DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS–1344–N]

RIN 0938–AP89

Medicare Program; Inpatient Rehabilitation Facility Prospective Payment System for Federal Fiscal Year 2011

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

ACTION: Notice.

SUMMARY: This notice updates the payment rates for inpatient rehabilitation facilities (IRFs) for Federal fiscal year (FY) 2011 (for discharges occurring on or after October 1, 2010 and on or before September 30, 2011) 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.

DATES: *Effective Date:* The updated IRF prospective payment rates are effective for IRF discharges occurring on or after October 1, 2010 and on or before September 30, 2011 (FY 2011).

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SUPPLEMENTARY INFORMATION:

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Acronyms

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

ADC Average Daily Census
ASCA Administrative Simplification Compliance Act of 2002, Public Law 107–105
BBA Balanced Budget Act of 1997, Public Law 105–33
BBRA Medicare, Medicaid, and SCHIP [State Children's Health Insurance Program] Balanced Budget Refinement Act of 1999, Public Law 106–113
BIPA Medicare, Medicaid, and SCHIP [State Children's Health Insurance Program] Benefits Improvement and Protection Act of 2000, Public Law 106–554
CBSA Core-Based Statistical Area
CCR Cost-to-Charge Ratio
CFR Code of Federal Regulations
CMG Case-Mix Group
DRG Diagnostic Related Group
DSH Disproportionate Share Hospital
FI Fiscal Intermediary
FR **Federal Register**
FTE Full-time Equivalent
FY Federal Fiscal Year
HCFA Health Care Financing Administration
HHH Hubert H. Humphrey Building
HIPAA Health Insurance Portability and Accountability Act of 1996, Public Law 104–191
IOM Internet Only Manual
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
LTCH Long Term Care Hospital
LIP Low-Income Percentage
MA Medicare Advantage
MAC Medicare Administrative Contractor
MBPM Medicare Benefit Policy Manual
MMSEA Medicare, Medicaid, and SCHIP Extension Act of 2007, Public Law 110—173
OMB Office of Management and Budget
PAI Patient Assessment Instrument
PPS Prospective Payment System
QIC Qualified Independent Contractors
RAC Recovery Audit Contractors
RAND RAND Corporation
RFA Regulatory Flexibility Act of 1980, Public Law 96–354
RIA Regulatory Impact Analysis
RIC Rehabilitation Impairment Category
RPL Rehabilitation, Psychiatric, and Long-Term Care Hospital
SCHIP State Children's Health Insurance Program

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, enacted on August 5, 1997), as amended by section 125 of the Medicare, Medicaid, State Children's Health Insurance Program (SCHIP) Balanced Budget Refinement Act of 1999 (BBRA, Pub. L. 106–113, enacted November 29, 1999) and by section 305 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA, Pub. L. 106–554, enacted December 21, 2000) 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) and 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 2010.

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 Group) 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. Within the structure of the payment system, we then made adjustments to account for interrupted stays, transfers, short stays, and deaths. Finally, we applied the applicable adjustments to account for geographic variations in wages (wage index), the percentage of low-income patients, location in a rural area (if applicable), and outlier payments (if applicable) to the IRF's unadjusted Federal prospective payment rates.

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. 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. These refinements included the adoption of the Office of Management and Budget's (OMB) Core-Based Statistical Area (CBSA) market definitions, modifications to the CMGs, tier comorbidities, and CMG relative weights, implementation of a new teaching status adjustment for IRFs, revision and rebasing of the market basket index used to update IRF payments, and updates to the rural, low-income percentage (LIP), and high-cost outlier adjustments. Beginning with the FY 2006 IRF PPS final rule (70 FR 47908 through 47917), the market basket index used to update IRF payments is a 2002-based market basket reflecting the operating and capital cost structures for freestanding IRFs and long-term care hospitals (LTCHs) (hereafter referred to as the rehabilitation, psychiatric, and long-term care (RPL) market basket). Any reference to the FY 2006 IRF PPS final rule in this notice 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 would 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 (MMSEA, Pub. L. 110–173, enacted December 29, 2007), 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 required 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 were 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.gov/InpatientRehabFacPPS/07_DataFiles.asp#TopOfPage.*

In the FY 2009 IRF PPS final rule (73 FR 46370), we updated the CMG relative weights, the average length of stay values, and the outlier threshold; clarified IRF wage index policies regarding the treatment of "New England deemed"counties and multi-campus hospitals; and revised the regulation text in response to section 115 of the MMSEA to set the IRF compliance percentage at 60 percent ("the 60 percent rule") and continue the practice of including comorbidities in the calculation of compliance percentages. We also applied a zero percent market basket increase factor for FY 2009 in accordance with section 115 of the MMSEA. For more information on the policy changes implemented for FY 2009, please refer to the FY 2009 IRF PPS final rule (73 FR 46370), in which

we published the final FY 2009 IRF Federal prospective payment rates.

In the FY 2010 IRF PPS final rule (74 FR 39762) and in correcting amendments to the FY 2010 IRF PPS final rule (74 FR 50712) that we published on October 1, 2009, we updated the Federal prospective payment rates, the CMG relative weights, the average length of stay values, the rural, LIP, and teaching status adjustment factors, and the outlier threshold; implemented new IRF coverage requirements for determining whether an IRF claim is reasonable and necessary; and revised the regulation text to require IRFs to submit patient assessments on Medicare Advantage (Medicare Part C) patients for use in the 60 percent rule calculations. Any reference to the FY 2010 IRF PPS final rule in this notice also includes the provisions effective in the correcting amendments. For more information on the policy changes implemented for FY 2010, please refer to the FY 2010 IRF PPS final rule (74 FR 39762 and 74 FR 50712), in which we published the final FY 2010 IRF Federal prospective payment rates.

After publication of the FY 2010 IRF PPS final rule (74 FR 39762), section 3401(d) of the Patient Protection and Affordable Care Act (Affordable Care Act, Pub. L. 111–148, enacted March 23, 2010), as amended by section 10319 of the same act and by section 1105 of the Health Care and Education Reconciliation Act of 2010, amended section 1886(j)(3)(C) of the Act and added section 1886(j)(3)(D). Section 1886(j)(3)(C) of the Act requires the Secretary to develop an adjusted market basket increase factor using applicable productivity and other adjustments as defined by the Act. This adjusted market basket increase factor is to be used to update the IRF Federal prospective payment rates for each FY from 2012 forward. Section 1886(j)(3)(D)(i)(1) defines the adjustment that is to be applied to the market basket increase factor in FYs 2010 and 2011. The Secretary is to reduce the market basket increase factor by 0.25 percentage point for FY 2010. Notwithstanding these provisions, in accordance with paragraph (p) of section 3401 of the Affordable Care Act, the adjusted FY 2010 rate is only to be applied to discharges occurring on or after April 1, 2010. Section 1886(j)(3)(D)(i)(I) of the Act also requires the Secretary to reduce the market basket increase factor by 0.25 percentage point for FY 2011. Based on these legislative changes to section 1886(j)(3), we adjust the FY 2010 Federal prospective payment rates, and apply these rates to IRF discharges occurring on or after April 1, 2010. Thus, the final FY 2010 IRF Federal prospective payment rates that were published in the FY 2010 IRF PPS final rule (74 FR 39762) were used for discharges occurring on or after October 1, 2009 and on or before March 31, 2010; and the adjusted FY 2010 IRF Federal prospective payment rates apply to discharges occurring on or after April 1, 2010. The adjusted FY 2010 Federal prospective payment rates are available on the CMS Web site at *http://www.cms.gov/InpatientRehabFacPPS/07_DataFiles.asp#TopOfPage.*

In addition, sections 1886(j)(3)(C) and (D) of the Act also affected the FY 2010 IRF outlier threshold amount because they required an adjustment to the FY 2010 RPL market basket increase factor, which changed the standard payment conversion factor for FY 2010. Specifically, the original FY 2010 IRF outlier threshold amount was determined based on the original estimated FY 2010 RPL market basket increase factor of 2.5 percent and the standard payment conversion factor of $13,661. However, as adjusted, the IRF prospective payments are based on the adjusted RPL market basket increase factor of 2.25 percent and the revised standard payment conversion factor of $13,627. In order to maintain estimated outlier payments for FY 2010 equal to the established standard of 3 percent of total estimated IRF PPS payments for FY 2010, we revised the IRF outlier threshold amount for FY 2010 for discharges occurring on or after April 1, 2010. The revised IRF outlier threshold amount for FY 2010 is discussed in more detail in section VI.A of this notice.

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 (PAI), designated as the Inpatient Rehabilitation Facility-Patient Assessment Instrument (IRF–PAI). In addition, beginning with IRF discharges occurring on or after October 1, 2009, the IRF is also required to complete the appropriate sections of the IRF–PAI upon the admission and discharge of each Medicare Part C (Medicare Advantage) patient, as described in the FY 2010 IRF PPS final rule. All required data must be electronically encoded into the IRF–PAI software product. Generally, the software product includes patient classification 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.gov/InpatientRehabFacPPS/06_Software.asp.*

Once a patient is discharged, the IRF submits a Medicare claim as a Health Insurance Portability and Accountability Act of 1996 (HIPAA, Pub. L. 104–191, enacted August 21, 1996), compliant electronic claim or, if the Administrative Simplification Compliance Act of 2002 (ASCA, Pub. L. 107–105, enacted December 27, 2002) 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." For more information we refer the reader to the final rule, "Medicare Program; Electronic Submission of Medicare Claims" (70 FR 71008, November 25, 2005). CMS instructions for the limited number of Medicare claims submitted on paper are available at: *http://www.cms.gov/manuals/downloads/clm104c25.pdf.*)

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.gov/ElectronicBillingEDITrans/* and listed in the addenda to the Medicare Intermediary Manual, Part 3, section 3600).

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).

II. Summary of Provisions of the Notice

In this notice, we use the methods described in the FY 2010 IRF PPS final rule (74 FR 39762) to update the Federal prospective payment rates for FY 2011 using updated FY 2009 IRF claims and FY 2008 IRF cost report data. No policy changes are being proposed in this notice. Furthermore, we explain the self-implementing changes resulting from the provisions in section 1886(j)(3)(C) and (D) of the Act, as described above.

In summary, this notice:

- Describes the adjustments to the FY 2010 IRF PPS Federal prospective payment rates and outlier threshold amount for IRF discharges occurring on or after April 1, 2010, in accordance with Section 3401(d) of the Affordable Care Act as amended by Section 10319 of the Same Act and by section 1105(c) of the Health Care and Education Reconciliation Act of 2010, as discussed in more detail in sections V.A and VI.A of this notice.
- Updates the FY 2011 IRF PPS relative weights and average length of stay values using the most current and complete Medicare claims and cost report data in a budget neutral manner, as discussed in section III of this notice.
- Updates the FY 2011 IRF PPS payments rates by a market basket increase factor, based upon the most current data available, with a 0.25 percentage point reduction as required by section 1886(j)(3)(D)(i)(I) of the Act, as described in section V.B of this notice.
- Updates the FY 2011 IRF PPS payment rates by the FY 2011 wage index and the labor-related share in a budget neutral manner, as discussed in sections V.B and V.C of this notice.
- Describes the calculation of the IRF Standard Payment Conversion Factor for FY 2011, as discussed in section V.D of this notice.
- Updates the outlier threshold amount for FY 2011, as discussed in section VI.B of this notice.
- Updates the cost-to-charge ratio (CCR) ceilings for FY 2011, as discussed in section VI.C of this notice.

This notice does not contain any revisions to existing regulation text.

III. Update to the Case-Mix Group (CMG) Relative Weights and Average Length of Stay Values for FY 2011

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.

As required by statute, we always use the most recent available data to update the CMG relative weights and average lengths of stay. For FY 2011, we used FY 2009 IRF claims and FY 2008 IRF cost report data. These data are the most current and complete data available at this time. Currently, less than 20 percent of the FY 2009 IRF cost report data are available for analysis, but the majority of the FY 2009 IRF claims data are available for analysis.

We will apply these data using the methodologies that were established in the FY 2002 IRF PPS final rule (66 FR 41316). 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. The process used to calculate the CMG relative weights for this notice is as follows:

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 the FY 2011 CMG relative weights to the same average CMG relative weight from the CMG relative weights implemented in the FY 2010 IRF PPS final rule (74 FR 39762).

Consistent with the methodology that we have used to update the IRF classification system in each instance in the past, we are updating the CMG relative weights for FY 2011 in such a way that total estimated aggregate payments to IRFs for FY 2011 are the same with or without the changes (that is, in a budget neutral manner) by applying a budget neutrality factor to the standard payment amount. To calculate the appropriate budget neutrality factor for use in updating the FY 2011 CMG relative weights, we use the following steps:

Step 1. Calculate the estimated total amount of IRF PPS payments for FY 2011 (with no updates to the CMG relative weights).

Step 2. Apply the updates to the CMG relative weights (as discussed above) to calculate the estimated total amount of IRF PPS payments for FY 2011.

Step 3. Divide the amount calculated in step 1 by the amount calculated in step 2 to determine the budget neutrality factor (0.9942) that maintains the same total estimated aggregate payments in FY 2011 with and without the updates to the CMG relative weights.

Step 4. Apply the budget neutrality factor (0.9942) to the FY 2010 IRF PPS standard payment amount after the application of the budget-neutral wage adjustment factor.

In section V.D of this notice, we discuss the use of the existing methodology to calculate the standard payment conversion factor for FY 2011.

The CMG relative weights and average length of stay values for FY 2011 are presented below in Table 1.

