL St. Johns County, FL	0.8884
27340	Jacksonville, NC Onslow County, NC	0.7807
27500	Janesville, WI Rock County, WI	0.9415
27620	Jefferson City, MO Callaway County, MO Cole County, MO Moniteau County, MO Osage County, MO	0.8434
27740	Johnson City, TN Carter County, TN Unicoi County, TN Washington County, TN	0.8105
27780	Johnstown, PA Cambria County, PA	0.8090
27860	Jonesboro, AR Craighead County, AR Poinsett County, AR	0.7757
27900	Joplin, MO Jasper County, MO Newton County, MO	0.8214
28020	Kalamazoo-Portage, MI Kalamazoo County, MI Van Buren County, MI	1.0292
28100	Kankakee-Bradley, IL Kankakee County, IL	1.0619
28140	Kansas City, MO-KS Franklin County, KS Johnson County, KS Leavenworth County, KS Linn County, KS Miami County, KS Wyandotte County, KS Bates County, MO Caldwell County, MO Cass County, MO Clay County, MO Clinton County, MO Jackson County, MO Lafayette County, MO Platte County, MO Ray County, MO	0.9652
28420	Kennewick-Pasco-Richland, WA Benton County, WA Franklin County, WA	0.9976
28660	Killeen-Temple-Fort Hood, TX Bell County, TX Coryell County, TX Lampasas County, TX	0.8798
28700	Kingsport-Bristol-Bristol, TN-VA Hawkins County, TN Sullivan County, TN Bristol City, VA Scott County, VA Washington County, VA	0.7588
28740	Kingston, NY Ulster County, NY	0.9075
28940	Knoxville, TN Anderson County, TN Blount County, TN Knox County, TN Loudon County, TN Union County, TN	0.7842

CBSA Code	Urban Area (Constituent Counties)	Wage Index
29020	Kokomo, IN Howard County, IN Tipton County, IN	0.9130
29100	La Crosse, WI-MN Houston County, MN La Crosse County, WI	0.9803
29140	Lafayette, IN Benton County, IN Carroll County, IN Tippecanoe County, IN	0.9289
29180	Lafayette, LA Lafayette Parish, LA St. Martin Parish, LA	0.8489
29340	Lake Charles, LA Calcasieu Parish, LA Cameron Parish, LA	0.8196
29404	Lake County-Kenosha County, IL-WI Lake County, IL Kenosha County, WI	1.0781
29420	Lake Havasu City-Kingman, AZ Mohave County, AZ	1.0235
29460	Lakeland-Winter Haven, FL Polk County, FL	0.8447
29540	Lancaster, PA Lancaster County, PA	0.9344
29620	Lansing-East Lansing, MI Clinton County, MI Eaton County, MI Ingham County, MI	1.0298
29700	Laredo, TX Webb County, TX	0.7914
29740	Las Cruces, NM Dona Ana County, NM	0.9296
29820	Las Vegas-Paradise, NV Clark County, NV	1.2099
29940	Lawrence, KS Douglas County, KS	0.8533

CBSA Code	Urban Area (Constituent Counties)	Wage Index
30020	Lawton, OK Comanche County, OK	0.8285
30140	Lebanon, PA Lebanon County, PA	0.7807
30300	Lewiston, ID-WA Nez Perce County, ID Asotin County, WA	0.9358
30340	Lewiston-Auburn, ME Androscoggin County, ME	0.8903
30460	Lexington-Fayette, KY Bourbon County, KY Clark County, KY Fayette County, KY Jessamine County, KY Scott County, KY Woodford County, KY	0.8817
30620	Lima, OH Allen County, OH	0.9271
30700	Lincoln, NE Lancaster County, NE Seward County, NE	0.9617
30780	Little Rock-North Little Rock-Conway, AR Faulkner County, AR Grant County, AR Lonoke County, AR Perry County, AR Pulaski County, AR Saline County, AR	0.8546
30860	Logan, UT-ID Franklin County, ID Cache County, UT	0.8794
30980	Longview, TX Gregg County, TX Rusk County, TX Upshur County, TX	0.8563
31020	Longview, WA Cowlitz County, WA	1.0296
31084	Los Angeles-Long Beach-Glendale, CA Los Angeles County, CA	1.2130

