AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

Federal Register

Tuesday,
May 8, 2007

# Part III

# Department of Health and Human Services

## Centers for Medicare & Medicaid Services

## 42 CFR Part 412

## Medicare Program; Inpatient Rehabilitation Facility Prospective Payment System for Federal Fiscal Year 2008; Proposed Rule

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Centers for Medicare & Medicaid Services**

**42 CFR Part 412**

**[CMS–1551–P]**

**RIN 0938–AO63**

# Medicare Program; Inpatient Rehabilitation Facility Prospective Payment System for Federal Fiscal Year 2008

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

**ACTION:** Proposed rule.

**SUMMARY:** This proposed rule would update the prospective payment rates for inpatient rehabilitation facilities (IRFs) for Federal fiscal year (FY) 2008 (for discharges occurring on or after October 1, 2007 and on or before September 30, 2008) as required under section 1886(j)(3)(C) of the Social Security Act (the Act). Section 1886(j)(5) of the Act requires the Secretary to publish in the **Federal Register** on or before the August 1 that precedes the start of each fiscal year, the classification and weighting factors for the IRF prospective payment system's (PPS) case-mix groups and a description of the methodology and data used in computing the prospective payment rates for that fiscal year.

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

**DATES:** To be assured consideration, comments must be received at one of the addresses provided below, no later than 5 p.m. on July 2, 2007.

**ADDRESSES:** In commenting, please refer to file code CMS–1551–P. Because of staff and resource limitations, we cannot accept comments by facsimile (Fax) transmission.

You may submit comments in one of four ways (no duplicates, please):

1. Electronically. You may submit electronic comments on specific issues in this regulation to *http://www.cms.hhs.gov/eRulemaking*. Click on the link ''Submit electronic comments on CMS regulations with an open comment period.'' (Attachments should be in Microsoft Word, WordPerfect, or Excel; however, we prefer Microsoft Word.)

2. *By regular mail.* You may mail written comments (one original and two copies) to the following address only: Centers for Medicare & Medicaid Services, Department of Health and Human Services, *Attention:* CMS–1551–P, P.O. Box 8012, Baltimore, MD 21244–8012. Please allow sufficient time for mailed comments to be received before the close of the comment period.

3. *By express or overnight mail.* You may send written comments (one original and two copies) to the following address only: Centers for Medicare & Medicaid Services, Department of Health and Human Services, *Attention:* CMS–1551–P, Mail Stop C4–26–05, 7500 Security Boulevard, Baltimore, MD 21244–8012.

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

Room 445–G, Hubert H. Humphrey Building, 200 Independence Avenue, SW., Washington, DC 20201; or 7500 Security Boulevard, Baltimore, MD 21244–1850. (Because access to the interior of the HHH Building is not readily available to persons without Federal Government identification, commenters are encouraged to leave their comments in the CMS drop slots located in the main lobby of the building. A stamp-in clock is available for persons wishing to retain a proof of filing by stamping in and retaining an extra copy of the comments being filed.)

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:** Pete Diaz, (410) 786–1235, for information regarding the 75 percent rule. Susanne Seagrave, (410) 786–0044, for information regarding the payment policies. Zinnia Ng, (410) 786–4587, for information regarding the wage index and prospective payment rate calculation.

**SUPPLEMENTARY INFORMATION:**

*Submitting Comments:* We welcome comments from the public on all issues set forth in this rule to assist us in fully considering issues and developing policies. You can assist us by referencing the file code CMS–1551–P and the specific ''issue identifier'' that precedes the section on which you choose to comment.

*Inspection of Public Comments:* All comments received before the close of the comment period are available for viewing by the public, including any personally identifiable or confidential business information that is included in a comment. We post all comments received before the close of the comment period on the following Web site as soon as possible after they have been received: *http://www.cms.hhs.gov/eRulemaking*. Click on the link ''Electronic Comments on CMS Regulations'' 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.

**Table of Contents**

I. Background
- A. Historical Overview of the Inpatient Rehabilitation Facility Prospective Payment System (IRF PPS) for Fiscal Years (FYs) 2002 through 2007
- B. Requirements for Updating the IRF PPS Rates
- C. Operational Overview of the Current IRF PPS
- D. Brief Summary of Proposed Revisions to the IRF PPS for FY 2008

II. 75 Percent Rule Policy

III. Classification System for the Inpatient Rehabilitation Facility Prospective Payment System

IV. Proposed FY 2008 IRF PPS Federal Prospective Payment Rates
- A. Proposed FY 2008 IRF Market Basket Increase Factor and Labor-Related Share
- B. Proposed Area Wage Adjustment
- C. Description of the Proposed IRF Standard Payment Conversion Factor and Proposed Payment Rates for FY 2008
- D. Example of the Methodology for Adjusting the Proposed Federal Prospective Payment Rates

V. Update to Payments for High-Cost Outliers Under the IRF PPS
- A. Proposed Update to the Outlier Threshold Amount for FY 2008
- B. Update to the IRF Cost-to-Charge Ratio Ceilings

VI. Clarification to the Regulations Text for Special Payment Provisions for Patients That Are Transferred

VII. Provisions of a Proposed Regulation

VIII. Collection of Information Requirement

IX. Response to Public Comments

X. Regulatory Impact Analysis
- A. Overall Impact
- B. Anticipated Effects of the Proposed Rule
- C. Anticipated Effects of the 75 Percent Rule Policy
- D. Alternatives Considered
- E. Accounting Statement
- F. Conclusion

Regulation Text

Addendum

**Acronyms**

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

ASCA—Administrative Simplification Compliance Act of 2002, Pub. L. 107–105
BBA—Balanced Budget Act of 1997, Pub. L. 105–33
BBRA—Medicare, Medicaid, and SCHIP [State Children's Health Insurance Program] Balanced Budget Refinement Act of 1999, Pub. L. 106–113
BIPA—Medicare, Medicaid, and SCHIP [State Children's Health Insurance Program] Benefits Improvement and Protection Act of 2000, Pub. L. 106–554
CBSA—Core-Based Statistical Area
CCR—Cost-to-Charge Ratio
CFR—Code of Federal Regulations
CMG—Case-Mix Group
DRA—Deficit Reduction Act of 2005, Pub. L. 109–171
DSH—Disproportionate Share Hospital
ECI—Employment Cost Indexes
FI—Fiscal Intermediary
FR—Federal Register
FY—Federal Fiscal Year
GDP—Gross Domestic Product
HHH—Hubert H. Humphrey Building
HIPAA—Health Insurance Portability and Accountability Act, Pub. L. 104–191
IFMC—Iowa Foundation for Medical Care
IPPS—Inpatient Prospective Payment System
IRF—Inpatient Rehabilitation Facility
IRF–PAI—Inpatient Rehabilitation Facility-Patient Assessment Instrument
IRF PPS—Inpatient Rehabilitation Facility Prospective Payment System
IRVEN—Inpatient Rehabilitation Validation and Entry
LIP—Low-Income Percentage
MEDPAR—Medicare Provider Analysis and Review
MMA—Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Pub. L. 108–173)
MSA—Metropolitan Statistical Area
NAICS—North American Industrial Classification System
OMB—Office of Management and Budget
PAI—Patient Assessment Instrument
PPS—Prospective Payment System
RAND—RAND Corporation
RFA—Regulatory Flexibility Act, Pub. L. 96–354
RIA—Regulation Impact Analysis
RIC—Rehabilitation Impairment Category
RPL—Rehabilitation, Psychiatric, and Long-Term Care Hospital Market Basket
SCHIP—State Children's Health Insurance Program
SIC—Standard Industrial Code
TEFRA—Tax Equity and Fiscal Responsibility Act of 1982, Pub. L. 97–248

## I. Background

[If you choose to comment on issues in this section, please include the caption ''Background'' at the beginning of your comments.]

### *A. Historical Overview of the Inpatient Rehabilitation Facility Prospective Payment System (IRF PPS) for Fiscal Years (FYs) 2002 through 2007*

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

Payments under the IRF PPS encompass inpatient operating and capital costs of furnishing covered rehabilitation services (that is, routine, ancillary, and capital costs) but not costs of approved educational activities, bad debts, and other services or items outside the scope of the IRF PPS. Although a complete discussion of the IRF PPS provisions appears in the August 7, 2001 final rule (66 FR 41316) as revised in the FY 2006 IRF PPS final rule (70 FR 47880), we are providing below a general description of the IRF PPS for fiscal years (FYs) 2002 through 2005.

Under the IRF PPS from FY 2002 through FY 2005, as described in the August 7, 2001 final rule, the Federal prospective payment rates were computed across 100 distinct case-mix groups (CMGs). We constructed 95 CMGs using rehabilitation impairment categories (RICs), functional status (both motor and cognitive), and age (in some cases, cognitive status and age may not be a factor in defining a CMG). In addition, we constructed five special CMGs to account for very short stays and for patients who expire in the IRF.

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

We established the Federal PPS rates using a standardized payment conversion factor (formerly referred to as the budget neutral conversion factor). For a detailed discussion of the budget neutral conversion factor, please refer to our August 1, 2003 final rule (68 FR 45674, 45684 through 45685). In the FY 2006 IRF PPS final rule (70 FR 47880), we discussed in detail the methodology for determining the standard payment conversion factor.

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

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

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

Section 1886(j) of the Act confers broad statutory authority to propose refinements to the IRF PPS. We finalized the refinements described in this section in the FY 2006 IRF PPS final rule (70 FR 47880). The provisions of the FY 2006 IRF PPS final rule became effective for discharges beginning on or after October 1, 2005. We published correcting amendments to the FY 2006 IRF PPS final rule in the **Federal Register** on September 30, 2005 (70 FR 57166). Any reference to the FY 2006 IRF PPS final rule in this proposed rule also includes the provisions effective in the correcting amendments.

In the FY 2006 final rule (70 FR 47880 and 70 FR 57166), we finalized a number of refinements to the IRF PPS case-mix classification system (the CMGs and the corresponding relative weights) and the case-level and facility-level adjustments. These refinements were based on analyses by the RAND Corporation (RAND), a non-partisan economic and social policy research group, using calendar year 2002 and FY 2003 data. These were the first significant refinements to the IRF PPS since its implementation. In conducting the analysis, RAND used claims and clinical data for services furnished after the IRF PPS implementation. These newer data sets were more complete, and reflected improved coding of comorbidities and patient severity by IRFs. The researchers were able to use new data sources for imputing missing values and more advanced statistical approaches to complete their analyses. The RAND reports supporting the refinements made to the IRF PPS are available on the CMS Web site at: *http://www.cms.hhs.gov/InpatientRehabFacPPS/09_Research.asp*.

The final key policy changes, effective for discharges occurring on or after October 1, 2005, are discussed in detail in the FY 2006 IRF PPS final rule (70 FR 47880 and 70 FR 57166). The following is a brief summary of the key policy changes:

- Adopted the Office of Management and Budget's (OMB's) Core-Based Statistical Area (CBSA) market area definitions in a budget neutral manner.
- Implemented a budget-neutral three-year hold harmless policy for IRFs that had been classified as rural in FY 2005, but became urban in FY 2006.
- Implemented a payment adjustment to account for changes in coding that did not reflect real changes in case mix. We reduced the standard payment amount by 1.9 percent to account for such changes in coding following implementation of the IRF PPS.
- Modified the CMGs, tier comorbidities, and relative weights in a budget-neutral manner. The five special CMGs remained the same as they had been before FY 2006 and continued to account for very short stays and for patients who expire in the IRF.
- Implemented a teaching status adjustment in a budget neutral manner for IRFs, similar to the one adopted for inpatient psychiatric facilities.
- Revised and rebased the market basket and labor-related share to reflect the operating and capital cost structures for rehabilitation, psychiatric, and long-term care (RPL) hospitals to update IRF payment rates.
- Updated the rural adjustment from 19.14 percent to 21.3 percent in a budget neutral manner.
- Updated the low-income percentage (LIP) adjustment from an exponent of 0.484 to an exponent of 0.6229 in a budget neutral manner.
- Updated the outlier threshold amount from $11,211 to $5,129.

As noted above, a detailed discussion of the final key policy changes for FY 2006 appears in the FY 2006 IRF PPS final rule (70 FR 47880 and 70 FR 57166).

In the FY 2007 final rule (71 FR 48354) we made the following revisions and updates:

- Updated the relative weight and average length of stay tables based on re-analysis of the data by CMS and our contractor, the RAND Corporation.
- Reduced the standard payment amount by 2.6 percent to account more fully for coding changes that do not reflect real changes in case mix.
- Updated the IRF PPS payment rates by the FY 2007 estimates of the market basket and the labor-related share.
- Updated the IRF PPS payment rates by the FY 2007 wage indexes.
- Applied the second year of the hold harmless policy in a budget neutral manner.
- Updated the outlier threshold from $5,129 to $5,534.
- Updated the urban and rural national cost-to-charge ratio ceilings for the purposes of determining outlier payments under the IRF PPS and clarified the methodology described in the regulations text.
- Revised the regulation text in § 412.23(b)(2)(i) and § 412.23(b)(2)(ii) to reflect the statutory changes in section 5005 of the Deficit Reduction Act of 2005 (DRA, Pub. L. 109–171). The regulation text change prolongs the overall duration of the phased transition to the full 75 percent threshold established in § 412.23(b)(2)(i) and § 412.23(b)(2)(ii), by extending the transition's 60 percent phase for an additional 12 months. In addition to the above DRA requirements pertaining to the applicable compliance percentage requirements under § 412.23(b)(2), we also permitted a comorbidity that meets the criteria as specified in (b)(2)(i) to continue to be used before the 75 percent compliance threshold must be met.

*B. Requirements for Updating the IRF PPS Rates*

On August 7, 2001, we published a final rule titled ''Medicare Program; Prospective Payment System for Inpatient Rehabilitation Facilities'' in the **Federal Register** (66 FR 41316) that established a PPS for IRFs as authorized under section 1886(j) of the Act and codified at subpart P of part 412 of the Medicare regulations. In the August 7, 2001 final rule, we set forth the per discharge Federal prospective payment rates for FY 2002, which provided payment for inpatient operating and capital costs of furnishing covered rehabilitation services (that is, routine, ancillary, and capital costs) but not costs of approved educational activities, bad debts, and other services or items that are outside the scope of the IRF PPS. The provisions of the August 7, 2001 final rule were effective for cost reporting periods beginning on or after January 1, 2002. On July 1, 2002, we published a correcting amendment to the August 7, 2001 final rule in the **Federal Register** (67 FR 44073). Any references to the August 7, 2001 final rule in this proposed rule include the provisions effective in the correcting amendment.

Section 1886(j)(5) of the Act and § 412.628 of the regulations require the Secretary to publish in the **Federal Register**, on or before the August 1 that precedes the start of each new FY, the classifications and weighting factors for the IRF CMGs and a description of the methodology and data used in computing the prospective payment rates for the upcoming FY. On August 1, 2002, we published a notice in the **Federal Register** (67 FR at 49928) to update the IRF Federal prospective payment rates from FY 2002 to FY 2003 using the methodology as described in § 412.624. As stated in the August 1, 2002 notice, we used the same classifications and weighting factors for the IRF CMGs that were set forth in the August 7, 2001 final rule to update the IRF Federal prospective payment rates from FY 2002 to FY 2003. We continued to update the prospective payment rates in accordance with the methodology set forth in the August 7, 2001 final rule for each succeeding FY up to and including FY 2005. For FY 2006, however, we published a final rule that revised several IRF PPS policies (70 FR 47880). The provisions of the FY 2006 IRF PPS final rule became effective for discharges occurring on or after October 1, 2005. We published correcting amendments to the FY 2006 IRF PPS final rule in the **Federal Register** (70 FR 57166). Any reference to the FY 2006 IRF PPS final rule in this proposed rule includes the provisions effective in the correcting amendments.

In the final rule for FY 2007, we updated the IRF Federal prospective payment rates. In addition, we updated the cost-to-charge ratio ceilings and the outlier threshold. We implemented a 2.6

percent reduction to the FY 2007 standard payment amount to account more fully for changes in coding practices that do not reflect real changes in case mix. We revised the tier comorbidities and the relative weights to ensure that IRF PPS payments reflect, as closely as possible, the costs of caring for patients in IRFs. The final FY 2007 Federal prospective payment rates were effective for discharges occurring on or after October 1, 2006 and on or before September 30, 2007.

*C. Operational Overview of the Current IRF PPS*

As described in the August 7, 2001 final rule, upon the admission and discharge of a Medicare Part A fee-for-service patient, the IRF is required to complete the appropriate sections of a patient assessment instrument, the Inpatient Rehabilitation Facility-Patient Assessment Instrument (IRF-PAI). All required data must be electronically encoded into the IRF-PAI software product. Generally, the software product includes patient grouping programming called the GROUPER software. The GROUPER software uses specific Patient Assessment Instrument (PAI) data elements to classify (or group) patients into distinct CMGs and account for the existence of any relevant comorbidities.

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

Once a patient is discharged, the IRF completes the Medicare claim (UB–92 or its equivalent) using the five-digit CMG number and sends it to the appropriate Medicare fiscal intermediary (FI). Claims submitted to Medicare must comply with both the Administrative Simplification Compliance Act (ASCA, Pub. L. 107–105), and the Health Insurance Portability and Accountability Act of 1996 (HIPAA, Pub. L. 104–191). Section 3 of the ASCA amends section 1862(a) of the Act by adding paragraph (22) which requires the Medicare program, subject to section 1862(h) of the Act, to deny payment under Part A or Part B for any expenses for items or services ''for which a claim is submitted other than in an electronic form specified by the Secretary.'' Section 1862(h) of the Act, in turn, provides that the Secretary shall waive such denial in two types of cases and may also waive such denial ''in such unusual cases as the Secretary finds appropriate.'' See also the final rule on Electronic Submission of Medicare Claims (70 FR 71008, November 25, 2005). Section 3 of the ASCA operates in the context of the administrative simplification provisions of HIPAA, which include, among others, the requirements for transaction standards and code sets codified as 45 CFR parts 160 and 162, subparts A and I through R (generally known as the Transactions Rule). The Transactions Rule requires covered entities, including covered providers, to conduct covered electronic transactions according to the applicable transaction standards. (See the program claim memoranda issued and published by CMS at: *http://www.cms.hhs.gov/ElectronicBillingEDITrans/* and listed in the addenda to the Medicare Intermediary Manual, Part 3, section 3600. Instructions for the limited number of claims submitted to Medicare on paper are published by CMS at: *http://www.cms.hhs.gov/manuals/downloads/clm104c25.pdf*.

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

*D. Brief Summary of Proposed Revisions to the IRF PPS for FY 2008*

In this proposed rule, we are proposing to make the following revisions, updates, and clarifications:

- Update the FY 2008 IRF PPS payment rates by the proposed market basket, as discussed in section IV.A.
- Update the FY 2008 IRF PPS payment rates by the proposed wage index and the labor related share in a budget neutral manner, as discussed in section IV.A and B.
- Update the pre-reclassified and pre-floor wage indexes based on the applicable Office of Management and Budget (OMB) bulletins that add or delete Core-Based Statistical Areas (CBSAs) numbers and title changes, as discussed in section IV.B.
- Implement the final year of the 3-year hold harmless policy adopted in the FY 2006 IRF PPS final rule (70 FR 47880, 47923 through 47926) in a budget neutral manner, as discussed in section IV.B.
- Update the outlier threshold amount for FY 2008 to $7,522, as discussed in section V.A.
- Update the cost-to-charge ratio ceiling and the national average urban and rural cost-to-charge ratios for purposes of determining outlier payments under the IRF PPS, as discussed in section V.B.
- Clarify the regulations text for the special payment provisions for patients that are transferred, as discussed in section VI.

**II. 75 Percent Rule Policy**

[If you choose to comment on issues in this section, please include the caption ''75 Percent Rule Policy'' at the beginning of your comments.]

In order to be excluded from the acute care inpatient hospital PPS specified in § 412.1(a)(1) and instead be paid under the IRF PPS, a hospital or rehabilitation unit of an acute care hospital must meet the requirements for classification as an IRF stipulated in subpart B of part 412. As discussed in previous **Federal Register** publications (68 FR 26786 (May 16, 2003), 68 FR 53266 (September 9, 2003), 69 FR 25752 (May 7, 2004), 70 FR 36640 (June 24, 2005), and 71 FR 48354 (August 18, 2006)), § 412.23(b)(2) specifies one criterion which Medicare uses for classifying a hospital or unit of a hospital as an IRF. The criterion is that a minimum percentage of a facility's total inpatient population must require intensive rehabilitative services for the treatment of at least one of 13 medical conditions listed in § 412.23(b)(2)(iii) in order for the facility to be classified as an IRF. In addition, for cost reporting periods beginning on or after July 1, 2004, and before July 1, 2008, a patient with a comorbidity as defined at § 412.602 may be included in the inpatient population that counts toward the required applicable percentage if certain requirements are met. The minimum percentage is known as the ''compliance threshold.''

