DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

42 CFR Part 412

[CMS–1554–P]

RIN 0938–AP19

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

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

ACTION: Proposed rule.

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

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

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

ADDRESSES: In commenting, please refer to file code CMS–1554–P. Because of staff and resource limitations, we cannot accept comments by facsimile (FAX) transmission.

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

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

2. *By regular mail.* You may mail written comments (one original and two copies) to the following address only: Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention: CMS–1554–P, P.O. Box 8012, Baltimore, MD 21244–8012.

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

3. *By express or overnight mail.* You may send written comments (one original and two copies) to the following address ONLY: Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention: CMS–1554–P, Mail Stop C4–26–05, 7500 Security Boulevard, Baltimore, MD 21244–8012.

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

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

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

If you intend to deliver your comments to the Baltimore address, please call telephone number (410) 786–7195 in advance to schedule your arrival with one of our staff members.

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

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

FOR FURTHER INFORMATION CONTACT: Susanne Seagrave, (410) 786–0044, for information regarding the payment policies. Jeanette Kranacs, (410) 786–9385, for information regarding the wage index.

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

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

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

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

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

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

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

CBSA Core-Based Statistical Area

CCR Cost-to-Charge Ratio

CFR Code of Federal Regulations

CMG Case-Mix Group

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

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

I. Background

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Operational Overview of the Current IRF PPS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

III. Proposed FY 2009 IRF PPS Federal Prospective Payment Rates

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

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

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

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

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

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

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

B. Proposed Area Wage Adjustment

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

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

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

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

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

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

1. Clarification of New England Deemed Counties

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

to be parts of urban areas under section 601(g) of the Social Security Amendments of 1983) that was made in the FY 2008 Inpatient Prospective Payment System (IPPS) final rule with comment period (72 FR 47337). These counties include the following: Litchfield County, CT; York County, ME; Sagadahoc County, ME; Merrimack County, NH; and Newport County, RI. Of these five ''New England deemed counties,'' three (York County, ME, Sagadahoc County, ME, and Newport County, RI) are also included in metropolitan statistical areas (MSAs) defined by OMB and are considered urban under both the current IPPS and IRF PPS labor market area definitions in § 412.64(b)(1)(ii)(A). The remaining two, Litchfield County, CT and Merrimack County, NH, are geographically located in areas that are considered rural under the current IPPS (and IRF PPS) labor market area definitions, but have been previously deemed urban under the IPPS in certain circumstances, as discussed below.

In the FY 2008 IPPS final rule with comment period, (72 FR 47337 through 47338), § 412.64(b)(1)(ii)(B) was revised that the two ''New England deemed counties'' that are still considered rural under the OMB definitions (Litchfield County, CT and Merrimack County, NH), are no longer considered urban, effective for discharges occurring on or after October 1, 2007, and, therefore, are considered rural in accordance with § 412.64(b)(1)(ii)(C). However, for purposes of payment under the IPPS, acute care hospitals located within those areas are treated as being reclassified to their deemed urban area effective for discharges occurring on or after October 1, 2007 (see 72 FR 47337 through 47338). We note that the IRF PPS does not provide for geographic reclassification. Also, in the FY 2008 IPPS final rule with comment period (72 FR 47338), we explained that we limited this policy change for the ''New England deemed counties'' only to IPPS hospitals, and any change to non-IPPS provider wage indexes would be addressed in the respective payment system rules.

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

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

Historical changes to the labor market area/geographic classifications and annual updates to the wage index values under the IRF PPS are made effective October 1 each year. When we established the most recent IRF PPS payment rate update, effective for discharges occurring on or after October 1, 2007 through September 30, 2008, we considered the ''New England deemed counties'' (including Litchfield County, CT and Merrimack County, NH) as urban for FY 2008, as evidenced by the inclusion of Litchfield County, CT as one of the constituent counties of urban CBSA 25540 (Hartford-West Hartford-East Hartford, CT), and the inclusion of Merrimack County, NH as one of the constituent counties of urban CBSA 31700 (Manchester-Nashua, NH).