CBSA Code	Urban Area (Constituent Counties)	Wage Index
31140	Louisville-Jefferson County, KY-IN Clark County, IN Floyd County, IN Harrison County, IN Washington County, IN Bullitt County, KY Henry County, KY Meade County, KY Nelson County, KY Oldham County, KY Shelby County, KY Spencer County, KY Trimble County, KY	0.8896
31180	Lubbock, TX Crosby County, TX Lubbock County, TX	0.8847
31340	Lynchburg, VA Amherst County, VA Appomattox County, VA Bedford County, VA Campbell County, VA Bedford City, VA Lynchburg City, VA	0.8694
31420	Macon, GA Bibb County, GA Crawford County, GA Jones County, GA Monroe County, GA Twiggs County, GA	0.9202
31460	Madera-Chowchilla, CA Madera County, CA	0.7986
31540	Madison, WI Columbia County, WI Dane County, WI Iowa County, WI	1.1294
31700	Manchester-Nashua, NH Hillsborough County, NH	0.9869
31740	Manhattan, KS Geary County, KS Pottawatomie County, KS Riley County, KS	0.7847
31860	Mankato-North Mankato, MN Blue Earth County, MN Nicollet County, MN	0.9083
31900	Mansfield, OH Richland County, OH	0.8918
32420	Mayagüez, PR Hormigueros Municipio, PR Mayagüez Municipio, PR	0.3640
32580	McAllen-Edinburg-Mission, TX Hidalgo County, TX	0.8837
32780	Medford, OR Jackson County, OR	1.0061
32820	Memphis, TN-MS-AR Crittenden County, AR DeSoto County, MS Marshall County, MS Tate County, MS Tunica County, MS Fayette County, TN Shelby County, TN Tipton County, TN	0.9268
32900	Merced, CA Merced County, CA	1.2359
33124	Miami-Miami Beach-Kendall, FL Miami-Dade County, FL	1.0128
33140	Michigan City-La Porte, IN LaPorte County, IN	0.9470
33260	Midland, TX Midland County, TX	0.9711
33340	Milwaukee-Waukesha-West Allis, WI Milwaukee County, WI Ozaukee County, WI Washington County, WI Waukesha County, WI	1.0183

CBSA Code	Urban Area (Constituent Counties)	Wage Index
33460	Minneapolis-St. Paul-Bloomington, MN-WI Anoka County, MN Carver County, MN Chisago County, MN Dakota County, MN Hennepin County, MN Isanti County, MN Ramsey County, MN Scott County, MN Sherburne County, MN Washington County, MN Wright County, MN Pierce County, WI St. Croix County, WI	1.1143
33540	Missoula, MT Missoula County, MT	0.8921
33660	Mobile, AL Mobile County, AL	0.7960
33700	Modesto, CA Stanislaus County, CA	1.2104
33740	Monroe, LA Ouachita Parish, LA Union Parish, LA	0.7993
33780	Monroe, MI Monroe County, MI	0.8684
33860	Montgomery, AL Autauga County, AL Elmore County, AL Lowndes County, AL Montgomery County, AL	0.8442
34060	Morgantown, WV Monongalia County, WV Preston County, WV	0.8137
34100	Morristown, TN Grainger County, TN Hamblen County, TN Jefferson County, TN	0.7041
34580	Mount Vernon-Anacortes, WA Skagit County, WA	1.0363
34620	Muncie, IN Delaware County, IN	0.8206
34740	Muskegon-Norton Shores, MI Muskegon County, MI	0.9809
34820	Myrtle Beach-North Myrtle Beach-Conway, SC Horry County, SC	0.8738
34900	Napa, CA Napa County, CA	1.4604
34940	Naples-Marco Island, FL Collier County, FL	0.9698
34980	Nashville-Davidson—Murfreesboro-Franklin, TN Cannon County, TN Cheatham County, TN Davidson County, TN Dickson County, TN Hickman County, TN Macon County, TN Robertson County, TN Rutherford County, TN Smith County, TN Sumner County, TN Trousdale County, TN Williamson County, TN Wilson County, TN	0.9457
35004	Nassau-Suffolk, NY Nassau County, NY Suffolk County, NY	1.2315
35084	Newark-Union, NJ-PA Essex County, NJ Hunterdon County, NJ Morris County, NJ Sussex County, NJ Union County, NJ Pike County, PA	1.1460
35300	New Haven-Milford, CT New Haven County, CT	1.1515