Prior to the May 7, 2004 final rule (69 FR 25752), § 412.23(b)(2) stipulated that the compliance threshold was 75 percent. Therefore, the compliance threshold was commonly referred to as the ''75 percent rule.'' In addition, prior to the May 7, 2004 final rule the regulation only specified 10 medical conditions. However, in the May 7, 2004 final rule we revised § 412.23(b)(2), and

that revision increased the number of medical conditions to 13, as well as temporarily lowered the compliance threshold while at the same time specified a transition period at the end of which IRFs would once again have to meet a compliance threshold of 75 percent. Also, the revised regulation specified that during the compliance threshold transition period a patient's comorbidity may be used to determine if a provider met the compliance threshold provided certain applicable requirements were met.

In § 412.602 a comorbidity is defined as a specific patient condition that is secondary to the patient's principal diagnosis. A patient's principal diagnosis is the primary reason for the patient being admitted to an IRF, and this diagnosis is used to determine if the patient had a medical condition that can be counted towards meeting the compliance threshold. As specified in the May 7, 2004 final rule, in order for an inpatient with a certain comorbidity to be included in the inpatient population that counts toward the applicable percentage the following criteria must be met:

- The patient is admitted for inpatient rehabilitation for a condition that is not one of the conditions listed in § 412.23(b)(2)(iii).
- The patient also has a comorbidity that falls in one of the conditions listed in § 412.23(b)(2)(iii).
- The comorbidity has caused significant decline in functional ability in the individual such that, even in the absence of the admitting condition, the individual would require the intensive rehabilitation treatment that is unique to inpatient rehabilitation facilities paid under the IRF PPS and that cannot be appropriately performed in another care setting covered under this Title.

In accordance with the May 7, 2004 final rule, IRFs would have to meet a compliance threshold of 75 percent for cost reporting periods starting on or after July 1, 2007. However, Section 5005 of the Deficit Reduction Act of 2005 (DRA) (Pub. L. 109–171 modified the applicable time periods when the various compliance thresholds, as originally specified in the May 7, 2004 final rule, must be met.) The net effect of the DRA was extension of the compliance threshold transition period. Due to the DRA, the transition period was extended to include cost reporting periods starting on or after July 1, 2004, and before July 1, 2008. Therefore, in order to conform the regulations to the DRA, we revised § 412.23(b)(2) and stipulated that an IRF with a cost reporting period starting on or after July 1, 2008, instead of July 1, 2007, must meet the 75 percent compliance threshold. In addition, we also permitted a comorbidity that meets the criteria as specified in (b)(2)(i) to continue to be used to determine the compliance threshold for cost reporting periods beginning before July 1, 2008 instead of July 1, 2007. (For a complete description of all the changes made, see the FY 2007 IRF PPS final rule (71 FR 48354)).

For cost reporting periods beginning on or after July 1, 2008, comorbidities will not be eligible for inclusion in the calculations used to determine if the provider meets the 75 percent compliance threshold specified in § 412.23(b)(2)(ii). As the 75 percent rule is only partially phased in at this time and there are limitations to the policy conclusions that can be drawn from currently available claim and patient assessment data, this rule maintains existing policy. However, in the May 7, 2004 final rule (69 FR 25762), we encouraged research evaluating the continued use of comorbidities in determining compliance with the 75 percent rule. Therefore, we are soliciting comments supporting current policy or other options, including use of some or all of the existing comorbidities in calculating the compliance percentage for an additional fixed period of one or more years or to integrate the inclusion of some or all of the existing comorbidities on a permanent basis. In addition, we are soliciting comments that include clinical data based on scientifically sound research that provide evidence on these and other options.

## III. Classification System for the Inpatient Rehabilitation Facility Prospective Payment System

[If you choose to comment on issues in this section, please include the caption ''Classification System for the Inpatient Rehabilitation Facility Prospective Payment System'' at the beginning of your comments.]

For the FY 2008 IRF PPS, we will use the same case-mix classification system that we used for FY 2007, as set forth in the FY 2007 IRF PPS final rule (71 FR 48354). Table 1 below, ''Relative Weights and Average Lengths of Stay for Case-Mix Groups'', presents the CMGs, the comorbidity tiers, the corresponding relative weights, and the average length of stay value for each CMG and tier. The average length of stay for each CMG is used to determine when an IRF discharge meets the definition of a short-stay transfer, which results in a per diem case level adjustment. Because these data elements are not changing, Table 1 shown below is identical to Table 4 that was published in the FY 2007 IRF PPS final rule (71 FR 48354, 48364 through 48370). The methodology we used to construct the data elements in Table 1 is described in detail in the FY 2007 IRF PPS final rule (71 FR 48354).

BILLING CODE 4120–07–P

**Table 1: Relative Weights and Average Lengths of Stay for Case-Mix Groups**

| CMG | CMG Description (M=motor, C=cognitive, A=age) | Relative Weights | | | | Average Length of Stay | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Tier1 | Tier2 | Tier3 | None | Tier1 | Tier2 | Tier3 | None |
| 0101 | Stroke M>51.05 | 0.7707 | 0.7303 | 0.6572 | 0.6347 | 8 | 11 | 9 | 9 |
| 0102 | Stroke M>44.45 and M<51.05 and C>18.5 | 0.9493 | 0.8995 | 0.8095 | 0.7818 | 11 | 15 | 11 | 10 |
| 0103 | Stroke M>44.45 and M<51.05 and C<18.5 | 1.1192 | 1.0605 | 0.9544 | 0.9218 | 14 | 13 | 12 | 12 |
| 0104 | Stroke M>38.85 and M<44.45 | 1.1885 | 1.1260 | 1.0134 | 0.9787 | 13 | 14 | 13 | 13 |
| 0105 | Stroke M>34.25 and M<38.85 | 1.4261 | 1.3512 | 1.2161 | 1.1745 | 16 | 17 | 16 | 15 |
| 0106 | Stroke M>30.05 and M<34.25 | 1.6594 | 1.5722 | 1.4150 | 1.3666 | 18 | 20 | 18 | 18 |
| 0107 | Stroke M>26.15 and M<30.05 | 1.9150 | 1.8145 | 1.6330 | 1.5771 | 21 | 23 | 21 | 20 |
| 0108 | Stroke M<26.15 and A>84.5 | 2.2160 | 2.0997 | 1.8897 | 1.8250 | 28 | 29 | 25 | 24 |

| CMG | CMG Description (M=motor, C=cognitive, A=age) | Relative Weights | | | | Average Length of Stay | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Tier1 | Tier2 | Tier3 | None | Tier1 | Tier2 | Tier3 | None |
| 0109 | Stroke M>22.35 and M<26.15 and A<84.5 | 2.1998 | 2.0843 | 1.8758 | 1.8116 | 23 | 26 | 24 | 23 |
| 0110 | Stroke M<22.35 and A<84.5 | 2.6287 | 2.4907 | 2.2416 | 2.1649 | 30 | 33 | 28 | 27 |
| 0201 | Traumatic brain injury M>53.35 and C>23.5 | 0.8143 | 0.6806 | 0.6080 | 0.5647 | 10 | 9 | 9 | 8 |
| 0202 | Traumatic brain injury M>44.25 and M<53.35 and C>23.5 | 1.0460 | 0.8743 | 0.7810 | 0.7254 | 12 | 10 | 11 | 9 |
| 0203 | Traumatic brain injury M>44.25 and C<23.5 | 1.2503 | 1.0450 | 0.9335 | 0.8671 | 15 | 15 | 12 | 12 |
| 0204 | Traumatic brain injury M>40.65 and M<44.25 | 1.3390 | 1.1192 | 0.9998 | 0.9287 | 15 | 16 | 13 | 13 |
| 0205 | Traumatic brain injury M>28.75 and M<40.65 | 1.6412 | 1.3718 | 1.2254 | 1.1382 | 17 | 18 | 16 | 15 |
| 0206 | Traumatic brain injury M>22.05 and M<28.75 | 2.1445 | 1.7924 | 1.6011 | 1.4873 | 23 | 22 | 21 | 20 |
| 0207 | Traumatic brain injury M<22.05 | 2.7664 | 2.3122 | 2.0655 | 1.9185 | 35 | 29 | 26 | 25 |
| 0301 | Non-traumatic brain injury M>41.05 | 1.1394 | 0.9533 | 0.8552 | 0.7772 | 12 | 12 | 11 | 10 |
| 0302 | Non-traumatic brain injury M>35.05 and M<41.05 | 1.4875 | 1.2446 | 1.1164 | 1.0147 | 14 | 16 | 14 | 13 |
| 0303 | Non-traumatic brain injury M>26.15 and M<35.05 | 1.7701 | 1.4810 | 1.3285 | 1.2074 | 20 | 19 | 17 | 16 |

| CMG | CMG Description (M=motor, C=cognitive, A=age) | Relative Weights | | | | Average Length of Stay | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Tier1 | Tier2 | Tier3 | None | Tier1 | Tier2 | Tier3 | None |
| 0304 | Non-traumatic brain injury M<26.15 | 2.4395 | 2.0410 | 1.8309 | 1.6640 | 32 | 25 | 23 | 21 |
| 0401 | Traumatic spinal cord injury M>48.45 | 0.9587 | 0.8456 | 0.7722 | 0.6858 | 12 | 12 | 11 | 10 |
| 0402 | Traumatic spinal cord injury M>30.35 and M<48.45 | 1.3256 | 1.1691 | 1.0676 | 0.9482 | 18 | 16 | 14 | 13 |
| 0403 | Traumatic spinal cord injury M>16.05 and M<30.35 | 2.3069 | 2.0347 | 1.8580 | 1.6502 | 22 | 24 | 24 | 22 |
| 0404 | Traumatic spinal cord injury M<16.05 and A>63.5 | 4.1542 | 3.6639 | 3.3458 | 2.9717 | 51 | 46 | 41 | 37 |
| 0405 | Traumatic spinal cord injury M<16.05 and A<63.5 | 3.1371 | 2.7668 | 2.5266 | 2.2441 | 33 | 37 | 33 | 28 |
| 0501 | Non-traumatic spinal cord injury M>51.35 | 0.7648 | 0.6455 | 0.5687 | 0.5071 | 9 | 8 | 8 | 7 |
| 0502 | Non-traumatic spinal cord injury M>40.15 and M<51.35 | 1.0262 | 0.8661 | 0.7630 | 0.6804 | 13 | 12 | 11 | 9 |
| 0503 | Non-traumatic spinal cord injury M>31.25 and M<40.15 | 1.3596 | 1.1476 | 1.0109 | 0.9014 | 15 | 15 | 13 | 12 |
| 0504 | Non-traumatic spinal cord injury M>29.25 and M<31.25 | 1.6984 | 1.4335 | 1.2628 | 1.1260 | 21 | 19 | 16 | 15 |
| 0505 | Non-traumatic spinal cord injury M>23.75 and M<29.25 | 2.0171 | 1.7025 | 1.4997 | 1.3373 | 23 | 22 | 19 | 18 |
| 0506 | Non-traumatic spinal cord injury M<23.75 | 2.7402 | 2.3128 | 2.0374 | 1.8167 | 29 | 28 | 26 | 23 |
| 0601 | Neurological M>47.75 | 0.8991 | 0.7330 | 0.7019 | 0.6522 | 11 | 10 | 9 | 9 |

| CMG | CMG Description (M=motor, C=cognitive, A=age) | Relative Weights | | | | Average Length of Stay | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Tier1 | Tier2 | Tier3 | None | Tier1 | Tier2 | Tier3 | None |
| 0602 | Neurological M>37.35 and M<47.75 | 1.1968 | 0.9757 | 0.9342 | 0.8682 | 13 | 13 | 13 | 12 |
| 0603 | Neurological M>25.85 and M<37.35 | 1.5326 | 1.2495 | 1.1965 | 1.1118 | 17 | 17 | 15 | 15 |
| 0604 | Neurological M<25.85 | 1.9592 | 1.5973 | 1.5295 | 1.4213 | 22 | 20 | 21 | 19 |
| 0701 | Fracture of lower extremity M>42.15 | 0.9028 | 0.7717 | 0.7338 | 0.6617 | 12 | 11 | 10 | 9 |
| 0702 | Fracture of lower extremity M>34.15 and M<42.15 | 1.1736 | 1.0033 | 0.9539 | 0.8602 | 13 | 14 | 13 | 12 |
| 0703 | Fracture of lower extremity M>28.15 and M<34.15 | 1.4629 | 1.2506 | 1.1890 | 1.0722 | 16 | 17 | 16 | 14 |
| 0704 | Fracture of lower extremity M<28.15 | 1.7969 | 1.5361 | 1.4605 | 1.3170 | 20 | 20 | 19 | 18 |
| 0801 | Replacement of lower extremity joint M>49.55 | 0.6537 | 0.5504 | 0.5131 | 0.4607 | 7 | 7 | 7 | 6 |
| 0802 | Replacement of lower extremity joint M>37.05 and M<49.55 | 0.8542 | 0.7193 | 0.6704 | 0.6020 | 10 | 10 | 9 | 8 |
| 0803 | Replacement of lower extremity joint M>28.65 and M<37.05 and A>83.5 | 1.2707 | 1.0700 | 0.9974 | 0.8956 | 15 | 15 | 13 | 12 |

| CMG | CMG Description (M=motor, C=cognitive, A=age) | Relative Weights | | | | Average Length of Stay | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Tier1 | Tier2 | Tier3 | None | Tier1 | Tier2 | Tier3 | None |
| 0804 | Replacement of lower extremity joint M>28.65 and M<37.05 and A<83.5 | 1.1040 | 0.9296 | 0.8665 | 0.7781 | 13 | 12 | 12 | 10 |
| 0805 | Replacement of lower extremity joint M>22.05 and M<28.65 | 1.3927 | 1.1727 | 1.0931 | 0.9816 | 17 | 16 | 14 | 13 |
| 0806 | Replacement of lower extremity joint M<22.05 | 1.6723 | 1.4082 | 1.3126 | 1.1787 | 18 | 19 | 17 | 15 |
| 0901 | Other orthopedic M>44.75 | 0.8425 | 0.7641 | 0.6868 | 0.6120 | 10 | 11 | 10 | 9 |
| 0902 | Other orthopedic M>34.35 and M<44.75 | 1.1088 | 1.0057 | 0.9039 | 0.8056 | 13 | 13 | 12 | 11 |
| 0903 | Other orthopedic M>24.15 and M<34.35 | 1.4638 | 1.3277 | 1.1934 | 1.0635 | 18 | 19 | 16 | 15 |
| 0904 | Other orthopedic M<24.15 | 1.8341 | 1.6636 | 1.4952 | 1.3325 | 25 | 23 | 21 | 19 |
| 1001 | Amputation, lower extremity M>47.65 | 0.9625 | 0.8879 | 0.7957 | 0.7361 | 11 | 11 | 11 | 10 |
| 1002 | Amputation, lower extremity M>36.25 and M<47.65 | 1.2709 | 1.1724 | 1.0507 | 0.9719 | 14 | 15 | 14 | 13 |
| 1003 | Amputation, lower extremity M<36.25 | 1.7876 | 1.6491 | 1.4779 | 1.3671 | 19 | 22 | 19 | 18 |
| 1101 | Amputation, non-lower extremity M>36.35 | 1.2554 | 1.0482 | 0.9225 | 0.8496 | 14 | 15 | 12 | 11 |

| CMG | CMG Description (M=motor, C=cognitive, A=age) | Relative Weights | | | | Average Length of Stay | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Tier1 | Tier2 | Tier3 | None | Tier1 | Tier2 | Tier3 | None |
| 1102 | Amputation, non-lower extremity M<36.35 | 1.8824 | 1.5717 | 1.3832 | 1.2739 | 19 | 19 | 18 | 17 |
| 1201 | Osteoarthritis M>37.65 | 1.0177 | 0.8785 | 0.8182 | 0.7405 | 11 | 12 | 11 | 10 |
| 1202 | Osteoarthritis M>30.75 and M<37.65 | 1.3168 | 1.1367 | 1.0586 | 0.9581 | 15 | 16 | 14 | 13 |
| 1203 | Osteoarthritis M<30.75 | 1.6241 | 1.4020 | 1.3057 | 1.1817 | 21 | 19 | 17 | 16 |
| 1301 | Rheumatoid, other arthritis M>36.35 | 1.0354 | 0.9636 | 0.8511 | 0.7429 | 12 | 13 | 11 | 10 |
| 1302 | Rheumatoid, other arthritis M>26.15 and M<36.35 | 1.4321 | 1.3327 | 1.1772 | 1.0275 | 15 | 18 | 15 | 14 |
| 1303 | Rheumatoid, other arthritis M<26.15 | 1.8250 | 1.6984 | 1.5002 | 1.3094 | 22 | 21 | 20 | 18 |
| 1401 | Cardiac M>48.85 | 0.8160 | 0.7351 | 0.6534 | 0.5861 | 10 | 9 | 9 | 8 |
| 1402 | Cardiac M>38.55 and M<48.85 | 1.1038 | 0.9944 | 0.8839 | 0.7928 | 12 | 13 | 12 | 11 |
| 1403 | Cardiac M>31.15 and M<38.55 | 1.3705 | 1.2347 | 1.0975 | 0.9844 | 16 | 16 | 14 | 13 |
| 1404 | Cardiac M<31.15 | 1.7370 | 1.5649 | 1.3910 | 1.2477 | 21 | 20 | 18 | 16 |
| 1501 | Pulmonary M>49.25 | 0.9986 | 0.8870 | 0.7793 | 0.7399 | 11 | 13 | 10 | 10 |
| 1502 | Pulmonary M>39.05 and M<49.25 | 1.2661 | 1.1246 | 0.9880 | 0.9381 | 13 | 15 | 12 | 12 |
| 1503 | Pulmonary M>29.15 and M<39.05 | 1.5457 | 1.3730 | 1.2062 | 1.1453 | 16 | 16 | 15 | 15 |
| 1504 | Pulmonary M<29.15 | 2.0216 | 1.7957 | 1.5775 | 1.4979 | 26 | 21 | 20 | 18 |
| 1601 | Pain syndrome M>37.15 | 1.0070 | 0.8550 | 0.7774 | 0.6957 | 12 | 11 | 10 | 10 |

| CMG | CMG Description (M=motor, C=cognitive, A=age) | Relative Weights | | | | Average Length of Stay | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Tier1 | Tier2 | Tier3 | None | Tier1 | Tier2 | Tier3 | None |
| 1602 | Pain syndrome M>26.75 and M<37.15 | 1.3826 | 1.1739 | 1.0673 | 0.9552 | 15 | 17 | 14 | 13 |
| 1603 | Pain syndrome M<26.75 | 1.7025 | 1.4455 | 1.3143 | 1.1762 | 19 | 19 | 18 | 16 |
| 1701 | Major multiple trauma without brain or spinal cord injury M>39.25 | 0.9818 | 0.9641 | 0.8479 | 0.7368 | 12 | 12 | 11 | 10 |
| 1702 | Major multiple trauma without brain or spinal cord injury M>31.05 and M<39.25 | 1.2921 | 1.2688 | 1.1158 | 0.9696 | 14 | 16 | 15 | 13 |
| 1703 | Major multiple trauma without brain or spinal cord injury M>25.55 and M<31.05 | 1.5356 | 1.5080 | 1.3262 | 1.1524 | 17 | 20 | 18 | 16 |
| 1704 | Major multiple trauma without brain or spinal cord injury M<25.55 | 1.9246 | 1.8899 | 1.6620 | 1.4443 | 26 | 26 | 22 | 19 |
| 1801 | Major multiple trauma with brain or spinal cord injury M>40.85 | 1.1920 | 0.9866 | 0.8243 | 0.7342 | 15 | 13 | 13 | 10 |
| 1802 | Major multiple trauma with brain or spinal cord injury M>23.05 and M<40.85 | 1.9058 | 1.5774 | 1.3179 | 1.1738 | 19 | 21 | 18 | 16 |
| 1803 | Major multiple trauma with brain or spinal cord injury M<23.05 | 3.4302 | 2.8391 | 2.3721 | 2.1127 | 43 | 33 | 30 | 27 |

| CMG | CMG Description (M=motor, C=cognitive, A=age) | Relative Weights | | | | Average Length of Stay | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Tier1 | Tier2 | Tier3 | None | Tier1 | Tier2 | Tier3 | None |
| 1901 | Guillian Barre M>35.95 | 1.2399 | 1.0986 | 1.0965 | 0.9350 | 14 | 13 | 14 | 12 |
| 1902 | Guillian Barre M>18.05 and M<35.95 | 2.3194 | 2.0552 | 2.0512 | 1.7491 | 27 | 25 | 25 | 23 |
| 1903 | Guillian Barre M<18.05 | 3.3464 | 2.9651 | 2.9593 | 2.5235 | 37 | 39 | 31 | 33 |
| 2001 | Miscellaneous M>49.15 | 0.8734 | 0.7381 | 0.6735 | 0.6084 | 10 | 10 | 9 | 8 |
| 2002 | Miscellaneous M>38.75 and M<49.15 | 1.1447 | 0.9674 | 0.8827 | 0.7975 | 12 | 13 | 12 | 11 |
| 2003 | Miscellaneous M>27.85 and M<38.75 | 1.4777 | 1.2488 | 1.1395 | 1.0294 | 16 | 16 | 15 | 14 |
| 2004 | Miscellaneous M<27.85 | 1.9716 | 1.6662 | 1.5204 | 1.3735 | 25 | 22 | 20 | 18 |
| 2101 | Burns M>0 | 2.1842 | 2.1842 | 1.6606 | 1.4587 | 27 | 24 | 20 | 17 |
| 5001 | Short-stay cases, length of stay is 3 days or fewer | | | | 0.2201 | | | | 2 |
| 5101 | Expired, orthopedic, length of stay is 13 days or fewer | | | | 0.6351 | | | | 8 |
| 5102 | Expired, orthopedic, length of stay is 14 days or more | | | | 1.5985 | | | | 22 |
| 5103 | Expired, not orthopedic, length of stay is 15 days or fewer | | | | 0.7203 | | | | 8 |
| 5104 | Expired, not orthopedic, length of stay is 16 days or more | | | | 1.8784 | | | | 24 |

BILLING CODE 4120–07–C

## IV. Proposed FY 2008 IRF PPS Federal Prospective Payment Rates

[If you choose to comment on issues in this section, please include the caption ''Proposed FY 2008 IRF PPS Federal Prospective Payment Rates'' at the beginning of your comments.]

