

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

[HCFA-1135-N]

[RIN 0938-AK13]

Medicare Program; Hospice Wage Index

AGENCY: Health Care Financing Administration (HCFA), HHS.

ACTION: Notice.

SUMMARY: This notice announces the annual update to the hospice wage index as required by statute. This update is effective October 1, 2000 through September 30, 2001. The wage index is used to reflect local differences in wage levels. The hospice wage index methodology and values are based on recommendations of a negotiated rulemaking advisory committee and were originally published in the **Federal Register** on August 8, 1997.

EFFECTIVE DATE: This notice is effective on October 1, 2000.

FOR FURTHER INFORMATION CONTACT: Carol Blackford, (410) 786-5909.

SUPPLEMENTARY INFORMATION:

I. Background

A. Statute and Regulations

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

Section 1861(dd) of the Social Security Act (the Act) provides for coverage of hospice care for terminally ill Medicare beneficiaries who elect to receive care from a participating hospice. The statutory authority for payment to hospices participating in the Medicare program is contained in section 1814(i) of the Act.

Our existing regulations under 42 CFR part 418 (issued on December 16, 1983, effective for hospice services furnished on or after November 1, 1983) establish eligibility requirements and payment standards and procedures, define covered services, and delineate the conditions a hospice must meet to be approved for participation in the Medicare program. Subpart G of Part 418 provides for payment to hospices based on one of four prospectively determined rates for each day in which a qualified Medicare beneficiary is under the care of a hospice. The four rate categories are routine home care, continuous home care, inpatient respite care, and general inpatient care. Payment rates are established for each category.

The regulations at § 418.306(c), which require the rates to be adjusted by a wage index, were revised in the August 8, 1997 final rule (62 FR 42860). This rule implemented a new methodology for calculating the hospice wage index based on the recommendations of a negotiated rulemaking committee. The committee reached consensus on the methodology. We included the resulting committee statement, describing that consensus, as an appendix to the August 8, 1997 final rule (62 FR 42883). The provisions of the final hospice wage index rule are as follows:

- The revised hospice wage index will be calculated using the most current available hospital wage data.
- The revised hospice wage index was phased in over a 3-year transition period. For the first year of the transition period, October 1, 1997 through September 30, 1998, a blended index was calculated by adding two-thirds of the 1983 index value for an area to one-third of the revised wage index value for that area. During the second year of the transition period, October 1, 1998 through September 30, 1999, the calculation was similar, except that the blend was one-third of the 1983 index value and two-thirds of the revised wage index value for that area. We fully implemented the revised wage index during the third transition period, October 1, 1999 through September 30, 2000.
- All hospice wage index values of 0.8 or greater are subject to a budget-neutrality adjustment to ensure that we do not pay more in the aggregate than we would have paid under the original wage index. The budget-neutrality adjustment is calculated by multiplying the hospice wage index for a given area by the budget-neutrality adjustment factor. The budget-neutrality adjustment is to be applied annually, both during and after the transition period.

- All hospice wage index values below 0.8 receive the greater of the following adjustments: the wage index floor, a 15-percent increase, subject to a maximum wage index value of 0.8; or, the budget-neutrality adjustment.

- The wage index is to be updated annually, in the **Federal Register**, based on the most current available hospital wage data. These data will include any changes to the definitions of Metropolitan Statistical Areas (MSA).

Section 4441(a) of the Balanced Budget Act of 1997 (BBA) amended section 1814(i)(1)(C)(ii) of the Act to establish updates to hospice rates for fiscal years (FYs) 1998 through 2002. Hospice rates were to be updated by a factor equal to the market basket index, minus 1 percentage point. However, section 131(a) of the Balanced Budget Refinement Act of 1999 (BBRA) changed the payment rates for FYs 2001 and 2002 by increasing the FY 2001 rate by 0.5 percent and the FY 2002 rate by 0.75 percent. Section 131(b) of the BBRA states that any additional payments made under section 131(a) of the BBRA shall not be included in updating the hospice rates after those 2 years.

B. Update to the Hospice Wage Index

This annual update is effective October 1, 2000 through September 30, 2001. In accordance with the agreement signed by the Health Care Financing Administration (HCFA) and all other members of the Hospice Wage Index Negotiated Rulemaking Committee, we are using the most current HCFA hospital data available, including any changes to the definitions of MSAs. The FY 2000 hospital wage index was the most current hospital wage data available when the FY 2001 wage index values were calculated. We used the pre-reclassified and pre-floor hospital area wage index data.

All wage index values are adjusted by a budget-neutrality factor of 1.065425 and are subject to the wage index floor adjustment, if applicable. We have completed all of the calculations described above and included them in the wage index values reflected in both Tables A and B below. A detailed description of the method used to compute the hospice wage index is contained in both the September 4, 1996 proposed rule (61 FR 46579) and the August 8, 1997 final rule (62 FR 42860).

After the publication of the FY 2000 hospice wage index updates, we received a number of questions about the methodology used to calculate the hospice wage indices. We would like to take this opportunity to further explain the methodology used in determining the hospice wage indices.

1. Metropolitan Statistical Areas

As explained in the September 4, 1996 hospice wage index proposed rule, each hospice= labor market area would be established by the MSA definitions issued by the Office of Management and Budget (OMB) on December 28, 1992 based on the 1990 census, and updated periodically by OMB. Any changes to the MSA definitions would be effective annually and announced in the final rule updating the hospice wage index.

2. MSA Wage Index Values Lower Than Rural Values

As explained above, any area not included in an MSA is considered to be nonurban and receives the statewide rural rate. We are aware that in the past, a number of MSAs have had wage index values that were lower than their rural statewide value. This difference is due to variations in local wage data as compared to national wage data. The hospice wage index is computed by dividing the hourly wage rate for an MSA or nonurban area by a national hourly wage rate. Nonurban areas could receive a higher wage index value than urban areas in the same state if the hourly wage rate in the nonurban area increased at a greater rate.