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

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

2. Multi-Campus Hospital Wage Index Data

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

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

For the FY 2009 IRF PPS, we computed the wage index from IPPS wage data (submitted by hospitals for cost reporting periods beginning in FY 2004 and used in the FY 2008 IPPS wage index), which allocated salaries and hours to the campuses of two multi-campus hospitals with campuses that are located in different labor areas, one in Massachusetts and another in Illinois. Thus, the proposed FY 2009 IRF PPS wage index values for the following CBSAs are affected by this policy: Boston-Quincy, MA (CBSA 14484), Providence-New Bedford-Falls River, RI–MA (CBSA 39300), Chicago-Naperville-Joliet, IL (CBSA 16974) and Lake County-Kenosha County, IL–WI (CBSA 29404) (please refer to Table 1 in the addendum of this proposed rule).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TABLE 6.—PROPOSED FY 2009 PAYMENT RATES

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

TABLE 6.—PROPOSED FY 2009 PAYMENT RATES—Continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VI. Post Acute Care Payment Reform

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

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

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

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

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

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

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

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

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

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

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

VII. Provisions of the Proposed Rule

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

A. Section 412.23 Excluded Hospitals: Classifications

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

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

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

B. Additional Proposed Changes

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

VIII. Collection of Information Requirements

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

IX. Response to Public Comments

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

X. Regulatory Impact Statement

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

Executive Order 12866 (as amended by Executive Order 13258, which merely reassigns responsibility of duties) directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). A regulatory impact analysis (RIA) must be prepared for major rules with economically significant effects ($100 million or more in any one year). This proposed rule does not reach the $100 million economic threshold and thus is not considered a major rule. We estimate that the total impact of the proposed changes in this proposed rule would be a decrease of approximately $20 million (this reflects a $20 million decrease due to the proposed update to the outlier threshold amount to decrease estimated outlier payments from approximately 3.3 percent in FY 2008 to 3 percent in FY 2009).

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

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural

hospitals. This analysis must conform to the provisions of section 603 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside of a Metropolitan Statistical Area and has fewer than 100 beds. We are not preparing an analysis for section 1102(b) of the Act because we have determined, and the Secretary certifies, that this proposed rule would not have a significant impact on the operations of a substantial number of small rural hospitals.

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

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

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

List of Subjects in 42 CFR Part 412

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

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

PART 412—PROSPECTIVE PAYMENT SYSTEMS FOR INPATIENT HOSPITAL SERVICES

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

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

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

2. Section 412.23 is amended by—

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

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

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

The revision reads as follows:

§ 412.23 Excluded hospitals: Classifications.

* * * * *

(b) * * *

(2) * * *

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

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

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

* * * * *

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

Dated: March 20, 2008.

Kerry Weems,

Acting Administrator, Centers for Medicare & Medicaid Services.

Approved: April 10, 2008.

Michael O. Leavitt,

Secretary.