### *A. Proposed FY 2008 IRF PPS Market Basket Increase Factor and Labor-Related Share*

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

time in the prices of an appropriate mix of goods and services included in the covered IRF services, which is referred to as a market basket index. In updating the FY 2008 payment rates outlined in this proposed rule, CMS applied an appropriate increase factor to the FY 2007 IRF PPS payment rates that is based on the rehabilitation, psychiatric, and long-term care hospital (RPL) market basket. In constructing the RPL market basket, we used the methodology set forth in the FY 2006 IRF PPS final rule (70 FR 47880, 47908 through 47915).

As discussed in that final rule, the RPL market basket primarily uses the Bureau of Labor Statistics' (BLS) data as price proxies, which are grouped in one of the three BLS categories: Producer Price Indexes (PPI), Consumer Price Indexes (CPI), and Employment Cost Indexes (ECI). We evaluated and selected these particular price proxies using the criteria of reliability, timeliness, availability, and relevance, and believe they continue to be the best measures of price changes for the cost categories.

As discussed in the FY 2007 IRF PPS proposed rule, beginning April 2006 with the publication of March 2006 data, the BLS'' ECI has used a different classification system, the North American Industrial Classification System (NAICS), instead of the Standard Industrial Codes (SIC). We have consistently used the ECI as the data source for our wages and salaries and other price proxies in the RPL market basket and did not make any changes. This proposed rule's estimated FY 2008 IRF market basket increase factor and labor-related share will be updated for the final rule based on the most recent data available from the BLS.

We will use the same methodology described in the FY 2006 IRF PPS final rule to compute the FY 2008 IRF market basket increase factor and labor-related share. For this proposed rule, the FY 2008 IRF market basket increase factor is 3.3 percent. This is based on Global Insight, Inc.'s forecast for the first quarter of 2007 (2007q1) with historical data through the fourth quarter of 2006 (2006q4). We propose to update the market basket with more recent data for the final rule to the extent it is available. However, we note that the President's budget includes a proposal for a zero percent update in the IRF market basket for FY 2008, and that the provisions outlined in this proposed rule would need to reflect any legislation that the Congress enacts to adopt this proposal.

In addition, we have used the methodology described in the FY 2006 IRF PPS final rule to update the labor-related share for FY 2008. In FY 2004, we updated the 1992 market basket data to 1997 based on the methodology described in the August 1, 2003 final rule (68 FR 45688 through 45689). As discussed in the FY 2006 IRF PPS final rule (70 FR 47880, 47915 through 47917), we rebased and revised the market basket for FY 2006 using the 2002-based cost structures for IRFs, IPFs, and LTCHs to determine the FY 2006 labor-related share. For FY 2007, we used the same methodology discussed in the FY 2006 IRF PPS final rule (70 FR 47880, 47908 through 47917) to determine the FY 2007 IRF labor-related share. For FY 2008, we continue to use the same methodology discussed in the FY 2006 IRF PPS final rule. As shown in Table 2, the total FY 2008 RPL labor-related share is 75.846 percent in this proposed rule. We propose to update the labor-related share with more recent data for the final rule to the extent it is available.

TABLE 2.—PROPOSED FY 2008 IRF LABOR-RELATED SHARE RELATIVE IMPORTANCE

| Cost category | Proposed FY 2008 IRF labor-related relative importance |
|---|---|
| Wages and salaries | 52.640 |
| Employee benefits | 14.149 |
| Professional fees | 2.907 |
| All other labor intensive services | 2.147 |
| Subtotal | 71.843 |
| Labor-related share of capital costs | 4.003 |
| Total | 75.846 |

SOURCE: Global Insight, Inc, 1st Qtr, 2007; @USMACRO/CONTROL0307 @CISSIM/TL0207.SIM Historical Data through 4th QTR, 2006

*B. Proposed Area Wage Adjustment*

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

In the FY 2007 IRF PPS final rule, we maintained the methodology described in the FY 2006 IRF PPS final rule to determine the wage index, labor market area definitions, and hold harmless policy consistent with the rationale outlined in that final rule (70 FR 47880, 47917 through 47933). In the FY 2006 IRF PPS final rule, we adopted a 3-year hold harmless policy specifically for rural IRFs whose labor market designations changed from rural to urban under the CBSA-based labor market area designations. This policy specifically applied to IRFs that had been previously designated rural and which, effective for discharges on or after October 1, 2005, would otherwise have become ineligible for the 19.14 percent rural adjustment. For FY 2008, the third and final year of the 3-year phase-out of the budget-neutral hold harmless policy, we will no longer apply an adjustment for IRFs that meet the criteria described in the FY 2006 final rule (70 FR 47880, 47923 through 47926).

For FY 2008, we propose to maintain the policies and methodologies described in the FY 2007 IRF PPS final rule relating to the labor market area definitions, the wage index methodology for areas with wage data, and hold harmless policy consistent with the rationale outlined in the FY 2006 IRF PPS final rule (70 FR 47880, 47917 through 47933). Therefore, this proposed rule continues to use the Core-Based Statistical Area (CBSA) labor market area definitions and the pre-reclassification and pre-floor hospital wage index based on 2003 cost report data. In addition, the budget neutral hold harmless policy established in the FY 2006 final rule will expire for discharges occurring on or after October 1, 2007.

In adopting the CBSA geographic designations in FY 2006, we provided a one-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 2001 hospital data). We referred to the blended wage index as the FY 2006 IRF PPS transition wage index. As discussed in the FY 2006 IRF PPS final rule (70 FR 47880, 47926), subsequent to the expiration of this one-year transition on September 30, 2006, we used the full CBSA-based wage index values as published in the Addendum of the FY 2007 IRF PPS final rule (71 FR 48354) and in the Addendum of this proposed rule.

When adopting OMB's new labor market designations, we identified some geographic areas where there were no hospitals and, thus, no hospital wage index data on which to base the calculation of the IRF PPS wage index (70 FR 47880).

In this proposed rule, we are proposing to revise our methodology to determine a proxy for rural areas without hospital wage data. Under the CBSA labor market areas, there are no rural hospitals in rural Massachusetts and rural Puerto Rico. Because there was no rural proxy for more recent rural data within those areas, we used the FY 2006 wage index value in both FY 2006 and FY 2007 for rural Massachusetts and rural Puerto Rico.

Due to the use of the same wage index value (from FY 2006) for these areas for two fiscal years, we believe it is appropriate at this point to consider alternatives in our methodology to update the wage index for rural areas without rural hospital wage index data. We believe that the best imputed proxy would 1) use pre-floor, pre-reclassified hospital data, 2) be easy to evaluate, 3) use the most local data, and 4) be easily updateable from year-to-year. Since the implementation of the IRF PPS, we have used the pre-floor, pre-reclassified hospital wage data that is easy to evaluate and is updateable from year-to-year. In addition, the IRF PPS wage index is based on hospitals' cost report data, which reflects local available data. Therefore, we believe the imputed proxy for a rural area without hospital wage data is consistent with our past methodology and other post-acute PPS wage index policy. Although our current methodology uses rural pre-floor, pre-reclassified hospital wage data, this method is not updateable from year-to-year.

Therefore, in cases where there is a rural area without rural hospital wage data, we propose using the average wage index from all contiguous CBSAs to represent a reasonable proxy for the rural area within a State. While this approach does not use rural data, it does use pre-floor, pre-reclassified hospital wage data, it is easy to evaluate, it is updateable from year-to-year, and it uses the most local data available.

In determining an imputed rural wage index, we interpret the term ''contiguous'' to mean sharing a border. For example, in the case of Massachusetts, the entire rural area consists of Dukes and Nantucket counties. We have determined that the borders of Dukes and Nantucket counties are local and contiguous with Barnstable and Bristol counties. Under the proposed methodology, the wage indexes for the counties of Barnstable (CBSA 12700: 1.2539) and Bristol (CBSA 39300: 1.0783) are averaged, resulting in an imputed rural wage index of 1.1661 for rural Massachusetts for FY 2008. While we believe that this policy could be readily applied to other rural areas that lack hospital wage data (possibly due to hospitals converting to a different provider type, such as a CAH, that does not submit the appropriate wage data), we may re-examine this policy should a similar situation arise in the future.

However, we do not believe that this policy is appropriate for Puerto Rico. There are sufficient economic differences between hospitals in the United States and those in Puerto Rico (including the payment of hospitals in Puerto Rico using blended Federal/Commonwealth-specific rates) that a separate and distinct policy for Puerto Rico is necessary. Consequently, any alternative methodology for imputing a wage index for rural Puerto Rico would need to take into account these economic differences and the payment rates hospitals receive in Puerto Rico. Our policy of imputing a rural wage index based on the wage index(es) of CBSAs contiguous to the rural area in question does not recognize the unique circumstances of Puerto Rico. While we have not yet identified an alternative methodology for imputing a wage index for rural Puerto Rico, we will continue to evaluate the feasibility of using existing hospital wage data and, possibly, wage data from other sources. By maintaining our current policy for Puerto Rico, we will maintain consistency with other post-acute care PPS wage index policies. Accordingly, we propose to continue using the most recent wage index previously available for Puerto Rico; that is, a wage index of 0.4047. We solicit comments on our proposal to maintain the current wage index policy for rural Puerto Rico.

In the FY 2006 IRF PPS final rule (70 FR 47880, 47920), we notified the public that the Office of Management and Budget (OMB) published a bulletin that changed the titles to certain CBSAs after the publication of our FY 2006 IRF PPS proposed rule (70 FR 30186). Since the publication of the FY 2006 IRF PPS final rule, OMB published additional bulletins that updated the CBSAs. Specifically, OMB added or deleted certain CBSA numbers and revised certain titles. Accordingly, in this proposed rule, we are proposing to clarify that this and all subsequent IRF 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 IRF PPS wage index. The OMB bulletins may be accessed online at *http://www.whitehouse.gov/omb/bulletins/index.html*.

To calculate the wage-adjusted facility payment for the payment rates set forth in this proposed rule, we multiply the unadjusted Federal prospective payment by the proposed FY 2008 RPL labor-related share (75.846 percent) to determine the labor-related portion of the Federal prospective payments. We then multiply this labor-related portion by the applicable proposed IRF wage index shown in Table 1 for urban areas and Table 2 for rural areas in the Addendum.

Adjustments or updates to the IRF wage index made under section 1886(j)(6) of the Act must be made in a budget neutral manner; therefore, we calculated a budget neutral wage adjustment factor as established in the August 1, 2003 final rule and codified at § 412.624(e)(1), and described in the steps below. We propose to use the following steps to ensure that the FY 2008 IRF standard payment conversion factor reflects the update to the proposed wage indexes (based on the FY 2003 pre-reclassified and pre-floor hospital wage data) and the proposed labor-related share in a budget neutral manner:

*Step 1* Determine the total amount of the estimated FY 2007 IRF PPS rates, using the FY 2007 standard payment conversion factor and the labor-related share and the wage indexes from FY 2007 (as published in the FY 2007 IRF PPS final rule).

*Step 2* Calculate the total amount of estimated IRF PPS payments, using the FY 2007 standard payment conversion factor and the proposed FY 2008 labor-related share and proposed CBSA urban and rural wage indexes.

*Step 3* Divide the amount calculated in step 1 by the amount calculated in step 2, which equals the FY 2008 budget neutral wage adjustment factor of 1.0026.

*Step 4* Apply the FY 2008 budget neutral wage adjustment factor from step 3 to the FY 2007 IRF PPS standard payment conversion factor after the application of the estimated market basket update to determine the FY 2008 standard payment conversion factor.

### *C. Description of the Proposed IRF Standard Payment Conversion Factor and Proposed Payment Rates for FY 2008*

To calculate the proposed standard payment conversion factor for FY 2008 and as illustrated in Table 3 below, we begin by applying the estimated market

basket increase factor (3.3 percent) to the standard payment conversion factor for FY 2007 ($12,981), which equals $13,409. We then apply the proposed combined budget neutrality factor for the wage index and labor related share and final year of the hold harmless policy of 1.0040 (1.0026 * 1.0014 = 1.0040), which would result in a proposed standard payment conversion factor of $13,463.

TABLE 3.—CALCULATIONS TO DETERMINE THE PROPOSED FY 2008 STANDARD PAYMENT CONVERSION FACTOR

| Explanation for adjustment | Calculations |
|---|---|
| FY 2007 Standard Payment Conversion Factor | 12,981 |
| Proposed FY 2008 Market Basket Increase Factor | × 1.033 |
| Subtotal | = 13,409 |
| Proposed Budget Neutrality Factor for the Wage Index, Labor-Related Share, and the Hold Harmless Provision | × 1.0040 |
| Proposed FY 2008 Standard Payment Conversion Factor | = $13,463 |

After the application of the relative weights, the resulting proposed unadjusted IRF prospective payment rates for FY 2008 are shown below in Table 4, ''Proposed FY 2008 Payment Rates.''

BILLING CODE 4120–07–P

**Table 4: FY 2008 Payment Rates**

| CMG | Payment Rate Tier 1 | Payment Rate Tier 2 | Payment Rate Tier 3 | Payment Rate No Comorbidity |
|---|---|---|---|---|
| 0101 | $10,375.93 | $9,832.03 | $8,847.88 | $8,544.97 |
| 0102 | $12,780.43 | $12,109.97 | $10,898.30 | $10,525.37 |
| 0103 | $15,067.79 | $14,277.51 | $12,849.09 | $12,410.19 |
| 0104 | $16,000.78 | $15,159.34 | $13,643.40 | $13,176.24 |
| 0105 | $19,199.58 | $18,191.21 | $16,372.35 | $15,812.29 |
| 0106 | $22,340.50 | $21,166.53 | $19,050.15 | $18,398.54 |
| 0107 | $25,781.65 | $24,428.61 | $21,985.08 | $21,232.50 |
| 0108 | $29,834.01 | $28,268.26 | $25,441.03 | $24,569.98 |
| 0109 | $29,615.91 | $28,060.93 | $25,253.90 | $24,389.57 |
| 0110 | $35,390.19 | $33,532.29 | $30,178.66 | $29,146.05 |
| 0201 | $10,962.92 | $9,162.92 | $8,185.50 | $7,602.56 |
| 0202 | $14,082.30 | $11,770.70 | $10,514.60 | $9,766.06 |

**Table 4: FY 2008 Payment Rates**

| CMG | Payment Rate Tier 1 | Payment Rate Tier 2 | Payment Rate Tier 3 | Payment Rate No Comorbidity |
|---|---|---|---|---|
| 0203 | $16,832.79 | $14,068.84 | $12,567.71 | $11,673.77 |
| 0204 | $18,026.96 | $15,067.79 | $13,460.31 | $12,503.09 |
| 0205 | $22,095.48 | $18,468.54 | $16,497.56 | $15,323.59 |
| 0206 | $28,871.40 | $24,131.08 | $21,555.61 | $20,023.52 |
| 0207 | $37,244.04 | $31,129.15 | $27,807.83 | $25,828.77 |
| 0301 | $15,339.74 | $12,834.28 | $11,513.56 | $10,463.44 |
| 0302 | $20,026.21 | $16,756.05 | $15,030.09 | $13,660.91 |
| 0303 | $23,830.86 | $19,938.70 | $17,885.60 | $16,255.23 |
| 0304 | $32,842.99 | $27,477.98 | $24,649.41 | $22,402.43 |
| 0401 | $12,906.98 | $11,384.31 | $10,396.13 | $9,232.93 |
| 0402 | $17,846.55 | $15,739.59 | $14,373.10 | $12,765.62 |
| 0403 | $31,057.79 | $27,393.17 | $25,014.25 | $22,216.64 |
| 0404 | $55,927.99 | $49,327.09 | $45,044.51 | $40,008.00 |
| 0405 | $42,234.78 | $37,249.43 | $34,015.62 | $30,212.32 |
| 0501 | $10,296.50 | $8,690.37 | $7,656.41 | $6,827.09 |
| 0502 | $13,815.73 | $11,660.30 | $10,272.27 | $9,160.23 |
| 0503 | $18,304.29 | $15,450.14 | $13,609.75 | $12,135.55 |
| 0504 | $22,865.56 | $19,299.21 | $17,001.08 | $15,159.34 |
| 0505 | $27,156.22 | $22,920.76 | $20,190.46 | $18,004.07 |
| 0506 | $36,891.31 | $31,137.23 | $27,429.52 | $24,458.23 |
| 0601 | $12,104.58 | $9,868.38 | $9,449.68 | $8,780.57 |
| 0602 | $16,112.52 | $13,135.85 | $12,577.13 | $11,688.58 |
| 0603 | $20,633.39 | $16,822.02 | $16,108.48 | $14,968.16 |
| 0604 | $26,376.71 | $21,504.45 | $20,591.66 | $19,134.96 |
| 0701 | $12,154.40 | $10,389.40 | $9,879.15 | $8,908.47 |
| 0702 | $15,800.18 | $13,507.43 | $12,842.36 | $11,580.87 |
| 0703 | $19,695.02 | $16,836.83 | $16,007.51 | $14,435.03 |
| 0704 | $24,191.66 | $20,680.51 | $19,662.71 | $17,730.77 |
| 0801 | $8,800.76 | $7,410.04 | $6,907.87 | $6,202.40 |
| 0802 | $11,500.09 | $9,683.94 | $9,025.60 | $8,104.73 |
| 0803 | $17,107.43 | $14,405.41 | $13,428.00 | $12,057.46 |
| 0804 | $14,863.15 | $12,515.20 | $11,665.69 | $10,475.56 |
| 0805 | $18,749.92 | $15,788.06 | $14,716.41 | $13,215.28 |
| 0806 | $22,514.17 | $18,958.60 | $17,671.53 | $15,868.84 |