CBSA Code	Urban Area (Constituent Counties)	Wage Index
35380	New Orleans-Metairie-Kenner, LA Jefferson Parish, LA Orleans Parish, LA Plaquemines Parish, LA St. Bernard Parish, LA St. Charles Parish, LA St. John the Baptist Parish, LA St. Tammany Parish, LA	0.9070
35644	New York-White Plains-Wayne, NY-NJ Bergen County, NJ Hudson County, NJ Passaic County, NJ Bronx County, NY Kings County, NY New York County, NY Putnam County, NY Queens County, NY Richmond County, NY Rockland County, NY Westchester County, NY	1.2955
35660	Niles-Benton Harbor, MI Berrien County, MI	0.8872
35840	North Port-Bradenton-Sarasota-Venice, FL Manatee County, FL Sarasota County, FL	0.9481
35980	Norwich-New London, CT New London County, CT	1.1215
36084	Oakland-Fremont-Hayward, CA Alameda County, CA Contra Costa County, CA	1.6354
36100	Ocala, FL Marion County, FL	0.8468
36140	Ocean City, NJ Cape May County, NJ	1.0879
36220	Odessa, TX Ector County, TX	0.9436
36260	Ogden-Clearfield, UT Davis County, UT Morgan County, UT Weber County, UT	0.9267
36420	Oklahoma City, OK Canadian County, OK Cleveland County, OK Grady County, OK Lincoln County, OK Logan County, OK McClain County, OK Oklahoma County, OK	0.8877
36500	Olympia, WA Thurston County, WA	1.1269
36540	Omaha-Council Bluffs, NE-IA Harrison County, IA Mills County, IA Pottawattamie County, IA Cass County, NE Douglas County, NE Sarpy County, NE Saunders County, NE Washington County, NE	0.9583
36740	Orlando-Kissimmee, FL Lake County, FL Orange County, FL Osceola County, FL Seminole County, FL	0.9163
36780	Oshkosh-Neenah, WI Winnebago County, WI	0.9566
36980	Owensboro, KY Daviess County, KY Hancock County, KY McLean County, KY	0.8370
37100	Oxnard-Thousand Oaks-Ventura, CA Ventura County, CA	1.2377
37340	Palm Bay-Melbourne-Titusville, FL Brevard County, FL	0.9211
37380	Palm Coast, FL Flagler County, FL	0.8405
37460	Panama City-Lynn Haven-Panama City Beach, FL Bay County, FL	0.7954

CBSA Code	Urban Area (Constituent Counties)	Wage Index
37620	Parkersburg-Marietta-Vienna, WV-OH Washington County, OH Pleasants County, WV Wirt County, WV Wood County, WV	0.7455
37700	Pascagoula, MS George County, MS Jackson County, MS	0.8299
37764	Peabody, MA Essex County, MA	1.0979
37860	Pensacola-Ferry Pass-Brent, FL Escambia County, FL Santa Rosa County, FL	0.8254
37900	Peoria, IL Marshall County, IL Peoria County, IL Stark County, IL Tazewell County, IL Woodford County, IL	0.9149
37964	Philadelphia, PA Bucks County, PA Chester County, PA Delaware County, PA Montgomery County, PA Philadelphia County, PA	1.0803
38060	Phoenix-Mesa-Scottsdale, AZ Maricopa County, AZ Pinal County, AZ	1.0642
38220	Pine Bluff, AR Cleveland County, AR Jefferson County, AR Lincoln County, AR	0.8012
38300	Pittsburgh, PA Allegheny County, PA Armstrong County, PA Beaver County, PA Butler County, PA Fayette County, PA Washington County, PA Westmoreland County, PA	0.8605
38340	Pittsfield, MA Berkshire County, MA	1.0371
38540	Pocatello, ID Bannock County, ID Power County, ID	0.9507
38660	Ponce, PR Juana Díaz Municipio, PR Ponce Municipio, PR Villalba Municipio, PR	0.4326
38860	Portland-South Portland-Biddeford, ME Cumberland County, ME Sagadahoc County, ME York County, ME	0.9899
38900	Portland-Vancouver-Beaverton, OR-WA Clackamas County, OR Columbia County, OR Multnomah County, OR Washington County, OR Yamhill County, OR Clark County, WA Skamania County, WA	1.1476
38940	Port St. Lucie, FL Martin County, FL St. Lucie County, FL	1.0723
39100	Poughkeepsie-Newburgh-Middletown, NY Dutchess County, NY Orange County, NY	1.1354
39140	Prescott, AZ Yavapai County, AZ	1.2234
39300	Providence-New Bedford-Fall River, RI-MA Bristol County, MA Bristol County, RI Kent County, RI Newport County, RI Providence County, RI Washington County, RI	1.0714
39340	Provo-Orem, UT Juab County, UT Utah County, UT	0.9321
39380	Pueblo, CO Pueblo County, CO	0.8721