C. Tables

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
0040	Abilene, TX	0.8715
0060	Taylor, TX	
	Aguadilla, PR	0.4386
	Aguada, PR	
	Aguadilla, PR	
	Moca, PR	
0080	Akron, OH	1.0829
	Portage, OH	
	Summit, OH	
0120	Albany, GA	1.1052
	Dougherty, GA	
	Lee, GA	
0160	Albany-Schenectady-Troy, NY	0.9328
	Albany, NY	
	Montgomery, NY	
	Rensselaer, NY	
	Saratoga, NY	
	Schenectady, NY	
	Schoharie, NY	
0200	Albuquerque, NM	0.9056
	Bernalillo, NM	
	Sandoval, NM	
	Valencia, NM	
0220	Alexandria, LA	0.8385
	Rapides, LA	
0240	Allentown-Bethlehem-Easton, PA	1.0897
	Carbon, PA	
	Lehigh, PA	

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
0280	Northampton, PA	
	Altoona, PA	0.9954
	Blair, PA	
0320	Amarillo, TX	0.8929
	Potter, TX	
	Randall, TX	
0380	Anchorage, AK	1.3701
	Anchorage, AK	
0440	Ann Arbor, MI	1.2235
	Lenawee, MI	
	Livingston, MI	
	Washtenaw, MI	
0450	Anniston, AL	0.9017
	Calhoun, AL	
0460	Appleton-Oshkosh-Neenah, WI	0.9496
	Calumet, WI	
	Outagamie, WI	
	Winnebago, WI	
0470	Arecibo, PR	0.5537
	Arecibo, PR	
	Camuy, PR	
	Hatillo, PR	
0480	Asheville, NC	0.9466
	Buncombe, NC	
	Madison, NC	
0500	Athens, GA	1.0340
	Clarke, GA	
	Madison, GA	
	Oconee, GA	
0520	Atlanta, GA	1.0709
	Barrow, GA	
	Bartow, GA	
	Carroll, GA	
	Cherokee, GA	
	Clayton, GA	
	Cobb, GA	
	Coweta, GA	
	DeKalb, GA	
	Douglas, GA	
	Fayette, GA	
	Forsyth, GA	
	Fulton, GA	
	Gwinnett, GA	
	Henry, GA	
	Newton, GA	
	Paulding, GA	
	Pickens, GA	
	Rockdale, GA	
	Spalding, GA	
	Walton, GA	
0560	Atlantic-Cape May, NJ	1.2051
	Atlantic, NJ	
	Cape May, NJ	
0580	Auburn-Opelika, AL	0.8256
	Lee, AL	
0600	Augusta-Aiken, GA-SC	0.9603
	Columbia, GA	
	McDuffie, GA	
	Richmond, GA	
	Aiken, SC	
	Edgefield, SC	
0640	Austin-San Marcos, TX	0.9676
	Bastrop, TX	
	Caldwell, TX	
	Hays, TX	
	Travis, TX	
	Williamson, TX	
0680	Bakersfield, CA	1.0248

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
0720	Kern, CA	
	Baltimore, MD	1.0539
	Anne Arundel, MD	
	Baltimore, MD	
	Baltimore City, MD	
	Carroll, MD	
	Harford, MD	
	Howard, MD	
	Queen Anne's, MD	
0733	Bangor, ME	1.0239
	Penobscot, ME	
0743	Barnstable-Yarmouth, MA	1.4173
	Barnstable, MA	
0760	Baton Rouge, LA	0.9278
	Ascension, LA	
	East Baton Rouge, LA	
	Livingston, LA	
	West Baton Rouge, LA	
0840	Beaumont-Port Arthur, TX	0.9129
	Hardin, TX	
	Jefferson, TX	
	Orange, TX	
0860	Bellingham, WA	1.2141
	Whatcom, WA	
0870	Benton Harbor, MI	0.9011
	Berrien, MI	
0875	Bergen-Passaic, NJ	1.2816
	Bergen, NJ	
	Passaic, NJ	
0880	Billings, MT	1.0696
	Yellowstone, MT	
0920	Biloxi-Gulfport-Pascagoula, MS	0.8383
	Hancock, MS	
	Harrison, MS	
	Jackson, MS	
0960	Binghamton, NY	0.9324
	Broome, NY	
	Tioga, NY	
1000	Birmingham, AL	0.9584
	Blount, AL	
	Jefferson, AL	
	St. Clair, AL	
	Shelby, AL	
1010	Bismarck, ND	0.8267
	Burleigh, ND	
	Morton, ND	
1020	Bloomington, IN	0.9155
	Monroe, IN	
1040	Bloomington-Normal, IL	0.9582
	McLean, IL	
1080	Boise City, ID	0.9654
	Ada, ID	
	Canyon, ID	
1123	Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH	1.2102
	Bristol, MA	
	Essex, MA	
	Middlesex, MA	
	Norfolk, MA	
	Plymouth, MA	
	Suffolk, MA	
	Worcester, MA	
	Hillsborough, NH	
	Merrimack, NH	
	Rockingham, NH	

TABLE A.—HOSPICE WAGE INDEX FOR
URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
1125	Strafford, NH	1.0596
1145	Boulder-Longmont, CO	0.9074
1150	Brazoria, TX	1.1733
1240	Brazoria, TX	0.9816
1260	Bremerton, WA	0.9057
1280	Brownsville-Harlingen-San Benito, TX	1.0233
1303	Bryan-College Station, TX	1.1250
1310	Brazos, TX	0.5245
1320	Buffalo-Niagara Falls, NY	0.9346
1350	Erie, NY	0.9802
1360	Niagara, NY	0.9609
1400	Burlington, VT	0.9764
1440	Chittenden, VT	0.9577
1480	Franklin, VT	0.9691
1520	Grand Isle, VT	1.0051
1540	Caguas, PR	1.1267
1560	Caguas, PR	1.0369
1580	Cayey, PR	0.8711
1600	Cidra, PR	1.1585
	Gurabo, PR	
	San Lorenzo, PR	
	Canton-Massillon, OH	
	Carroll, OH	
	Stark, OH	
	Casper, WY	
	Natrona, WY	
	Cedar Rapids, IA	
	Linn, IA	
	Champaign-Urbana, IL	
	Champaign, IL	
	Charleston-North Charleston, SC	
	Berkeley, SC	
	Charleston, SC	
	Dorchester, SC	
	Charleston, WV	
	Kanawha, WV	
	Putnam, WV	
	Charlotte-Gastonia-Rock Hill, NC-SC	
	Cabarrus, NC	
	Gaston, NC	
	Lincoln, NC	
	Mecklenburg, NC	
	Rowan, NC	
	Stanly, NC	
	Union, NC	
	York, SC	
	Charlottesville, VA	
	Albemarle, VA	
	Charlottesville City, VA	
	Fluvanna, VA	
	Greene, VA	
	Chattanooga, TN-GA	
	Catoosa, GA	
	Dade, GA	
	Walker, GA	
	Hamilton, TN	
	Marion, TN	
	Cheyenne, WY	
	Laramie, WY	
	Chicago, IL	
	Cook, IL	