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Table 1: Relative Weights and Average Length of Stay Values for Case-Mix Groups

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
0101	Stroke M>51.05	0.8035	0.7197	0.6454	0.6096	10	10	9	8
0102	Stroke M>44.45 and M<51.05 and C>18.5	0.9917	0.8883	0.7966	0.7524	12	12	11	10
0103	Stroke M>44.45 and M<51.05 and C<18.5	1.1439	1.0245	0.9188	0.8678	13	14	12	12
0104	Stroke M>38.85 and M<44.45	1.2393	1.1100	0.9954	0.9402	15	15	13	12
0105	Stroke M>34.25 and M<38.85	1.4613	1.3088	1.1737	1.1086	15	15	15	14
0106	Stroke M>30.05 and M<34.25	1.6711	1.4968	1.3422	1.2678	20	19	17	16
0107	Stroke M>26.15 and M<30.05	1.8917	1.6943	1.5193	1.4351	21	21	18	18
0108	Stroke M<26.15 and A>84.5	2.2976	2.0579	1.8454	1.7431	28	24	22	22
0109	Stroke M>22.35 and M<26.15 and A<84.5	2.2017	1.9719	1.7683	1.6703	23	23	20	21
0110	Stroke M<22.35 and A<84.5	2.7847	2.4941	2.2366	2.1126	35	29	26	25
0201	Traumatic brain injury M>53.35 and C>23.5	0.7712	0.6244	0.5824	0.5226	10	10	7	8
0202	Traumatic brain injury M>44.25 and M<53.35 and C>23.5	1.0413	0.8430	0.7864	0.7056	14	13	10	10

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
0203	Traumatic brain injury M>44.25 and C<23.5	1.1997	0.9713	0.9060	0.8130	16	14	11	11
0204	Traumatic brain injury M>40.65 and M<44.25	1.3484	1.0917	1.0183	0.9138	18	16	14	12
0205	Traumatic brain injury M>28.75 and M<40.65	1.6052	1.2996	1.2122	1.0878	18	16	15	14
0206	Traumatic brain injury M>22.05 and M<28.75	2.0205	1.6359	1.5259	1.3692	24	20	18	18
0207	Traumatic brain injury M<22.05	2.7619	2.2361	2.0858	1.8716	37	29	26	22
0301	Non-traumatic brain injury M>41.05	1.0842	0.9479	0.8520	0.7847	11	13	11	10
0302	Non-traumatic brain injury M>35.05 and M<41.05	1.3665	1.1947	1.0739	0.9890	13	14	13	13
0303	Non-traumatic brain injury M>26.15 and M<35.05	1.6270	1.4224	1.2785	1.1775	18	17	15	15
0304	Non-traumatic brain injury M<26.15	2.2312	1.9506	1.7533	1.6147	32	23	20	19
0401	Traumatic spinal cord injury M>48.45	0.8322	0.7488	0.7405	0.6640	11	11	11	9
0402	Traumatic spinal cord injury M>30.35 and M<48.45	1.2272	1.1042	1.0920	0.9792	17	15	14	13
0403	Traumatic spinal cord injury M>16.05 and M<30.35	2.0640	1.8572	1.8367	1.6468	28	22	22	21

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
0404	Traumatic spinal cord injury M<16.05 and A>63.5	3.6601	3.2935	3.2570	2.9204	53	44	34	34
0405	Traumatic spinal cord injury M<16.05 and A<63.5	2.7859	2.5068	2.4790	2.2228	44	23	29	27
0501	Non-traumatic spinal cord injury M>51.35	0.7224	0.6359	0.5858	0.5234	10	10	8	8
0502	Non-traumatic spinal cord injury M>40.15 and M<51.35	1.0044	0.8843	0.8146	0.7278	15	11	11	10
0503	Non-traumatic spinal cord injury M>31.25 and M<40.15	1.3203	1.1624	1.0707	0.9566	18	15	13	12
0504	Non-traumatic spinal cord injury M>29.25 and M<31.25	1.5694	1.3816	1.2727	1.1371	21	18	16	14
0505	Non-traumatic spinal cord injury M>23.75 and M<29.25	1.8049	1.5889	1.4637	1.3077	23	19	18	17
0506	Non-traumatic spinal cord injury M<23.75	2.5700	2.2625	2.0842	1.8621	36	28	24	23
0601	Neurological M>47.75	1.0204	0.8350	0.7400	0.6611	10	12	9	9
0602	Neurological M>37.35 and M<47.75	1.3475	1.1027	0.9773	0.8731	14	13	12	11
0603	Neurological M>25.85 and M<37.35	1.7073	1.3971	1.2382	1.1062	17	17	14	14
0604	Neurological M<25.85	2.2792	1.8652	1.6530	1.4767	25	21	19	18

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
0701	Fracture of lower extremity M>42.15	0.8880	0.7865	0.7564	0.6712	11	11	10	9
0702	Fracture of lower extremity M>34.15 and M<42.15	1.1617	1.0290	0.9896	0.8781	14	13	13	12
0703	Fracture of lower extremity M>28.15 and M<34.15	1.4055	1.2449	1.1972	1.0624	15	16	15	14
0704	Fracture of lower extremity M<28.15	1.7917	1.5870	1.5262	1.3543	19	19	18	17
0801	Replacement of lower extremity joint M>49.55	0.5635	0.5635	0.5262	0.4779	8	8	7	7
0802	Replacement of lower extremity joint M>37.05 and M<49.55	0.7658	0.7658	0.7151	0.6495	10	10	9	9
0803	Replacement of lower extremity joint M>28.65 and M<37.05 and A>83.5	1.0472	1.0472	0.9779	0.8881	13	14	12	12
0804	Replacement of lower extremity joint M>28.65 and M<37.05 and A<83.5	0.9373	0.9373	0.8753	0.7950	11	12	11	10
0805	Replacement of lower extremity joint M>22.05 and M<28.65	1.1791	1.1791	1.1011	1.0000	14	16	13	13
0806	Replacement of lower extremity joint M<22.05	1.4454	1.4454	1.3497	1.2259	15	18	16	15

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
0901	Other orthopedic M>44.75	0.8530	0.7310	0.6814	0.6074	10	10	9	9
0902	Other orthopedic M>34.35 and M<44.75	1.1409	0.9776	0.9113	0.8124	12	12	12	11
0903	Other orthopedic M>24.15 and M<34.35	1.4777	1.2663	1.1804	1.0522	18	16	15	14
0904	Other orthopedic M<24.15	1.9257	1.6502	1.5383	1.3712	24	21	18	17
1001	Amputation, lower extremity M>47.65	0.9153	0.9055	0.8189	0.7246	12	12	10	10
1002	Amputation, lower extremity M>36.25 and M<47.65	1.1931	1.1803	1.0675	0.9445	15	15	13	12
1003	Amputation, lower extremity M<36.25	1.7701	1.7512	1.5837	1.4013	19	20	18	17
1101	Amputation, non-lower extremity M>36.35	1.1629	1.1629	1.0214	0.8868	12	14	13	11
1102	Amputation, non-lower extremity M<36.35	1.6229	1.6229	1.4253	1.2375	20	20	15	16
1201	Osteoarthritis M>37.65	0.9826	0.9395	0.8413	0.7724	14	11	11	10
1202	Osteoarthritis M>30.75 and M<37.65	1.2193	1.1659	1.0440	0.9585	13	13	13	12
1203	Osteoarthritis M<30.75	1.5144	1.4480	1.2966	1.1904	20	18	16	15
1301	Rheumatoid, other arthritis M>36.35	0.8729	0.8729	0.8621	0.7827	12	12	11	10

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
1302	Rheumatoid, other arthritis M>26.15 and M<36.35	1.1714	1.1714	1.1569	1.0504	15	15	14	13
1303	Rheumatoid, other arthritis M<26.15	1.5349	1.5349	1.5158	1.3762	18	20	18	17
1401	Cardiac M>48.85	0.7919	0.7281	0.6481	0.5813	9	8	9	8
1402	Cardiac M>38.55 and M<48.85	1.0923	1.0044	0.8940	0.8018	12	13	11	11
1403	Cardiac M>31.15 and M<38.55	1.3284	1.2215	1.0873	0.9752	15	15	13	12
1404	Cardiac M<31.15	1.7290	1.5898	1.4152	1.2692	21	19	17	15
1501	Pulmonary M>49.25	0.9522	0.8452	0.7197	0.6935	11	11	9	9
1502	Pulmonary M>39.05 and M<49.25	1.2697	1.1271	0.9597	0.9247	14	14	11	11
1503	Pulmonary M>29.15 and M<39.05	1.5604	1.3851	1.1793	1.1364	16	16	13	13
1504	Pulmonary M<29.15	1.9923	1.7685	1.5058	1.4510	22	20	17	16
1601	Pain syndrome M>37.15	0.8341	0.8341	0.8080	0.7256	8	12	10	10
1602	Pain syndrome M>26.75 and M<37.15	1.1215	1.1215	1.0865	0.9756	10	16	14	13
1603	Pain syndrome M<26.75	1.4409	1.4409	1.3959	1.2535	11	20	17	16
1701	Major multiple trauma without brain or spinal cord injury M>39.25	1.0342	0.9632	0.8381	0.7368	12	12	11	10

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
1702	Major multiple trauma without brain or spinal cord injury M>31.05 and M<39.25	1.3447	1.2523	1.0896	0.9580	15	16	14	13
1703	Major multiple trauma without brain or spinal cord injury M>25.55 and M<31.05	1.5914	1.4820	1.2895	1.1337	17	19	16	15
1704	Major multiple trauma without brain or spinal cord injury M<25.55	2.0814	1.9383	1.6865	1.4827	25	24	20	18
1801	Major multiple trauma with brain or spinal cord injury M>40.85	1.1348	0.9797	0.8724	0.7321	16	12	12	10
1802	Major multiple trauma with brain or spinal cord injury M>23.05 and M<40.85	1.8183	1.5698	1.3980	1.1731	21	17	16	15
1803	Major multiple trauma with brain or spinal cord injury M<23.05	3.1861	2.7506	2.4495	2.0555	40	36	28	25
1901	Guillain Barre M>35.95	1.1154	1.1154	0.9512	0.8537	13	14	11	12
1902	Guillain Barre M>18.05 and M<35.95	2.1341	2.1341	1.8197	1.6332	23	23	22	20
1903	Guillain Barre M<18.05	3.2595	3.2595	2.7794	2.4946	26	28	32	31
2001	Miscellaneous M>49.15	0.8409	0.7437	0.6700	0.6014	11	10	9	8
2002	Miscellaneous M>38.75 and M<49.15	1.1329	1.0019	0.9025	0.8102	12	12	11	11

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
2003	Miscellaneous M>27.85 and M<38.75	1.4437	1.2768	1.1502	1.0325	16	15	14	13
2004	Miscellaneous M<27.85	1.9274	1.7045	1.5355	1.3784	24	20	18	17
2101	Burns M>0	2.8363	2.1611	2.1611	1.7529	25	19	24	16
5001	Short-stay cases, length of stay is 3 days or fewer				0.1450				3
5101	Expired, orthopedic, length of stay is 13 days or fewer				0.5356				7
5102	Expired, orthopedic, length of stay is 14 days or more				1.5816				20
5103	Expired, not orthopedic, length of stay is 15 days or fewer				0.7312				9
5104	Expired, not orthopedic, length of stay is 16 days or more				1.8759				23

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Generally, updates to the CMG relative weights result in some increases and some decreases to the CMG relative weight values. Table 2 shows how the application of the revisions for FY 2011 will affect particular CMG relative weight values, which affect the overall distribution of payments within CMGs and tiers. Note that, because we are implementing the CMG relative weight revisions in a budget neutral manner (as described above), total estimated aggregate payments to IRFs for FY 2011 will not be affected as a result of the CMG relative weight revisions. However, the revisions will affect the distribution of payments within CMGs and tiers.

Table 2: Distributional Affects of the Changes to the CMG Relative Weights (FY 2010 Values Compared With FY 2011 Values)

Percentage Change	Number of Cases Affected	Percentage of Cases Affected
Increased by 15% or more	167	0.0%
Increased by between 5% and 15%	2,780	0.7%
Changed by less than 5%	381,957	98.4%
Decreased by between 5% and 15%	2,898	0.7%
Decreased by 15% or more	175	0.0%

Note: Percentages do not sum to 100% due to rounding.

As Table 2 shows, over 98 percent of all IRF cases are in CMGs and tiers that will experience less than a 5 percent change (either increase or decrease) in the CMG relative weight value as a result of the revisions for FY 2011. The largest increase in the CMG relative weight values affecting the most cases is a 3.0 percent increase in the CMG relative weight value for CMG 0802—Replacement of Lower Extremity Joint, with a motor score between 37.05 and 49.55—in the "no comorbidity" tier. In the FY 2009 data, 12,149 IRF discharges were classified into this CMG and tier. We believe that the higher costs reported by IRFs for this CMG and tier in FY 2009, compared with the costs reported in FY 2008, may continue to reflect the IRF trend away from admitting lower-severity joint replacement cases in favor of higher-severity joint replacement cases. We believe that this may be evidence of a response, at least in part, to Medicare's "60 percent" rule, and the increased focus on the medical review of IRF cases. As we said in the FY 2009 IRF PPS proposed rule (73 FR 22680), these policies likely increase the complexity of patients being admitted to IRFs, especially among the lower-extremity joint replacement cases with no comorbidities, which often do not meet the 60 percent rule criteria and have been the focus of a lot of the medical review activities.

The largest decrease in a CMG relative weight value affecting the most cases is a 0.5 percent decrease in the CMG relative weight for CMG A0110—Stroke, with motor score less than 22.35 and patient age less than 84.5 years—in the "no comorbidity" tier. In the FY 2009 IRF claims data, this change affects 16,829 cases. The decrease in the relative weight for CMG A0110 follows the same trend that is occurring in all 10 of the CMGs for stroke in the FY 2008 IRF cost report data and the FY 2009 IRF claims data that were used to update the CMG relative weights in this notice. That is, IRFs are reporting slightly lower costs for stroke patients that are classified into the "no comorbidity" tier and the next-lowest paying tier 3, with the relative weight values for CMG 0110 for FY 2011 decreasing by 0.5 percent in the "no comorbidity" tier and decreasing by 0.4 percent in tier 3, compared with FY 2010. At the same time, however, IRFs are reporting higher costs for stroke patients that are classified into the 2 highest-paying tiers—tiers 1 and 2—with the relative weight values for CMG 0110 for FY 2011 *increasing* by 6.5 percent and 1.8 percent in tiers 1 and 2, respectively, compared with FY 2010.

The changes in the average length of stay values for FY 2011, compared with the FY 2010 average length of stay values, are small and do not show any particular trends in IRF length of stay patterns.