BILLING CODE 4120–01–P

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

ADDENDUM

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

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

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

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

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

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

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

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

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

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

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

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

CBSA Code	Urban Area (Constituent Counties)	Wage Index
23104	Fort Worth-Arlington, TX Johnson County, TX Parker County, TX Tarrant County, TX Wise County, TX	0.9693
23420	Fresno, CA Fresno County, CA	1.0993
23460	Gadsden, AL Etowah County, AL	0.8159
23540	Gainesville, FL Alachua County, FL Gilchrist County, FL	0.9196
23580	Gainesville, GA Hall County, GA	0.9216
23844	Gary, IN Jasper County, IN Lake County, IN Newton County, IN Porter County, IN	0.9224
24020	Glens Falls, NY Warren County, NY Washington County, NY	0.8256
24140	Goldsboro, NC Wayne County, NC	0.9288
24220	Grand Forks, ND-MN Polk County, MN Grand Forks County, ND	0.7881
24300	Grand Junction, CO Mesa County, CO	0.9864
24340	Grand Rapids-Wyoming, MI Barry County, MI Ionia County, MI Kent County, MI Newaygo County, MI	0.9315
24500	Great Falls, MT Cascade County, MT	0.8675
24540	Greeley, CO Weld County, CO	0.9658
24580	Green Bay, WI Brown County, WI Kewaunee County, WI Oconto County, WI	0.9727
24660	Greensboro-High Point, NC Guilford County, NC Randolph County, NC Rockingham County, NC	0.9010
24780	Greenville, NC Greene County, NC Pitt County, NC	0.9402
24860	Greenville-Mauldin-Easley, SC Greenville County, SC Laurens County, SC Pickens County, SC	0.9860
25020	Guayama, PR Arroyo Municipio, PR Guayama Municipio, PR Patillas Municipio, PR	0.3064
25060	Gulfport-Biloxi, MS Hancock County, MS Harrison County, MS Stone County, MS	0.8773
25180	Hagerstown-Martinsburg, MD-WV Washington County, MD Berkeley County, WV Morgan County, WV	0.9013
25260	Hanford-Corcoran, CA Kings County, CA	1.0499
25420	Harrisburg-Carlisle, PA Cumberland County, PA Dauphin County, PA Perry County, PA	0.9280

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

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

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

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

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

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

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

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

CBSA Code	Urban Area (Constituent Counties)	Wage Index
38940	Port St. Lucie, FL Martin County, FL St. Lucie County, FL	1.0016
39100	Poughkeepsie-Newburgh-Middletown, NY Dutchess County, NY Orange County, NY	1.0982
39140	Prescott, AZ Yavapai County, AZ	1.0020
39300	Providence-New Bedford-Fall River, RI-MA Bristol County, MA Bristol County, RI Kent County, RI Newport County, RI Providence County, RI Washington County, RI	1.0574
39340	Provo-Orem, UT Juab County, UT Utah County, UT	0.9557
39380	Pueblo, CO Pueblo County, CO	0.8851
39460	Punta Gorda, FL Charlotte County, FL	0.9254
39540	Racine, WI Racine County, WI	0.9498
39580	Raleigh-Cary, NC Franklin County, NC Johnston County, NC Wake County, NC	0.9839
39660	Rapid City, SD Meade County, SD Pennington County, SD	0.8811
39740	Reading, PA Berks County, PA	0.9356
39820	Redding, CA Shasta County, CA	1.3541
39900	Reno-Sparks, NV Storey County, NV Washoe County, NV	1.0715
40060	Richmond, VA Amelia County, VA Caroline County, VA Charles City County, VA Chesterfield County, VA Cumberland County, VA Dinwiddie County, VA Goochland County, VA Hanover County, VA Henrico County, VA King and Queen County, VA King William County, VA Louisa County, VA New Kent County, VA Powhatan County, VA Prince George County, VA Sussex County, VA Colonial Heights City, VA Hopewell City, VA Petersburg City, VA Richmond City, VA	0.9425
40140	Riverside-San Bernardino-Ontario, CA Riverside County, CA San Bernardino County, CA	1.1100
40220	Roanoke, VA Botetourt County, VA Craig County, VA Franklin County, VA Roanoke County, VA Roanoke City, VA Salem City, VA	0.8691

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

CBSA Code	Urban Area (Constituent Counties)	Wage Index
41660	San Angelo, TX Irion County, TX Tom Green County, TX	0.8579
41700	San Antonio, TX Atascosa County, TX Bandera County, TX Bexar County, TX Comal County, TX Guadalupe County, TX Kendall County, TX Medina County, TX Wilson County, TX	0.8834
41740	San Diego-Carlsbad-San Marcos, CA San Diego County, CA	1.1492
41780	Sandusky, OH Erie County, OH	0.8822
41884	San Francisco-San Mateo-Redwood City, CA Marin County, CA San Francisco County, CA San Mateo County, CA	1.5195
41900	San Germán-Cabo Rojo, PR Cabo Rojo Municipio, PR Lajas Municipio, PR Sabana Grande Municipio, PR San Germán Municipio, PR	0.4729
41940	San Jose-Sunnyvale-Santa Clara, CA San Benito County, CA Santa Clara County, CA	1.5735