TABLE A.—HOSPICE WAGE INDEX FOR
URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
1620	DeKalb, IL	1.1071
1640	Du Page, IL	1.0035
1660	Grundey, IL	0.8619
1680	Kane, IL	1.0323
1720	Kendall, IL	0.9821
1740	Lake, IL	0.9488
1760	McHenry, IL	0.9970
1800	Will, IL	0.9068
1840	Chico-Paradise, CA	1.0556
1880	Butte, CA	0.9271
1890	Cincinnati, OH-KY-IN	1.1813
1900	Brown, OH	0.9378
1920	Clermont, OH	1.0236
	Hamilton, OH	
	Warren, OH	
	Boone, KY	
	Campbell, KY	
	Gallatin, KY	
	Grant, KY	
	Kenton, KY	
	Pendleton, KY	
	Dearborn, IN	
	Ohio, IN	
	Clarksville-Hopkinsville, TN-KY	
	Christian, KY	
	Montgomery, TN	
	Cleveland-Lorain-Elyria, OH	
	Ashtabula, OH	
	Cuyahoga, OH	
	Geauga, OH	
	Lake, OH	
	Lorain, OH	
	Medina, OH	
	Colorado Springs, CO	
	El Paso, CO	
	Columbia, MO	
	Boone, MO	
	Columbia, SC	
	Lexington, SC	
	Richland, SC	
	Columbus, GA-AL	
	Chattahoochee, GA	
	Harris, GA	
	Muscogee, GA	
	Russell, AL	
	Columbus, OH	
	Delaware, OH	
	Fairfield, OH	
	Franklin, OH	
	Licking, OH	
	Madison, OH	
	Pickaway, OH	
	Corpus Christi, TX	
	Nueces, TX	
	San Patricio, TX	
	Corvallis, Oregon	
	Benton, OR	
	Cumberland, MD-WV	
	Allegany, MD	
	Mineral, WV	
	Dallas, TX	
	Collin, TX	
	Dallas, TX	
	Denton, TX	
	Ellis, TX	
	Henderson, TX	
	Hunt, TX	

TABLE A.—HOSPICE WAGE INDEX FOR
URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
1950	Kaufman, TX	0.9277
1960	Rockwall, TX	1.0080
2000	Danville, VA	0.9576
2020	Danville City, VA	0.9248
2030	Pittsylvania, VA	0.9248
2040	Davenport-Moline-Rock Island, IA-IL	0.8867
2080	Scott, IA	1.0857
2120	Henry, IL	0.9328
2160	Rock Island, IL	1.1104
2180	Dayton-Springfield, OH	0.8309
2190	Clark, OH	0.9947
2200	Greene, OH	0.9079
2240	Miami, OH	1.0831
2281	Montgomery, OH	1.1243
2290	Daytona Beach, FL	0.9544
2320	Flagler, FL	0.9533
2330	Volusia, FL	0.9994
2335	Decatur, AL	0.9092
2340	Lawrence, AL	0.8474
2360	Morgan, AL	0.9614
2400	Decatur, IL	1.1298
	Macon, IL	
	Denver, CO	
	Adams, CO	
	Arapahoe, CO	
	Denver, CO	
	Douglas, CO	
	Jefferson, CO	
	Des Moines, IA	
	Dallas, IA	
	Polk, IA	
	Warren, IA	
	Detroit, MI	
	Lapeer, MI	
	Macomb, MI	
	Monroe, MI	
	Oakland, MI	
	St. Clair, MI	
	Wayne, MI	
	Dothan, AL	
	Dale, AL	
	Houston, AL	
	Dover, DE	
	Kent, DE	
	Dubuque, IA	
	Dubuque, IA	
	Duluth-Superior, MN-WI	
	St. Louis, MN	
	Douglas, WI	
	Dutchess County, NY	
	Dutchess, NY	
	Eau Claire, WI	
	Chippewa, WI	
	Eau Claire, WI	
	El Paso, TX	
	Elkhart-Goshen, IN	
	Elkhart, IN	
	Elmira, NY	
	Chemung, NY	
	Enid, OK	
	Garfield, OK	
	Erie, PA	
	Erie, PA	
	Eugene-Springfield, OR	
	Lane, OR	

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
2440	Evansville-Henderson, IN—KY. Posey, IN Vanderburgh, IN Warrick, IN Henderson, KY	0.8847
2520	Fargo-Moorhead, ND—MN. Clay, MN Cass, ND	0.9185
2560	Fayetteville, NC	0.9051
2580	Cumberland, NC Fayetteville-Springdale-Rogers, AR. Benton, AR Washington, AR	0.8283
2620	Flagstaff, AZ—UT	1.1026
2640	Coconino, AZ Kane, UT Flint, MI	1.1742
2650	Genesee, MI Florence, AL	0.8447
2655	Colbert, AL Lauderdale, AL Florence, SC	0.9183
2670	Florence, SC Fort Collins-Loveland, CO. Larimer, CO	1.0977
2680	Ft. Lauderdale, FL	1.0839
2700	Broward, FL Fort Myers-Cape Coral, FL. Lee, FL	0.9537
2710	Fort Pierce-Port St. Lucie, FL. Martin, FL St. Lucie, FL	1.0653
2720	Fort Smith, AR—OK	0.8357
2750	Crawford, AR Sebastian, AR Sequoyah, OK	0.9284
2760	Fort Walton Beach, FL Okaloosa, FL Fort Wayne, IN	0.9692
2800	Adams, IN Allen, IN De Kalb, IN Huntington, IN Wells, IN Whitley, IN Fort Worth-Arlington, TX. Hood, TX Johnson, TX Parker, TX Tarrant, TX	1.0480
2840	Fresno, CA	1.0935
2880	Fresno, CA Madera, CA Gadsden, AL	0.9258
2900	Etowah, AL Gainesville, FL	1.0764
2920	Alachua, FL Galveston-Texas City, TX. Galveston, TX	1.0370
2960	Gary, IN	1.0005
	Lake, IN	

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
2975	Porter, IN Glens Falls, NY	0.9170
2980	Warren, NY Washington, NY Goldsboro, NC	0.8879
2985	Wayne, NC Grand Forks, ND—MN .. Grand Forks, ND Polk, MN	0.9693
2995	Grand Junction, CO	0.9790
3000	Mesa, CO Grand Rapids-Muskegon-Holland, MI. Allegan, MI Kent, MI Muskegon, MI Ottawa, MI	1.0799
3040	Great Falls, MT	1.1144
3060	Cascade, MT Greeley, CO	1.0359
3080	Weld, CO Green Bay, WI	0.9731
3120	Brown, WI Greensboro-Winston-Salem-High Point, NC. Alamance, NC Davidson, NC Davie, NC Forsyth, NC Guilford, NC Randolph, NC Stokes, NC Yadkin, NC Greenville, NC	0.9629
3150	Pitt, NC Greenville-Spartanburg-Anderson, SC. Anderson, SC Cherokee, SC Greenville, SC Pickens, SC Spartanburg, SC	0.9790
3180	Hagerstown, MD	0.9422
3200	Washington, MD Hamilton-Middletown, OH. Butler, OH	0.9532
3240	Harrisburg-Lebanon-Carlisle, PA. Cumberland, PA Dauphin, PA Lebanon, PA Perry, PA	1.0567
3283	Hartford, CT	1.2483
3285	Hartford, CT Litchfield, CT Middlesex, CT Tolland, CT Hattiesburg, MS	0.8134
3290	Forrest, MS Lamar, MS Hickory-Morganton-Lenoir, NC. Alexander, NC Burke, NC Caldwell, NC Catawba, NC	0.9709
3320	Honolulu, HI	1.2228