IV. Updates to the Facility-Level Adjustment Factors

Section 1886(j)(3)(A)(v) of the Act confers broad authority upon the Secretary to adjust the per unit payment rate "by such * * * factors as the Secretary determines are necessary to properly reflect variations in necessary costs of treatment among rehabilitation facilities." For example, we adjust the Federal prospective payment amount associated with a CMG to account for facility-level characteristics such as an IRF's LIP percentage, teaching status, and location in a rural area, if applicable, as described in § 412.624(e). In the FY 2010 IRF PPS final rule (74 FR 39762), we updated the adjustment factors for calculating the rural, LIP, and teaching status adjustments based on the most recent three years worth of IRF claims data (at that time, FY 2006, FY 2007, and FY 2008) and the most recent available corresponding IRF cost report data. As discussed in the FY 2010 IRF PPS proposed rule (74 FR 21060 through 21061), we observed relatively large year-to-year fluctuations in the underlying data used to compute the adjustment factors, especially the teaching status adjustment factor. Therefore, we implemented a three-year moving average approach to updating the facility-level adjustment factors in the FY 2010 IRF PPS final rule (74 FR 39762) to provide greater stability and predictability of Medicare payments for IRFs. Each year, we review the major components of the IRF PPS to maintain and enhance the accuracy of the payment system. For FY 2010, we implemented a change to our methodology that was designed to decrease the IRF PPS volatility by using a three-year moving average to calculate the facility-level adjustment factors. This year, we are evaluating the effectiveness of the new methodology in stabilizing the IRF PPS rate structure. We plan to then, if necessary, propose further adjustments through a future rulemaking process.

V. FY 2011 IRF PPS Federal Prospective Payment Rates

A. Adjustment to the FY 2010 IRF PPS Federal Prospective Payment Rates, Reflecting Adjustments to the Rehabilitation, Psychiatric, and Long-Term Care Hospital (RPL) Market Basket Increase Factor in Accordance With Sections 3401(d) of the Patient Protection and Affordable Care Act (Affordable Care Act) as Amended by Section 10319 of the Same Act and by Section 1105(c) of the Health Care and Education Reconciliation Act of 2010

As discussed previously in this notice, sections 1886(j)(3)(C) and (D) of the Act require the increase factor to be reduced by 0.25 percentage point for FY 2010 and FY 2011. In accordance with paragraph (p) of section 3401 of the Affordable Care Act, the adjusted FY 2010 market basket increase factor is only applied to discharges on or after April 1, 2010. Thus, we revised the FY 2010 IRF Federal prospective payment rates for all IRF discharges occurring on or after April 1, 2010 to reflect an adjusted market basket increase factor of 2.25 percent, instead of the 2.5 percent market basket increase factor for FY 2010 that was published in the FY 2010 IRF PPS final rule (74 FR 39778). Revising the market basket increase factor for FY 2010 from 2.5 percent to 2.25 percent changes the FY 2010 standard payment conversion factor from the $13,661 that was published in the FY 2010 IRF PPS final rule (74 FR 39780) to $13,627. This change also affects the outlier threshold amount for FY 2010, as discussed further in section VI.A of this notice. The revised FY 2010 Federal prospective payment rates are available on the CMS Web site at *http://www.cms.gov/InpatientRehabFacPPS/07_DataFiles.asp#TopOfPage*.

B. Market Basket Increase Factor and Labor-Related Share for FY 2011

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. Sections 1886(j)(3)(C) and (D) of the Act require the application of a 0.25 percentage point reduction to the market basket increase factor for FYs 2010 and 2011. Thus, in this notice, we are updating the IRF PPS payments for FY 2011 by a market basket increase factor based upon the

most current data available, with a 0.25 percentage point reduction as required by section 1886(j)(3)(D)(i)(I) of the Act.

For this notice, we have used the same methodology described in the FY 2006 IRF PPS final rule (70 FR 47880 at 47908 through 47917) to compute the FY 2011 market basket increase factor and labor-related share. Using this method and the IHS Global Insight, Inc. forecast for the second quarter of 2010 of the 2002-based RPL market basket, the FY 2011 RPL market basket increase factor is 2.5 percent. IHS Global Insight is an economic and financial forecasting firm that contracts with CMS to forecast the components of providers' market baskets.

In accordance with sections 1886(j)(3)(C) and (D) of the Act, a reduction of 0.25 percentage point is then applied to the FY 2011 RPL market basket increase factor of 2.5 percent. Thus, the adjusted RPL market basket increase factor is 2.25 percent for FY 2011.

Also, using the methodology described in the FY 2006 IRF PPS final rule (70 FR 47880, 47908 through 47917), we are updating the IRF labor-related share for FY 2011. Using this method and the IHS Global Insight, Inc. forecast for the second quarter of 2010 of the 2002-based RPL market basket, the IRF labor-related share for FY 2011 is the sum of the FY 2011 relative importance of each labor-related cost category. This figure reflects the different rates of price change for these cost categories between the base year (FY 2002) and FY 2011. As shown in Table 3, the FY 2011 labor-related share is 75.271 percent.

Table 3: FY 2011 IRF RPL Labor-Related Share Relative Importance

Cost Category	FY 2011 IRF Labor-Related Share Relative Importance
Wages and salaries	52.449
Employee benefits	13.971
Professional fees	2.855
All other labor intensive services	2.109
SUBTOTAL:	71.384
Labor-related share of capital costs (.46)	3.887
TOTAL:	75.271

SOURCE: IHS GLOBAL INSIGHT, INC, 2nd QTR, 2010; Historical Data through 1st QTR, 2010.

C. Area Wage Adjustment

Section 1886(j)(6) of the Act requires the Secretary to adjust the proportion of rehabilitation facilities' costs attributable to wages and wage-related costs (as estimated by the Secretary from time to time) 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 2009 IRF PPS final rule (73 FR 46378), 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 47880, 47917 through 47933).

For FY 2011, we are maintaining the policies and methodologies described in the FY 2009 IRF PPS final rule relating to the labor market area definitions and the wage index methodology for areas with wage data. Thus, we are using the Core-Based Statistical area (CBSA) labor market area definitions and the FY 2010 pre-reclassification and pre-floor hospital wage index data. In accordance with section 1886(d)(3)(E) of the Act, the FY 2010 pre-reclassification and pre-floor hospital wage index is based on data submitted for hospital cost reporting periods beginning on or after October 1, 2005 and before October 1, 2006 (that is, 2006 cost report data).

The labor market designations made by the OMB include some geographic areas where there are no hospitals and, thus, no hospital wage index data on which to base the calculation of the IRF PPS wage index. We have used 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 2011 IRF PPS wage index.

Additionally, we are incorporating 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 nominal 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.*

To calculate the wage-adjusted facility payment for the payment rates set forth in this notice, we multiply the unadjusted Federal payment rate for IRFs by the FY 2011 RPL labor-related share (75.271 percent) to determine the labor-related portion of the standard payment amount. We then multiply the labor-related portion by the applicable IRF wage index from the tables in the addendum to this notice. Table 1 is for urban areas, and Table 2 is for rural areas.

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. We calculate a

budget neutral wage adjustment factor as established in the FY 2004 IRF PPS final rule (68 FR 45689), codified at § 412.624(e)(1), as described in the steps below. We use the listed steps to ensure that the FY 2011 IRF standard payment conversion factor reflects the update to the wage indexes (based on the FY 2006 hospital cost report data) and the labor-related share in a budget neutral manner:

Step 1. Determine the total amount of the estimated FY 2010 IRF PPS rates, using the FY 2010 standard payment conversion factor and the labor-related share and the wage indexes from FY 2010 (as published in the FY 2010 IRF PPS final rule (74 FR 39762)).

Step 2. Calculate the total amount of estimated IRF PPS payments using the FY 2010 standard payment conversion factor and the FY 2011 labor-related share and CBSA urban and rural wage indexes.

Step 3. Divide the amount calculated in step 1 by the amount calculated in step 2. The resulting quotient is the FY 2011 budget neutral wage adjustment factor of 1.0005.

Step 4. Apply the FY 2011 budget neutral wage adjustment factor from step 3 to the FY 2010 IRF PPS standard payment conversion factor after the application of the adjusted market basket update to determine the FY 2011 standard payment conversion factor.

We discuss the calculation of the standard payment conversion factor for FY 2011 in section V.D. of this notice.

D. Description of the IRF Standard Payment Conversion Factor and Payment Rates for FY 2011

To calculate the standard payment conversion factor for FY 2011, as illustrated in Table 4 below, we begin by applying the adjusted market basket increase factor for FY 2011 that was adjusted in accordance with sections 1886(j)(3)(C) and (D) of the Act (2.25 percent, or 2.5 percent less 0.25 percentage point), to the standard payment conversion factor for FY 2010 ($13,627). As described in section V.A of this notice, the adjusted standard payment conversion factor of $13,627 for FY 2010 differs from the original FY 2010 standard payment conversion factor that was published in the FY 2010 IRF PPS final rule (74 FR 39778) because of the requirements of sections 1886(j)(3)(C) and (D) of the Act. Applying the 2.25 percent adjusted market basket increase factor for FY 2011 to the revised standard payment conversion factor for FY 2010 of $13,627 yields a standard payment amount of $13,934. Then, we apply the budget neutrality factor for the FY 2011 wage index and labor related share of 1.0005, which results in a standard payment amount of $13,941. Then, we apply the budget neutrality factor for the revised CMG relative weights of 0.9942, which results in a standard payment amount of $13,860 for FY 2011.

Table 4: Calculations to Determine the Final FY 2011 Standard Payment Conversion Factor

Explanation for Adjustment	Calculations	
Standard Payment Conversion Factor for FY 2010		$13,627
Market Basket Increase Factor for FY 2011 (2.5 percent), reduced by 0.25 percentage point in accordance with sections 1886(j)(3)(C) and (D) of the Act	x	1.0225
Budget Neutrality Factor for the Wage Index and Labor-Related Share	x	1.0005
Budget Neutrality Factor for the Revisions to the CMG Relative Weights	x	0.9942
Final FY 2011 Standard Payment Conversion Factor	=	$13,860

After the application of the CMG relative weights described in section III of this notice, the resulting unadjusted IRF prospective payment rates for FY 2011 are shown below in Table 5, "FY 2011 Payment Rates."

Table 5: FY 2011 Payment Rates

Table 5: FY 2011 Payment Rates				
CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
0101	$ 11,136.51	$ 9,975.04	$ 8,945.24	$ 8,449.06
0102	$ 13,744.96	$12,311.84	$11,040.88	$10,428.26
0103	$ 15,854.45	$14,199.57	$12,734.57	$12,027.71
0104	$ 17,176.70	$15,384.60	$13,796.24	$13,031.17
0105	$ 20,253.62	$18,139.97	$16,267.48	$15,365.20
0106	$ 23,161.45	$20,745.65	$18,602.89	$17,571.71
0107	$ 26,218.96	$23,483.00	$21,057.50	$19,890.49
0108	$ 31,844.74	$28,522.49	$25,577.24	$24,159.37
0109	$ 30,515.56	$27,330.53	$24,508.64	$23,150.36
0110	$ 38,595.94	$34,568.23	$30,999.28	$29,280.64
0201	$ 10,688.83	$ 8,654.18	$ 8,072.06	$ 7,243.24
0202	$ 14,432.42	$11,683.98	$10,899.50	$ 9,779.62
0203	$ 16,627.84	$13,462.22	$12,557.16	$11,268.18
0204	$ 18,688.82	$15,130.96	$14,113.64	$12,665.27
0205	$ 22,248.07	$18,012.46	$16,801.09	$15,076.91
0206	$ 28,004.13	$22,673.57	$21,148.97	$18,977.11
0207	$ 38,279.93	$30,992.35	$28,909.19	$25,940.38
0301	$ 15,027.01	$13,137.89	$11,808.72	$10,875.94
0302	$ 18,939.69	$16,558.54	$14,884.25	$13,707.54
0303	$ 22,550.22	$19,714.46	$17,720.01	$16,320.15
0304	$ 30,924.43	$27,035.32	$24,300.74	$22,379.74
0401	$ 11,534.29	$10,378.37	$10,263.33	$ 9,203.04
0402	$ 17,008.99	$15,304.21	$15,135.12	$13,571.71
0403	$ 28,607.04	$25,740.79	$25,456.66	$22,824.65
0404	$ 50,728.99	$45,647.91	$45,142.02	$40,476.74
0405	$ 38,612.57	$34,744.25	$34,358.94	$30,808.01
0501	$ 10,012.46	$ 8,813.57	$ 8,119.19	$ 7,254.32
0502	$ 13,920.98	$12,256.40	$11,290.36	$10,087.31
0503	$ 18,299.36	$16,110.86	$14,839.90	$13,258.48
0504	$ 21,751.88	$19,148.98	$17,639.62	$15,760.21
0505	$ 25,015.91	$22,022.15	$20,286.88	$18,124.72
0506	$ 35,620.20	$31,358.25	$28,887.01	$25,808.71