CBSA Code	Urban Area (Constituent Counties)	Wage Index
39460	Punta Gorda, FL Charlotte County, FL	0.8759
39540	Racine, WI Racine County, WI	1.0580
39580	Raleigh-Cary, NC Franklin County, NC Johnston County, NC Wake County, NC	0.9811
39660	Rapid City, SD Meade County, SD Pennington County, SD	1.0442
39740	Reading, PA Berks County, PA	0.8904
39820	Redding, CA Shasta County, CA	1.4134
39900	Reno-Sparks, NV Storey County, NV Washoe County, NV	1.0419
40060	Richmond, VA Amelia County, VA Caroline County, VA Charles City County, VA Chesterfield County, VA Cumberland County, VA Dinwiddie County, VA Goochland County, VA Hanover County, VA Henrico County, VA King and Queen County, VA King William County, VA Louisa County, VA New Kent County, VA Powhatan County, VA Prince George County, VA Sussex County, VA Colonial Heights City, VA Hopewell City, VA Petersburg City, VA Richmond City, VA	0.9661
40140	Riverside-San Bernardino-Ontario, CA Riverside County, CA San Bernardino County, CA	1.1570
40220	Roanoke, VA Botetourt County, VA Craig County, VA Franklin County, VA Roanoke County, VA Roanoke City, VA Salem City, VA	0.8827
40340	Rochester, MN Dodge County, MN Olmsted County, MN Wabasha County, MN	1.0942
40380	Rochester, NY Livingston County, NY Monroe County, NY Ontario County, NY Orleans County, NY Wayne County, NY	0.8595
40420	Rockford, IL Boone County, IL Winnebago County, IL	1.0033
40484	Rockingham County-Strafford County, NH Rockingham County, NH Strafford County, NH	1.0026
40580	Rocky Mount, NC Edgecombe County, NC Nash County, NC	0.9034
40660	Rome, GA Floyd County, GA	0.8635
40900	Sacramento-Arden-Arcade-Roseville, CA El Dorado County, CA Placer County, CA Sacramento County, CA Yolo County, CA	1.4053
40980	Saginaw-Saginaw Township North, MI Saginaw County, MI	0.8728
41060	St. Cloud, MN Benton County, MN Stearns County, MN	1.1042