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
3350	Honolulu, HI Houma, LA	0.8350
3360	Lafourche, LA Terrebonne, LA Houston, TX	1.0002
3400	Chambers, TX Fort Bend, TX Harris, TX Liberty, TX Montgomery, TX Waller, TX Huntington-Ashland, WV—KY—OH. Boyd, KY Carter, KY Greenup, KY Lawrence, OH Cabell, WV Wayne, WV	1.0396
3440	Huntsville, AL	0.9400
3480	Limestone, AL Madison, AL Indianapolis, IN	1.0434
3500	Boone, IN Hamilton, IN Hancock, IN Hendricks, IN Johnson, IN Madison, IN Marion, IN Morgan, IN Shelby, IN Iowa City, IA	1.0237
3520	Johnson, IA Jackson, MI	0.9419
3560	Jackson, MI Jackson, MS	0.8936
3580	Hinds, MS Madison, MS Rankin, MS Jackson, TN	0.9164
3600	Madison, TN Chester, TN Jacksonville, FL	0.9544
3605	Clay, FL Duval, FL Nassau, FL St. Johns, FL Jacksonville, NC	0.8367
3610	Onslow, NC Jamestown, NY	0.8372
3620	Chautauqua, NY Janesville-Beloit, WI	1.0289
3640	Rock, WI Jersey City, NJ	1.2440
3660	Hudson, NJ Johnson City-Kingsport-Bristol, TN—VA. Carter, TN Hawkins, TN Sullivan, TN Unicoi, TN Washington, TN Bristol City, VA Scott, VA Washington, VA Johnstown, PA	0.9433
3680	Cambria, PA Somerset, PA	0.9206

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
3700	Jonesboro, AR	0.8000
3710	Craighead, AR Joplin, MO	0.8181
3720	Jasper, MO Newton, MO Kalamazoo-Battlecreek, MI	1.0635
3740	Calhoun, MI Kankakee, IL	0.9162
3760	Kankakee, IL Kansas City, KS—MO ... Johnson, KS Leavenworth, KS Miami, KS Wyandotte, KS Cass, MO Clay, MO Clinton, MO Jackson, MO Lafayette, MO Platte, MO Ray, MO	0.9932
3800	Kenosha, WI	0.9625
3810	Kenosha, WI Killeen-Temple, TX	1.0583
3840	Bell, TX Coryell, TX Knoxville, TN	0.9802
3850	Anderson, TN Blount, TN Knox, TN Loudon, TN Sevier, TN Union, TN	0.9503
3870	Kokomo, IN	0.9519
3880	Howard, IN Tipton, IN La Crosse, WI—MN	0.8886
3920	Houston, MN La Crosse, WI Lafayette, LA	0.9386
3960	Acadia, LA Lafayette, LA St. Landry, LA St. Martin, LA	0.8488
3980	Lafayette, IN	0.9393
4000	Clinton, IN Tippecanoe, IN Lake Charles, LA	0.9862
4040	Calcasieu, LA Lakeland-Winter Haven, FL	1.0631
4080	Polk, FL Lancaster, PA	0.8868
4100	Lancaster, PA Lansing-East Lansing, MI	0.9153
4120	Clinton, MI Eaton, MI Ingham, MI Laredo, TX	1.1996
	Webb, TX Las Cruces, NM	
	Dona Ana, NM Las Vegas, NV—AZ	
	Mohave, AZ Clarke, NV	

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
4150	Nye, NV Lawrence, KS	0.8761
4200	Douglas, KS Lawton, OK	1.0157
4243	Comanche, OK Lewiston-Auburn, ME ... Androscoggin, ME	0.9482
4280	Lexington, KY	0.9090
4320	Bourbon, KY Clark, KY Fayette, KY Jessamine, KY Madison, KY Scott, KY Woodford, KY	0.9489
4360	Lima, OH	1.0304
4400	Allen, OH Auglaize, OH Lincoln, NE	0.9179
4420	Lancaster, NE Little Rock-North Little Rock, AR Faulkner, AR Lonoke, AR Pulaski, AR Saline, AR	0.9311
4480	Longview-Marshall, TX Gregg, TX Harrison, TX Upshur, TX	1.2841
4520	Los Angeles-Long Beach, CA Los Angeles, CA Louisville, KY—IN	0.9996
4600	Clark, IN Floyd, IN Harrison, IN Scott, IN Bullitt, KY Jefferson, KY Oldham, KY	0.8962
4640	Lubbock, TX	0.9392
4680	Lubbock, TX Lynchburg, VA	0.9089
4720	Amherst, VA Bedford, VA Bedford City, VA Campbell, VA Lynchburg City, VA	1.0367
4800	Macon, GA	0.9031
4840	Bibb, GA Houston, GA Jones, GA Peach, GA Twiggs, GA	0.5376
4880	Madison, WI	0.8652
	Dane, WI Mansfield, OH	
	Crawford, OH Richland, OH Mayaguez, PR	
	Anasco, PR Cabo Rojo, PR Hormigueros, PR Mayaguez, PR Sabana Grande, PR San German, PR	
	McAllen-Edinburg-Mission, TX.	

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
4890	Hidalgo, TX Medford-Ashland, OR .. Jackson, OR	1.1180
4900	Melbourne-Titusville-Palm Bay, FL Brevard, FL	0.9905
4920	Memphis, TN—AR—MS Crittenden, AR DeSoto, MS Fayette, TN Shelby, TN Tipton, TN	0.8784
4940	Merced, CA	1.0950
5000	Merced, CA Miami, FL	1.0904
5015	Dade, FL Middlesex-Somerset-Hunterdon, NJ Hunterdon, NJ Middlesex, NJ Somerset, NJ	1.1851
5080	Milwaukee-Waukesha, WI Milwaukee, WI Ozaukee, WI Washington, WI Waukesha, WI	1.0490
5120	Minneapolis-St. Paul, MN—WI Anoka, MN Carver, MN Chisago, MN Dakota, MN	1.1645
5140	Hennepin, MN Isanti, MN Ramsey, MN Scott, MN Sherburne, MN Washington, MN Wright, MN Pierce, WI St. Croix, WI	0.9681
5160	Missoula, MT	0.8809
5170	Mobile, AL	1.0774
5190	Baldwin, AL Mobile, AL Modesto, CA	1.1996
5200	Stanislaus, CA Monmouth-Ocean, NJ .. Monmouth, NJ Ocean, NJ	0.8760
5240	Ouachita, LA Montgomery, AL	0.8208
5280	Autauga, AL Elmore, AL Montgomery, AL Muncie, IN	1.1544
5330	Delaware, IN Myrtle Beach, SC	0.9088
5345	Horry, SC Naples, FL	1.0484
5360	Collier, FL Nashville, TN	1.0068
	Cheatham, TN Davidson, TN Dickson, TN Robertson, TN	