Table 5: FY 2011 Payment Rates

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
0601	$ 14,142.74	$11,573.10	$10,256.40	$ 9,162.85
0602	$ 18,676.35	$15,283.42	$13,545.38	$12,101.17
0603	$ 23,663.18	$19,363.81	$17,161.45	$15,331.93
0604	$ 31,589.71	$25,851.67	$22,910.58	$20,467.06
0701	$ 12,307.68	$10,900.89	$10,483.70	$ 9,302.83
0702	$ 16,101.16	$14,261.94	$13,715.86	$12,170.47
0703	$ 19,480.23	$17,254.31	$16,593.19	$14,724.86
0704	$ 24,832.96	$21,995.82	$21,153.13	$18,770.60
0801	$ 7,810.11	$ 7,810.11	$ 7,293.13	$ 6,623.69
0802	$ 10,613.99	$10,613.99	$ 9,911.29	$ 9,002.07
0803	$ 14,514.19	$14,514.19	$13,553.69	$12,309.07
0804	$ 12,990.98	$12,990.98	$12,131.66	$11,018.70
0805	$ 16,342.33	$16,342.33	$15,261.25	$13,860.00
0806	$ 20,033.24	$20,033.24	$18,706.84	$16,990.97
0901	$ 11,822.58	$10,131.66	$ 9,444.20	$ 8,418.56
0902	$ 15,812.87	$13,549.54	$12,630.62	$11,259.86
0903	$ 20,480.92	$17,550.92	$16,360.34	$14,583.49
0904	$ 26,690.20	$22,871.77	$21,320.84	$19,004.83
1001	$ 12,686.06	$12,550.23	$11,349.95	$10,042.96
1002	$ 16,536.37	$16,358.96	$14,795.55	$13,090.77
1003	$ 24,533.59	$24,271.63	$21,950.08	$19,422.02
1101	$ 16,117.79	$16,117.79	$14,156.60	$12,291.05
1102	$ 22,493.39	$22,493.39	$19,754.66	$17,151.75
1201	$ 13,618.84	$13,021.47	$11,660.42	$10,705.46
1202	$ 16,899.50	$16,159.37	$14,469.84	$13,284.81
1203	$ 20,989.58	$20,069.28	$17,970.88	$16,498.94
1301	$ 12,098.39	$12,098.39	$11,948.71	$10,848.22
1302	$ 16,235.60	$16,235.60	$16,034.63	$14,558.54
1303	$ 21,273.71	$21,273.71	$21,008.99	$19,074.13
1401	$ 10,975.73	$10,091.47	$ 8,982.67	$ 8,056.82
1402	$ 15,139.28	$13,920.98	$12,390.84	$11,112.95
1403	$ 18,411.62	$16,929.99	$15,069.98	$13,516.27
1404	$ 23,963.94	$22,034.63	$19,614.67	$17,591.11
1501	$ 13,197.49	$11,714.47	$ 9,975.04	$ 9,611.91

Table 5: FY 2011 Payment Rates

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
1502	$ 17,598.04	$15,621.61	$13,301.44	$12,816.34
1503	$ 21,627.14	$19,197.49	$16,345.10	$15,750.50
1504	$ 27,613.28	$24,511.41	$20,870.39	$20,110.86
1601	$ 11,560.63	$11,560.63	$11,198.88	$10,056.82
1602	$ 15,543.99	$15,543.99	$15,058.89	$13,521.82
1603	$ 19,970.87	$19,970.87	$19,347.17	$17,373.51
1701	$ 14,334.01	$13,349.95	$11,616.07	$10,212.05
1702	$ 18,637.54	$17,356.88	$15,101.86	$13,277.88
1703	$ 22,056.80	$20,540.52	$17,872.47	$15,713.08
1704	$ 28,848.20	$26,864.84	$23,374.89	$20,550.22
1801	$ 15,728.33	$13,578.64	$12,091.46	$10,146.91
1802	$ 25,201.64	$21,757.43	$19,376.28	$16,259.17
1803	$ 44,159.35	$38,123.32	$33,950.07	$28,489.23
1901	$ 15,459.44	$15,459.44	$13,183.63	$11,832.28
1902	$ 29,578.63	$29,578.63	$25,221.04	$22,636.15
1903	$ 45,176.67	$45,176.67	$38,522.48	$34,575.16
2001	$ 11,654.87	$10,307.68	$ 9,286.20	$ 8,335.40
2002	$ 15,701.99	$13,886.33	$12,508.65	$11,229.37
2003	$ 20,009.68	$17,696.45	$15,941.77	$14,310.45
2004	$ 26,713.76	$23,624.37	$21,282.03	$19,104.62
2101	$ 39,311.12	$29,952.85	$29,952.85	$24,295.19
5001	$ -	$ -	$ -	$ 2,009.70
5101	$ -	$ -	$ -	$ 7,423.42
5102	$ -	$ -	$ -	$21,920.98
5103	$ -	$ -	$ -	$10,134.43
5104	$ -	$ -	$ -	$25,999.97

E. Example of the Methodology for Adjusting the Federal Prospective Payment Rates

Table 6 illustrates the methodology for adjusting the Federal prospective payments (as described in sections V.B through V.D of this notice). 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 5 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 rural non-teaching hospital has a disproportionate share hospital (DSH) percentage of 5 percent (which would result in a LIP adjustment of 1.0228), a wage index of 0.8529, and a rural adjustment of 18.4 percent. Facility B, an urban teaching hospital, has a DSH percentage of 15 percent (which would result in a LIP adjustment of 1.0666), a wage index of 0.8964, and a teaching status adjustment of 0.0610.

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 5 above. Then, we multiply the estimated labor-related share (75.271) described in section V.B of this notice 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 labor portion of the Federal payment by the appropriate wage index found in the addendum in Tables 1 and 2. The resulting figure is the wage-adjusted labor amount. Next, we compute the wage-adjusted Federal payment by adding the wage-adjusted labor amount to the non-labor portion.

Adjusting the wage-adjusted Federal 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 (0.0610, 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 6 illustrates the components of the adjusted payment calculation.

Table 6: Example of Computing the IRF FY 2011 Federal Prospective Payment

Steps		Rural Facility A (Spencer Co., IN)		Urban Facility B (Harrison Co., IN)	
1	Unadjusted Federal Prospective Payment		$29,280.64		$ 29,280.64
2	Labor Share	X	0.75271	X	0.75271
3	Labor Portion of Federal Payment	=	$22,039.83	=	$22,039.83
4	CBSA Based Wage Index (shown in the Addendum , Tables 1 and 2)	X	0.8529	X	0.8964
5	Wage-Adjusted Amount	=	$18,797.77	=	$19,756.50
6	Nonlabor Amount	+	$7,240.81	+	$7,240.81
7	Wage-Adjusted Federal Payment	=	$26,038.58	=	$26,997.31
8	Rural Adjustment	X	1.184	X	1.000
9	Wage- and Rural- Adjusted Federal Payment	=	$30,829.68	=	$26,997.31
10	LIP Adjustment	X	1.0228	X	1.0666
11	FY 2011 Wage-, Rural- and LIP-Adjusted Federal Prospective Payment Rate	=	$31,532.60	=	$28,795.33
12	FY 2011 Wage- and Rural-Adjusted Federal Prospective Payment		$30,829.68		$26,997.31
13	Teaching Status Adjustment	X	0.000	X	0.0610
14	Teaching Status Adjustment Amount	=	$0.00	=	$1,646.84
15	FY2011 Wage-, Rural-, and LIP-Adjusted Federal Prospective Payment Rate	+	$31,532.60	+	$28,795.33
16	Total FY 2011 Adjusted Federal Prospective Payment	=	$31,532.60	=	$30,442.17

Thus, the adjusted payment for Facility A would be $31,532.60 and the adjusted payment for Facility B would be $30,442.17.

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

A. Adjustment to the Outlier Threshold Amount for FY 2010, Reflecting the Adjustment to the FY 2010 RPL Market Basket in Accordance With Sections 3401(d) of the Patient Protection and Affordable Care Act (Affordable Care Act), as Amended by Section 10319 of the Same Act and by Section 1105(c) of the Health Care and Education Reconciliation Act of 2010

As discussed in section I.A of this notice, after publication of the FY 2010 IRF PPS final rule (74 FR 39762), Affordable Care Act amended section 1886(j)(3)(C) of the Act and added section 1886(j)(3)(D) which, in concert, required the application of a 0.25 percentage point reduction to the market basket increase factor for FY 2010. Notwithstanding these provisions, paragraph (p) of section 3401 of the Affordable Care Act provides that the adjusted FY 2010 rate is only to be applied to discharges occurring on or after April 1, 2010. Thus, based on the legislative change to the increase factor, we revised the FY 2010 Federal prospective payment rates for IRF discharges occurring on or after April 1, 2010.

In addition, the legislative change to the market basket increase factor for FY 2010 also affects the FY 2010 IRF outlier threshold amount because it reduces the FY 2010 RPL market basket increase factor, which changes the standard payment conversion factor for FY 2010. Specifically, the FY 2010 IRF outlier threshold amount was determined based on the estimated FY 2010 RPL market basket increase factor of 2.5 percent and the standard payment conversion factor of $13,661. However, for FY 2010 IRF discharges occurring on or after April 1, 2010, IRF prospective payments are based on the adjusted RPL market basket increase factor of 2.25 percent and the revised standard payment conversion factor of $13,627. In order to maintain estimated outlier payments in FY 2010 at the percentage adopted in our FY 2010 final rule, we revise the IRF outlier threshold amount for FY 2010 from $10,652 that was published in the FY 2010 IRF PPS final rule (74 FR 39788) to $10,721 for FY 2010 IRF discharges occurring on or after April 1, 2010. The outlier threshold amount of $10,652 continues to apply for IRF discharges occurring on or after October 1, 2009 through March 31, 2010. The revised IRF outlier threshold amount was computed using the same data and the same methodology as was used to compute the FY 2010 outlier threshold amount for the FY 2010 IRF PPS final rule (74 FR 39762).

B. Update to the Outlier Threshold Amount for FY 2011

Section 1886(j)(4) of the Act provides the Secretary with the authority to make payments in addition to the basic IRF prospective payments for cases incurring extraordinarily high costs. A case qualifies for an outlier payment if the estimated cost of the case exceeds the adjusted outlier threshold. We calculate the adjusted outlier threshold by adding the IRF PPS payment for the case (that is, the CMG payment adjusted by all of the relevant facility-level adjustments) and the adjusted threshold amount (also, adjusted by all of the relevant facility-level adjustments). Then, we calculate the estimated cost of a case by multiplying the IRF's overall cost-to-charge (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 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. For the 2002 IRF PPS final rule, we analyzed various outlier policies using 3, 4, and 5 percent of the total estimated payments, and we concluded that an outlier policy set at 3 percent of total estimated payments would optimize the extent to which we could reduce the financial risk to IRFs of caring for high-cost patients, while still providing for adequate payments for all other (non-high cost outlier) cases.

Subsequently, we updated the IRF outlier threshold amount in the FYs 2006 through 2010 IRF PPS final rules (70 FR 47880, 70 FR 57166, 71 FR 48354, 72 FR 44284, 73 FR 46370, 74 FR 39762, respectively) to maintain estimated outlier payments at 3 percent of total estimated payments. We also stated in the FY 2009 final rule (FR 73 46287) 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.

To update the IRF outlier threshold amount for FY 2011 in this notice, we are using FY 2009 claims data and the same methodology that we used to set the initial outlier threshold amount in the FY 2002 IRF PPS final rule (66 FR 41362 through 41363), which is also the same methodology that we used to update the outlier threshold amounts for FYs 2006 through 2010. Based on an analysis of this updated data, we estimate that IRF outlier payments as a percentage of total estimated payments are approximately 3.1 percent in FY 2010. Although we are still analyzing the reasons for this unexpected increase in outlier payments in the FY 2009 IRF claims data, we note that IPPS hospitals experienced about the same magnitude increase in outlier payments in FY 2009 (from 5.1 percent to 5.3 percent). Based on this updated analysis, we will update the FY 2011 outlier threshold amount to ensure that estimated FY 2011 outlier payments are approximately 3 percent of total estimated IRF payments. The outlier threshold amount of $10,721 for discharges occurring on or after April 1, 2010 will be changed to $11,410 in FY 2011 to reduce estimated outlier payments and thereby maintain estimated outlier payments at 3 percent of total estimated aggregate IRF payments for FY 2011.

C. 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 45674, 45692 through 45694), we apply a ceiling to IRFs' CCRs. Using the methodology described in that final rule, we are updating the national urban and rural CCRs for IRFs, as well as the national CCR ceiling for FY 2011, in this notice based on analysis of the most recent data that is available. 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 national CCR ceiling for FY 2011, as discussed below.
- Other IRFs for which accurate data to calculate an overall CCR are not available.

Specifically, for FY 2011, we estimate a national average CCR of 0.620 for rural IRFs, which we calculate by taking an average of the CCRs for all rural IRFs using their most recently submitted cost report data. Similarly, we estimate a national average CCR of 0.489 for urban IRFs, which we calculate by taking an average of the CCRs for all urban IRFs using their most recently submitted cost report data. We apply weights to both of these averages using 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 this notice, we have used the most recent available cost report data (FY 2008). This includes all IRFs whose cost reporting periods began on or after October 1, 2007, and before October 1, 2008. If, for any IRF, the FY 2008 cost report was missing or had an "as submitted" status, we used data from a previous fiscal year's (that is, FY 2004 through FY 2007) settled cost report for that IRF. We do not use cost report data from before FY 2004 for any IRF because changes in IRF utilization since FY 2004 resulting from the 60 percent rule and IRF medical review activities suggest that these older data do not adequately reflect the current cost of care.

In addition, in accordance with past practice, we set the national CCR ceiling at 3 standard deviations above the mean CCR. Using this method, the national CCR ceiling is set at 2.94 for FY 2011. This means that, if an individual IRF's CCR exceeds this ceiling of 2.94 for FY 2011, 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 calculate the national CCR ceiling by:

Step 1. Taking the national average CCR (weighted by each IRF's total costs, as discussed above) 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 to compute a statistically significant reliable ceiling.

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.

VII. 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.

VIII. Waiver of Proposed Rulemaking

We ordinarily publish a notice of proposed rulemaking in the **Federal Register** to provide a period for public comment before the provisions of a rule take effect. We can waive this procedure, however, if we find good cause that notice and comment procedures are impracticable, unnecessary, or contrary to the public interest and we incorporate a statement of finding and its reasons in the notice. We find that it is unnecessary to undertake notice and comment rulemaking for the updates in this notice because the update does not make any substantive changes in policy, but merely reflects the application of previously established methodologies. In addition, new sections 1886(j)(3)(C) and (D) of the Act require the application of an "Other Adjustment" to the update to the IRF PPS increase factor in FYs 2010 and 2011. We applied the statutorily-required adjustments in this notice. We find that notice and comment rulemaking is unnecessary to implement those statutory provisions because they are self-implementing provisions of law, not requiring the exercise of any discretion on the part of the Secretary. Therefore, under 5 U.S.C. 553(b)(3)(B), for good cause, we waive notice and comment procedures.