**Table 4: FY 2008 Payment Rates**

| CMG | Payment Rate Tier 1 | Payment Rate Tier 2 | Payment Rate Tier 3 | Payment Rate No Comorbidity |
|---|---|---|---|---|
| 0901 | $11,342.58 | $10,287.08 | $9,246.39 | $8,239.36 |
| 0902 | $14,927.77 | $13,539.74 | $12,169.21 | $10,845.79 |
| 0903 | $19,707.14 | $17,874.83 | $16,066.74 | $14,317.90 |
| 0904 | $24,692.49 | $22,397.05 | $20,129.88 | $17,939.45 |
| 1001 | $12,958.14 | $11,953.80 | $10,712.51 | $9,910.11 |
| 1002 | $17,110.13 | $15,784.02 | $14,145.57 | $13,084.69 |
| 1003 | $24,066.46 | $22,201.83 | $19,896.97 | $18,405.27 |
| 1101 | $16,901.45 | $14,111.92 | $12,419.62 | $11,438.16 |
| 1102 | $25,342.75 | $21,159.80 | $18,622.02 | $17,150.52 |
| 1201 | $13,701.30 | $11,827.25 | $11,015.43 | $9,969.35 |
| 1202 | $17,728.08 | $15,303.39 | $14,251.93 | $12,898.90 |
| 1203 | $21,865.26 | $18,875.13 | $17,578.64 | $15,909.23 |
| 1301 | $13,939.59 | $12,972.95 | $11,458.36 | $10,001.66 |
| 1302 | $19,280.36 | $17,942.14 | $15,848.64 | $13,833.23 |
| 1303 | $24,569.98 | $22,865.56 | $20,197.19 | $17,628.45 |
| 1401 | $10,985.81 | $9,896.65 | $8,796.72 | $7,890.66 |
| 1402 | $14,860.46 | $13,387.61 | $11,899.95 | $10,673.47 |
| 1403 | $18,451.04 | $16,622.77 | $14,775.64 | $13,252.98 |
| 1404 | $23,385.23 | $21,068.25 | $18,727.03 | $16,797.79 |
| 1501 | $13,444.15 | $11,941.68 | $10,491.72 | $9,961.27 |
| 1502 | $17,045.50 | $15,140.49 | $13,301.44 | $12,629.64 |
| 1503 | $20,809.76 | $18,484.70 | $16,239.07 | $15,419.17 |
| 1504 | $27,216.80 | $24,175.51 | $21,237.88 | $20,166.23 |
| 1601 | $13,557.24 | $11,510.87 | $10,466.14 | $9,366.21 |
| 1602 | $18,613.94 | $15,804.22 | $14,369.06 | $12,859.86 |
| 1603 | $22,920.76 | $19,460.77 | $17,694.42 | $15,835.18 |
| 1701 | $13,217.97 | $12,979.68 | $11,415.28 | $9,919.54 |
| 1702 | $17,395.54 | $17,081.85 | $15,022.02 | $13,053.72 |
| 1703 | $20,673.78 | $20,302.20 | $17,854.63 | $15,514.76 |
| 1704 | $25,910.89 | $25,443.72 | $22,375.51 | $19,444.61 |
| 1801 | $16,047.90 | $13,282.60 | $11,097.55 | $9,884.53 |
| 1802 | $25,657.79 | $21,236.54 | $17,742.89 | $15,802.87 |
| 1803 | $46,180.78 | $38,222.80 | $31,935.58 | $28,443.28 |
| 1901 | $16,692.77 | $14,790.45 | $14,762.18 | $12,587.91 |

**Table 4: FY 2008 Payment Rates**

| CMG | Payment Rate Tier 1 | Payment Rate Tier 2 | Payment Rate Tier 3 | Payment Rate No Comorbidity |
|---|---|---|---|---|
| 1902 | $31,226.08 | $27,669.16 | $27,615.31 | $23,548.13 |
| 1903 | $45,052.58 | $39,919.14 | $39,841.06 | $33,973.88 |
| 2001 | $11,758.58 | $9,937.04 | $9,067.33 | $8,190.89 |
| 2002 | $15,411.10 | $13,024.11 | $11,883.79 | $10,736.74 |
| 2003 | $19,894.28 | $16,812.59 | $15,341.09 | $13,858.81 |
| 2004 | $26,543.65 | $22,432.05 | $20,469.15 | $18,491.43 |
| 2101 | $29,405.88 | $29,405.88 | $22,356.66 | $19,638.48 |
| 5001 | $0.00 | $0.00 | $0.00 | $2,963.21 |
| 5101 | $0.00 | $0.00 | $0.00 | $8,550.35 |
| 5102 | $0.00 | $0.00 | $0.00 | $21,520.61 |
| 5103 | $0.00 | $0.00 | $0.00 | $9,697.40 |
| 5104 | $0.00 | $0.00 | $0.00 | $25,288.90 |

BILLING CODE 4120–07–C

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

Table 5 illustrates the proposed methodology for adjusting the Federal prospective payments (as described in sections IV.A through C of this proposed rule). The examples below are based on two hypothetical Medicare beneficiaries, both classified into CMG 0110 (without comorbidities). The unadjusted Federal prospective payment rate for CMG 0110 (without comorbidities) can be found in Table 4 above.

One beneficiary is in Facility A, an IRF located in rural Spencer County, Indiana, and another beneficiary is in Facility B, an IRF located in urban Harrison County, Indiana. Facility A, a non-teaching hospital, has a disproportionate share hospital (DSH) percentage of 5 percent (which results in a LIP adjustment of 1.0309), a wage index of 0.8538, and an applicable rural adjustment of 21.3 percent. Facility B, a teaching hospital, has a DSH percentage of 15 percent (which results in a LIP adjustment of 1.0910), a wage index of 0.9118, and an applicable teaching status adjustment of 0.109.

To calculate each IRF's labor and non-labor portion of the Federal prospective payment, we begin by taking the unadjusted Federal prospective payment rate for CMG 0110 (without comorbidities) from Table 4 above. Then, we multiply the estimated labor-related share (75.846) described in section IV.A by the unadjusted Federal prospective payment rate. To determine the non-labor portion of the Federal prospective payment rate, we subtract the labor portion of the Federal payment from the unadjusted Federal prospective payment.

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

To adjust the Federal prospective payment by the facility-level adjustments, there are several steps. First, we take the wage-adjusted Federal prospective payment and multiply it by the appropriate rural and LIP adjustments (if applicable). Then, to determine the appropriate amount of additional payment for the teaching status adjustment (if applicable), we multiply the teaching status adjustment (0.109, in this example) by the wage-adjusted and rural-adjusted amount (if applicable). Finally, we add the additional teaching status payments (if applicable) to the wage, rural, and LIP-adjusted Federal prospective payment rate. Table 5 illustrates the components of the proposed adjusted payment calculation.

BILLING CODE 4120–07–P

**Table 5: Example of Computing an IRF's Proposed FY 2008 Federal Prospective Payment**

| Steps | | Rural Facility A (Spencer Co., IN) | | Urban Facility B (Harrison Co., IN) | |
|---|---|---|---|---|---|
| 1 | Unadjusted Federal Prospective Payment | | $29,146.05 | | $29,146.05 |
| 2 | Labor Share | X | 0.75846 | X | 0.75846 |
| 3 | Labor Portion of Federal Payment | = | $22,106.11 | = | $22,106.11 |
| 4 | CBSA Based Wage Index (shown in the Addendum , Tables 1 and 2) | X | 0.8538 | X | 0.9118 |
| 5 | Wage-Adjusted Amount | = | $18,874.20 | = | $20,156.35 |
| 6 | Non-labor Amount | + | $7,039.94 | + | $7,039.94 |
| 7 | Wage-Adjusted Federal Payment | = | $25,914.14 | = | $27,196.29 |
| 8 | Rural Adjustment | X | 1.213 | X | 1.000 |
| 9 | Wage- and Rural- Adjusted Federal Payment | = | $31,433.85 | = | $27,196.29 |
| 10 | LIP Adjustment | X | 1.0309 | X | 1.0910 |
| 11 | FY2007 Wage-, Rural- and LIP-Adjusted Federal Prospective Payment Rate | = | $32,405.16 | = | $29,671.16 |
| | | | | | |
| 12 | FY 2007 Wage- and Rural-Adjusted Federal Prospective Payment | | $31,433.86 | | $27,196.29 |
| Steps | | Rural Facility A (Spencer Co., IN) | | Urban Facility B (Harrison Co., IN) | |
| 13 | Teaching Status Adjustment | X | 0.000 | X | 0.109 |
| 14 | Teaching Status Adjustment Amount | = | $0.00 | = | $2,964.40 |
| 15 | FY2007 Wage-, Rural-, and LIP-Adjusted Federal Prospective Payment Rate | + | $32,405.16 | + | $29,671.16 |
| 16 | Total FY 2007 Adjusted Federal Prospective Payment | = | $32,405.16 | = | $32,635.56 |

BILLING CODE 4120–07–C

Thus, the proposed adjusted payment for Facility A would be $32,405.16 and the proposed adjusted payment for Facility B would be $32,635.56.

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

[If you choose to comment on issues in this section, please include the caption ''High-Cost Outliers Under the IRF PPS'' at the beginning of your comments.]

### *A. Proposed Update to the Outlier Threshold Amount for FY 2008*

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

In the August 7, 2001 final rule (66 FR 41316, 41362 through 41363), we discussed our rationale for setting the outlier threshold amount for the IRF PPS so that estimated outlier payments would equal 3 percent of total estimated payments. Subsequently, we updated the IRF outlier threshold amount in the FYs 2006 and 2007 IRF PPS final rules (70 FR 47880 and 71 FR 48354) to maintain estimated outlier payments at 3 percent of total estimated payments,

and we also stated that we would continue to analyze the estimated outlier payments for subsequent years and adjust the outlier threshold amount as appropriate to maintain the 3 percent target.

For this proposed rule, we performed an updated analysis of FY 2005 claims and IRF–PAI data using the same methodology we used to set the initial outlier threshold amount when we first implemented the IRF PPS in the August 7, 2001 final rule (66 FR 41316), which is also the same methodology we used to update the outlier threshold amounts for FYs 2006 and 2007. Using the updated FY 2005 claims and IRF–PAI data, we estimate that IRF outlier payments as a percentage of total estimated payments for FY 2007 increased from 3 percent using the FY 2004 data to approximately 3.8 percent using the updated FY 2005 data. We are still investigating the reasons for the change in estimated outlier payments between FY 2004 and FY 2005, and will carefully evaluate all possible reasons for this change.

Based on the updated analysis using FY 2005 data, and consistent with the broad statutory authority conferred upon the Secretary in sections 1886(j)(4)(A)(i) and 1886(j)(4)(A)(ii) of the Act, we propose to update the outlier threshold amount to $7,522 to decrease estimated outlier payments from approximately 3.8 to 3 percent of total estimated aggregate IRF payments for FY 2008.

The outlier threshold amount for FY 2008 is subject to change in the final rule based on analysis of updated data.

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

In accordance with the methodology stated in the August 1, 2003 final rule (68 FR 45692 through 45694), we apply a ceiling to IRFs' cost-to-charge ratios (CCRs). Using the methodology described in that final rule, we propose to update the national urban and rural CCRs for IRFs. We apply the national urban and rural CCRs in the following situations:

- New IRFs that have not yet submitted their first Medicare cost report.
- IRFs whose overall CCR is in excess of 3 standard deviations above the corresponding national geometric mean, which we propose to set at 1.55 (based on the current estimate) for FY 2008.
- Other IRFs for whom accurate data with which to calculate an overall CCR are not available.

Specifically, for FY 2008, we estimate a proposed national CCR of 0.589 for rural IRFs and 0.475 for urban IRFs. For new facilities, we use these national ratios until the data become available for us to compute the facility's actual CCR using the first tentative settled or final settled cost report data, which we will then use for the subsequent cost reporting period. We note that the proposed national average rural and urban CCRs and our estimate of 3 standard deviations above the corresponding national geometric mean in this section are subject to change in the final rule based on updated analysis and data.

*C. Adjustment of IRF Outlier Payments*

In the August 1, 2003 final rule (68 FR 45674, 45693 through 45694), we finalized a proposal to make IRF outlier payments subject to reconciliation when IRFs' cost reports are settled, consistent with the policy adopted for IPPS hospitals in the June 9, 2003 IPPS final rule (68 FR 34494, 34501). The revised methodology provides for retroactive adjustments to IRF outlier payments to account for differences between the CCRs from the latest settled cost report and the actual CCRs computed at the time the cost report that coincides with the date of discharge is settled using the cost and charge data from that cost report. This revised methodology addresses vulnerabilities found in the IPPS and the IRF outlier payment policies, which may have resulted in outlier payments that were too high or too low. Along these lines, we are analyzing IRF outlier payments from the beginning of the IRF PPS through FY 2005, obtained from IRFs' cost report filings, to identify specific payment vulnerabilities in the IRF outlier payment policy.

Under this policy, which is outlined in § 412.624(e)(5), which in turn references § 412.84(i) and § 412.84(m) of the IPPS regulations, outlier payments will be processed on an interim basis throughout the year using IRFs' CCRs based on the best information available at the time. When an IRF's cost report is settled, any reconciliation of outlier payments by fiscal intermediaries will be based on the relationship between an IRF's costs and charges at the time a particular discharge actually occurred. This revised methodology ensures that the final outlier payments reflect an accurate assessment of the actual costs the IRF incurred for treating the case.

We have not yet issued instructions to the fiscal intermediaries regarding IRF outlier reconciliation because we have been analyzing the data and assessing the systems changes necessary to conduct the reconciliation. Thus, we will soon issue instructions to fiscal intermediaries to begin reconciling IRF outlier payments upon settlement of IRF cost reports.

## VI. Clarification to the Regulation Text for Special Payment Provisions for Patients That Are Transferred

[If you choose to comment on issues in this section, please include the caption ''Clarification to the Regulation Text for Special Payment Provisions for Patients that are Transferred'' at the beginning of your comments.]

Section 125(a)(3) of the BBRA amended Section 1886(j)(1) of the Act by adding a paragraph (E) that states ''Construction relating to transfer authority—Nothing in this subsection shall be construed as preventing the Secretary from providing for an adjustment to payments to take into account the early transfer of a patient from a rehabilitation facility to another site of care.'' In the FY 2002 proposed and final IRF PPS rules, we proposed and adopted the transfer payment policy under § 412.624(f). The transfer policy provides payments that more accurately reflect facility resources used and services delivered for patients that transfer to another site of care as discussed in the FY 2002 IRF PPS final rule (66 FR 41316, 41353 through 41355). We are proposing to revise our regulations text to clarify our existing policy under § 412.624(f).

In the FY 2002 IRF PPS final rule (66 FR 41316, 41353 through 41355), we discuss our rationale, criteria for defining a transfer case, and the methodology to determine the unadjusted Federal prospective payment for the transfer case. In addition, we discuss several adjustments that we apply to the unadjusted Federal prospective payment rate. The final adjustments described in the FY 2002 IRF PPS final rule (65 FR 66304, 66347 through 66357) include the area wage adjustment, rural adjustment, the LIP adjustment, and the high-cost outlier adjustment. In our FY 2006 IRF PPS final rule (70 FR 47880), we refined the facility level adjustments and also adopted a teaching status adjustment.

We define a transfer under § 412.602 to mean the release of a Medicare inpatient from an IRF to another IRF, a short-term, acute-care prospective payment hospital, a long-term care hospital as described in § 412.23(e), or a nursing home that qualifies to receive Medicare or Medicaid payment. In order to receive a transfer payment under § 412.624(f), a patient must be transferred to another site of care as defined in § 412.602 and had to have stayed in the IRF for less than the average length of stay for the case-mix

group (CMG). Table 1 in this proposed rule presents the CMGs, the comorbidity tiers, the corresponding relative weights, and the average length of stay value for each CMG and tier. We use the average length of stay for each CMG to determine when an IRF discharge meets the definition of a transfer, which results in a per diem case level adjustment.

Since the implementation of the IRF PPS, we determine whether a claim meets the high-cost outlier policy under § 412.624(e)(5), as revised in the FY 2007 IRF PPS final rule (71 FR 48354, 48382 through 48383). A case qualifies for an outlier payment if the estimated cost of the case exceeds the adjusted outlier threshold, in which case we make an outlier payment equal to 80 percent of the difference between the estimated cost of the case and the outlier threshold. Since the implementation of the IRF PPS, we have provided an additional high-cost outlier payment to both transfer cases and full CMG cases when applicable. We propose to clarify the regulations text to articulate the transfer policy more clearly. Specifically, we propose to add the phrase ''subject to paragraph (e)(5)'' at the end of the paragraph under § 412.624(f)(2)(v). The proposed revised § 412.624(f)(2)(v) will read, ''By applying the adjustment described in paragraphs (e)(1), (e)(2), (e)(3), (e)(4), and (e)(7) of this section to the unadjusted payment amount determined in paragraph (f)(2)(iv) of this section to equal the adjusted transfer payment amount, subject to paragraph (e)(5).''

## VII. Provisions of the Proposed Regulation

[If you choose to comment on issues in this section, please include the caption ''Provisions of the Proposed Regulations'' at the beginning of your comments.]

We are proposing to make revisions to the regulation text in order to implement the proposed policy changes for IRFs for FY 2007 and subsequent fiscal years. Specifically, we are proposing to make conforming changes in 42 CFR part 412. We discuss these proposed revisions and others in detail below.

### *A. Section 412.624 Methodology for Calculating the Federal Prospective Payment Rates*

In this section, we are proposing to revise the current regulations text in paragraph (f)(2)(v) to clarify that we determine whether a high-cost outlier payment would be applicable for transfer cases. We emphasize that this is not a change to our current methodology for determining whether a high-cost outlier payment applies to transfer cases.

### *B. Additional Proposed Changes*

- Update the FY 2008 IRF PPS payment rates by the proposed market basket, as discussed in section IV.A.
- Update the FY 2008 IRF PPS payment rates by the proposed wage index and the labor related share in a budget neutral manner, as discussed in section IV.A and B.
- Update the pre-reclassified and pre-floor wage indexes based on the CBSA changes published in the most recent OMB bulletins that apply to the hospital wage data used to determine the current IRF PPS wage index, as discussed in section IV.B.
- Implement the final year of the three-year hold harmless policy adopted in the FY 2006 IRF PPS final rule (70 FR 47880, 447923 through 47926) in a budget neutral manner, as discussed in section IV.B.
- Update the outlier threshold amount for FY 2008 to $7,522, as discussed in section V.A.
- Update the cost-to-charge ratio ceiling and the national average urban and rural cost-to-charge ratios for purposes of determining outlier payments under the IRF PPS, as discussed in section V.B.

## VIII. Collection of Information Requirements

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

## IX. Response to Public Comments

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

## X. Regulatory Impact Analysis

[If you choose to comment on issues in this section, please include the caption ''Regulatory Impact Analysis'' at the beginning of your comments.]

### *A. Overall Impact*

We have examined the impacts of this proposed rule as required by Executive Order 12866 (September 1993, Regulatory Planning and Review), the Regulatory Flexibility Act (RFA, September 16, 1980, Pub. L. 96–354), section 1102(b) of the Social Security Act, the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4), and Executive Order 13132.

Executive Order 12866 (as amended by Executive Order 13258, which merely reassigns responsibility of duties) directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). A regulatory impact analysis (RIA) must be prepared for major rules with economically significant effects ($100 million or more in any one year). This proposed rule is a major rule, as defined in Title 5, United States Code, section 804(2), because we estimate the impact to the Medicare program, and the annual effects to the overall economy, would be more than $100 million. We estimate that the total impact of these proposed changes for estimated FY 2008 payments compared to estimated FY 2007 payments would be an increase of approximately $150 million (this reflects a $200 million increase from the update to the payment rates and a $50 million decrease due to the proposed update to the outlier threshold amount to decrease estimated outlier payments from approximately 3.8 percent in FY 2007 to 3 percent in FY 2008).

The RFA requires agencies to analyze options for regulatory relief of small entities. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and government jurisdictions. Most IRFs and most other providers and suppliers are considered small entities, either by nonprofit status or by having revenues of $6 million to $29 million in any one year. (For details, see the Small Business Administration's final rule that set forth size standards for health care industries, at 65 FR 69432, November 17, 2000.) Because we lack data on individual hospital receipts, we cannot determine the number of small proprietary IRFs or the proportion of IRFs' revenue that is derived from Medicare payments. Therefore, we assume that all IRFs (an approximate total of 1,200 IRFs, of which approximately 60 percent are nonprofit facilities) are considered small entities and that Medicare payment constitutes the majority of their revenues. The Department of Health and Human

Services generally uses a revenue impact of 3 to 5 percent as a significance threshold under the RFA. As shown in Table 6, we estimate that the net revenue impact of this proposed rule on all IRFs is to increase estimated payments by about 2.4 percent, with an estimated increase in payments of 3 percent or higher for some categories of IRFs (such as rural freestanding IRFs, urban IRFs in the East North Central and Mountain regions, and rural IRFs in the Middle Atlantic and East South Central regions). Thus, we anticipate that this proposed rule may have a significant impact on a substantial number of small entities. However, the estimated impact of this proposed rule is a net increase in revenues across all categories of IRFs, so we believe that this proposed rule would not impose a significant burden on small entities. Medicare fiscal intermediaries and carriers are not considered to be small entities. Individuals and States are not included in the definition of a small entity.