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
5380	Rutherford TN Sumner, TN Williamson, TN Wilson, TN Nassau-Suffolk, NY Nassau, NY Suffolk, NY	1.4997
5483	New Haven-Bridgeport-Stamford-Waterbury-Danbury, CT. Fairfield, CT	1.3166
5523	New Haven, CT New London-Norwich, CT.	1.3242
5560	New London, CT New Orleans, LA Jefferson, LA Orleans, LA Plaquemines, LA St. Bernard, LA St. Charles, LA St. James, LA St. John The Baptist, LA St. Tammany, LA	0.9685
5600	New York, NY Bronx, NY Kings, NY New York, NY Putnam, NY Queens, NY Richmond, NY Rockland, NY Westchester, NY	1.5469
5640	Newark, NJ Essex, NJ Morris, NJ Sussex, NJ Union, NJ Warren, NJ	1.2409
5660	Newburgh, NY-PA Orange, NY Pike, PA	1.1624
5720	Norfolk-Virginia Beach-Newport News, VA-NC. Currituck, NC Chesapeake City, VA Gloucester, VA Hampton City, VA James City, VA Isle of Wight, VA Mathews, VA Newport News City, VA Norfolk City, VA Poquoson City, VA Portsmouth City, VA Suffolk City, VA Virginia Beach City VA Williamsburg City, VA York, VA	0.8993
5775	Oakland, CA Alameda, CA Contra Costa, CA	1.6044
5790	Ocala, FL Marion, FL	1.0245
5800	Odessa-Midland, TX Ector, TX Midland, TX	0.9455

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
5880	Oklahoma City, OK	0.9150
5910	Canadian, OK Cleveland, OK Logan, OK McClain, OK Oklahoma, OK Pottawatomie, OK Olympia, WA	1.1648
5920	Thurston, WA Omaha, NE-IA	1.1140
5945	Pottawattamie, IA Cass, NE Douglas, NE Sarpy, NE Washington, NE Orange County, CA	1.2349
5960	Orange, CA Orlando, FL	1.0437
5990	Lake, FL Orange, FL Osceola, FL Seminole, FL Owensboro, KY	0.8635
6015	Daviess, KY Panama City, FL	0.9770
6020	Bay, FL Parkersburg-Marietta, WV-OH. Washington, OH Wood, WV	0.8896
6080	Pensacola, FL	0.8995
6120	Escambia, FL Santa Rosa, FL Peoria-Pekin, IL	0.8896
6160	Peoria, IL Tazewell, IL Woodford, IL Philadelphia, PA-NJ	1.1891
6200	Burlington, NJ Camden, NJ Gloucester, NJ Salem, NJ Bucks, PA Chester, PA Delaware, PA Montgomery, PA Philadelphia, PA Phoenix-Mesa, AZ	1.0084
6240	Maricopa, AZ Pinal, AZ Pine Bluff, AR	0.8202
6280	Jefferson, AR Pittsburgh, PA	1.0265
6323	Allegheny, PA Beaver, PA Butler, PA Fayette, PA Washington, PA Westmoreland, PA	1.0927
6340	Pittsfield, MA	0.9561
6360	Berkshire, MA Pocatello, ID	0.9517
	Bannock, ID Ponce, PR	0.5717
	Guayanilla, PR Juana Diaz, PR Penuelas, PR Ponce, PR Villalba, PR	

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
6403	Yauco, PR Portland, ME	1.0096
6440	Cumberland, ME Sagadahoc, ME York, ME Portland-Vancouver, OR-WA.	1.1694
6483	Clackamas, OR Columbia, OR Multnomah, OR Washington, OR Yamhill, OR Clark, WA Providence-Warwick-Pawtucket, RI.	1.1391
6520	Bristol, RI Kent, RI Newport, RI Providence, RI Washington, RI Provo-Orem, UT	1.0461
6560	Utah, UT Pueblo, CO	0.9433
6580	Pueblo, CO Punta Gorda, FL	0.9509
6600	Charlotte, FL Racine, WI	0.9820
6640	Racine, WI Raleigh-Durham-Chapel Hill, NC. Chatham, NC Durham, NC Franklin, NC Johnston, NC Orange, NC Wake, NC	1.0170
6660	Rapid City, SD	0.8911
6680	Pennington, SD Reading, PA	1.0054
6690	Berks, PA Redding, CA	1.2002
6720	Shasta, CA Reno, NV	1.1353
6740	Washoe, NV Richland-Kennewick-Pasco, WA. Benton, WA Franklin, WA	1.1959
6760	Richmond-Petersburg, VA. Charles City County, VA Chesterfield, VA Colonial Heights City, VA Dinwiddie, VA Goochland, VA Hanover, VA Henrico, VA Hopewell City, VA New Kent, VA Petersburg City, VA Powhatan, VA Prince George, VA Richmond City, VA	1.0171
6780	Riverside-San Bernardino, CA. Riverside, CA San Bernardino, CA	1.1945

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
6800	Roanoke, VA	0.8672
	Botetourt, VA	
	Roanoke, VA	
	Roanoke City, VA	
	Salem City, VA	
6820	Rochester, MN	1.2178
	Olmsted, MN	
6840	Rochester, NY	0.9786
	Genesee, NY	
	Livingston, NY	
	Monroe, NY	
	Ontario, NY	
	Orleans, NY	
	Wayne, NY	
6880	Rockford, IL	0.9359
	Boone, IL	
	Ogle, IL	
	Winnebago, IL	
6895	Rocky Mount, NC	0.9307
	Edgecombe, NC	
	Nash, NC	
6920	Sacramento, CA	1.3089
	El Dorado, CA	
	Placer, CA	
	Sacramento, CA	
6960	Saginaw-Bay City-Midland, MI.	0.9895
	Bay, MI	
	Midland, MI	
	Saginaw, MI	
6980	St. Cloud, MN	1.0038
	Benton, MN	
	Stearns, MN	
7000	St. Joseph, MO	0.9529
	Andrew, MO	
	Buchanan, MO	
7040	St. Louis, MO—IL	0.9645
	Franklin, MO	
	Jefferson, MO	
	Lincoln, MO	
	St. Charles, MO	
	St. Louis, MO	
	St. Louis City, MO	
	Warren, MO	
	Clinton, IL	
	Jersey, IL	
	Madison, IL	
	Monroe, IL	
	St. Clair, IL	
7080	Salem, OR	1.0601
	Marion, OR	
	Polk, OR	
7120	Salinas, CA	1.5674
	Monterey, CA	
7160	Salt Lake City-Ogden, UT.	1.0500
	Davis, UT	
	Salt Lake, UT	
	Weber, UT	
7200	San Angelo, TX	0.8359
	Tom Green, TX	
7240	San Antonio, TX	0.8862
	Bexar, TX	