IX. Regulatory Impact Analysis

A. Overall Impact

We have examined the impacts of this notice as required by Executive Order 12866 (September 30, 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, section 202 of the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4), Executive Order 13132 on Federalism (August 4, 1999), and the Congressional Review Act (5 U.S.C. 804(2)).

Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). A regulatory impact analysis (RIA) must be prepared for a major notice with economically significant effects ($100 million or more in any one year). We estimate that this notice is economically significant, as measured by the $100 million threshold and hence also a major rule under the Congressional Review Act. To estimate the total impact of the updates described in this notice, we compare the FY 2011 estimated payments with the revised FY 2010 estimated payments. The revised FY 2010 estimated payments reflect the revised Federal prospective payment rates and outlier threshold amount that applied to IRF discharges occurring on or after April 1, 2010, in accordance with sections 1886(j)(3)(C) and (D) of the Act, as described in sections V.A and VI.A of this notice. Based on this analysis, we estimate that the total impact of these updates on FY 2011 IRF PPS payments will be an increase of approximately $135 million.

The Regulatory Flexibility Act (RFA) requires agencies to analyze options for regulatory relief of small entities, if a rule has a significant impact on a substantial number of small entities. For purposes of the RFA, small entities 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 $7 million to $34.5 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 at *http://www.sba.gov/idc/groups/public/documents/sba_homepage/serv_sstd_tablepdf.pdf,* November 17, 2000.) Because we lack data on individual hospital receipts, we cannot determine the number of small proprietary IRFs or the proportion of IRFs' revenue that is derived from Medicare payments. Therefore, we assume that all IRFs (an approximate total of 1,200 IRFs, of which approximately 60 percent are nonprofit facilities) are considered small entities and that Medicare payment constitutes the majority of their revenues. The Department of Health and Human Services generally uses a revenue impact of 3 to 5 percent as a significance threshold under the RFA. As shown in Table 7, we estimate that the net revenue impact of this notice on all IRFs is to increase estimated payments by approximately 2.16 percent, with only one category of IRFs (32 urban IRFs in the New England region) estimated to receive an increase in estimated payments of greater than 3 percent (3.19 percent). Thus, we do not anticipate that this notice would have a significant impact on a substantial number of small entities. Medicare fiscal intermediaries, Medicare Administrative Contractors, and carriers are not considered to be small entities. Individuals and States are not included in the definition of a small entity.

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural hospitals. This analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside of a Metropolitan Statistical Area and has fewer than 100 beds. As discussed in

detail below, the rates and policies set forth in this notice will not have an adverse impact on rural hospitals based on the data of the 182 rural units and 21 rural hospitals in our database of 1,171 IRFs for which data were available.

Section 202 of the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–04, enacted on March 22, 1995) 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. In 2010, that threshold level is approximately $135 million. This notice will not impose spending costs on State, local, or tribal governments, in the aggregate, or by the private sector, of $135 million.

Executive Order 13132 establishes certain requirements that an agency must meet when it promulgates a 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 notice will not have a substantial effect on State and local governments, preempt State law, or otherwise have a Federalism implication.

B. Anticipated Effects of the Notice

1. Basis and Methodology of Estimates

This notice sets forth updates to the IRF PPS rates contained in the FY 2010 final rule, as revised by sections 1886(j)(3)(C) and (D) of the Act for IRF discharges occurring on or after April 1, 2010, as described in sections V.A and VI.A of this notice. Specifically, this notice sets forth updates to the CMG relative weights and length of stay values, the wage index, and the outlier threshold for high-cost cases. This notice also implements a 0.25 percentage point reduction to the FY 2011 RPL market basket increase factor in accordance with sections 1886(j)(3)(C) and (D) of the Act.

We estimate that the FY 2011 impact will be a net increase of $135 million in payments to IRF providers. The impact analysis in Table 7 of this notice represents the projected effects of the updates to IRF PPS payments for FY 2011 compared with the revised estimated IRF PPS payments in FY 2010. The revised FY 2010 estimated payments reflect the revised Federal prospective payment rates and outlier threshold amount that applied to IRF discharges occurring on or after April 1, 2010, in accordance with sections 1886(j)(3)(C) and (D) of the Act, as described in sections V.A and VI.A of this notice. We determine the effects by estimating payments while holding all other payment variables constant. We use the best data available, but we do not attempt to predict behavioral responses to these changes, and we do not make adjustments for future changes in such variables as number of discharges or case-mix.

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

In updating the rates for FY 2011, we are implementing standard annual revisions described in this notice (for example, the update to the wage and market basket indexes used to adjust the Federal rates). We are also implementing a 0.25 percentage point reduction to the FY 2011 RPL market basket increase factor in accordance with sections 1886(j)(3)(C) and (D) of the Act. We estimate that these revisions will increase payments to IRFs by approximately $140 million.

The aggregate change in estimated payments associated with this notice is an increase in payments to IRFs of $135 million for FY 2011. We estimate that the application of the FY 2011 RPL market basket increase factor, as reduced by 0.25 percentage point in accordance with sections 1886(j)(3)(C) and (D) of the Act, will increase aggregate payments to IRFs by $140 million. However, we estimate a $5 million decrease in aggregate payments to IRFs due to the update to the outlier threshold amount to decrease estimated outlier payments from approximately 3.1 percent in FY 2010 to 3.0 percent in FY 2011. Taken together, these updates will result in a net change in estimated payments from FY 2010 to FY 2011 of $135 million.

The effects of the changes that impact IRF PPS payment rates are shown in Table 7. The following changes that affect the IRF PPS payment rates are discussed separately below:

- The effects of the update to the outlier threshold amount, from approximately 3.1 percent to 3.0 percent of total estimated payments for FY 2011, consistent with section 1886(j)(4) of the Act.
- The effects of the annual market basket update (using the RPL market basket) to IRF PPS payment rates, as required by section 1886(j)(3)(A)(i) and section 1886(j)(3)(C) of the Act, including the 0.25 percentage point reduction for FY 2011 in accordance with sections 1886(j)(3)(C) and (D) of the Act.
- The effects of applying the budget-neutral labor-related share and wage index adjustment, as required under section 1886(j)(6) of the Act.
- The effects of the budget-neutral changes to the CMG relative weights and average length of stay values, under the authority of section 1886(j)(2)(C)(i) of the Act.
- The total change in estimated payments based on the FY 2011 payment updates relative to the revised estimated FY 2010 payments. The revised FY 2010 estimated payments reflect the adjusted Federal prospective payment rates and outlier threshold amount that apply to IRF discharges occurring on or after April 1, 2010, in accordance with sections 1886(j)(3)(C) and (D) of the Act.

2. Description of Table 7

The table below categorizes IRFs by geographic location, including urban or rural location, and location with respect to CMS's nine census divisions (as defined on the cost report) of the country. In addition, the table divides IRFs into those that are separate rehabilitation hospitals (otherwise called freestanding hospitals in this section), those that are rehabilitation units of a hospital (otherwise called hospital units in this section), rural or urban facilities, ownership (otherwise called for-profit, non-profit, and government), and by teaching status. The top row of the table shows the overall impact on the 1,171 IRFs included in the analysis.

The next 12 rows of Table 7 contain IRFs categorized according to their geographic location, designation as either a freestanding hospital or a unit of a hospital, and by type of ownership; all urban, which is further divided into urban units of a hospital, urban freestanding hospitals, and by type of ownership; and all rural, which is further divided into rural units of a hospital, rural freestanding hospitals, and by type of ownership. There are 968 IRFs located in urban areas included in our analysis. Among these, there are 768 IRF units of hospitals located in urban areas and 200 freestanding IRF hospitals located in urban areas. There are 203

IRFs located in rural areas included in our analysis. Among these, there are 182 IRF units of hospitals located in rural areas and 21 freestanding IRF hospitals located in rural areas. There are 382 for-profit IRFs. Among these, there are 317 IRFs in urban areas and 65 IRFs in rural areas. There are 721 non-profit IRFs. Among these, there are 597 urban IRFs and 124 rural IRFs. There are 68 government-owned IRFs. Among these, there are 54 urban IRFs and 14 rural IRFs.

The remaining three parts of Table 7 show IRFs grouped by their geographic location within a region and by teaching status. First, IRFs located in urban areas are categorized with respect to their location within a particular one of the nine CMS geographic regions. Second, IRFs located in rural areas are categorized with respect to their location within a particular one of the nine CMS geographic regions. In some cases, especially for rural IRFs located in the New England, Mountain, and Pacific regions, the number of IRFs represented is small. Finally, IRFs are grouped by teaching status, including non-teaching IRFs, IRFs with an intern and resident to average daily census (ADC) ratio less than 10 percent, IRFs with an intern and resident to ADC ratio greater than or equal to 10 percent and less than or equal to 19 percent, and IRFs with an intern and resident to ADC ratio greater than 19 percent.

The estimated impacts of each payment update described in this notice to the facility categories listed above are shown in the columns of Table 7. The description of each column is as follows:

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

Column (2) shows the number of IRFs in each category in our FY 2009 analysis file.

Column (3) shows the number of cases in each category in our FY 2009 analysis file.

Column (4) shows the estimated effect of the adjustment to the outlier threshold amount.

Column (5) shows the estimated effect of the update to the IRF PPS payment rates, which includes a 2.5 percent market basket increase factor with the 0.25 percentage point reduction in accordance with sections 1886(f)(3)(C) and (D) of the Act.

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

Column (7) shows the estimated effect of the update to the CMG relative weights and average length of stay values, in a budget neutral manner.

Column (8) compares our estimates of the payments per discharge, incorporating all of the payment updates reflected in this notice for FY 2011 to our estimates of the revised payments per discharge in FY 2010. The revised FY 2010 estimated payments reflect the revised Federal prospective payment rates and outlier threshold amount that became effective for IRF discharges occurring on or after April 1, 2010, in accordance with sections 1886(j)(3)(C) and (d) of the Act, as described in sections V.A and VI.A of this notice.

The average estimated increase for all IRFs is approximately 2.16 percent. This estimated net increase includes the effects of the RPL market basket increase factor for FY 2011 of 2.5 percent, reduced by 0.25 percentage point in accordance with sections 1886(j)(3)(C) and (D) of the Act. It also includes the approximate 0.1 percent overall estimated decrease in estimated IRF outlier payments from the update to the outlier threshold amount. Since we are making the updates to the IRF wage index and the CMG relative weights in a budget-neutral manner, they will not affect total estimated IRF payments in the aggregate. However, as described in more detail in each section, they will affect the estimated distribution of payments among providers.

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Table 7: IRF Impact Table for FY 2011

Facility Classification	Number of IRFs	Number of cases	Outlier	Adjusted Market Basket Increase Factor for FY 2011[1]	FY2011 CBSA wage index and labor-share	CMG	Total Percent Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	1,171	391,708	-0.09	2.25	0.00	0.00	2.16
Urban unit	768	201,038	-0.12	2.25	0.06	0.01	2.20
Rural unit	182	29,245	-0.11	2.25	-0.22	0.12	2.03
Urban hospital	200	154,454	-0.04	2.25	-0.03	-0.03	2.15
Rural hospital	21	6,971	-0.06	2.25	0.03	-0.06	2.15
Urban For-Profit	317	144,735	-0.06	2.25	0.03	-0.04	2.19
Rural For-Profit	65	13,366	-0.09	2.25	-0.19	0.02	1.98
Urban Non-Profit	597	196,217	-0.11	2.25	0.00	0.02	2.16
Rural Non-Profit	124	20,780	-0.11	2.25	-0.17	0.12	2.09
Urban Government	54	14,540	-0.14	2.25	0.22	-0.06	2.27
Rural Government	14	2,070	-0.13	2.25	-0.12	0.10	2.08
Urban	968	355,492	-0.09	2.25	0.02	-0.01	2.17
Rural	203	36,216	-0.10	2.25	-0.17	0.08	2.05
Urban by region							
Urban New England	32	16,316	-0.08	2.25	0.94	0.05	3.19
Urban Middle Atlantic	144	66,550	-0.06	2.25	-0.14	0.08	2.13
Urban South Atlantic	129	62,166	-0.08	2.25	-0.05	-0.05	2.07
Urban East North Central	191	57,111	-0.11	2.25	-0.10	0.09	2.12

Facility Classification	Number of IRFs	Number of cases	Outlier	Adjusted Market Basket Increase Factor for FY 2011[1]	FY2011 CBSA wage index and labor-share	CMG	Total Percent Change
Urban East South Central	51	25,818	-0.05	2.25	0.07	-0.10	2.17
Urban West North Central	75	18,057	-0.12	2.25	0.36	-0.02	2.47
Urban West South Central	173	63,217	-0.08	2.25	-0.33	0.03	1.85
Urban Mountain	70	22,899	-0.10	2.25	0.87	-0.09	2.95
Urban Pacific	103	23,358	-0.14	2.25	0.01	-0.28	1.82
Rural by region							
Rural New England	6	1,494	-0.15	2.25	-1.22	0.06	0.92
Rural Middle Atlantic	17	3,390	-0.05	2.25	-0.13	0.14	2.21
Rural South Atlantic	27	5,991	-0.10	2.25	-0.42	0.02	1.74
Rural East North Central	35	6,492	-0.09	2.25	-0.30	0.10	1.94
Rural East South Central	21	3,935	-0.07	2.25	0.23	-0.01	2.41
Rural West North Central	33	4,328	-0.15	2.25	-0.04	0.20	2.25
Rural West South Central	51	9,466	-0.10	2.25	-0.04	0.12	2.22
Rural Mountain	8	705	-0.16	2.25	0.72	0.00	2.82
Rural Pacific	5	415	-0.41	2.25	-0.09	-0.30	1.43
Teaching Status							
Non-teaching	1,049	338,210	-0.09	2.25	0.04	0.00	2.20
Resident to ADC	73	38,436	-0.10	2.25	-0.32	-0.03	1.80

Facility Classification	Number of IRFs	Number of cases	Outlier	Adjusted Market Basket Increase Factor for FY 2011[1]	FY2011 CBSA wage index and labor-share	CMG	Total Percent Change
less than 10%							
Resident to ADC 10%-19%	33	11,754	-0.13	2.25	0.25	-0.05	2.33
Resident to ADC greater than 19%	16	3,308	-0.08	2.25	0.03	0.13	2.33

[1]This column reflects the impact of the RPL market basket increase factor for FY 2011 of 2.5 percent, reduced by 0.25 percentage point in accordance with sections 1886(f)(3)(C) and (D) of the Act.