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural hospitals. This analysis must conform to the provisions of section 603 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside of a Metropolitan Statistical Area and has fewer than 100 beds. As discussed in detail below, the rates and policies set forth in this proposed rule would not have an adverse impact on rural hospitals based on the data of the 199 rural units and 20 rural hospitals in our database of 1,234 IRFs for which data were available.

Section 202 of the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4) also requires that agencies assess anticipated costs and benefits before issuing any rule whose mandates require spending in any one year of $100 million in 1995, updated annually for inflation. That threshold level is currently approximately $120 million. This proposed rule would not mandate any requirements for State, local, or tribal governments, nor would it affect private sector costs.

Executive Order 13132 establishes certain requirements that an agency must meet when it promulgates a proposed rule (and subsequent final rule) that imposes substantial direct requirement costs on State and local governments, preempts State law, or otherwise has Federalism implications. As stated above, this proposed rule would not have a substantial effect on State and local governments.

*B. Anticipated Effects of the Proposed Rule*

We discuss below the impacts of this proposed rule on the budget and on IRFs.

1. Basis and Methodology of Estimates

This proposed rule sets forth updates of the IRF PPS rates contained in the FY 2007 final rule, proposes an update to the outlier threshold for high-cost cases, and proposes an adjustment to the wage index methodology.

Based on the above, we estimate that the FY 2008 impact would be a net increase of $150 million in payments to IRF providers (this reflects a $200 million estimated increase from the proposed update to the payment rates and a $50 million estimated decrease due to the proposed update to the outlier threshold amount to decrease the estimated outlier payments from approximately 3.8 percent in FY 2007 to 3 percent in FY 2008). The impact analysis in Table 6 of this proposed rule represents the projected effects of the proposed policy changes in the IRF PPS for FY 2008 compared with estimated IRF PPS payments in FY 2007 without the proposed policy changes. We estimate the effects by estimating payments while holding all other payment variables constant. We use the best data available, but we do not attempt to predict behavioral responses to these proposed changes, except where noted, and we do not make adjustments for future changes in such variables as number of discharges or case-mix, except where noted.

We note that certain events may combine to limit the scope or accuracy of our impact analysis, because such an analysis is future-oriented and, thus, susceptible to forecasting errors because of other changes in the forecasted impact time period. Some examples could be legislative changes made by the Congress to the Medicare program that would impact program funding, or changes specifically related to IRFs. In addition, changes to the Medicare program may continue to be made as a result of the BBA, the BBRA, the BIPA, the MMA, the DRA, or new statutory provisions. Although these changes may not be specific to the IRF PPS, the nature of the Medicare program is such that the changes may interact, and the complexity of the interaction of these changes could make it difficult to predict accurately the full scope of the impact upon IRFs.

In updating the rates for FY 2008, we proposed a number of standard annual revisions and clarifications mentioned elsewhere in this proposed rule (for example, the update to the wage and market basket indexes used to adjust the Federal rates). We estimate that these proposed revisions would increase payments to IRFs by approximately $200 million.

The aggregate change in estimated payments associated with this proposed rule is estimated to be an increase in payments to IRFs of $150 million for FY 2008. The market basket increase of $200 million and the $50 million decrease due to the proposed update to the outlier threshold amount to decrease estimated outlier payments from approximately 3.8 percent in FY 2007 to 3.0 percent in FY 2008 would result in a net change in estimated payments from FY 2007 to FY 2008 of $150 million.

The effects of the proposed changes that affect IRF PPS payment rates are shown in Table 6. The following proposed changes that affect the IRF PPS payment rates are discussed separately below:

- The effects of the proposed update to the outlier threshold amount to decrease total estimated outlier payments from approximately 3.8 to 3 percent of total estimated payments for FY 2008, consistent with section 1886(j)(4) of the Act.
- The effects of the annual market basket update (using the RPL market basket) to IRF PPS payment rates, as required by sections 1886(j)(3)(A)(i) and 1886(j)(3)(C) of the Act.
- The effects of applying the budget-neutral labor-related share and wage index adjustment, including a proposal to revise our methodology to determine a proxy for rural areas without hospital wage data (as described in section IV of this proposed rule), as required under section 1886(j)(6) of the Act.
- The effects of the final year of the 3-year budget-neutral hold-harmless policy for IRFs that were rural under § 412.602 during FY 2005, but are urban under § 412.602 beginning FY 2006 and lose the rural adjustment, resulting in a decrease in the estimated IRF PPS payments if not for the hold harmless policy.
- The total proposed change in estimated payments based on the FY 2008 proposed policies relative to estimated FY 2007 payments without the proposed policies.

2. Description of Table 6

The table below categorizes IRFs by geographic location, including urban or rural location and location with respect to CMS's nine census divisions (as defined on the cost report) of the country. In addition, the table divides IRFs into those that are separate

rehabilitation hospitals (otherwise called freestanding hospitals in this section), those that are rehabilitation units of a hospital (otherwise called hospital units in this section), rural or urban facilities, ownership (otherwise called for-profit, non-profit, and government), and by teaching status. The top row of the table shows the overall impact on the 1,234 IRFs included in the analysis.

The next 12 rows of Table 6 contain IRFs categorized according to their geographic location, designation as either a freestanding hospital or a unit of a hospital, and by type of ownership; all urban, which is further divided into urban units of a hospital, urban freestanding hospitals, and by type of ownership; and all rural, which is further divided into rural units of a hospital, rural freestanding hospitals, and by type of ownership. There are 1,015 IRFs located in urban areas included in our analysis. Among these, there are 816 IRF units of hospitals located in urban areas and 199 freestanding IRF hospitals located in urban areas. There are 219 IRFs located in rural areas included in our analysis. Among these, there are 199 IRF units of hospitals located in rural areas and 20 freestanding IRF hospitals located in rural areas. There are 419 for-profit IRFs. Among these, there are 340 IRFs in urban areas and 79 IRFs in rural areas. There are 748 non-profit IRFs. Among these, there are 624 urban IRFs and 124 rural IRFs. There are 67 government-owned IRFs. Among these, there are 51 urban IRFs and 16 rural IRFs.

The remaining three parts of Table 6 show IRFs grouped by their geographic location within a region, and the last part groups IRFs by teaching status. First, IRFs located in urban areas are categorized with respect to their location within a particular one of the nine CMS geographic regions. Second, IRFs located in rural areas are categorized with respect to their location within a particular one of the nine CMS geographic regions. In some cases, especially for rural IRFs located in the New England, Mountain, and Pacific regions, the number of IRFs represented is small. Finally, IRFs are grouped by teaching status, including non-teaching IRFs, IRFs with an intern and resident to average daily census (ADC) ratio less than 10 percent, IRFs with an intern and resident to ADC ratio greater than or equal to 10 percent and less than or equal to 19 percent, and IRFs with an intern and resident to ADC ratio greater than 19 percent.

The estimated impacts of each proposed change to the facility categories listed above are shown in the columns of Table 6. The description of each column is as follows:

Column (1) shows the facility classification categories described above.

Column (2) shows the number of IRFs in each category.

Column (3) shows the number of cases in each category.

Column (4) shows the estimated effect of the proposed adjustment to the outlier threshold amount so that estimated outlier payments decrease from approximately 3.8 percent in FY 2007 to 3 percent of total estimated payments for FY 2008.

Column (5) shows the estimated effect of the market basket update to the IRF PPS payment rates.

Column (6) shows the estimated effect of the update to the IRF labor-related share, wage index, and the final year of the hold harmless policy, in a budget neutral manner.

Column (7) compares our estimates of the payments per discharge, incorporating all of the proposed changes reflected in this proposed rule for FY 2008, to our estimates of payments per discharge in FY 2007 (without these proposed changes). The average estimated increase for all IRFs is approximately 2.4 percent. This estimated increase includes the effects of the 3.3 percent market basket update. It also includes the 0.9 percent overall estimated decrease in estimated IRF outlier payments from the proposed update to the outlier threshold amount. Because we are making the remainder of the proposed changes outlined in this proposed rule in a budget-neutral manner, they would not affect total estimated IRF payments in the aggregate. However, as described in more detail in each section, they would affect the estimated distribution of payments among providers.

BILLING CODE 4120–07–P

**Table 6: Projected Impact on the IRF PPS for FY 2008**

| Facility Classification (1) | Number of IRFs (2) | Number of cases (3) | Outlier (4) | Market Basket (5) | FY08 CBSA wage index, labor-related share, and hold harmless (6) | Total Change % (7) |
|---|---|---|---|---|---|---|
| **Total** | 1,234 | 447,163 | -0.9% | 3.3% | 0.0% | 2.4% |
| Urban unit | 816 | 249,213 | -1.1 | 3.3 | 0.2 | 2.4 |
| Rural unit | 199 | 38,448 | -0.9 | 3.3 | 0.2 | 2.6 |
| Urban hospital | 199 | 153,777 | -0.5 | 3.3 | -0.3 | 2.4 |
| Rural hospital | 20 | 5,725 | -0.4 | 3.3 | 0.3 | 3.1 |
| Urban For-Profit | 340 | 153,740 | -0.7 | 3.3 | -0.3 | 2.2 |
| Rural For-Profit | 79 | 15,444 | -0.7 | 3.3 | 0.1 | 2.7 |
| Urban Non-Profit | 624 | 233,412 | -0.9 | 3.3 | 0.2 | 2.5 |
| Rural Non-Profit | 124 | 25,711 | -0.8 | 3.3 | 0.3 | 2.7 |
| Urban Government | 51 | 15,838 | -1.1 | 3.3 | -0.3 | 1.9 |
| Rural Government | 16 | 3,018 | -1.3 | 3.3 | 0.3 | 2.3 |
| Urban | 1,015 | 402,990 | -0.9 | 3.3 | 0.0 | 2.4 |
| Rural | 219 | 44,173 | -0.8 | 3.3 | 0.2 | 2.7 |
| **Urban by region** | | | | | | |
| Urban New England | 35 | 18,486 | -0.9 | 3.3 | -0.4 | 1.9 |
| Urban Middle Atlantic | 160 | 69,955 | -0.7 | 3.3 | 0.1 | 2.7 |
| Urban South Atlantic | 130 | 68,102 | -0.8 | 3.3 | -0.6 | 1.8 |
| Urban East North Central | 194 | 68,144 | -0.9 | 3.3 | 0.6 | 3.0 |
| Urban East South Central | 51 | 28,686 | -0.7 | 3.3 | -0.8 | 1.8 |
| Urban West North Central | 71 | 21,860 | -1.0 | 3.3 | 0.3 | 2.5 |
| Urban West South Central | 185 | 73,956 | -0.9 | 3.3 | -0.4 | 2.0 |
| Urban Mountain | 77 | 25,325 | -1.0 | 3.3 | 0.7 | 3.0 |
| Urban Pacific | 112 | 28,476 | -1.1 | 3.3 | 0.5 | 2.7 |
| **Rural by region** | | | | | | |
| Rural New England | 5 | 1,082 | -1.4 | 3.3 | -0.9 | 1.0 |
| Rural Middle Atlantic | 17 | 4,118 | -0.5 | 3.3 | 0.7 | 3.4 |
| Rural South Atlantic | 26 | 6,372 | -0.5 | 3.3 | -0.1 | 2.7 |
| Rural East North Central | 39 | 6,867 | -0.9 | 3.3 | 0.4 | 2.8 |
| Rural East South Central | 24 | 5,599 | -0.6 | 3.3 | 0.5 | 3.2 |
| Rural West North Central | 36 | 6,843 | -1.1 | 3.3 | 0.4 | 2.6 |
| Rural West South Central | 59 | 11,834 | -0.8 | 3.3 | 0.1 | 2.6 |
| Rural Mountain | 9 | 992 | -1.7 | 3.3 | -0.3 | 1.3 |
| Rural Pacific | 4 | 466 | -1.4 | 3.3 | 0.3 | 2.2 |
| **Teaching Status** | | | | | | |
| Non-teaching | 1,112 | 390,066 | -0.9 | 3.3 | 0.0 | 2.4 |
| Resident to ADC less than 10% | 64 | 37,601 | -0.7 | 3.3 | 0.1 | 2.8 |
| Resident to ADC 10%-19% | 40 | 15,271 | -1.0 | 3.3 | 0.1 | 2.5 |
| Resident to ADC greater than 19% | 18 | 4,225 | -0.8 | 3.3 | 0.1 | 2.9 |

BILLING CODE 4120–07–C

3. Impact of the Proposed Update to the Outlier Threshold Amount (Column 4, Table 6)

In the FY 2007 IRF PPS final rule (71 FR 48354), we used FY 2004 patient-level claims data (the best, most complete data available at that time) to set the outlier threshold amount for FY 2007 so that estimated outlier payments would equal 3 percent of total estimated payments for FY 2007. For this proposed rule, we are proposing to update our analysis using FY 2005 data. Using the updated FY 2005 data, we now estimate that IRF outlier payments as a percentage of total estimated payments for FY 2007 increased from 3 percent using the FY 2004 data to approximately 3.8 percent using the updated FY 2005 data. Thus, we are proposing to adjust the outlier threshold amount for FY 2008 to $7,522 to set total estimated outlier payments equal to 3 percent of total estimated payments in FY 2008. The proposed estimated change in total payments between FY 2007 and FY 2008, therefore, includes a 0.9 percent (rounded from 0.85 percent) overall estimated decrease in payments because the estimated outlier portion of total payments is estimated to decrease from approximately 3.8 percent to 3 percent.

The impact of this proposed update (as shown in column 4 of Table 6) is to decrease estimated overall payments to IRFs by 0.9 percent. We do not estimate that any group of IRFs would experience an increase in payments from this proposed update. We estimate the largest decrease in payments to be a 1.7 percent decrease in estimated payments to rural IRFs in the Mountain region.

4. Impact of the Proposed Market Basket Update to the IRF PPS Payment Rates (Column 5, Table 6)

In column 5 of Table 6, we present the estimated effects of the proposed market basket update to the IRF PPS payment rates. In the aggregate, and across all hospital groups, the proposed update would result in a 3.3 percent increase in overall estimated payments to IRFs.

5. Impact of the Proposed CBSA Wage Index, Labor-Related Share, and the Hold Harmless Policy for FY 2008 (Column 6, Table 6).

In column 6 of Table 6, we present the effects of the proposed budget neutral update of the wage index, labor-related share, and the final year of the hold harmless policy. In FY 2006, we provided a 1-year blended wage index and a 3-year phase out of the rural adjustment for IRFs that changed designation because of the change from MSAs to CBSAs (referenced as the hold harmless policy). We applied the blended wage index to all IRFs and the hold harmless policy to those IRFs that qualify, as described in § 412.624(e)(7), in order to mitigate the impact of the change from the MSA-based labor area definitions to the CBSA-based labor area definitions for IRFs.

As discussed in the FY 2007 IRF PPS final rule (71 FR 48345), the blended wage index expired in FY 2007 and will not be applied for discharges occurring on or after October 1, 2006. In addition, FY 2008 is the third and final year of the hold harmless policy, and we are continuing to apply this policy as described in the FY 2006 final rule in a budget neutral manner.

As discussed in this proposed rule, we are proposing to revise our methodology to impute a rural wage index value for rural areas without hospital wage data and update the wage index based on the CBSA-based labor market area definitions in a budget neutral manner. We are also applying the third and final year of the hold harmless policy in a budget neutral manner. Thus, in the aggregate, the estimated impact of the proposed update to the wage index and labor-related share is zero percent.

In the aggregate and for all urban IRFs, we do not estimate that these proposed changes would affect overall estimated payments to IRFs. However, we estimate that these proposed changes would have small distributional effects. We estimate a 0.2 percent increase in estimated payments to rural IRFs. We estimate the largest increase in payments to be a 0.7 percent increase for urban IRFs in the Mountain region and for rural IRFs in the Middle Atlantic region. We estimate the largest decrease in payments to be a 0.9 percent decrease for rural IRFs in the New England region.

*C. Anticipated Effects of the 75 Percent Rule Policy*

The existing policy for classifying a facility as an IRF, which is described in § 412.23(b)(2), allows the inclusion of comorbidities meeting certain requirements in the calculations used to determine the compliance percentage for cost reporting periods beginning on or after July 1, 2004, and before July 1, 2008. However, for cost reporting periods beginning on or after July 1, 2008, comorbidities will not be eligible for inclusion in the calculations used to determine if the provider meets the 75 percent compliance threshold. As discussed in section II of this proposed rule, we are not proposing to change existing policy. On or after July 1, 2008, we anticipate that IRFs would make adjustments to their admission and coding practices to continue to meet the compliance threshold. Data limitations and two important sources of uncertainty prevent a precise estimate of the effect of this policy at this time. One source of uncertainty is what proportion of patients who would no longer be treated in IRFs would instead be treated by other, lower-cost post-acute care settings such as skilled nursing facilities or home health agencies. Another source of uncertainty is determining how providers will make adjustments on or after July 1, 2008. While we cannot make a precise estimate at this time, we anticipate modest decreases in Medicare payments beginning on or after July 1, 2008.

*D. Alternatives Considered*

Because we have determined that this proposed rule would have a significant economic impact on IRFs and on a substantial number of small entities, we will discuss the alternative changes to the IRF PPS that we considered.

Section 1886(j)(3)(C) of the Act requires the Secretary to update the IRF PPS payment rates by an increase factor that reflects changes over time in the prices of an appropriate mix of goods and services included in the covered IRF services. As discussed above, we estimate the RPL market basket increase factor for FY 2008 to be 3.3 percent. This increase factor represents the majority of the impact on IRF providers shown in Table 6. Thus, we believe this estimated net increase in payments across all categories of IRFs represents a benefit to IRF providers and, thus, to IRFs that are small entities.

We considered maintaining the existing outlier threshold amount for FY 2008 because this proposed update would have a negative impact on IRF providers and, therefore, on small entities. If we maintain the FY 2007 outlier threshold amount, more outlier cases would have qualified for the additional outlier payments in FY 2008. However, analysis of updated FY 2005 data indicates that estimated outlier payments would not equal 3 percent of estimated total payments for FY 2008 unless we proposed to update the outlier threshold amount. Also, we estimate that the effect of this proposal on estimated payments to IRFs is small (less than 1 percent).

*E. Accounting Statement*

As required by OMB Circular A–4 (available at *http://www.whitehouse.gov/omb/circulars/a004/a-4.pdf*), in Table 8 below, we

have prepared an accounting statement showing the classification of the expenditures associated with the provisions of this proposed rule. This table provides our best estimate of the increase in Medicare payments under the IRF PPS as a result of the proposed changes presented in this proposed rule based on the data for 1,234 IRFs in our database. All estimated expenditures are classified as transfers to Medicare providers (that is, IRFs).

TABLE 8.—ACCOUNTING STATEMENT: CLASSIFICATION OF ESTIMATED EXPENDITURES, FROM THE 2007 IRF PPS RATE YEAR TO THE 2008 IRF PPS RATE YEAR (IN MILLIONS)

| Category | Transfers |
|---|---|
| Annualized Monetized Transfers. | $150 million. |
| From Whom To Whom? | Federal Government to IRF Medicare Providers. |

*F. Conclusion (Column 7, Table 6)*

Overall, the estimated payments per discharge for IRFs in FY 2008 are projected to increase by 2.4 percent, compared with those in FY 2007, as reflected in column 7 of Table 6. We estimate that IRFs in urban areas would experience a 2.4 percent increase in estimated payments per discharge compared with FY 2007. We estimate that IRFs in rural areas would experience a 2.7 percent increase in estimated payments per discharge compared with FY 2007. We estimate that rehabilitation units and freestanding rehabilitation hospitals in urban areas would both experience a 2.4 percent increase in estimated payments per discharge. We estimate that rehabilitation units in rural areas would experience a 2.6 percent increase in estimated payments per discharge, while freestanding rehabilitation hospitals in rural areas would experience a 3.1 percent increase in estimated payments per discharge.