CBSA Code	Urban Area (Constituent Counties)	Wage Index
41980	San Juan-Caguas-Guaynabo, PR Aguas Buenas Municipio, PR Aibonito Municipio, PR Arecibo Municipio, PR Barceloneta Municipio, PR Barranquitas Municipio, PR Bayamón Municipio, PR Caguas Municipio, PR Camuy Municipio, PR Canóvanas Municipio, PR Carolina Municipio, PR Cataño Municipio, PR Cayey Municipio, PR Ciales Municipio, PR Cidra Municipio, PR Comerío Municipio, PR Corozal Municipio, PR Dorado Municipio, PR Florida Municipio, PR Guaynabo Municipio, PR Gurabo Municipio, PR Hatillo Municipio, PR Humacao Municipio, PR Juncos Municipio, PR Las Piedras Municipio, PR Loíza Municipio, PR Manatí Municipio, PR Maunabo Municipio, PR Morovis Municipio, PR Naguabo Municipio, PR Naranjito Municipio, PR Orocovis Municipio, PR Quebradillas Municipio, PR Río Grande Municipio, PR San Juan Municipio, PR San Lorenzo Municipio, PR Toa Alta Municipio, PR Toa Baja Municipio, PR Trujillo Alto Municipio, PR Vega Alta Municipio, PR Vega Baja Municipio, PR Yabucoa Municipio, PR	0.4528

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

CBSA Code	Urban Area (Constituent Counties)	Wage Index
44940	Sumter, SC Sumter County, SC	0.8599
45060	Syracuse, NY Madison County, NY Onondaga County, NY Oswego County, NY	0.9910
45104	Tacoma, WA Pierce County, WA	1.1055
45220	Tallahassee, FL Gadsden County, FL Jefferson County, FL Leon County, FL Wakulla County, FL	0.9025
45300	Tampa-St. Petersburg-Clearwater, FL Hernando County, FL Hillsborough County, FL Pasco County, FL Pinellas County, FL	0.9020
45460	Terre Haute, IN Clay County, IN Sullivan County, IN Vermillion County, IN Vigo County, IN	0.8805
45500	Texarkana, TX-Texarkana, AR Miller County, AR Bowie County, TX	0.7770
45780	Toledo, OH Fulton County, OH Lucas County, OH Ottawa County, OH Wood County, OH	0.9431
45820	Topeka, KS Jackson County, KS Jefferson County, KS Osage County, KS Shawnee County, KS Wabaunsee County, KS	0.8538
45940	Trenton-Ewing, NJ Mercer County, NJ	1.0699
46060	Tucson, AZ Pima County, AZ	0.9245
46140	Tulsa, OK Creek County, OK Okmulgee County, OK Osage County, OK Pawnee County, OK Rogers County, OK Tulsa County, OK Wagoner County, OK	0.8340
46220	Tuscaloosa, AL Greene County, AL Hale County, AL Tuscaloosa County, AL	0.8303
46340	Tyler, TX Smith County, TX	0.9114
46540	Utica-Rome, NY Herkimer County, NY Oneida County, NY	0.8486
46660	Valdosta, GA Brooks County, GA Echols County, GA Lanier County, GA Lowndes County, GA	0.8098
46700	Vallejo-Fairfield, CA Solano County, CA	1.4666
47020	Victoria, TX Calhoun County, TX Goliad County, TX Victoria County, TX	0.8302
47220	Vineland-Millville-Bridgeton, NJ Cumberland County, NJ	1.0133

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

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

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

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

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

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

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

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