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3. Impact of the Update to the Outlier Threshold Amount

The outlier threshold adjustment is presented in column 4 of Table 7. In the FY 2010 IRF PPS final rule (74 FR 39786 through 39788), we used FY 2008 IRF claims data (the best, most complete data available at that time) to set the outlier threshold amount for FY 2010 so that estimated outlier payments would equal 3 percent of total estimated payments for FY 2010. As discussed in section VI.A of this notice, we revised the outlier threshold amount for IRF discharges occurring on or after April 1, 2010 to reflect the reduction to the RPL market basket that was made in accordance with sections 1886(J)(3)(C) and (D) of the Act and to ensure that estimated IRF outlier payments for FY 2010 would continue to equal 3 percent of total estimated payments for FY 2010. This revised analysis was done using the same data and the same methodology that was used to set the FY 2010 outlier threshold amount for the FY 2010 IRF PPS final rule (74 FR 39786 through 39788).

However, for this notice, we are updating our analysis using FY 2009 IRF claims data and, based on this updated analysis, we estimate that IRF outlier payments as a percentage of total estimated IRF payments are 3.1 percent in FY 2010. Thus, we are adjusting the outlier threshold amount in this notice to set total estimated outlier payments equal to 3 percent of total estimated payments in FY 2011. The estimated change in total IRF payments for FY 2011, therefore, includes an approximate 0.1 percent decrease in payments because the estimated outlier portion of total payments is estimated to decrease from approximately 3.1 percent to 3 percent.

The impact of this outlier adjustment update (as shown in column 4 of Table 7) is to decrease estimated overall payments to IRFs by about 0.09 percent. We do not estimate that any group of IRFs will experience an increase in payments from this update. We estimate the largest decrease in payments to be a 0.41 percent decrease in estimated payments to rural IRFs in the Pacific region, which is due to the small number of IRFs in that region (5) and the high volume of outlier payments paid to those IRFs.

4. Impact of the Market Basket Update to the IRF PPS Payment Rates, Including the 0.25 Percentage Point Reduction to the RPL Market Basket Increase Factor in Accordance with Sections 1886(j)(3)(C) and (D) of the Act

The adjusted market basket update to the IRF PPS payment rates is presented in column 5 of Table 7. In the aggregate the update would result in a net 2.25 percent increase in overall estimated payments to IRFs. This net increase reflects the estimated RPL market basket increase factor for FY 2011 of 2.5 percent, and the 0.25 percentage point reduction to the RPL market basket increase factor in accordance with sections 1886(j)(3)(C) and (D) of the Act.

5. Impact of the CBSA Wage Index and Labor-Related Share

In column 6 of Table 7, we present the effects of the budget neutral update of the wage index and labor-related share. The changes to the wage index and the labor-related share are discussed together because the wage index is applied to the labor-related share portion of payments, so the changes in the two have a combined effect on payments to providers. As discussed in section V.B of this notice, the labor-related share decreased from 75.779 percent in FY 2010 to 75.271 percent in FY 2011.

In the aggregate, since these updates to the wage index and the labor-related share are applied in a budget-neutral manner as required under section 1886(j)(6) of the Act, we do not estimate that these updates will affect overall estimated payments to IRFs. However, we estimate that these updates will have small distributional effects. For example, we estimate the largest increase in estimated payments from the update to the CBSA wage index and labor-related share to be a 0.94 percent increase for urban IRFs in the New England region. In addition, we estimate a 0.17 percent decrease in overall payments to rural IRFs, with the largest decrease in estimated payments of 1.22 percent for rural IRFs in the New England region.

6. Impact of the Update to the CMG Relative Weights and Average Length of Stay Values

In column 7 of Table 7, we present the effects of the budget neutral update of the CMG relative weights and average length of stay values. In the aggregate we do not estimate that these updates will affect overall estimated payments to IRFs. However, we estimate that these updates will have small distributional effects, with the largest decrease in payments as a result of these updates being a 0.30 percent decrease to rural IRFs in the Pacific region and the largest increase in payments as a result of these updates being a 0.20 percent increase to rural IRFs in the West North Central region.

C. Alternatives Considered

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

Section 1886(j)(3)(C) of the Act requires the Secretary to update the IRF PPS payment rates by an increase factor that reflects changes over time in the prices of an appropriate mix of goods and services included in the covered IRF services. Thus, we did not consider alternatives to updating payments using the estimated RPL market basket increase factor for FY 2011. However, as noted previously in this notice, sections 1886(j)(3)(C) and (D) of the Act require the Secretary to apply a 0.25 percentage point reduction to the market basket increase factor for FY 2011. Thus, in accordance with the recently amended section 1886(j)(3)(C) of the Act, we are updating IRF Federal prospective payments in this notice by 2.25 percent (which equals the 2.5 percent estimated RPL market basket increase factor for FY 2011 reduced by 0.25 percentage points, as required by sections 1886(f)(3)(C) and (D) of the Act).

We considered maintaining the existing CMG relative weights and average length of stay values for FY 2011. However, in light of recently available data and our desire to ensure that the CMG relative weights and average length of stay values are as reflective as possible of recent changes in IRF utilization and case mix, we believe that it is appropriate to update the CMG relative weights and average length of stay values at this time to ensure that IRF PPS payments continue to reflect as accurately as possible the current costs of care in IRFs.

We considered maintaining the existing outlier threshold amount for FY 2011 because updating the outlier threshold amount has an estimated negative effect on IRF payments and, therefore, on small entities. If we were to maintain the FY 2010 outlier threshold amount, more outlier cases would have qualified for the additional outlier payments in FY 2011. However, analysis of updated FY 2009 data indicates that estimated outlier payments would exceed 3 percent of total estimated payments for FY 2011 unless we updated the outlier threshold

amount. Also, we estimate that the overall effect of this update on estimated payments to IRFs is small (less than 1 percent).

D. Accounting Statement

As required by OMB Circular A–4 (available at *http://www.whitehouse.gov/omb/circulars/a004/a-4.pdf*), in Table 8 below, we have prepared an accounting statement showing the classification of the expenditures associated with the provisions of this notice. This table provides our best estimate of the increase in Medicare payments under the IRF PPS as a result of the updates presented in this notice based on the data for 1,171 IRFs in our database. All estimated expenditures are classified as transfers to Medicare providers (that is, IRFs).

Table 8.--Accounting Statement: Classification of Estimated Expenditures, from the 2010 IRF PPS Fiscal Year to the 2011 IRF PPS Fiscal Year

Category	Transfers
Annualized Monetized Transfers	$135 million
From Whom to Whom?	Federal Government to IRF Medicare Providers

E. Conclusion

Overall, the estimated payments per discharge for IRFs in FY 2011 are projected to increase by 2.16 percent, compared with the revised estimated payments in FY 2010, as reflected in column 8 of Table 7. As noted previously, the revised FY 2010 estimated payments reflect the revised Federal prospective payment rates and outlier threshold amount that became effective for IRF discharges occurring on or after April 1, 2010, in accordance with sections 1886(j)(3)(C) and (D) of the Act, as described in sections V.A and VI.A of this notice. IRF payments per discharge are estimated to increase 2.17 percent in urban areas and 2.05 percent in rural areas, compared with the revised estimated FY 2010 payments. Payments to rehabilitation units in rural areas are estimated to increase by 2.03 percent per discharge, and payments to rehabilitation units in urban areas are estimated to increase by 2.20 percent per discharge. Payments to rehabilitation freestanding hospitals in rural and urban areas are estimated to increase 2.15 percent per discharge.

Overall, no IRFs are estimated to experience a net decrease in payments as a result of the updates in this notice. The largest payment increase is estimated at 3.19 percent for urban IRFs located in the New England region. This is due to the larger than average positive effect of the FY 2011 CBSA wage index and labor-related share updates for urban IRFs in this region.

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

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

Dated: May 13, 2010.

Marilyn Tavenner,

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

Approved: July 14, 2010.

Kathleen Sebelius,

Secretary.

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Addendum

In this addendum, we provide the wage index tables referred to throughout the preamble to this notice. The tables presented below are as follows:

Table A: FY 2011 Wage Index For Urban Areas Based On CBSA Labor Market Areas.

Table B: FY 2008 Wage Index Based On CBSA Labor Market Areas For Rural Areas.

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

CBSA Code	Urban Area (Constituent Counties)	Wage Index
10180	Abilene, TX Callahan County, TX Jones County, TX Taylor County, TX	0.7946
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	0.3462
10420	Akron, OH Portage County, OH Summit County, OH	0.8850
10500	Albany, GA Baker County, GA Dougherty County, GA Lee County, GA Terrell County, GA Worth County, GA	0.8899
10580	Albany-Schenectady-Troy, NY Albany County, NY Rensselaer County, NY Saratoga County, NY Schenectady County, NY Schoharie County, NY	0.8777
10740	Albuquerque, NM Bernalillo County, NM Sandoval County, NM Torrance County, NM Valencia County, NM	0.9399
10780	Alexandria, LA Grant Parish, LA Rapides Parish, LA	0.8012
10900	Allentown-Bethlehem-Easton, PA-NJ Warren County, NJ Carbon County, PA Lehigh County, PA Northampton County, PA	0.9611
11020	Altoona, PA Blair County, PA	0.8863
11100	Amarillo, TX Armstrong County, TX Carson County, TX Potter County, TX Randall County, TX	0.8689
11180	Ames, IA Story County, IA	0.9493
11260	Anchorage, AK Anchorage Municipality, AK Matanuska-Susitna Borough, AK	1.2013
11300	Anderson, IN Madison County, IN	0.9052
11340	Anderson, SC Anderson County, SC	0.9023
11460	Ann Arbor, MI Washtenaw County, MI	1.0293
11500	Anniston-Oxford, AL Calhoun County, AL	0.7643
11540	Appleton, WI Calumet County, WI Outagamie County, WI	0.9289

CBSA Code	Urban Area (Constituent Counties)	Wage Index
11700	Asheville, NC Buncombe County, NC Haywood County, NC Henderson County, NC Madison County, NC	0.9057
12020	Athens-Clarke County, GA Clarke County, GA Madison County, GA Oconee County, GA Oglethorpe County, GA	0.9492
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	0.9591
12100	Atlantic City-Hammonton, NJ Atlantic County, NJ	1.1554
12220	Auburn-Opelika, AL Lee County, AL	0.8138
12260	Augusta-Richmond County, GA-SC Burke County, GA Columbia County, GA McDuffie County, GA Richmond County, GA Aiken County, SC Edgefield County, SC	0.9409
12420	Austin-Round Rock, TX Bastrop County, TX Caldwell County, TX Hays County, TX Travis County, TX Williamson County, TX	0.9518
12540	Bakersfield, CA Kern County, CA	1.1232
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	1.0214
12620	Bangor, ME Penobscot County, ME	1.0154
12700	Barnstable Town, MA Barnstable County, MA	1.2618
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	0.8180
12980	Battle Creek, MI Calhoun County, MI	1.0000
13020	Bay City, MI Bay County, MI	0.9267

CBSA Code	Urban Area (Constituent Counties)	Wage Index
13140	Beaumont-Port Arthur, TX Hardin County, TX Jefferson County, TX Orange County, TX	0.8383
13380	Bellingham, WA Whatcom County, WA	1.1395
13460	Bend, OR Deschutes County, OR	1.1446
13644	Bethesda-Frederick-Rockville, MD Frederick County, MD Montgomery County, MD	1.0298
13740	Billings, MT Carbon County, MT Yellowstone County, MT	0.8781
13780	Binghamton, NY Broome County, NY Tioga County, NY	0.8780
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	0.8554
13900	Bismarck, ND Burleigh County, ND Morton County, ND	0.7637
13980	Blacksburg-Christiansburg-Radford, VA Giles County, VA Montgomery County, VA Pulaski County, VA Radford City, VA	0.8394
14020	Bloomington, IN Greene County, IN Monroe County, IN Owen County, IN	0.9043
14060	Bloomington-Normal, IL McLean County, IL	0.9378
14260	Boise City-Nampa, ID Ada County, ID Boise County, ID Canyon County, ID Gem County, ID Owyhee County, ID	0.9318
14484	Boston-Quincy, MA Norfolk County, MA Plymouth County, MA Suffolk County, MA	1.2186
14500	Boulder, CO Boulder County, CO	1.0266
14540	Bowling Green, KY Edmonson County, KY Warren County, KY	0.8469
14600	Bradenton-Sarasota-Venice, FL Manatee County, FL Sarasota County, FL	0.9735
14740	Bremerton-Silverdale, WA Kitsap County, WA	1.0755
14860	Bridgeport-Stamford-Norwalk, CT Fairfield County, CT	1.2792
15180	Brownsville-Harlingen, TX Cameron County, TX	0.9020
15260	Brunswick, GA Brantley County, GA Glynn County, GA McIntosh County, GA	0.9178
15380	Buffalo-Niagara Falls, NY Erie County, NY Niagara County, NY	0.9740
15500	Burlington, NC Alamance County, NC	0.8749
15540	Burlington-South Burlington, VT Chittenden County, VT Franklin County, VT Grand Isle County, VT	1.0106
15764	Cambridge-Newton-Framingham, MA Middlesex County, MA	1.1278
15804	Camden, NJ Burlington County, NJ Camden County, NJ Gloucester County, NJ	1.0374
15940	Canton-Massillon, OH Carroll County, OH Stark County, OH	0.8813