Overall, we estimate that the largest payment increase would be 3.4 percent among rural IRFs in the Middle Atlantic region. We do not estimate that any group of IRFs would experience an overall decrease in payments from the proposed changes in this proposed rule.

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

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

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

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

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

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

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

## Subpart P—Prospective Payment for Inpatient Rehabilitation Hospitals and Rehabilitation Units

2. Section 412.624 is amended by revising paragraph (f)(2)(v) to read as follows:

**§ 412.624 Methodology for calculating the Federal prospective payment rates.**

* * * * *

(f) * * *

(2) * * *

(v) By applying the adjustment described in paragraphs (e)(1), (e)(2), (e)(3), (e)(4), and (e)(7) of this section to the unadjusted payment amount determined in paragraph (f)(2)(iv) of this section to equal the adjusted transfer payment amount, subject to paragraph (e)(5) of this section.

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

Dated: March 22, 2007.

**Leslie V. Norwalk,**

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

Approved: April 3, 2007.

**Michael O. Leavitt,**

*Secretary.*

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

**Addendum**

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

Table 1.—Proposed Inpatient Rehabilitation Facility Wage Index for Urban Areas for Discharges Occurring from October 1, 2007 through September 30, 2008

Table 2.—Proposed Inpatient Rehabilitation Facility Wage Index for Rural Areas for Discharges Occurring from October 1, 2007 through September 30, 2008