CBSA Code	Urban Area (Constituent Counties)	Wage Index
41100	St. George, UT Washington County, UT	0.9133
41140	St. Joseph, MO-KS Doniphan County, KS Andrew County, MO Buchanan County, MO DeKalb County, MO	1.0302
41180	St. Louis, MO-IL Bond County, IL Calhoun County, IL Clinton County, IL Jersey County, IL Macoupin County, IL Madison County, IL Monroe County, IL St. Clair County, IL Crawford County, MO Franklin County, MO Jefferson County, MO Lincoln County, MO St. Charles County, MO St. Louis County, MO Warren County, MO Washington County, MO St. Louis City, MO	0.9090
41420	Salem, OR Marion County, OR Polk County, OR	1.1133
41500	Salinas, CA Monterey County, CA	1.5686
41540	Salisbury, MD Somerset County, MD Wicomico County, MD	0.9005
41620	Salt Lake City, UT Salt Lake County, UT Summit County, UT Tooele County, UT	0.9266
41660	San Angelo, TX Irion County, TX Tom Green County, TX	0.8303
41700	San Antonio, TX Atascosa County, TX Bandera County, TX Bexar County, TX Comal County, TX Guadalupe County, TX Kendall County, TX Medina County, TX Wilson County, TX	0.8998
41740	San Diego-Carlsbad-San Marcos, CA San Diego County, CA	1.1979
41780	Sandusky, OH Erie County, OH	0.8686
41884	San Francisco-San Mateo-Redwood City, CA Marin County, CA San Francisco County, CA San Mateo County, CA	1.5733
41900	San Germán-Cabo Rojo, PR Cabo Rojo Municipio, PR Lajas Municipio, PR Sabana Grande Municipio, PR San Germán Municipio, PR	0.4560
41940	San Jose-Sunnyvale-Santa Clara, CA San Benito County, CA Santa Clara County, CA	1.6703

CBSA Code	Urban Area (Constituent Counties)	Wage Index
41980	San Juan-Caguas-Guaynabo, PR Aguas Buenas Municipio, PR Aibonito Municipio, PR Arecibo Municipio, PR Barceloneta Municipio, PR Barranquitas Municipio, PR Bayamón Municipio, PR Caguas Municipio, PR Camuy Municipio, PR Canóvanas Municipio, PR Carolina Municipio, PR Cataño Municipio, PR Cayey Municipio, PR Ciales Municipio, PR Cidra Municipio, PR Comerío Municipio, PR Corozal Municipio, PR Dorado Municipio, PR Florida Municipio, PR Guaynabo Municipio, PR Gurabo Municipio, PR Hatillo Municipio, PR Humacao Municipio, PR Juncos Municipio, PR Las Piedras Municipio, PR Loíza Municipio, PR Manatí Municipio, PR Maunabo Municipio, PR Morovis Municipio, PR Naguabo Municipio, PR Naranjito Municipio, PR Orocovis Municipio, PR Quebradillas Municipio, PR Río Grande Municipio, PR San Juan Municipio, PR San Lorenzo Municipio, PR Toa Alta Municipio, PR Toa Baja Municipio, PR Trujillo Alto Municipio, PR Vega Alta Municipio, PR Vega Baja Municipio, PR Yabucoa Municipio, PR	0.4296

CBSA Code	Urban Area (Constituent Counties)	Wage Index
42020	San Luis Obispo-Paso Robles, CA San Luis Obispo County, CA	1.2915
42044	Santa Ana-Anaheim-Irvine, CA Orange County, CA	1.2162
42060	Santa Barbara-Santa Maria-Goleta, CA Santa Barbara County, CA	1.1909
42100	Santa Cruz-Watsonville, CA Santa Cruz County, CA	1.6740
42140	Santa Fe, NM Santa Fe County, NM	1.0847
42220	Santa Rosa-Petaluma, CA Sonoma County, CA	1.6143
42340	Savannah, GA Bryan County, GA Chatham County, GA Effingham County, GA	0.8907
42540	Scranton--Wilkes-Barre, PA Lackawanna County, PA Luzerne County, PA Wyoming County, PA	0.8238
42644	Seattle-Bellevue-Everett, WA King County, WA Snohomish County, WA	1.1556
42680	Sebastian-Vero Beach, FL Indian River County, FL	0.9097
43100	Sheboygan, WI Sheboygan County, WI	0.9233
43300	Sherman-Denison, TX Grayson County, TX	0.8279
43340	Shreveport-Bossier City, LA Bossier Parish, LA Caddo Parish, LA De Soto Parish, LA	0.8536