CBSA Code	Urban Area (Constituent Counties)	Wage Index
15980	Cape Coral-Fort Myers, FL Lee County, FL	0.9076
16020	Cape Girardeau-Jackson, MO-IL Alexander County, IL Bollinger County, MO Cape Girardeau County, MO	0.9047
16180	Carson City, NV Carson City, NV	1.0531
16220	Casper, WY Natrona County, WY	0.9520
16300	Cedar Rapids, IA Benton County, IA Jones County, IA Linn County, IA	0.8984
16580	Champaign-Urbana, IL Champaign County, IL Ford County, IL Piatt County, IL	1.0108
16620	Charleston, WV Boone County, WV Clay County, WV Kanawha County, WV Lincoln County, WV Putnam County, WV	0.8141
16700	Charleston-North Charleston-Summerville, SC Berkeley County, SC Charleston County, SC Dorchester County, SC	0.9279
16740	Charlotte-Gastonia-Concord, NC-SC Anson County, NC Cabarrus County, NC Gaston County, NC Mecklenburg County, NC Union County, NC York County, SC	0.9474
16820	Charlottesville, VA Albemarle County, VA Fluvanna County, VA Greene County, VA Nelson County, VA Charlottesville City, VA	0.9372
16860	Chattanooga, TN-GA Catoosa County, GA Dade County, GA Walker County, GA Hamilton County, TN Marion County, TN Sequatchie County, TN	0.8831
16940	Cheyenne, WY Laramie County, WY	0.9344
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	1.0471
17020	Chico, CA Butte County, CA	1.1198
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	0.9483
17300	Clarksville, TN-KY Christian County, KY Trigg County, KY Montgomery County, TN Stewart County, TN	0.7980
17420	Cleveland, TN Bradley County, TN Polk County, TN	0.7564

CBSA Code	Urban Area (Constituent Counties)	Wage Index
17460	Cleveland-Elyria-Mentor, OH Cuyahoga County, OH Geauga County, OH Lake County, OH Lorain County, OH Medina County, OH	0.8914
17660	Coeur d'Alene, ID Kootenai County, ID	0.9235
17780	College Station-Bryan, TX Brazos County, TX Burleson County, TX Robertson County, TX	0.9498
17820	Colorado Springs, CO El Paso County, CO Teller County, CO	0.9821
17860	Columbia, MO Boone County, MO Howard County, MO	0.8618
17900	Columbia, SC Calhoun County, SC Fairfield County, SC Kershaw County, SC Lexington County, SC Richland County, SC Saluda County, SC	0.8789
17980	Columbus, GA-AL Russell County, AL Chattahoochee County, GA Harris County, GA Marion County, GA Muscogee County, GA	0.8724
18020	Columbus, IN Bartholomew County, IN	0.9536
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	1.0101
18580	Corpus Christi, TX Aransas County, TX Nueces County, TX San Patricio County, TX	0.8693
18700	Corvallis, OR Benton County, OR	1.1002
19060	Cumberland, MD-WV Allegany County, MD Mineral County, WV	0.8045
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	0.9853
19140	Dalton, GA Murray County, GA Whitfield County, GA	0.8666
19180	Danville, IL Vermilion County, IL	0.8738
19260	Danville, VA Pittsylvania County, VA Danville City, VA	0.8323
19340	Davenport-Moline-Rock Island, IA-IL Henry County, IL Mercer County, IL Rock Island County, IL Scott County, IA	0.8284
19380	Dayton, OH Greene County, OH Miami County, OH Montgomery County, OH Preble County, OH	0.9211
19460	Decatur, AL Lawrence County, AL Morgan County, AL	0.7799
19500	Decatur, IL Macon County, IL	0.7995
19660	Deltona-Daytona Beach-Ormond Beach, FL Volusia County, FL	0.8865

CBSA Code	Urban Area (Constituent Counties)	Wage Index
19740	Denver-Aurora-Broomfield, CO Adams County, CO Arapahoe County, CO Broomfield County, CO Clear Creek County, CO Denver County, CO Douglas County, CO Elbert County, CO Gilpin County, CO Jefferson County, CO Park County, CO	1.0731
19780	Des Moines-West Des Moines, IA Dallas County, IA Guthrie County, IA Madison County, IA Polk County, IA Warren County, IA	0.9649
19804	Detroit-Livonia-Dearborn, MI Wayne County, MI	0.9729
20020	Dothan, AL Geneva County, AL Henry County, AL Houston County, AL	0.7406
20100	Dover, DE Kent County, DE	0.9931
20220	Dubuque, IA Dubuque County, IA	0.8869
20260	Duluth, MN-WI Carlton County, MN St. Louis County, MN Douglas County, WI	1.0448
20500	Durham-Chapel Hill, NC Chatham County, NC Durham County, NC Orange County, NC Person County, NC	0.9618
20740	Eau Claire, WI Chippewa County, WI Eau Claire County, WI	0.9567
20764	Edison-New Brunswick, NJ Middlesex County, NJ Monmouth County, NJ Ocean County, NJ Somerset County, NJ	1.1061
20940	El Centro, CA Imperial County, CA	0.8766
21060	Elizabethtown, KY Hardin County, KY Larue County, KY	0.8388
21140	Elkhart-Goshen, IN Elkhart County, IN	0.9489
21300	Elmira, NY Chemung County, NY	0.8341
21340	El Paso, TX El Paso County, TX	0.8541
21500	Erie, PA Erie County, PA	0.8779
21660	Eugene-Springfield, OR Lane County, OR	1.1034
21780	Evansville, IN-KY Gibson County, IN Posey County, IN Vanderburgh County, IN Warrick County, IN Henderson County, KY Webster County, KY	0.8522
21820	Fairbanks, AK Fairbanks North Star Borough, AK	1.1114
21940	Fajardo, PR Ceiba Municipio, PR Fajardo Municipio, PR Luquillo Municipio, PR	0.3790
22020	Fargo, ND-MN Cass County, ND Clay County, MN	0.8172
22140	Farmington, NM San Juan County, NM	0.7889
22180	Fayetteville, NC Cumberland County, NC Hoke County, NC	0.9358
22220	Fayetteville-Springdale-Rogers, AR-MO Benton County, AR Madison County, AR Washington County, AR McDonald County, MO	0.8775

CBSA Code	Urban Area (Constituent Counties)	Wage Index
22380	Flagstaff, AZ Coconino County, AZ	1.2475
22420	Flint, MI Genesee County, MI	1.1234
22500	Florence, SC Darlington County, SC Florence County, SC	0.8114
22520	Florence-Muscle Shoals, AL Colbert County, AL Lauderdale County, AL	0.7998
22540	Fond du Lac, WI Fond du Lac County, WI	0.9660
22660	Fort Collins-Loveland, CO Larimer County, CO	1.0175
22744	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL Broward County, FL	1.0383
22900	Fort Smith, AR-OK Crawford County, AR Franklin County, AR Sebastian County, AR Le Flore County, OK Sequoyah County, OK	0.7861
23020	Fort Walton Beach-Crestview-Destin, FL Okaloosa County, FL	0.8758
23060	Fort Wayne, IN Allen County, IN Wells County, IN Whitley County, IN	0.9012
23104	Fort Worth-Arlington, TX Johnson County, TX Parker County, TX Tarrant County, TX Wise County, TX	0.9499
23420	Fresno, CA Fresno County, CA	1.1267
23460	Gadsden, AL Etowah County, AL	0.8266
23540	Gainesville, FL Alachua County, FL Gilchrist County, FL	0.8978
23580	Gainesville, GA Hall County, GA	0.9123
23844	Gary, IN Jasper County, IN Lake County, IN Newton County, IN Porter County, IN	0.9288
24020	Glens Falls, NY Warren County, NY Washington County, NY	0.8456
24140	Goldsboro, NC Wayne County, NC	0.9056
24220	Grand Forks, ND-MN Polk County, MN Grand Forks County, ND	0.7775
24300	Grand Junction, CO Mesa County, CO	0.9721
24340	Grand Rapids-Wyoming, MI Barry County, MI Ionia County, MI Kent County, MI Newaygo County, MI	0.9178
24500	Great Falls, MT Cascade County, MT	0.8354
24540	Greeley, CO Weld County, CO	0.9578
24580	Green Bay, WI Brown County, WI Kewaunee County, WI Oconto County, WI	0.9621
24660	Greensboro-High Point, NC Guilford County, NC Randolph County, NC Rockingham County, NC	0.9062
24780	Greenville, NC Greene County, NC Pitt County, NC	0.9401
24860	Greenville-Mauldin-Easley, SC Greenville County, SC Laurens County, SC Pickens County, SC	0.9980

CBSA Code	Urban Area (Constituent Counties)	Wage Index
25020	Guayama, PR Arroyo Municipio, PR Guayama Municipio, PR Patillas Municipio, PR	0.3537
25060	Gulfport-Biloxi, MS Hancock County, MS Harrison County, MS Stone County, MS	0.8783
25180	Hagerstown-Martinsburg, MD-WV Washington County, MD Berkeley County, WV Morgan County, WV	0.8965
25260	Hanford-Corcoran, CA Kings County, CA	1.1010
25420	Harrisburg-Carlisle, PA Cumberland County, PA Dauphin County, PA Perry County, PA	0.9286
25500	Harrisonburg, VA Rockingham County, VA Harrisonburg City, VA	0.9025
25540	Hartford-West Hartford-East Hartford, CT Hartford County, CT Middlesex County, CT Tolland County, CT	1.1194
25620	Hattiesburg, MS Forrest County, MS Lamar County, MS Perry County, MS	0.7664
25860	Hickory-Lenoir-Morganton, NC Alexander County, NC Burke County, NC Caldwell County, NC Catawba County, NC	0.9000
25980	Hinesville-Fort Stewart, GA[1] Liberty County, GA Long County, GA	0.9028
26100	Holland-Grand Haven, MI Ottawa County, MI	0.8696
26180	Honolulu, HI Honolulu County, HI	1.1662
26300	Hot Springs, AR Garland County, AR	0.9004
26380	Houma-Bayou Cane-Thibodaux, LA Lafourche Parish, LA Terrebonne Parish, LA	0.7875
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	0.9841
26580	Huntington-Ashland, WV-KY-OH Boyd County, KY Greenup County, KY Lawrence County, OH Cabell County, WV Wayne County, WV	0.9097
26620	Huntsville, AL Limestone County, AL Madison County, AL	0.9064
26820	Idaho Falls, ID Bonneville County, ID Jefferson County, ID	0.9436
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	0.9742
26980	Iowa City, IA Johnson County, IA Washington County, IA	0.9548
27060	Ithaca, NY Tompkins County, NY	1.0112
27100	Jackson, MI Jackson County, MI	0.8720

CBSA Code	Urban Area (Constituent Counties)	Wage Index
27140	Jackson, MS Copiah County, MS Hinds County, MS Madison County, MS Rankin County, MS Simpson County, MS	0.8186
27180	Jackson, TN Chester County, TN Madison County, TN	0.8581
27260	Jacksonville, FL Baker County, FL Clay County, FL Duval County, FL Nassau County, FL St. Johns County, FL	0.9105
27340	Jacksonville, NC Onslow County, NC	0.8026
27500	Janesville, WI Rock County, WI	0.9201
27620	Jefferson City, MO Callaway County, MO Cole County, MO Moniteau County, MO Osage County, MO	0.8709
27740	Johnson City, TN Carter County, TN Unicoi County, TN Washington County, TN	0.7722
27780	Johnstown, PA Cambria County, PA	0.8233
27860	Jonesboro, AR Craighead County, AR Poinsett County, AR	0.7722
27900	Joplin, MO Jasper County, MO Newton County, MO	0.8285
28020	Kalamazoo-Portage, MI Kalamazoo County, MI Van Buren County, MI	1.0264
28100	Kankakee-Bradley, IL Kankakee County, IL	1.0174
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	0.9679
28420	Kennewick-Pasco-Richland, WA Benton County, WA Franklin County, WA	1.0448
28660	Killeen-Temple-Fort Hood, TX Bell County, TX Coryell County, TX Lampasas County, TX	0.8702
28700	Kingsport-Bristol-Bristol, TN-VA Hawkins County, TN Sullivan County, TN Bristol City, VA Scott County, VA Washington County, VA	0.7999
28740	Kingston, NY Ulster County, NY	0.9367
28940	Knoxville, TN Anderson County, TN Blount County, TN Knox County, TN Loudon County, TN Union County, TN	0.7881
29020	Kokomo, IN Howard County, IN Tipton County, IN	0.9862
29100	La Crosse, WI-MN Houston County, MN La Crosse County, WI	0.9915

CBSA Code	Urban Area (Constituent Counties)	Wage Index
29140	Lafayette, IN Benton County, IN Carroll County, IN Tippecanoe County, IN	0.9181
29180	Lafayette, LA Lafayette Parish, LA St. Martin Parish, LA	0.8516
29340	Lake Charles, LA Calcasieu Parish, LA Cameron Parish, LA	0.7985
29404	Lake County-Kenosha County, IL-WI Lake County, IL Kenosha County, WI	1.0475
29420	Lake Havasu City-Kingman, AZ Mohave County, AZ	1.0567
29460	Lakeland-Winter Haven, FL Polk County, FL	0.8390
29540	Lancaster, PA Lancaster County, PA	0.9204
29620	Lansing-East Lansing, MI Clinton County, MI Eaton County, MI Ingham County, MI	0.9770
29700	Laredo, TX Webb County, TX	0.8078
29740	Las Cruces, NM Dona Ana County, NM	0.8939
29820	Las Vegas-Paradise, NV Clark County, NV	1.2130
29940	Lawrence, KS Douglas County, KS	0.8580
30020	Lawton, OK Comanche County, OK	0.7847
30140	Lebanon, PA Lebanon County, PA	0.8119
30300	Lewiston, ID-WA Nez Perce County, ID Asotin County, WA	0.9570
30340	Lewiston-Auburn, ME Androscoggin County, ME	0.9085
30460	Lexington-Fayette, KY Bourbon County, KY Clark County, KY Fayette County, KY Jessamine County, KY Scott County, KY Woodford County, KY	0.8889
30620	Lima, OH Allen County, OH	0.9379
30700	Lincoln, NE Lancaster County, NE Seward County, NE	0.9563
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	0.8559
30860	Logan, UT-ID Franklin County, ID Cache County, UT	0.8993
30980	Longview, TX Gregg County, TX Rusk County, TX Upshur County, TX	0.8049
31020	Longview, WA Cowlitz County, WA	1.0707
31084	Los Angeles-Long Beach-Santa Ana, CA Los Angeles County, CA	1.2039