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| 10180 | Abilene, TX | 0.8000 |
| | Callahan County, TX. | |
| | Jones County, TX. | |
| | Taylor County, TX. | |
| 10380 | Aguadilla-Isabela-San Sebastián, PR | 0.3915 |
| | 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. | |
| 10420 | Akron, OH | 0.8654 |
| | Portage County, OH. | |
| | Summit County, OH. | |
| 10500 | Albany, GA | 0.8991 |
| | Baker County, GA. | |
| | Dougherty County, GA. | |
| | Lee County, GA. | |
| | Terrell County, GA. | |
| | Worth County, GA. | |
| 10580 | Albany-Schenectady-Troy, NY | 0.8720 |
| | Albany County, NY. | |
| | Rensselaer County, NY. | |
| | Saratoga County, NY. | |
| | Schenectady County, NY. | |
| | Schoharie County, NY. | |
| 10740 | Albuquerque, NM | 0.9458 |
| | Bernalillo County, NM. | |
| | Sandoval County, NM. | |
| | Torrance County, NM. | |
| | Valencia County, NM. | |
| 10780 | Alexandria, LA | 0.8006 |
| | Grant Parish, LA. | |
| | Rapides Parish, LA. | |
| 10900 | Allentown-Bethlehem-Easton, PA-NJ | 0.9947 |
| | Warren County, NJ. | |
| | Carbon County, PA. | |
| | Lehigh County, PA. | |
| | Northampton County, PA. | |
| 11020 | Altoona, PA | 0.8812 |
| | Blair County, PA. | |
| 11100 | Amarillo, TX | 0.9169 |
| | Armstrong County, TX. | |
| | Carson County, TX. | |
| | Potter County, TX. | |
| | Randall County, TX. | |
| 11180 | Ames, IA | 0.9760 |
| | Story County, IA. | |
| 11260 | Anchorage, AK | 1.2023 |
| | Anchorage Municipality, AK. | |
| | Matanuska-Susitna Borough, AK. | |
| 11300 | Anderson, IN | 0.8681 |
| | Madison County, IN. | |
| 11340 | Anderson, SC | 0.9017 |
| | Anderson County, SC. | |
| 11460 | Ann Arbor, MI | 1.0826 |
| | Washtenaw County, MI. | |
| 11500 | Anniston-Oxford, AL | 0.7770 |
| | Calhoun County, AL. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| 11540 | Appleton, WI | 0.9455 |
| | Calumet County, WI. | |
| | Outagamie County, WI. | |
| 11700 | Asheville, NC | 0.9216 |
| | Buncombe County, NC. | |
| | Haywood County, NC. | |
| | Henderson County, NC. | |
| | Madison County, NC. | |
| 12020 | Athens-Clarke County, GA | 0.9856 |
| | Clarke County, GA. | |
| | Madison County, GA. | |
| | Oconee County, GA. | |
| | Oglethorpe County, GA. | |
| 12060 | Atlanta-Sandy Springs-Marietta, GA | 0.9762 |
| | 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. | |
| 12100 | Atlantic City, NJ | 1.1831 |
| | Atlantic County, NJ. | |
| 12220 | Auburn-Opelika, AL | 0.8096 |
| | Lee County, AL. | |
| 12260 | Augusta-Richmond County, GA-SC | 0.9667 |
| | Burke County, GA. | |
| | Columbia County, GA. | |
| | McDuffie County, GA. | |
| | Richmond County, GA. | |
| | Aiken County, SC. | |
| | Edgefield County, SC. | |
| 12420 | Austin-Round Rock, TX | 0.9344 |
| | Bastrop County, TX. | |
| | Caldwell County, TX. | |
| | Hays County, TX. | |
| | Travis County, TX. | |
| | Williamson County, TX. | |
| 12540 | Bakersfield, CA | 1.0725 |
| | Kern County, CA. | |
| 12580 | Baltimore-Towson, MD | 1.0088 |
| | Anne Arundel County, MD. | |
| | Baltimore County, MD. | |
| | Carroll County, MD. | |
| | Harford County, MD. | |
| | Howard County, MD. | |
| | Queen Anne's County, MD. | |
| | Baltimore City, MD. | |
| 12620 | Bangor, ME | 0.9711 |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Penobscot County, ME. | |
| 12700 | Barnstable Town, MA | 1.2539 |
| | Barnstable County, MA. | |
| 12940 | Baton Rouge, LA | 0.8084 |
| | 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. | |
| 12980 | Battle Creek, MI | 0.9762 |
| | Calhoun County, MI. | |
| 13020 | Bay City, MI | 0.9251 |
| | Bay County, MI. | |
| 13140 | Beaumont-Port Arthur, TX | 0.8595 |
| | Hardin County, TX. | |
| | Jefferson County, TX. | |
| | Orange County, TX. | |
| 13380 | Bellingham, WA | 1.1104 |
| | Whatcom County, WA. | |
| 13460 | Bend, OR | 1.0743 |
| | Deschutes County, OR. | |
| 13644 | Bethesda-Frederick-Gaithersburg, MD | 1.0903 |
| | Frederick County, MD. | |
| | Montgomery County, MD. | |
| 13740 | Billings, MT | 0.8712 |
| | Carbon County, MT. | |
| | Yellowstone County, MT. | |
| 13780 | Binghamton, NY | 0.8786 |
| | Broome County, NY. | |
| | Tioga County, NY. | |
| 13820 | Birmingham-Hoover, AL | 0.8894 |
| | Bibb County, AL. | |
| | Blount County, AL. | |
| | Chilton County, AL. | |
| | Jefferson County, AL. | |
| | St. Clair County, AL. | |
| | Shelby County, AL. | |
| | Walker County, AL. | |
| 13900 | Bismarck, ND | 0.7240 |
| | Burleigh County, ND. | |
| | Morton County, ND. | |
| 13980 | Blacksburg-Christiansburg-Radford, VA | 0.8213 |
| | Giles County, VA. | |
| | Montgomery County, VA. | |
| | Pulaski County, VA. | |
| | Radford City, VA. | |
| 14020 | Bloomington, IN | 0.8533 |
| | Greene County, IN. | |
| | Monroe County, IN. | |
| | Owen County, IN. | |
| 14060 | Bloomington-Normal, IL | 0.8944 |
| | McLean County, IL. | |
| 14260 | Boise City-Nampa, ID | 0.9401 |
| | Ada County, ID. | |
| | Boise County, ID. | |
| | Canyon County, ID. | |
| | Gem County, ID. | |
| | Owyhee County, ID. | |
| 14484 | Boston-Quincy, MA | 1.1679 |
| | Norfolk County, MA. | |
| | Plymouth County, MA. | |
| | Suffolk County, MA. | |
| 14500 | Boulder, CO | 1.0350 |
| | Boulder County, CO. | |
| 14540 | Bowling Green, KY | 0.8148 |
| | Edmonson County, KY. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Warren County, KY. | |
| 14740 | Bremerton-Silverdale, WA | 1.0913 |
| | Kitsap County, WA. | |
| 14860 | Bridgeport-Stamford-Norwalk, CT | 1.2659 |
| | Fairfield County, CT. | |
| 15180 | Brownsville-Harlingen, TX | 0.9430 |
| | Cameron County, TX. | |
| 15260 | Brunswick, GA | 1.0164 |
| | Brantley County, GA. | |
| | Glynn County, GA. | |
| | McIntosh County, GA. | |
| 15380 | Buffalo-Niagara Falls, NY | 0.9424 |
| | Erie County, NY. | |
| | Niagara County, NY. | |
| 15500 | Burlington, NC | 0.8674 |
| | Alamance County, NC. | |
| 15540 | Burlington-South Burlington, VT | 0.9474 |
| | Chittenden County, VT. | |
| | Franklin County, VT. | |
| | Grand Isle County, VT. | |
| 15764 | Cambridge-Newton-Framingham, MA | 1.0970 |
| | Middlesex County, MA. | |
| 15804 | Camden, NJ | 1.0392 |
| | Burlington County, NJ. | |
| | Camden County, NJ. | |
| | Gloucester County, NJ. | |
| 15940 | Canton-Massillon, OH | 0.9031 |
| | Carroll County, OH. | |
| | Stark County, OH. | |
| 15980 | Cape Coral-Fort Myers, FL | 0.9342 |
| | Lee County, FL. | |
| 16180 | Carson City, NV | 1.0025 |
| | Carson City, NV. | |
| 16220 | Casper, WY | 0.9145 |
| | Natrona County, WY. | |
| 16300 | Cedar Rapids, IA | 0.8888 |
| | Benton County, IA. | |
| | Jones County, IA. | |
| | Linn County, IA. | |
| 16580 | Champaign-Urbana, IL | 0.9644 |
| | Champaign County, IL. | |
| | Ford County, IL. | |
| | Piatt County, IL. | |
| 16620 | Charleston, WV | 0.8542 |
| | Boone County, WV. | |
| | Clay County, WV. | |
| | Kanawha County, WV. | |
| | Lincoln County, WV. | |
| | Putnam County, WV. | |
| 16700 | Charleston-North Charleston, SC | 0.9145 |
| | Berkeley County, SC. | |
| | Charleston County, SC. | |
| | Dorchester County, SC. | |
| 16740 | Charlotte-Gastonia-Concord, NC-SC | 0.9554 |
| | Anson County, NC. | |
| | Cabarrus County, NC. | |
| | Gaston County, NC. | |
| | Mecklenburg County, NC. | |
| | Union County, NC. | |
| | York County, SC. | |
| 16820 | Charlottesville, VA | 1.0125 |
| | Albemarle County, VA. | |
| | Fluvanna County, VA. | |
| | Greene County, VA. | |
| | Nelson County, VA. | |
| | Charlottesville City, VA. | |
| 16860 | Chattanooga, TN-GA | 0.8948 |
| | Catoosa County, GA. | |
| | Dade County, GA. | |
| | Walker County, GA. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Hamilton County, TN. | |
| | Marion County, TN. | |
| | Sequatchie County, TN. | |
| 16940 | Cheyenne, WY | 0.9060 |
| | Laramie County, WY. | |
| 16974 | Chicago-Naperville-Joliet, IL | 1.0751 |
| | Cook County, IL. | |
| | DeKalb County, IL. | |
| | DuPage County, IL. | |
| | Grundy County, IL. | |
| | Kane County, IL. | |
| | Kendall County, IL. | |
| | McHenry County, IL. | |
| | Will County, IL. | |
| 17020 | Chico, CA | 1.1053 |
| | Butte County, CA. | |
| 17140 | Cincinnati-Middletown, OH-KY-IN | 0.9601 |
| | 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. | |
| 17300 | Clarksville, TN-KY | 0.8436 |
| | Christian County, KY. | |
| | Trigg County, KY. | |
| | Montgomery County, TN. | |
| | Stewart County, TN. | |
| 17420 | Cleveland, TN | 0.8109 |
| | Bradley County, TN. | |
| | Polk County, TN. | |
| 17460 | Cleveland-Elyria-Mentor, OH | 0.9400 |
| | Cuyahoga County, OH. | |
| | Geauga County, OH. | |
| | Lake County, OH. | |
| | Lorain County, OH. | |
| | Medina County, OH. | |
| 17660 | Coeur d'Alene, ID | 0.9344 |
| | Kootenai County, ID. | |
| 17780 | College Station-Bryan, TX | 0.9045 |
| | Brazos County, TX. | |
| | Burleson County, TX. | |
| | Robertson County, TX. | |
| 17820 | Colorado Springs, CO | 0.9701 |
| | El Paso County, CO. | |
| | Teller County, CO. | |
| 17860 | Columbia, MO | 0.8542 |
| | Boone County, MO. | |
| | Howard County, MO. | |
| 17900 | Columbia, SC | 0.8933 |
| | Calhoun County, SC. | |
| | Fairfield County, SC. | |
| | Kershaw County, SC. | |
| | Lexington County, SC. | |
| | Richland County, SC. | |
| | Saluda County, SC. | |
| 17980 | Columbus, GA-AL | 0.8239 |
| | Russell County, AL. | |
| | Chattahoochee County, GA. | |
| | Harris County, GA. | |
| | Marion County, GA. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Muscogee County, GA. | |
| 18020 | Columbus, IN | 0.9318 |
| | Bartholomew County, IN. | |
| 18140 | Columbus, OH | 1.0107 |
| | Delaware County, OH. | |
| | Fairfield County, OH. | |
| | Franklin County, OH. | |
| | Licking County, OH. | |
| | Madison County, OH. | |
| | Morrow County, OH. | |
| | Pickaway County, OH. | |
| | Union County, OH. | |
| 18580 | Corpus Christi, TX | 0.8564 |
| | Aransas County, TX. | |
| | Nueces County, TX. | |
| | San Patricio County, TX. | |
| 18700 | Corvallis, OR | 1.1546 |
| | Benton County, OR. | |
| 19060 | Cumberland, MD-WV | 0.8446 |
| | Allegany County, MD. | |
| | Mineral County, WV. | |
| 19124 | Dallas-Plano-Irving, TX | 1.0075 |
| | Collin County, TX. | |
| | Dallas County, TX. | |
| | Delta County, TX. | |
| | Denton County, TX. | |
| | Ellis County, TX. | |
| | Hunt County, TX. | |
| | Kaufman County, TX. | |
| | Rockwall County, TX. | |
| 19140 | Dalton, GA | 0.9093 |
| | Murray County, GA. | |
| | Whitfield County, GA. | |
| 19180 | Danville, IL | 0.9266 |
| | Vermilion County, IL. | |
| 19260 | Danville, VA | 0.8451 |
| | Pittsylvania County, VA. | |
| | Danville City, VA. | |
| 19340 | Davenport-Moline-Rock Island, IA-IL | 0.8846 |
| | Henry County, IL. | |
| | Mercer County, IL. | |
| | Rock Island County, IL. | |
| | Scott County, IA. | |
| 19380 | Dayton, OH | 0.9037 |
| | Greene County, OH. | |
| | Miami County, OH. | |
| | Montgomery County, OH. | |
| | Preble County, OH. | |
| 19460 | Decatur, AL | 0.8159 |
| | Lawrence County, AL. | |
| | Morgan County, AL. | |
| 19500 | Decatur, IL | 0.8172 |
| | Macon County, IL. | |
| 19660 | Deltona-Daytona Beach-Ormond Beach, FL | 0.9263 |
| | Volusia County, FL. | |
| 19740 | Denver-Aurora, CO | 1.0930 |
| | 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. | |
| 19780 | Des Moines-West Des Moines, IA | 0.9214 |
| | Dallas County, IA. | |
| | Guthrie County, IA. | |
| | Madison County, IA. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Polk County, IA. | |
| | Warren County, IA. | |
| 19804 | Detroit-Livonia-Dearborn, MI | 1.0281 |
| | Wayne County, MI. | |
| 20020 | Dothan, AL | 0.7381 |
| | Geneva County, AL. | |
| | Henry County, AL. | |
| | Houston County, AL. | |
| 20100 | Dover, DE | 0.9847 |
| | Kent County, DE. | |
| 20220 | Dubuque, IA | 0.9133 |
| | Dubuque County, IA. | |
| 20260 | Duluth, MN-WI | 1.0042 |
| | Carlton County, MN. | |
| | St. Louis County, MN. | |
| | Douglas County, WI. | |
| 20500 | Durham, NC | 0.9826 |
| | Chatham County, NC. | |
| | Durham County, NC. | |
| | Orange County, NC. | |
| | Person County, NC. | |
| 20740 | Eau Claire, WI | 0.9630 |
| | Chippewa County, WI. | |
| | Eau Claire County, WI. | |
| 20764 | Edison, NJ | 1.1190 |
| | Middlesex County, NJ. | |
| | Monmouth County, NJ. | |
| | Ocean County, NJ. | |
| | Somerset County, NJ. | |
| 20940 | El Centro, CA | 0.9076 |
| | Imperial County, CA. | |
| 21060 | Elizabethtown, KY | 0.8697 |
| | Hardin County, KY. | |
| | Larue County, KY. | |
| 21140 | Elkhart-Goshen, IN | 0.9426 |
| | Elkhart County, IN. | |
| 21300 | Elmira, NY | 0.8240 |
| | Chemung County, NY. | |
| 21340 | El Paso, TX | 0.9053 |
| | El Paso County, TX. | |
| 21500 | Erie, PA | 0.8827 |
| | Erie County, PA. | |
| 21604 | Essex County, MA | 1.0418 |
| | Essex County, MA. | |
| 21660 | Eugene-Springfield, OR | 1.0876 |
| | Lane County, OR. | |
| 21780 | Evansville, IN-KY | 0.9071 |
| | Gibson County, IN. | |
| | Posey County, IN. | |
| | Vanderburgh County, IN. | |
| | Warrick County, IN. | |
| | Henderson County, KY. | |
| | Webster County, KY. | |
| 21820 | Fairbanks, AK | 1.1059 |
| | Fairbanks North Star Borough, AK. | |
| 21940 | Fajardo, PR | 0.4036 |
| | Ceiba Municipio, PR. | |
| | Fajardo Municipio, PR. | |
| | Luquillo Municipio, PR. | |
| 22020 | Fargo, ND-MN | 0.8250 |
| | Cass County, ND. | |
| | Clay County, MN. | |
| 22140 | Farmington, NM | 0.8589 |
| | San Juan County, NM. | |
| 22180 | Fayetteville, NC | 0.8945 |
| | Cumberland County, NC. | |
| | Hoke County, NC. | |
| 22220 | Fayetteville-Springdale-Rogers, AR-MO | 0.8865 |
| | Benton County, AR. | |
| | Madison County, AR. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Washington County, AR. | |
| | McDonald County, MO. | |
| 22380 | Flagstaff, AZ | 1.1601 |
| | Coconino County, AZ. | |
| 22420 | Flint, MI | 1.0969 |
| | Genesee County, MI. | |
| 22500 | Florence, SC | 0.8388 |
| | Darlington County, SC. | |
| | Florence County, SC. | |
| 22520 | Florence-Muscle Shoals, AL | 0.7843 |
| | Colbert County, AL. | |
| | Lauderdale County, AL. | |
| 22540 | Fond du Lac, WI | 1.0063 |
| | Fond du Lac County, WI. | |
| 22660 | Fort Collins-Loveland, CO | 0.9544 |
| | Larimer County, CO. | |
| 22744 | Fort Lauderdale-Pompano Beach-Deerfield Beach, FL | 1.0133 |
| | Broward County, FL. | |
| 22900 | Fort Smith, AR-OK | 0.7731 |
| | Crawford County, AR. | |
| | Franklin County, AR. | |
| | Sebastian County, AR. | |
| | Le Flore County, OK. | |
| | Sequoyah County, OK. | |
| 23020 | Fort Walton Beach-Crestview-Destin, FL | 0.8643 |
| | Okaloosa County, FL. | |
| 23060 | Fort Wayne, IN | 0.9517 |
| | Allen County, IN. | |
| | Wells County, IN. | |
| | Whitley County, IN. | |
| 23104 | Fort Worth-Arlington, TX | 0.9569 |
| | Johnson County, TX. | |
| | Parker County, TX. | |
| | Tarrant County, TX. | |
| | Wise County, TX. | |
| 23420 | Fresno, CA | 1.0943 |
| | Fresno County, CA. | |
| 23460 | Gadsden, AL | 0.8066 |
| | Etowah County, AL. | |
| 23540 | Gainesville, FL | 0.9277 |
| | Alachua County, FL. | |
| | Gilchrist County, FL. | |
| 23580 | Gainesville, GA | 0.8958 |
| | Hall County, GA. | |
| 23844 | Gary, IN | 0.9334 |
| | Jasper County, IN. | |
| | Lake County, IN. | |
| | Newton County, IN. | |
| | Porter County, IN. | |
| 24020 | Glens Falls, NY | 0.8324 |
| | Warren County, NY. | |
| | Washington County, NY. | |
| 24140 | Goldsboro, NC | 0.9171 |
| | Wayne County, NC. | |
| 24220 | Grand Forks, ND-MN | 0.7949 |
| | Polk County, MN. | |
| | Grand Forks County, ND. | |
| 24300 | Grand Junction, CO | 0.9668 |
| | Mesa County, CO. | |
| 24340 | Grand Rapids-Wyoming, MI | 0.9455 |
| | Barry County, MI. | |
| | Ionia County, MI. | |
| | Kent County, MI. | |
| | Newaygo County, MI. | |
| 24500 | Great Falls, MT | 0.8598 |
| | Cascade County, MT. | |
| 24540 | Greeley, CO | 0.9602 |
| | Weld County, CO. | |
| 24580 | Green Bay, WI | 0.9787 |
| | Brown County, WI. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Kewaunee County, WI. | |
| | Oconto County, WI. | |
| 24660 | Greensboro-High Point, NC | 0.8866 |
| | Guilford County, NC. | |
| | Randolph County, NC. | |
| | Rockingham County, NC. | |
| 24780 | Greenville, NC | 0.9432 |
| | Greene County, NC. | |
| | Pitt County, NC. | |
| 24860 | Greenville, SC | 0.9804 |
| | Greenville County, SC. | |
| | Laurens County, SC. | |
| | Pickens County, SC. | |
| 25020 | Guayama, PR | 0.3235 |
| | Arroyo Municipio, PR. | |
| | Guayama Municipio, PR. | |
| | Patillas Municipio, PR. | |
| 25060 | Gulfport-Biloxi, MS | 0.8915 |
| | Hancock County, MS. | |
| | Harrison County, MS. | |
| | Stone County, MS. | |
| 25180 | Hagerstown-Martinsburg, MD-WV | 0.9038 |
| | Washington County, MD. | |
| | Berkeley County, WV. | |
| | Morgan County, WV. | |
| 25260 | Hanford-Corcoran, CA | 1.0282 |
| | Kings County, CA. | |
| 25420 | Harrisburg-Carlisle, PA | 0.9402 |
| | Cumberland County, PA. | |
| | Dauphin County, PA. | |
| | Perry County, PA. | |
| 25500 | Harrisonburg, VA | 0.9073 |
| | Rockingham County, VA. | |
| | Harrisonburg City, VA. | |
| 25540 | Hartford-West Hartford-East Hartford, CT | 1.0894 |
| | Hartford County, CT. | |
| | Litchfield County, CT. | |
| | Middlesex County, CT. | |
| | Tolland County, CT. | |
| 25620 | Hattiesburg, MS | 0.7430 |
| | Forrest County, MS. | |
| | Lamar County, MS. | |
| | Perry County, MS. | |
| 25860 | Hickory-Lenoir-Morganton, NC | 0.9010 |
| | Alexander County, NC. | |
| | Burke County, NC. | |
| | Caldwell County, NC. | |
| | Catawba County, NC. | |
| 25980 | Hinesville-Fort Stewart, GA [1] | 0.9178 |
| | Liberty County, GA. | |
| | Long County, GA. | |
| 26100 | Holland-Grand Haven, MI | 0.9163 |
| | Ottawa County, MI. | |
| 26180 | Honolulu, HI | 1.1096 |
| | Honolulu County, HI. | |
| 26300 | Hot Springs, AR | 0.8782 |
| | Garland County, AR. | |
| 26380 | Houma-Bayou Cane-Thibodaux, LA | 0.8082 |
| | Lafourche Parish, LA. | |
| | Terrebonne Parish, LA. | |
| 26420 | Houston-Sugar Land-Baytown, TX | 1.0008 |
| | 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. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Waller County, TX. | |
| 26580 | Huntington-Ashland, WV-KY-OH | 0.8997 |
| | Boyd County, KY. | |
| | Greenup County, KY. | |
| | Lawrence County, OH. | |
| | Cabell County, WV. | |
| | Wayne County, WV. | |
| 26620 | Huntsville, AL | 0.9007 |
| | Limestone County, AL. | |
| | Madison County, AL. | |
| 26820 | Idaho Falls, ID | 0.9088 |
| | Bonneville County, ID. | |
| | Jefferson County, ID. | |
| 26900 | Indianapolis-Carmel, IN | 0.9895 |
| | 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. | |
| 26980 | Iowa City, IA | 0.9714 |
| | Johnson County, IA. | |
| | Washington County, IA. | |
| 27060 | Ithaca, NY | 0.9928 |
| | Tompkins County, NY. | |
| 27100 | Jackson, MI | 0.9560 |
| | Jackson County, MI. | |
| 27140 | Jackson, MS | 0.8271 |
| | Copiah County, MS. | |
| | Hinds County, MS. | |
| | Madison County, MS. | |
| | Rankin County, MS. | |
| | Simpson County, MS. | |
| 27180 | Jackson, TN | 0.8853 |
| | Chester County, TN. | |
| | Madison County, TN. | |
| 27260 | Jacksonville, FL | 0.9165 |
| | Baker County, FL. | |
| | Clay County, FL. | |
| | Duval County, FL. | |
| | Nassau County, FL. | |
| | St. Johns County, FL. | |
| 27340 | Jacksonville, NC | 0.8231 |
| | Onslow County, NC. | |
| 27500 | Janesville, WI | 0.9655 |
| | Rock County, WI. | |
| 27620 | Jefferson City, MO | 0.8332 |
| | Callaway County, MO. | |
| | Cole County, MO. | |
| | Moniteau County, MO. | |
| | Osage County, MO. | |
| 27740 | Johnson City, TN | 0.8043 |
| | Carter County, TN. | |
| | Unicoi County, TN. | |
| | Washington County, TN. | |
| 27780 | Johnstown, PA | 0.8620 |
| | Cambria County, PA. | |
| 27860 | Jonesboro, AR | 0.7662 |
| | Craighead County, AR. | |
| | Poinsett County, AR. | |
| 27900 | Joplin, MO | 0.8605 |
| | Jasper County, MO. | |
| | Newton County, MO. | |
| 28020 | Kalamazoo-Portage, MI | 1.0704 |
| | Kalamazoo County, MI. | |
| | Van Buren County, MI. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| 28100 | Kankakee-Bradley, IL | 1.0083 |
| | Kankakee County, IL. | |
| 28140 | Kansas City, MO-KS | 0.9495 |
| | 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. | |
| 28420 | Kennewick-Richland-Pasco, WA | 1.0343 |
| | Benton County, WA. | |
| | Franklin County, WA. | |
| 28660 | Killeen-Temple-Fort Hood, TX | 0.8901 |
| | Bell County, TX. | |
| | Coryell County, TX. | |
| | Lampasas County, TX. | |
| 28700 | Kingsport-Bristol-Bristol, TN-VA | 0.7985 |
| | Hawkins County, TN. | |
| | Sullivan County, TN. | |
| | Bristol City, VA. | |
| | Scott County, VA. | |
| | Washington County, VA. | |
| 28740 | Kingston, NY | 0.9367 |
| | Ulster County, NY. | |
| 28940 | Knoxville, TN | 0.8249 |
| | Anderson County, TN. | |
| | Blount County, TN. | |
| | Knox County, TN. | |
| | Loudon County, TN. | |
| | Union County, TN. | |
| 29020 | Kokomo, IN | 0.9669 |
| | Howard County, IN. | |
| | Tipton County, IN. | |
| 29100 | La Crosse, WI-MN | 0.9426 |
| | Houston County, MN. | |
| | La Crosse County, WI. | |
| 29140 | Lafayette, IN | 0.8931 |
| | Benton County, IN. | |
| | Carroll County, IN. | |
| | Tippecanoe County, IN. | |
| 29180 | Lafayette, LA | 0.8289 |
| | Lafayette Parish, LA. | |
| | St. Martin Parish, LA. | |
| 29340 | Lake Charles, LA | 0.7914 |
| | Calcasieu Parish, LA. | |
| | Cameron Parish, LA. | |
| 29404 | Lake County-Kenosha County, IL-WI | 1.0570 |
| | Lake County, IL. | |
| | Kenosha County, WI. | |
| 29460 | Lakeland, FL | 0.8879 |
| | Polk County, FL. | |
| 29540 | Lancaster, PA | 0.9589 |
| | Lancaster County, PA. | |
| 29620 | Lansing-East Lansing, MI | 1.0088 |
| | Clinton County, MI. | |
| | Eaton County, MI. | |
| | Ingham County, MI. | |
| 29700 | Laredo, TX | 0.7811 |
| | Webb County, TX. | |
| 29740 | Las Cruces, NM | 0.9273 |
| | Dona Ana County, NM. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| 29820 | Las Vegas-Paradise, NV | 1.1430 |
| | Clark County, NV. | |
| 29940 | Lawrence, KS | 0.8365 |
| | Douglas County, KS. | |
| 30020 | Lawton, OK | 0.8065 |
| | Comanche County, OK. | |
| 30140 | Lebanon, PA | 0.8679 |
| | Lebanon County, PA. | |
| 30300 | Lewiston, ID-WA | 0.9853 |
| | Nez Perce County, ID. | |
| | Asotin County, WA. | |
| 30340 | Lewiston-Auburn, ME | 0.9126 |
| | Androscoggin County, ME. | |
| 30460 | Lexington-Fayette, KY | 0.9181 |
| | Bourbon County, KY. | |
| | Clark County, KY. | |
| | Fayette County, KY. | |
| | Jessamine County, KY. | |
| | Scott County, KY. | |
| | Woodford County, KY. | |
| 30620 | Lima, OH | 0.9042 |
| | Allen County, OH. | |
| 30700 | Lincoln, NE | 1.0092 |
| | Lancaster County, NE. | |
| | Seward County, NE. | |
| 30780 | Little Rock-North Little Rock, AR | 0.8890 |
| | Faulkner County, AR. | |
| | Grant County, AR. | |
| | Lonoke County, AR. | |
| | Perry County, AR. | |
| | Pulaski County, AR. | |
| | Saline County, AR. | |
| 30860 | Logan, UT-ID | 0.9022 |
| | Franklin County, ID. | |
| | Cache County, UT. | |
| 30980 | Longview, TX | 0.8788 |
| | Gregg County, TX. | |
| | Rusk County, TX. | |
| | Upshur County, TX. | |
| 31020 | Longview, WA | 1.0011 |
| | Cowlitz County, WA. | |
| 31084 | Los Angeles-Long Beach-Glendale, CA | 1.1760 |
| | Los Angeles County, CA. | |
| 31140 | Louisville, KY-IN | 0.9118 |
| | Clark County, IN. | |
| | Floyd County, IN. | |
| | Harrison County, IN. | |
| | Washington County, IN. | |
| | Bullitt County, KY. | |
| | Henry County, KY. | |
| | Jefferson County, KY. | |
| | Meade County, KY. | |
| | Nelson County, KY. | |
| | Oldham County, KY. | |
| | Shelby County, KY. | |
| | Spencer County, KY. | |
| | Trimble County, KY. | |
| 31180 | Lubbock, TX | 0.8613 |
| | Crosby County, TX. | |
| | Lubbock County, TX. | |
| 31340 | Lynchburg, VA | 0.8694 |
| | Amherst County, VA. | |
| | Appomattox County, VA. | |
| | Bedford County, VA. | |
| | Campbell County, VA. | |
| | Bedford City, VA. | |
| | Lynchburg City, VA. | |
| 31420 | Macon, GA | 0.9519 |
| | Bibb County, GA. | |
| | Crawford County, GA. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Jones County, GA. | |
| | Monroe County, GA. | |
| | Twiggs County, GA. | |
| 31460 | Madera, CA | 0.8154 |
| | Madera County, CA. | |
| 31540 | Madison, WI | 1.0840 |
| | Columbia County, WI. | |
| | Dane County, WI. | |
| | Iowa County, WI. | |
| 31700 | Manchester-Nashua, NH | 1.0243 |
| | Hillsborough County, NH. | |
| | Merrimack County, NH. | |
| 31900 | Mansfield, OH | 0.9271 |
| | Richland County, OH. | |
| 32420 | Mayagüez, PR | 0.3848 |
| | Hormigueros Municipio, PR. | |
| | Mayagüez Municipio, PR. | |
| 32580 | McAllen-Edinburg-Pharr, TX | 0.8773 |
| | Hidalgo County, TX. | |
| 32780 | Medford, OR | 1.0818 |
| | Jackson County, OR. | |
| 32820 | Memphis, TN-MS-AR | 0.9373 |
| | Crittenden County, AR. | |
| | DeSoto County, MS. | |
| | Marshall County, MS. | |
| | Tate County, MS. | |
| | Tunica County, MS. | |
| | Fayette County, TN. | |
| | Shelby County, TN. | |
| | Tipton County, TN. | |
| 32900 | Merced, CA | 1.1471 |
| | Merced County, CA. | |
| 33124 | Miami-Miami Beach-Kendall, FL | 0.9812 |
| | Miami-Dade County, FL. | |
| 33140 | Michigan City-La Porte, IN | 0.9118 |
| | LaPorte County, IN. | |
| 33260 | Midland, TX | 0.9786 |
| | Midland County, TX. | |
| 33340 | Milwaukee-Waukesha-West Allis, WI | 1.0218 |
| | Milwaukee County, WI. | |
| | Ozaukee County, WI. | |
| | Washington County, WI. | |
| | Waukesha County, WI. | |
| 33460 | Minneapolis-St. Paul-Bloomington, MN-WI | 1.0946 |
| | 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. | |
| 33540 | Missoula, MT | 0.8928 |
| | Missoula County, MT. | |
| 33660 | Mobile, AL | 0.7913 |
| | Mobile County, AL. | |
| 33700 | Modesto, CA | 1.1729 |
| | Stanislaus County, CA. | |
| 33740 | Monroe, LA | 0.7997 |
| | Ouachita Parish, LA. | |
| | Union Parish, LA. | |
| 33780 | Monroe, MI | 0.9707 |
| | Monroe County, MI. | |
| 33860 | Montgomery, AL | 0.8009 |
| | Autauga County, AL. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Elmore County, AL. | |
| | Lowndes County, AL. | |
| | Montgomery County, AL. | |
| 34060 | Morgantown, WV | 0.8423 |
| | Monongalia County, WV. | |
| | Preston County, WV. | |
| 34100 | Morristown, TN | 0.7933 |
| | Grainger County, TN. | |
| | Hamblen County, TN. | |
| | Jefferson County, TN. | |
| 34580 | Mount Vernon-Anacortes, WA | 1.0517 |
| | Skagit County, WA. | |
| 34620 | Muncie, IN | 0.8562 |
| | Delaware County, IN. | |
| 34740 | Muskegon-Norton Shores, MI | 0.9941 |
| | Muskegon County, MI. | |
| 34820 | Myrtle Beach-Conway-North Myrtle Beach, SC | 0.8810 |
| | Horry County, SC. | |
| 34900 | Napa, CA | 1.3374 |
| | Napa County, CA. | |
| 34940 | Naples-Marco Island, FL | 0.9941 |
| | Collier County, FL. | |
| 34980 | Nashville-Davidson—Murfreesboro, TN | 0.9847 |
| | 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. | |
| 35004 | Nassau-Suffolk, NY | 1.2662 |
| | Nassau County, NY. | |
| | Suffolk County, NY. | |
| 35084 | Newark-Union, NJ-PA | 1.1892 |
| | Essex County, NJ. | |
| | Hunterdon County, NJ. | |
| | Morris County, NJ. | |
| | Sussex County, NJ. | |
| | Union County, NJ. | |
| | Pike County, PA. | |
| 35300 | New Haven-Milford, CT | 1.1953 |
| | New Haven County, CT. | |
| 35380 | New Orleans-Metairie-Kenner, LA | 0.8831 |
| | 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. | |
| 35644 | New York-Wayne-White Plains, NY-NJ | 1.3177 |
| | 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. | |
| 35660 | Niles-Benton Harbor, MI | 0.8915 |
| | Berrien County, MI. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| 35980 | Norwich-New London, CT | 1.1932 |
| | New London County, CT. | |
| 36084 | Oakland-Fremont-Hayward, CA | 1.5819 |
| | Alameda County, CA. | |
| | Contra Costa County, CA. | |
| 36100 | Ocala, FL | 0.8867 |
| | Marion County, FL. | |
| 36140 | Ocean City, NJ | 1.0472 |
| | Cape May County, NJ. | |
| 36220 | Odessa, TX | 1.0073 |
| | Ector County, TX. | |
| 36260 | Ogden-Clearfield, UT | 0.8995 |
| | Davis County, UT. | |
| | Morgan County, UT. | |
| | Weber County, UT. | |
| 36420 | Oklahoma City, OK | 0.8843 |
| | Canadian County, OK. | |
| | Cleveland County, OK. | |
| | Grady County, OK. | |
| | Lincoln County, OK. | |
| | Logan County, OK. | |
| | McClain County, OK. | |
| | Oklahoma County, OK. | |
| 36500 | Olympia, WA | 1.1081 |
| | Thurston County, WA. | |
| 36540 | Omaha-Council Bluffs, NE-IA | 0.9450 |
| | Harrison County, IA. | |
| | Mills County, IA. | |
| | Pottawattamie County, IA. | |
| | Cass County, NE. | |
| | Douglas County, NE. | |
| | Sarpy County, NE. | |
| | Saunders County, NE. | |
| | Washington County, NE. | |
| 36740 | Orlando, FL | 0.9452 |
| | Lake County, FL. | |
| | Orange County, FL. | |
| | Osceola County, FL. | |
| | Seminole County, FL. | |
| 36780 | Oshkosh-Neenah, WI | 0.9315 |
| | Winnebago County, WI. | |
| 36980 | Owensboro, KY | 0.8748 |
| | Daviess County, KY. | |
| | Hancock County, KY. | |
| | McLean County, KY. | |
| 37100 | Oxnard-Thousand Oaks-Ventura, CA | 1.1546 |
| | Ventura County, CA. | |
| 37340 | Palm Bay-Melbourne-Titusville, FL | 0.9443 |
| | Brevard County, FL. | |
| 37460 | Panama City-Lynn Haven, FL | 0.8027 |
| | Bay County, FL. | |
| 37620 | Parkersburg-Marietta, WV-OH | 0.7977 |
| | Washington County, OH. | |
| | Pleasants County, WV. | |
| | Wirt County, WV. | |
| | Wood County, WV. | |
| 37700 | Pascagoula, MS | 0.8215 |
| | George County, MS. | |
| | Jackson County, MS. | |
| 37860 | Pensacola-Ferry Pass-Brent, FL | 0.8000 |
| | Escambia County, FL. | |
| | Santa Rosa County, FL. | |
| 37900 | Peoria, IL | 0.8982 |
| | Marshall County, IL. | |
| | Peoria County, IL. | |
| | Stark County, IL. | |
| | Tazewell County, IL. | |
| | Woodford County, IL. | |
| 37964 | Philadelphia, PA | 1.0996 |
| | Bucks County, PA. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Chester County, PA. | |
| | Delaware County, PA. | |
| | Montgomery County, PA. | |
| | Philadelphia County, PA. | |
| 38060 | Phoenix-Mesa-Scottsdale, AZ | 1.0287 |
| | Maricopa County, AZ. | |
| | Pinal County, AZ. | |
| 38220 | Pine Bluff, AR | 0.8383 |
| | Cleveland County, AR. | |
| | Jefferson County, AR. | |
| | Lincoln County, AR. | |
| 38300 | Pittsburgh, PA | 0.8674 |
| | Allegheny County, PA. | |
| | Armstrong County, PA. | |
| | Beaver County, PA. | |
| | Butler County, PA. | |
| | Fayette County, PA. | |
| | Washington County, PA. | |
| | Westmoreland County, PA. | |
| 38340 | Pittsfield, MA | 1.0266 |
| | Berkshire County, MA. | |
| 38540 | Pocatello, ID | 0.9400 |
| | Bannock County, ID. | |
| | Power County, ID. | |
| 38660 | Ponce, PR | 0.4842 |
| | Juana Díaz Municipio, PR. | |
| | Ponce Municipio, PR. | |
| | Villalba Municipio, PR. | |
| 38860 | Portland-South Portland-Biddeford, ME | 0.9908 |
| | Cumberland County, ME. | |
| | Sagadahoc County, ME. | |
| | York County, ME. | |
| 38900 | Portland-Vancouver-Beaverton, OR-WA | 1.1416 |
| | Clackamas County, OR. | |
| | Columbia County, OR. | |
| | Multnomah County, OR. | |
| | Washington County, OR. | |
| | Yamhill County, OR. | |
| | Clark County, WA. | |
| | Skamania County, WA. | |
| 38940 | Port St. Lucie-Fort Pierce, FL | 0.9833 |
| | Martin County, FL. | |
| | St. Lucie County, FL. | |
| 39100 | Poughkeepsie-Newburgh-Middletown, NY | 1.0911 |
| | Dutchess County, NY. | |
| | Orange County, NY. | |
| 39140 | Prescott, AZ | 0.9836 |
| | Yavapai County, AZ. | |
| 39300 | Providence-New Bedford-Fall River, RI-MA | 1.0783 |
| | Bristol County, MA. | |
| | Bristol County, RI. | |
| | Kent County, RI. | |
| | Newport County, RI. | |
| | Providence County, RI. | |
| | Washington County, RI. | |
| 39340 | Provo-Orem, UT | 0.9537 |
| | Juab County, UT. | |
| | Utah County, UT. | |
| 39380 | Pueblo, CO | 0.8753 |
| | Pueblo County, CO. | |
| 39460 | Punta Gorda, FL | 0.9405 |
| | Charlotte County, FL. | |
| 39540 | Racine, WI | 0.9356 |
| | Racine County, WI. | |
| 39580 | Raleigh-Cary, NC | 0.9864 |
| | Franklin County, NC. | |
| | Johnston County, NC. | |
| | Wake County, NC. | |
| 39660 | Rapid City, SD | 0.8833 |
| | Meade County, SD. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Pennington County, SD. | |
| 39740 | Reading, PA | 0.9622 |
| | Berks County, PA. | |
| 39820 | Redding, CA | 1.3198 |
| | Shasta County, CA. | |
| 39900 | Reno-Sparks, NV | 1.1963 |
| | Storey County, NV. | |
| | Washoe County, NV. | |
| 40060 | Richmond, VA | 0.9177 |
| | 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. | |
| 40140 | Riverside-San Bernardino-Ontario, CA | 1.0904 |
| | Riverside County, CA. | |
| | San Bernardino County, CA. | |
| 40220 | Roanoke, VA | 0.8647 |
| | Botetourt County, VA. | |
| | Craig County, VA. | |
| | Franklin County, VA. | |
| | Roanoke County, VA. | |
| | Roanoke City, VA. | |
| | Salem City, VA. | |
| 40340 | Rochester, MN | 1.1408 |
| | Dodge County, MN. | |
| | Olmsted County, MN. | |
| | Wabasha County, MN. | |
| 40380 | Rochester, NY | 0.8994 |
| | Livingston County, NY. | |
| | Monroe County, NY. | |
| | Ontario County, NY. | |
| | Orleans County, NY. | |
| | Wayne County, NY. | |
| 40420 | Rockford, IL | 0.9989 |
| | Boone County, IL. | |
| | Winnebago County, IL. | |
| 40484 | Rockingham County-Strafford County, NH | 1.0159 |
| | Rockingham County, NH. | |
| | Strafford County, NH. | |
| 40580 | Rocky Mount, NC | 0.8854 |
| | Edgecombe County, NC. | |
| | Nash County, NC. | |
| 40660 | Rome, GA | 0.9193 |
| | Floyd County, GA. | |
| 40900 | Sacramento—Arden-Arcade—Roseville, CA | 1.3372 |
| | El Dorado County, CA. | |
| | Placer County, CA. | |
| | Sacramento County, CA. | |
| | Yolo County, CA. | |
| 40980 | Saginaw-Saginaw Township North, MI | 0.8874 |
| | Saginaw County, MI. | |
| 41060 | St. Cloud, MN | 1.0362 |
| | Benton County, MN. | |
| | Stearns County, MN. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| 41100 | St. George, UT | 0.9265 |
| | Washington County, UT. | |
| 41140 | St. Joseph, MO-KS | 1.0118 |
| | Doniphan County, KS. | |
| | Andrew County, MO. | |
| | Buchanan County, MO. | |
| | DeKalb County, MO. | |
| 41180 | St. Louis, MO-IL | 0.9005 |
| | 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. | |
| 41420 | Salem, OR | 1.0438 |
| | Marion County, OR. | |
| | Polk County, OR. | |
| 41500 | Salinas, CA | 1.4337 |
| | Monterey County, CA. | |
| 41540 | Salisbury, MD | 0.8953 |
| | Somerset County, MD. | |
| | Wicomico County, MD. | |
| 41620 | Salt Lake City, UT | 0.9402 |
| | Salt Lake County, UT. | |
| | Summit County, UT. | |
| | Tooele County, UT. | |
| 41660 | San Angelo, TX | 0.8362 |
| | Irion County, TX. | |
| | Tom Green County, TX. | |
| 41700 | San Antonio, TX | 0.8844 |
| | Atascosa County, TX. | |
| | Bandera County, TX. | |
| | Bexar County, TX. | |
| | Comal County, TX. | |
| | Guadalupe County, TX. | |
| | Kendall County, TX. | |
| | Medina County, TX. | |
| | Wilson County, TX. | |
| 41740 | San Diego-Carlsbad-San Marcos, CA | 1.1354 |
| | San Diego County, CA. | |
| 41780 | Sandusky, OH | 0.9302 |
| | Erie County, OH. | |
| 41884 | San Francisco-San Mateo-Redwood City, CA | 1.5165 |
| | Marin County, CA. | |
| | San Francisco County, CA. | |
| | San Mateo County, CA. | |
| 41900 | San Germán-Cabo Rojo, PR | 0.4885 |
| | Cabo Rojo Municipio, PR. | |
| | Lajas Municipio, PR. | |
| | Sabana Grande Municipio, PR. | |
| | San Germán Municipio, PR. | |
| 41940 | San Jose-Sunnyvale-Santa Clara, CA | 1.5543 |
| | San Benito County, CA. | |
| | Santa Clara County, CA. | |
| 41980 | San Juan-Caguas-Guaynabo, PR | 0.4452 |
| | Aguas Buenas Municipio, PR. | |
| | Aibonito Municipio, PR. | |
| | Arecibo Municipio, PR. | |
| | Barceloneta Municipio, PR. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | 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. | |
| 42020 | San Luis Obispo-Paso Robles, CA | 1.1598 |
| | San Luis Obispo County, CA. | |
| 42044 | Santa Ana-Anaheim-Irvine, CA | 1.1473 |
| | Orange County, CA. | |
| 42060 | Santa Barbara-Santa Maria-Goleta, CA | 1.1091 |
| | Santa Barbara County, CA. | |
| 42100 | Santa Cruz-Watsonville, CA | 1.5457 |
| | Santa Cruz County, CA. | |
| 42140 | Santa Fe, NM | 1.0824 |
| | Santa Fe County, NM. | |
| 42220 | Santa Rosa-Petaluma, CA | 1.4464 |
| | Sonoma County, CA. | |
| 42260 | Sarasota-Bradenton-Venice, FL | 0.9868 |
| | Manatee County, FL. | |
| | Sarasota County, FL. | |
| 42340 | Savannah, GA | 0.9351 |
| | Bryan County, GA. | |
| | Chatham County, GA. | |
| | Effingham County, GA. | |
| 42540 | Scranton—Wilkes-Barre, PA | 0.8347 |
| | Lackawanna County, PA. | |
| | Luzerne County, PA. | |
| | Wyoming County, PA. | |
| 42644 | Seattle-Bellevue-Everett, WA | 1.1434 |
| | King County, WA. | |
| | Snohomish County, WA. | |
| 42680 | Sebastian-Vero Beach, FL | 0.9573 |
| | Indian River County, FL. | |
| 43100 | Sheboygan, WI | 0.9026 |
| | Sheboygan County, WI. | |
| 43300 | Sherman-Denison, TX | 0.8502 |
| | Grayson County, TX. | |
| 43340 | Shreveport-Bossier City, LA | 0.8865 |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Bossier Parish, LA. | |
| | Caddo Parish, LA. | |
| | De Soto Parish, LA. | |
| 43580 | Sioux City, IA-NE-SD | 0.9200 |
| | Woodbury County, IA. | |
| | Dakota County, NE. | |
| | Dixon County, NE. | |
| | Union County, SD. | |
| 43620 | Sioux Falls, SD | 0.9559 |
| | Lincoln County, SD. | |
| | McCook County, SD. | |
| | Minnehaha County, SD. | |
| | Turner County, SD. | |
| 43780 | South Bend-Mishawaka, IN-MI | 0.9842 |
| | St. Joseph County, IN. | |
| | Cass County, MI. | |
| 43900 | Spartanburg, SC | 0.9174 |
| | Spartanburg County, SC. | |
| 44060 | Spokane, WA | 1.0447 |
| | Spokane County, WA. | |
| 44100 | Springfield, IL | 0.8890 |
| | Menard County, IL. | |
| | Sangamon County, IL. | |
| 44140 | Springfield, MA | 1.0079 |
| | Franklin County, MA. | |
| | Hampden County, MA. | |
| | Hampshire County, MA. | |
| 44180 | Springfield, MO | 0.8469 |
| | Christian County, MO. | |
| | Dallas County, MO. | |
| | Greene County, MO. | |
| | Polk County, MO. | |
| | Webster County, MO. | |
| 44220 | Springfield, OH | 0.8593 |
| | Clark County, OH. | |
| 44300 | State College, PA | 0.8784 |
| | Centre County, PA. | |
| 44700 | Stockton, CA | 1.1442 |
| | San Joaquin County, CA. | |
| 44940 | Sumter, SC | 0.8083 |
| | Sumter County, SC. | |
| 45060 | Syracuse, NY | 0.9691 |
| | Madison County, NY. | |
| | Onondaga County, NY. | |
| | Oswego County, NY. | |
| 45104 | Tacoma, WA | 1.0789 |
| | Pierce County, WA. | |
| 45220 | Tallahassee, FL | 0.8942 |
| | Gadsden County, FL. | |
| | Jefferson County, FL. | |
| | Leon County, FL. | |
| | Wakulla County, FL. | |
| 45300 | Tampa-St. Petersburg-Clearwater, FL | 0.9144 |
| | Hernando County, FL. | |
| | Hillsborough County, FL. | |
| | Pasco County, FL. | |
| | Pinellas County, FL. | |
| 45460 | Terre Haute, IN | 0.8765 |
| | Clay County, IN. | |
| | Sullivan County, IN. | |
| | Vermillion County, IN. | |
| | Vigo County, IN. | |
| 45500 | Texarkana, TX-Texarkana, AR | 0.8104 |
| | Miller County, AR. | |
| | Bowie County, TX. | |
| 45780 | Toledo, OH | 0.9586 |
| | Fulton County, OH. | |
| | Lucas County, OH. | |
| | Ottawa County, OH. | |
| | Wood County, OH. | |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| 45820 | Topeka, KS | 0.8730 |
| | Jackson County, KS. | |
| | Jefferson County, KS. | |
| | Osage County, KS. | |
| | Shawnee County, KS. | |
| | Wabaunsee County, KS. | |
| 45940 | Trenton-Ewing, NJ | 1.0835 |
| | Mercer County, NJ. | |
| 46060 | Tucson, AZ | 0.9202 |
| | Pima County, AZ. | |
| 46140 | Tulsa, OK | 0.8103 |
| | Creek County, OK. | |
| | Okmulgee County, OK. | |
| | Osage County, OK. | |
| | Pawnee County, OK. | |
| | Rogers County, OK. | |
| | Tulsa County, OK. | |
| | Wagoner County, OK. | |
| 46220 | Tuscaloosa, AL | 0.8542 |
| | Greene County, AL. | |
| | Hale County, AL. | |
| | Tuscaloosa County, AL. | |
| 46340 | Tyler, TX | 0.8811 |
| | Smith County, TX. | |
| 46540 | Utica-Rome, NY | 0.8396 |
| | Herkimer County, NY. | |
| | Oneida County, NY. | |
| 46660 | Valdosta, GA | 0.8369 |
| | Brooks County, GA. | |
| | Echols County, GA. | |
| | Lanier County, GA. | |
| | Lowndes County, GA. | |
| 46700 | Vallejo-Fairfield, CA | 1.5137 |
| | Solano County, CA. | |
| 47020 | Victoria, TX | 0.8560 |
| | Calhoun County, TX. | |
| | Goliad County, TX. | |
| | Victoria County, TX. | |
| 47220 | Vineland-Millville-Bridgeton, NJ | 0.9832 |
| | Cumberland County, NJ. | |
| 47260 | Virginia Beach-Norfolk-Newport News, VA-NC | 0.8790 |
| | 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. | |
| 47300 | Visalia-Porterville, CA | 0.9968 |
| | Tulare County, CA. | |
| 47380 | Waco, TX | 0.8633 |
| | McLennan County, TX. | |
| 47580 | Warner Robins, GA | 0.8380 |
| | Houston County, GA. | |
| 47644 | Warren-Troy-Farmington Hills, MI | 1.0054 |
| | Lapeer County, MI. | |
| | Livingston County, MI. | |
| | Macomb County, MI. | |
| | Oakland County, MI. | |
| | St. Clair County, MI. | |
| 47894 | Washington-Arlington-Alexandria, DC-VA-MD-WV | 1.1054 |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | 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. | |
| 47940 | Waterloo-Cedar Falls, IA | 0.8408 |
| | Black Hawk County, IA. | |
| | Bremer County, IA. | |
| | Grundy County, IA. | |
| 48140 | Wausau, WI | 0.9722 |
| | Marathon County, WI. | |
| 48260 | Weirton-Steubenville, WV-OH | 0.8063 |
| | Jefferson County, OH. | |
| | Brooke County, WV. | |
| | Hancock County, WV. | |
| 48300 | Wenatchee, WA | 1.0346 |
| | Chelan County, WA. | |
| | Douglas County, WA. | |
| 48424 | West Palm Beach-Boca Raton-Boynton Beach, FL | 0.9649 |
| | Palm Beach County, FL. | |
| 48540 | Wheeling, WV-OH | 0.7010 |
| | Belmont County, OH. | |
| | Marshall County, WV. | |
| | Ohio County, WV. | |
| 48620 | Wichita, KS | 0.9063 |
| | Butler County, KS. | |
| | Harvey County, KS. | |
| | Sedgwick County, KS. | |
| | Sumner County, KS. | |
| 48660 | Wichita Falls, TX | 0.8311 |
| | Archer County, TX. | |
| | Clay County, TX. | |
| | Wichita County, TX. | |
| 48700 | Williamsport, PA | 0.8139 |
| | Lycoming County, PA. | |
| 48864 | Wilmington, DE-MD-NJ | 1.0684 |
| | New Castle County, DE. | |
| | Cecil County, MD. | |
| | Salem County, NJ. | |
| 48900 | Wilmington, NC | 0.9835 |
| | Brunswick County, NC. | |
| | New Hanover County, NC. | |
| | Pender County, NC. | |
| 49020 | Winchester, VA-WV | 1.0091 |
| | Frederick County, VA. | |
| | Winchester City, VA. | |
| | Hampshire County, WV. | |
| 49180 | Winston-Salem, NC | 0.9276 |
| | Davie County, NC. | |
| | Forsyth County, NC. | |
| | Stokes County, NC. | |
| | Yadkin County, NC. | |
| 49340 | Worcester, MA | 1.0722 |
| | Worcester County, MA. | |
| 49420 | Yakima, WA | 0.9847 |