CBSA Code	Urban Area (Constituent Counties)	Wage Index
43580	Sioux City, IA-NE-SD Woodbury County, IA Dakota County, NE Dixon County, NE Union County, SD	0.9091
43620	Sioux Falls, SD Lincoln County, SD McCook County, SD Minnehaha County, SD Turner County, SD	0.9299
43780	South Bend-Mishawaka, IN-MI St. Joseph County, IN Cass County, MI	0.9948
43900	Spartanburg, SC Spartanburg County, SC	0.9383
44060	Spokane, WA Spokane County, WA	1.0571
44100	Springfield, IL Menard County, IL Sangamon County, IL	0.9130
44140	Springfield, MA Franklin County, MA Hampden County, MA Hampshire County, MA	1.0251
44180	Springfield, MO Christian County, MO Dallas County, MO Greene County, MO Polk County, MO Webster County, MO	0.8371
44220	Springfield, OH Clark County, OH	0.9234
44300	State College, PA Centre County, PA	0.8779
44600	Steubenville-Weirton, OH-WV Jefferson County, OH Brooke County, WV Hancock County, WV	0.7315
44700	Stockton, CA San Joaquin County, CA	1.2644
44940	Sumter, SC Sumter County, SC	0.7860
45060	Syracuse, NY Madison County, NY Onondaga County, NY Oswego County, NY	0.9905
45104	Tacoma, WA Pierce County, WA	1.1343
45220	Tallahassee, FL Gadsden County, FL Jefferson County, FL Leon County, FL Wakulla County, FL	0.8806
45300	Tampa-St. Petersburg-Clearwater, FL Hernando County, FL Hillsborough County, FL Pasco County, FL Pinellas County, FL	0.9054
45460	Terre Haute, IN Clay County, IN Sullivan County, IN Vermillion County, IN Vigo County, IN	0.9205
45500	Texarkana, TX-Texarkana, AR Miller County, AR Bowie County, TX	0.7748
45780	Toledo, OH Fulton County, OH Lucas County, OH Ottawa County, OH Wood County, OH	0.9432
45820	Topeka, KS Jackson County, KS Jefferson County, KS Osage County, KS Shawnee County, KS Wabaunsee County, KS	0.8952

CBSA Code	Urban Area (Constituent Counties)	Wage Index
45940	Trenton-Ewing, NJ Mercer County, NJ	1.0150
46060	Tucson, AZ Pima County, AZ	0.9480
46140	Tulsa, OK Creek County, OK Okmulgee County, OK Osage County, OK Pawnee County, OK Rogers County, OK Tulsa County, OK Wagoner County, OK	0.8793
46220	Tuscaloosa, AL Greene County, AL Hale County, AL Tuscaloosa County, AL	0.8843
46340	Tyler, TX Smith County, TX	0.8065
46540	Utica-Rome, NY Herkimer County, NY Oneida County, NY	0.8471
46660	Valdosta, GA Brooks County, GA Echols County, GA Lanier County, GA Lowndes County, GA	0.7941
46700	Vallejo-Fairfield, CA Solano County, CA	1.4931
47020	Victoria, TX Calhoun County, TX Goliad County, TX Victoria County, TX	0.8219
47220	Vineland-Millville-Bridgeton, NJ Cumberland County, NJ	1.0534
47260	Virginia Beach-Norfolk-Newport News, VA-NC Currituck County, NC Gloucester County, VA Isle of Wight County, VA James City County, VA Mathews County, VA Surry County, VA York County, VA Chesapeake City, VA Hampton City, VA Newport News City, VA Norfolk City, VA Poquoson City, VA Portsmouth City, VA Suffolk City, VA Virginia Beach City, VA Williamsburg City, VA	0.8961
47300	Visalia-Porterville, CA Tulare County, CA	1.0738
47380	Waco, TX McLennan County, TX	0.8403
47580	Warner Robins, GA Houston County, GA	0.8028
47644	Warren-Troy-Farmington Hills, MI Lapeer County, MI Livingston County, MI Macomb County, MI Oakland County, MI St. Clair County, MI	0.9648