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
	Comal, TX	
	Guadalupe, TX	
	Wilson, TX	
7320	San Diego, CA	1.2712
7360	San Francisco, CA	1.4918
	Marin, CA	
	San Francisco, CA	
	San Mateo, CA	
7400	San Jose, CA	1.4500
	Santa Clara, CA	
7440	San Juan-Bayamon, PR	0.5357
	Aguas Buenas, PR	
	Barceloneta, PR	
	Bayamon, PR	
	Canovanas, PR	
	Carolina, PR	
	Catano, PR	
	Ceiba, PR	
	Comerio, PR	
	Corozal, PR	
	Dorado, PR	
	Fajardo, PR	
	Florida, PR	
	Guaynabo, PR	
	Humacao, PR	
	Juncos, PR	
	Los Piedras, PR	
	Loiza, PR	
	Luguillo, PR	
	Manati, PR	
	Morovis, PR	
	Naguabo, PR	
	Naranjito, PR	
	Rio Grande, PR	
	San Juan, PR	
	Toa Alta, PR	
	Toa Baja, PR	
	Trujillo Alto, PR	
	Vega Alta, PR	
	Vega Baja, PR	
	Yabucoa, PR	
7460	San Luis Obispo-Atascadero-Paso Robles, CA.	1.1156
	San Luis Obispo, CA	
7480	Santa Barbara-Santa Maria-Lompoc, CA.	1.1528
	Santa Barbara, CA	
7485	Santa Cruz-Watsonville, CA.	1.4840
	Santa Cruz, CA	
7490	Santa Fe, NM	1.1121
	Los Alamos, NM	
	Santa Fe, NM	
7500	Santa Rosa, CA	1.3852
	Sonoma, CA	
7510	Sarasota-Bradenton, FL	1.0554
	Manatee, FL	
	Sarasota, FL	
7520	Savannah, GA	1.0605
	Bryan, GA	
	Chatham, GA	
	Effingham, GA	

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
7560	Scranton—Wilkes-Barre—Hazleton, PA.	0.8921
	Columbia, PA	
	Lackawanna, PA	
	Luzerne, PA	
	Wyoming, PA	
7600	Seattle-Bellevue-Everett, WA.	1.2030
	Island, WA	
	King, WA	
	Snohomish, WA	
7610	Sharon, PA	0.8826
	Mercer, PA	
7620	Sheboygan, WI	0.8740
	Sheboygan, WI	
7640	Sherman-Denison, TX ..	0.9940
	Grayson, TX	
7680	Shreveport-Bossier City, LA.	0.9642
	Bossier, LA	
	Caddo, LA	
	Webster, LA	
7720	Sioux City, IA—NE	0.9108
	Woodbury, IA	
	Dakota, NE	
7760	Sioux Falls, SD	0.9351
	Lincoln, SD	
	Minnehaha, SD	
7800	South Bend, IN	1.0435
	St. Joseph, IN	
7840	Spokane, WA	1.1507
	Spokane, WA	
7880	Springfield, IL	0.9252
	Menard, IL	
	Sangamon, IL	
7920	Springfield, MO	0.8515
	Christian, MO	
	Greene, MO	
	Webster, MO	
8003	Springfield, MA	1.1377
	Hampden, MA	
	Hampshire, MA	
8840	Washington, DC—MD—VA—WV.	1.1778
	District of Columbia, DC	
	Calvert, MD	
	Charles, MD	
	Frederick, MD	
	Montgomery, MD	
	Prince Georges, MD	
	Alexandria City, VA	
	Arlington, VA	
	Clarke, VA	
	Culpeper, VA	
	Fairfax, VA	
	Fairfax City, VA	
	Falls Church City, VA	
	Fauquier, VA	
	Fredericksburg City, VA	
	King George, VA	
	Loudoun, VA	
	Manassas City, VA	

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
8920	Manassas Park City, VA Prince William, VA Spotsylvania, VA Stafford, VA Warren, VA Berkeley, WV Jefferson, WV Waterloo-Cedar Falls, IA	0.9075
8940	Black Hawk, IA Wausau, WI Marathon, WI	1.0064
8960	West Palm Beach-Boca Raton, FL Palm Beach, FL	1.0668
9000	Wheeling, WV-OH Belmont, OH Marshall, WV Ohio, WV	0.8144
9040	Wichita, KS Butler, KS Harvey, KS Sedgwick, KS	1.0038
9080	Wichita Falls, TX Archer, TX Wichita, TX	0.8154
8050	State College, PA Centre, PA	0.9737
8080	Steubenville-Weirton, OH-WV Jefferson, OH Brooke, WV Hancock, WV	0.9179
8120	Stockton-Lodi, CA San Joaquin, CA	1.1207
8140	Sumter, SC	0.8778
8160	Sumter, SC Syracuse, NY Cayuga, NY Madison, NY Onondaga, NY Oswego, NY	1.1377
8200	Tacoma, WA Pierce, WA	1.2230
8240	Tallahassee, FL Gadsden, FL Leon, FL	0.9040
8280	Tampa-St. Petersburg-Clearwater, FL Hernando, FL Hillsborough, FL Pasco, FL Pinellas, FL	0.9637
8320	Terre Haute, IN Clay, IN	0.9132

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
8360	Vermillion, IN Vigo, IN Texarkana, AR-Texas-arkana, TX. Miller, AR Bowie, TX	0.8668
8400	Toledo, OH Fulton, OH Lucas, OH Wood, OH	1.0458
8440	Topeka, KS Shawnee, KS	0.9937
8480	Trenton, NJ Mercer, NJ	1.0764
8520	Tucson, AZ Pima, AZ	0.9315
8560	Tulsa, OK Creek, OK Osage, OK Rogers, OK Tulsa, OK	0.8616
8600	Wagoner, OK Tuscaloosa, AL	0.8593
8640	Tuscaloosa, AL Tyler, TX Smith	0.9983
8680	Utica-Rome, NY Herkimer, NY Oneida, NY	0.8842
8720	Vallejo-Fairfield-Napa, CA Napa, CA Solano, CA	1.4220
8735	Ventura, CA	1.2206
8750	Victoria, TX	0.8927
8760	Vineland-Millville-Bridgeton, NJ Cumberland, NJ	1.1206
8780	Visalia-Tulare-Porterville, CA Tulare, CA	1.1093
8800	Waco, TX McLennan, TX	0.8604
9140	Williamsport, PA Lycoming, PA	0.9003
9160	Wilmington-Newark, DE-MD. New Castle, DE Cecil, MD	1.2013
9200	Wilmington, NC Brunswick, NC New Hanover, NC	1.0343
9260	Yakima, WA Yakima, WA	1.1009
9270	Yolo, CA Yolo, CA	1.0356