TABLE 1.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR URBAN AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Urban area (constituent counties) | Wage index |
|---|---|---|
| | Yakima County, WA. | |
| 49500 | Yauco, PR | 0.3854 |
| | Guánica Municipio, PR. | |
| | Guayanilla Municipio, PR. | |
| | Peñuelas Municipio, PR. | |
| | Yauco Municipio, PR. | |
| 49620 | York-Hanover, PA | 0.9397 |
| | York County, PA. | |
| 49660 | Youngstown-Warren-Boardman, OH-PA | 0.8802 |
| | Mahoning County, OH. | |
| | Trumbull County, OH. | |
| | Mercer County, PA. | |
| 49700 | Yuba City, CA | 1.0730 |
| | Sutter County, CA. | |
| | Yuba County, CA. | |
| 49740 | Yuma, AZ | 0.9109 |
| | Yuma County, AZ. | |

[1] At this time, there are no hospitals located in this CBSA-based urban area on which to base a wage index. Therefore, the wage index value is based on the methodology described in the August 15, 2005 final rule (70 FR 47880). The wage index value for this area is the average wage index for all urban areas within the state.

TABLE 2.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR RURAL AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008

| CBSA code | Nonurban area | Wage index |
|---|---|---|
| 01 | Alabama | 0.7591 |
| 02 | Alaska | 1.0661 |
| 03 | Arizona | 0.8908 |
| 04 | Arkansas | 0.7307 |
| 05 | California | 1.1454 |
| 06 | Colorado | 0.9325 |
| 07 | Connecticut | 1.1709 |
| 08 | Delaware | 0.9705 |
| 10 | Florida | 0.8594 |
| 11 | Georgia | 0.7593 |
| 12 | Hawaii | 1.0448 |
| 13 | Idaho | 0.8120 |
| 14 | Illinois | 0.8320 |
| 15 | Indiana | 0.8538 |
| 16 | Iowa | 0.8681 |
| 17 | Kansas | 0.7998 |
| 18 | Kentucky | 0.7768 |
| 19 | Louisiana | 0.7438 |
| 20 | Maine | 0.8443 |
| 21 | Maryland | 0.8926 |
| 22 | Massachusetts [2] | 1.1661 |
| 23 | Michigan | 0.9062 |
| 24 | Minnesota | 0.9153 |
| 25 | Mississippi | 0.7738 |
| 26 | Missouri | 0.7927 |

TABLE 2.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR RURAL AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Nonurban area | Wage index |
|---|---|---|
| 27 | Montana | 0.8590 |
| 28 | Nebraska | 0.8677 |
| 29 | Nevada | 0.8944 |
| 30 | New Hampshire | 1.0853 |
| 31 | New Jersey [1] | ..... |
| 32 | New Mexico | 0.8332 |
| 33 | New York | 0.8232 |
| 34 | North Carolina | 0.8588 |
| 35 | North Dakota | 0.7215 |
| 36 | Ohio | 0.8658 |
| 37 | Oklahoma | 0.7629 |
| 38 | Oregon | 0.9753 |
| 39 | Pennsylvania | 0.8320 |
| 40 | Puerto Rico [3] | 0.4047 |
| 41 | Rhode Island [1] | ..... |
| 42 | South Carolina | 0.8566 |
| 43 | South Dakota | 0.8480 |
| 44 | Tennessee | 0.7827 |
| 45 | Texas | 0.7965 |
| 46 | Utah | 0.8140 |
| 47 | Vermont | 0.9744 |
| 48 | Virgin Islands | 0.8467 |
| 49 | Virginia | 0.7940 |
| 50 | Washington | 1.0263 |

TABLE 2.—PROPOSED INPATIENT REHABILITATION FACILITY WAGE INDEX FOR RURAL AREAS FOR DISCHARGES OCCURRING FROM OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008—Continued

| CBSA code | Nonurban area | Wage index |
|---|---|---|
| 51 | West Virginia | 0.7607 |
| 52 | Wisconsin | 0.9553 |
| 53 | Wyoming | 0.9295 |
| 65 | Guam | 0.9611 |

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

[2] Massachusetts has areas designated as rural; however, no short-term, acute care hospitals are located in the area(s) for FY 2008. As discussed in the preamble in Section IV.B, we are proposing to impute a wage index value for rural Massachusettes based on the average wage index from all contiguous CBSAs.

[3] Puerto Rico has areas designated as rural; however, no short-term, acute care hospitals are located in the area(s) for FY 2008. As discussed in the preamble in Section IV.B, we are proposing to continue to use the most recent wage index previously available for Puerto Rico as discussed in the FY 2006 IRF PPS final rule (70 FR 47880).

[FR Doc. 07–2241 Filed 5–2–07; 8:45 am]

BILLING CODE 4120–01–P