CBSA Code	Urban Area (Constituent Counties)	Wage Index
47894	Washington-Arlington-Alexandria, DC-VA-MD-WV District of Columbia, DC Calvert County, MD Charles County, MD Prince George's County, MD Arlington County, VA Clarke County, VA Fairfax County, VA Fauquier County, VA Loudoun County, VA Prince William County, VA Spotsylvania County, VA Stafford County, VA Warren County, VA Alexandria City, VA Fairfax City, VA Falls Church City, VA Fredericksburg City, VA Manassas City, VA Manassas Park City, VA Jefferson County, WV	1.0723
47940	Waterloo-Cedar Falls, IA Black Hawk County, IA Bremer County, IA Grundy County, IA	0.8462
48140	Wausau, WI Marathon County, WI	0.9563
48300	Wenatchee-East Wenatchee, WA Chelan County, WA Douglas County, WA	0.9615
48424	West Palm Beach-Boca Raton-Boynton Beach, FL Palm Beach County, FL	0.9934
48540	Wheeling, WV-OH Belmont County, OH Marshall County, WV Ohio County, WV	0.6675
48620	Wichita, KS Butler County, KS Harvey County, KS Sedgwick County, KS Sumner County, KS	0.8898
48660	Wichita Falls, TX Archer County, TX Clay County, TX Wichita County, TX	0.9566
48700	Williamsport, PA Lycoming County, PA	0.7256
48864	Wilmington, DE-MD-NJ New Castle County, DE Cecil County, MD Salem County, NJ	1.0580
48900	Wilmington, NC Brunswick County, NC New Hanover County, NC Pender County, NC	0.9202
49020	Winchester, VA-WV Frederick County, VA Winchester City, VA Hampshire County, WV	1.0002
49180	Winston-Salem, NC Davie County, NC Forsyth County, NC Stokes County, NC Yadkin County, NC	0.8939
49340	Worcester, MA Worcester County, MA	1.1012
49420	Yakima, WA Yakima County, WA	1.0067
49500	Yauco, PR Guánica Municipio, PR Guayanilla Municipio, PR Peñuelas Municipio, PR Yauco Municipio, PR	0.3536
49620	York-Hanover, PA York County, PA	0.9983
49660	Youngstown-Warren-Boardman, OH-PA Mahoning County, OH Trumbull County, OH Mercer County, PA	0.8625

CBSA Code	Urban Area (Constituent Counties)	Wage Index
49700	Yuba City, CA Sutter County, CA Yuba County, CA	1.1043
49740	Yuma, AZ Yuma County, AZ	0.9283

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

Table B: FY 2011 WAGE INDEX BASED ON CBSA LABOR MARKET AREAS FOR RURAL AREAS

State Code	Nonurban Area	Wage Index
1	Alabama	0.7380
2	Alaska	1.2626
3	Arizona	0.9095
4	Arkansas	0.7222
5	California	1.2056
6	Colorado	0.9933
7	Connecticut	1.1128
8	Delaware	0.9757
10	Florida	0.8409
11	Georgia	0.7566
12	Hawaii	1.1189
13	Idaho	0.7556
14	Illinois	0.8343
15	Indiana	0.8391
16	Iowa	0.8545
17	Kansas	0.7981
18	Kentucky	0.7830
19	Louisiana	0.7712
20	Maine	0.8588
21	Maryland	0.9175
22	Massachusetts[1]	1.1769
23	Michigan	0.8555
24	Minnesota	0.9038
25	Mississippi	0.7620
26	Missouri	0.7655
27	Montana	0.8517
28	Nebraska	0.8911
29	Nevada	0.9350
30	New Hampshire	1.0207
31	New Jersey[1]	-----
32	New Mexico	0.8911
33	New York	0.8185
34	North Carolina	0.8359
35	North Dakota	0.6831
36	Ohio	0.8561
37	Oklahoma	0.7860
38	Oregon	1.0029
39	Pennsylvania	0.8480
40	Puerto Rico[1]	0.4047
41	Rhode Island[1]	-----
42	South Carolina	0.8413
43	South Dakota	0.8536
44	Tennessee	0.7886
45	Texas	0.7806
46	Utah	0.8649
47	Vermont	0.9591
48	Virgin Islands	0.7993
49	Virginia	0.7841
50	Washington	1.0184
51	West Virginia	0.7474
52	Wisconsin	0.9186
53	Wyoming	0.9528
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 2011. The rural Massachusetts wage index is calculated as the average of all contiguous CBSAs. The Puerto Rico wage index is the same as FY 2010.

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