TABLE A.—HOSPICE WAGE INDEX FOR URBAN AREAS—Continued

MSA code No.	Urban area (constituent counties or county equivalents) ¹	Wage index ²
9280	York, PA	0.9919
9320	York, PA Youngstown-Warren, OH. Columbiana, OH Mahoning, OH Trumbull, OH	1.0651
9340	Yuba City, CA Sutter, CA Yuba, CA	1.1361
9360	Yuma, AZ Yuma, AZ	1.0574

¹ This column lists each MSA area name (in italics) and each county, or county equivalent, in the MSA area. Counties not listed in this Table are considered to be Rural Areas. Wage Index values for these areas are found in Table B.

² Wage index values are based on FY 1996 hospital cost report data before reclassification. This wage index is further adjusted. Wage index values greater than 0.8 are subject to a budget-neutrality adjustment of 1.065425. Wage index values below 0.8 are adjusted to be the greater of a 15-percent increase, subject to a maximum wage index value of 0.8, or an adjustment by multiplying the hospital wage index value for a given area by the budget-neutrality adjustment. We have completed all of these adjustments and included them in the wage index values reflected in this table.

TABLE B.—WAGE INDEX FOR RURAL AREAS

MSA code No.	Nonurban area	Wage index ¹
9901	Alabama	0.8000
9902	Alaska	1.2847
9903	Arizona	0.9104
9904	Arkansas	0.8000
9905	California	1.0603
9906	Colorado	0.9391
9907	Connecticut	1.3226
9908	Delaware	0.9767
9910	Florida	0.9575
9911	Georgia	0.8625
9912	Hawaii	1.1430
9913	Idaho	0.9218
9914	Illinois	0.8575
9915	Indiana	0.8946
9916	Iowa	0.8446

TABLE B.—WAGE INDEX FOR RURAL AREAS—Continued

MSA code No.	Nonurban area	Wage index ¹
9917	Kansas	0.8000
9918	Kentucky	0.8569
9919	Louisiana	0.8000
9920	Maine	0.9205
9921	Maryland	0.9197
9922	Massachusetts	1.2114
9923	Michigan	0.9392
9924	Minnesota	0.9237
9925	Mississippi	0.8000
9926	Missouri	0.8229
9927	Montana	0.8945
9928	Nebraska	0.8532
9929	Nevada	0.9693
9930	New Hampshire	1.0554
9931	New Jersey ²
9932	New Mexico	0.8927
9933	New York	0.9202
9934	North Carolina	0.8832
9935	North Dakota	0.8148
9936	Ohio	0.9216
9937	Oklahoma	0.8000
9938	Oregon	1.0514
9939	Pennsylvania	0.9083
9940	Puerto Rico	0.4886
9941	Rhode Island ²
9942	South Carolina	0.8805
9943	South Dakota	0.8073
9944	Tennessee	0.8152
9945	Texas	0.8000
9946	Utah	0.9490
9947	Vermont	1.0024
9948	Virgin Islands	0.7252
9949	Virginia	0.8421
9950	Washington	1.1131
9951	West Virginia	0.8597
9952	Wisconsin	0.9333
9953	Wyoming	0.9440
9965	Guam	1.0240

¹ Wage index values are based on FY 1996 hospital cost report data before reclassification. This wage index is further adjusted. Wage index values greater than 0.8 are subject to a budget-neutrality adjustment of 1.065425. Wage index values below 0.8 are adjusted to be the greater of a 15-percent increase, subject to a maximum wage index value of 0.8, or an adjustment by multiplying the hospital wage index value for a given area by the budget-neutrality adjustment. We have completed all of these adjustments and have included them in the wage index values reflected in this table.

² All counties within the State are classified as urban.

II. Regulatory Impact Statement

We have examined the impacts of this notice as required by Executive Order 12866, the Unfunded Mandate Reform Act, and the Regulatory Flexibility Act (RFA) (Pub. L. 96–354). In this notice, we identified an impact on hospices as a result of changes in the way we compute the hospice wage index. The change in the methodology for computing the wage index was determined through a negotiated rulemaking committee and implemented in the August 8, 1997 final

rule (62 FR 42860). We recognize that the BBRA adjusted hospice payments upward by 0.5 percent; however, we did not do a separate analysis of the impact of this payment adjustment. We used the new rates adjusted by the BBRA when estimating the payments to be made under the new wage index and when calculating the budget-neutrality adjustment factor. Overall, we believe the changes included in this notice to be insignificant.

1. Executive Order 12866 and RFA

Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects; distributive impacts; and equity). We have determined that this notice is not an economically significant rule under this Executive Order. The RFA requires agencies to analyze options for regulatory relief for small businesses. For purposes of the RFA, States and individuals are not considered small entities. However, most providers, physicians, and health care suppliers are small entities, either by nonprofit status or by having revenues of \$5 million or less annually. Approximately 73 percent of Medicare certified hospices are identified as voluntary, government, or other agencies, and, therefore, are considered small entities. Because the National Hospice Organization estimates that approximately 70 percent of hospice patients are Medicare beneficiaries, we have not considered other sources of revenue in this analysis.

As discussed below, the estimated decreases in payment to hospices overall are very slight. The most significant change is an increase in estimated payments to rural areas in East and West South Central, at 4.8 and 9.1 percent, respectively. The effects of this notice on West South Central alone, indicate that 54 of the 85 hospices in urban West South Central can be considered small entities that will experience an 9.1-percent increase in Medicare payments. Therefore, we anticipate this notice will have a significant, albeit positive, impact on a substantial number of small entities. However, the methodology for the hospice wage index was previously determined by consensus through a negotiated rulemaking committee that included representatives of national hospice associations; rural, urban, large and small hospices; multi-site hospices; and consumer groups. Based on the options considered, the committee

determined that the methodology described in the committee statement, and adopted into regulation in the August 8, 1997 final rule, was favorable for the hospice community as well as for beneficiaries. Therefore, we believe that mitigating any negative effects on small entities has been taken into consideration.

2. Congressional Review

Section 804(2) of Title 5, United States Code (U.S.C.) (as added by section 251 of Pub. L. 104–121), specifies that a “major rule” is any rule that the Office of Management and Budget finds is likely to result in—

- An annual effect on the economy of \$100 million or more;
- A major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or
- Significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.

We estimate that the impact of this notice will not be \$100 million or more; therefore, this notice is not a major rule as defined in Title 5, United States Code, section 804(2) and is not being forwarded to the Congress for a 60-day review period.

3. Unfunded Mandate

The Unfunded Mandate Reform Act of 1995 also requires (in section 202) that agencies prepare an assessment of anticipated costs and benefits for any rule that may result in an expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more in any one year. The notice has no consequential effect on State, local, or tribal governments. We believe the private sector costs of this notice fall below the threshold as well.

4. Rural Hospital Impact

Section 1102(b) of the Act requires us to prepare a regulatory impact analysis for any notice that may have a significant impact on the operations of a substantial number of small rural hospitals. Such an analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside an MSA and has fewer than 50 beds.

Because this notice has no direct impact on small hospitals, in accordance with 5 U.S.C. 604, the

Secretary certifies that this notice will not have a significant impact on the operations of a substantial number of small rural hospitals.

5. Federalism

We have reviewed this notice under the threshold criteria of Executive Order 13132, Federalism, and have determined that this notice will not have any negative impact on the rights, roles, and responsibilities of State, local, or tribal governments.

A. Anticipated Effects

We have compared estimated payments using the FY 1983 hospice wage index to estimated payments using the FY 2001 wage index and determined the current hospice rates to be budget-neutral. As mentioned above, the negotiated rulemaking committee agreement required that we not pay more under the new wage index in the aggregate than we would have paid under the original wage index.

This impact analysis compares hospice payments under the FY 2000 hospice wage index to the estimated payments using the FY 2001 wage index. The data used in developing the quantitative analysis for this notice were obtained from the March 2000 update of the national claims history file of all bills submitted during FY 1999. We deleted bills from hospices that have since closed.

Table C demonstrates the results of our analysis. In Column 2 of Table C, we indicate the number of routine home care days that were included in our analysis, although the analysis was performed on all types of hospice care. Column 3 of Table C indicates payments that were made using the FY 2000 wage index. Column 4 of Table C is based on FY 1999 claims and estimates payments to be made to hospices using the FY 2001 wage index. The final column, which compares Columns 3 and 4, shows the percent change in estimated hospice payments made based on the category of the hospice.

Table C categorizes hospices by various geographic and provider characteristics. The first row displays the results of the impact analysis for all Medicare certified hospices. The second and third rows of the table categorize hospices according to their geographic location (urban and rural). Our analysis indicated that there are 1,351 hospices located in urban areas and 798 hospices located in rural areas. The next two groupings in the table indicate the number of hospices by census region, also broken down by urban and rural hospices. The sixth grouping shows the impact on hospices based on the size of the hospice's program. We determined that the majority of hospice payments are made at the routine home care rate. Therefore, we based the size of each

individual hospice's program on the number of routine home care days provided in 1999. The next grouping shows the impact on hospices by type of ownership. The final grouping shows the impact on hospices defined by whether they are provider-based or freestanding.

The results of our analysis shows that the greatest increases in payment are for rural areas in the West and East South Central Regions, with a 9.1 percent and 4.8 percent increase, respectively. The greatest decreases in payment are for urban areas in the New England and Mountain regions, each with a 0.4 percent decrease, and for rural areas in the Middle Atlantic and Pacific regions, each with a 0.4 percent decrease.

The breakdown by size, type of ownership, and facility base showed an increase in payments to all hospice programs. Small hospice programs showed significant increases of about 10 percent, while larger programs experienced only a negligible increase. Government-owned hospices showed the greatest estimated increase of 2.7 percent, while payments to voluntary hospices are expected to increase by 0.4 percent. In terms of hospice base, freestanding hospices showed the greatest estimated payment increase while home health agencies showed the smallest amount of payment increase.

TABLE C.—IMPACT OF HOSPICE WAGE INDEX CHANGE

	Number of hospices (1)	Number of routine home care days in thousands (2)	Payments using FY 2000 wage index in thousands (3)	Estimated payments using FY 2001 wage index in thousands (4)	Percent change in Hospice payments (5)
(By geographic location):					
All Hospices	2,149	21,354	2,490,702	2,504,439	0.6
Urban Hospices	1,351	18,120	2,185,780	2,190,590	0.2
Rural Hospices	798	3,234	304,922	313,849	2.9
By Region—Urban:					
New England	94	642	89,447	89,051	-0.4
Middle Atlantic	170	2,245	290,927	291,894	0.3
South Atlantic	185	4,030	509,079	511,583	0.5
East North Central	224	2,862	334,861	336,694	0.5
East South Central	94	1,169	123,023	123,530	0.4
West North Central	96	1,061	113,167	113,498	0.3
West South Central	188	2,408	261,632	261,287	-0.1
Mountain	88	1,135	149,035	148,443	-0.4
Pacific	183	2,325	298,138	298,086	0
Puerto Rico	29	243	16,470	16,524	0.3
By Region—Rural:					
New England	26	72	7,666	7,811	1.9
Middle Atlantic	35	168	17,282	17,214	-0.4
South Atlantic	117	681	63,904	65,005	1.7
East North Central	136	561	53,801	54,541	1.4
East South Central	81	524	48,159	50,481	4.8
West North Central	174	409	37,622	38,969	3.6
West South Central	85	362	29,640	32,351	9.1
Mountain	87	217	21,359	22,048	3.2
Pacific	54	217	24,012	23,922	-0.4

TABLE C.—IMPACT OF HOSPICE WAGE INDEX CHANGE—Continued

	Number of hospices (1)	Number of routine home care days in thousands (2)	Payments using FY 2000 wage index in thousands (3)	Estimated payments using FY 2001 wage index in thousands (4)	Percent change in Hospice payments (5)
Puerto Rico	3	23	1,476	1,507	2.1
(Skilled)					
Routine home care days:					
0–1,754 days	437	390	36,700	40,609	10.6
1,754–4,373 days	502	1,504	150,829	154,399	2.4
4,373–9,681 days	556	3,669	388,427	390,269	0.5
9,681 + days	653	15,449	1,875,339	1,879,969	0.2
Type of ownership:					
Voluntary	1,351	13,975	1,638,339	1,644,677	0.4
Proprietary	573	6,714	784,488	790,194	0.7
Government	192	568	58,174	59,770	2.7
Other	33	97	9,701	9,797	1.0
Hospice base:					
Freestanding	874	12,368	1,451,898	1,461,421	0.7
Home health agency	716	5,357	625,165	627,440	0.4
Hospital	538	3,503	395,997	397,830	0.5
Skilled nursing facility	21	126	17,642	17,748	0.6

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

Authority: Section 1814(i) of the Social Security Act (42 U.S.C. 1395f (i)(1)).

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

Dated: August 21, 2000.

Nancy-Ann Min DeParle,
Administrator, Health Care Financing Administration.

Dated: September 22, 2000.

Donna E. Shalala,
Secretary.

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