CBSA Code	Urban Area (Constituent Counties)	Wage Index
31140	Louisville-Jefferson County, KY-IN Clark County, IN Floyd County, IN Harrison County, IN Washington County, IN Bullitt County, KY Henry County, KY Meade County, KY Nelson County, KY Oldham County, KY Shelby County, KY Spencer County, KY Trimble County, KY	0.8964
31180	Lubbock, TX Crosby County, TX Lubbock County, TX	0.8751
31340	Lynchburg, VA Amherst County, VA Appomattox County, VA Bedford County, VA Campbell County, VA Bedford City, VA Lynchburg City, VA	0.8521
31420	Macon, GA Bibb County, GA Crawford County, GA Jones County, GA Monroe County, GA Twiggs County, GA	0.9826
31460	Madera-Chowchilla, CA Madera County, CA	0.7958
31540	Madison, WI Columbia County, WI Dane County, WI Iowa County, WI	1.1234
31700	Manchester-Nashua, NH Hillsborough County, NH	1.0171
31740	Manhattan, KS Geary County, KS Pottawatomie County, KS Riley County, KS	0.7878
31860	Mankato-North Mankato, MN Blue Earth County, MN Nicollet County, MN	0.9177
31900	Mansfield, OH Richland County, OH	0.9100
32420	Mayagüez, PR Hormigueros Municipio, PR Mayagüez Municipio, PR	0.3704
32580	McAllen-Edinburg-Mission, TX Hidalgo County, TX	0.8852
32780	Medford, OR Jackson County, OR	1.0070
32820	Memphis, TN-MS-AR Crittenden County, AR DeSoto County, MS Marshall County, MS Tate County, MS Tunica County, MS Fayette County, TN Shelby County, TN Tipton County, TN	0.9268
32900	Merced, CA Merced County, CA	1.2123
33124	Miami-Miami Beach-Kendall, FL Miami-Dade County, FL	0.9954
33140	Michigan City-La Porte, IN LaPorte County, IN	0.9311
33260	Midland, TX Midland County, TX	0.9546
33340	Milwaukee-Waukesha-West Allis, WI Milwaukee County, WI Ozaukee County, WI Washington County, WI Waukesha County, WI	1.0151

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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	1.1095
33540	Missoula, MT Missoula County, MT	0.9206
33660	Mobile, AL Mobile County, AL	0.7785
33700	Modesto, CA Stanislaus County, CA	1.2502
33740	Monroe, LA Ouachita Parish, LA Union Parish, LA	0.7752
33780	Monroe, MI Monroe County, MI	0.8885
33860	Montgomery, AL Autauga County, AL Elmore County, AL Lowndes County, AL Montgomery County, AL	0.8304
34060	Morgantown, WV Monongalia County, WV Preston County, WV	0.8459
34100	Morristown, TN Grainger County, TN Hamblen County, TN Jefferson County, TN	0.7201
34580	Mount Vernon-Anacortes, WA Skagit County, WA	1.0452
34620	Muncie, IN Delaware County, IN	0.8386
34740	Muskegon-Norton Shores, MI Muskegon County, MI	0.9823
34820	Myrtle Beach-North Myrtle Beach-Conway, SC Horry County, SC	0.8730
34900	Napa, CA Napa County, CA	1.4453
34940	Naples-Marco Island, FL Collier County, FL	0.9662
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	1.2477
35084	Newark-Union, NJ-PA Essex County, NJ Hunterdon County, NJ Morris County, NJ Sussex County, NJ Union County, NJ Pike County, PA	1.1419
35300	New Haven-Milford, CT New Haven County, CT	1.1545
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	0.9092

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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	1.3005
35660	Niles-Benton Harbor, MI Berrien County, MI	0.8903
35980	Norwich-New London, CT New London County, CT	1.1399
36084	Oakland-Fremont-Hayward, CA Alameda County, CA Contra Costa County, CA	1.6404
36100	Ocala, FL Marion County, FL	0.8556
36140	Ocean City, NJ Cape May County, NJ	1.0160
36220	Odessa, TX Ector County, TX	0.9862
36260	Ogden-Clearfield, UT Davis County, UT Morgan County, UT Weber County, UT	0.9361
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	0.8900
36500	Olympia, WA Thurston County, WA	1.1531
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	0.9608
36740	Orlando-Kissimmee, FL Lake County, FL Orange County, FL Osceola County, FL Seminole County, FL	0.8951
36780	Oshkosh-Neenah, WI Winnebago County, WI	0.9152
36980	Owensboro, KY Daviess County, KY Hancock County, KY McLean County, KY	0.8357
37100	Oxnard-Thousand Oaks-Ventura, CA Ventura County, CA	1.2301
37340	Palm Bay-Melbourne-Titusville, FL Brevard County, FL	0.9060
37380	Palm Coast, FL Flagler County, FL	0.9603
37460	Panama City-Lynn Haven-Panama City Beach, FL Bay County, FL	0.8324
37620	Parkersburg-Marietta-Vienna, WV-OH Washington County, OH Pleasants County, WV Wirt County, WV Wood County, WV	0.7716
37700	Pascagoula, MS George County, MS Jackson County, MS	0.8433
37764	Peabody, MA Essex County, MA	1.0871
37860	Pensacola-Ferry Pass-Brent, FL Escambia County, FL Santa Rosa County, FL	0.8312

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37900	Peoria, IL Marshall County, IL Peoria County, IL Stark County, IL Tazewell County, IL Woodford County, IL	0.9155
37964	Philadelphia, PA Bucks County, PA Chester County, PA Delaware County, PA Montgomery County, PA Philadelphia County, PA	1.0739
38060	Phoenix-Mesa-Scottsdale, AZ Maricopa County, AZ Pinal County, AZ	1.0630
38220	Pine Bluff, AR Cleveland County, AR Jefferson County, AR Lincoln County, AR	0.7281
38300	Pittsburgh, PA Allegheny County, PA Armstrong County, PA Beaver County, PA Butler County, PA Fayette County, PA Washington County, PA Westmoreland County, PA	0.8625
38340	Pittsfield, MA Berkshire County, MA	1.0658
38540	Pocatello, ID Bannock County, ID Power County, ID	0.9239
38660	Ponce, PR Juana Díaz Municipio, PR Ponce Municipio, PR Villalba Municipio, PR	0.4220
38860	Portland-South Portland-Biddeford, ME Cumberland County, ME Sagadahoc County, ME York County, ME	1.0187
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
38940	Port St. Lucie, FL Martin County, FL St. Lucie County, FL	0.9896
39100	Poughkeepsie-Newburgh-Middletown, NY Dutchess County, NY Orange County, NY	1.1216
39140	Prescott, AZ Yavapai County, AZ	1.0121
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	1.0782
39340	Provo-Orem, UT Juab County, UT Utah County, UT	0.9548
39380	Pueblo, CO Pueblo County, CO	0.8570
39460	Punta Gorda, FL Charlotte County, FL	0.8774
39540	Racine, WI Racine County, WI	0.9373
39580	Raleigh-Cary, NC Franklin County, NC Johnston County, NC Wake County, NC	0.9663
39660	Rapid City, SD Meade County, SD Pennington County, SD	1.0046
39740	Reading, PA Berks County, PA	0.9263

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39820	Redding, CA Shasta County, CA	1.4039
39900	Reno-Sparks, NV Storey County, NV Washoe County, NV	1.0285
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	0.9521
40140	Riverside-San Bernardino-Ontario, CA Riverside County, CA San Bernardino County, CA	1.1285
40220	Roanoke, VA Botetourt County, VA Craig County, VA Franklin County, VA Roanoke County, VA Roanoke City, VA Salem City, VA	0.8671
40340	Rochester, MN Dodge County, MN Olmsted County, MN Wabasha County, MN	1.1136
40380	Rochester, NY Livingston County, NY Monroe County, NY Ontario County, NY Orleans County, NY Wayne County, NY	0.8724
40420	Rockford, IL Boone County, IL Winnebago County, IL	1.0152
40484	Rockingham County, NH Rockingham County, NH Strafford County, NH	1.0125
40580	Rocky Mount, NC Edgecombe County, NC Nash County, NC	0.8845
40660	Rome, GA Floyd County, GA	0.8915
40900	Sacramento--Arden-Arcade--Roseville, CA El Dorado County, CA Placer County, CA Sacramento County, CA Yolo County, CA	1.4073
40980	Saginaw-Saginaw Township North, MI Saginaw County, MI	0.9122
41060	St. Cloud, MN Benton County, MN Stearns County, MN	1.1107
41100	St. George, UT Washington County, UT	0.9236
41140	St. Joseph, MO-KS Doniphan County, KS Andrew County, MO Buchanan County, MO DeKalb County, MO	1.0189

CBSA Code	Urban Area (Constituent Counties)	Wage Index
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	0.9102
41420	Salem, OR Marion County, OR Polk County, OR	1.0974
41500	Salinas, CA Monterey County, CA	1.5207
41540	Salisbury, MD Somerset County, MD Wicomico County, MD	0.9110
41620	Salt Lake City, UT Salt Lake County, UT Summit County, UT Tooele County, UT	0.9378
41660	San Angelo, TX Irion County, TX Tom Green County, TX	0.7914
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	0.8857
41740	San Diego-Carlsbad-San Marcos, CA San Diego County, CA	1.1752
41780	Sandusky, OH Erie County, OH	0.8888
41884	San Francisco-San Mateo-Redwood City, CA Marin County, CA San Francisco County, CA San Mateo County, CA	1.5874
41900	San Germán-Cabo Rojo, PR Cabo Rojo Municipio, PR Lajas Municipio, PR Sabana Grande Municipio, PR San Germán Municipio, PR	0.4740
41940	San Jose-Sunnyvale-Santa Clara, CA San Benito County, CA Santa Clara County, CA	1.6404

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	0.4363
42020	San Luis Obispo-Paso Robles, CA San Luis Obispo County, CA	1.2550
42044	Santa Ana-Anaheim-Irvine, CA Orange County, CA	1.1972
42060	Santa Barbara-Santa Maria-Goleta, CA Santa Barbara County, CA	1.2213
42100	Santa Cruz-Watsonville, CA Santa Cruz County, CA	1.6735
42140	Santa Fe, NM Santa Fe County, NM	1.0694
42220	Santa Rosa-Petaluma, CA Sonoma County, CA	1.5891
42340	Savannah, GA Bryan County, GA Chatham County, GA Effingham County, GA	0.9043
42540	Scranton--Wilkes-Barre, PA Lackawanna County, PA Luzerne County, PA Wyoming County, PA	0.8375
42644	Seattle-Bellevue-Everett, WA King County, WA Snohomish County, WA	1.1577
42680	Sebastian-Vero Beach, FL Indian River County, FL	0.9362
43100	Sheboygan, WI Sheboygan County, WI	0.9166
43300	Sherman-Denison, TX Grayson County, TX	0.8064
43340	Shreveport-Bossier City, LA Bossier Parish, LA Caddo Parish, LA De Soto Parish, LA	0.8383
43580	Sioux City, IA-NE-SD Woodbury County, IA Dakota County, NE Dixon County, NE Union County, SD	0.9094
43620	Sioux Falls, SD Lincoln County, SD McCook County, SD Minnehaha County, SD Turner County, SD	0.8983
43780	South Bend-Mishawaka, IN-MI St. Joseph County, IN Cass County, MI	0.9690

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43900	Spartanburg, SC Spartanburg County, SC	0.9341
44060	Spokane, WA Spokane County, WA	1.0444
44100	Springfield, IL Menard County, IL Sangamon County, IL	0.9545
44140	Springfield, MA Franklin County, MA Hampden County, MA Hampshire County, MA	1.0373
44180	Springfield, MO Christian County, MO Dallas County, MO Greene County, MO Polk County, MO Webster County, MO	0.8453
44220	Springfield, OH Clark County, OH	0.9195
44300	State College, PA Centre County, PA	0.9096
44700	Stockton, CA San Joaquin County, CA	1.2331
44940	Sumter, SC Sumter County, SC	0.8152
45060	Syracuse, NY Madison County, NY Onondaga County, NY Oswego County, NY	0.9785
45104	Tacoma, WA Pierce County, WA	1.1195
45220	Tallahassee, FL Gadsden County, FL Jefferson County, FL Leon County, FL Wakulla County, FL	0.8406
45300	Tampa-St. Petersburg-Clearwater, FL Hernando County, FL Hillsborough County, FL Pasco County, FL Pinellas County, FL	0.8982
45460	Terre Haute, IN Clay County, IN Sullivan County, IN Vermillion County, IN Vigo County, IN	0.9061
45500	Texarkana, TX-Texarkana, AR Miller County, AR Bowie County, TX	0.8113
45780	Toledo, OH Fulton County, OH Lucas County, OH Ottawa County, OH Wood County, OH	0.9541
45820	Topeka, KS Jackson County, KS Jefferson County, KS Osage County, KS Shawnee County, KS Wabaunsee County, KS	0.9026
45940	Trenton-Ewing, NJ Mercer County, NJ	1.0552
46060	Tucson, AZ Pima County, AZ	0.9505
46140	Tulsa, OK Creek County, OK Okmulgee County, OK Osage County, OK Pawnee County, OK Rogers County, OK Tulsa County, OK Wagoner County, OK	0.8662
46220	Tuscaloosa, AL Greene County, AL Hale County, AL Tuscaloosa County, AL	0.8698
46340	Tyler, TX Smith County, TX	0.8312
46540	Utica-Rome, NY Herkimer County, NY Oneida County, NY	0.8460
46660	Valdosta, GA Brooks County, GA Echols County, GA Lanier County, GA Lowndes County, GA	0.7944

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46700	Vallejo-Fairfield, CA Solano County, CA	1.4934
47020	Victoria, TX Calhoun County, TX Goliad County, TX Victoria County, TX	0.8054
47220	Vineland-Millville-Bridgeton, NJ Cumberland County, NJ	1.0207
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	0.8960
47300	Visalia-Porterville, CA Tulare County, CA	1.0221
47380	Waco, TX McLennan County, TX	0.8377
47580	Warner Robins, GA Houston County, GA	0.8754
47644	Warren-Troy-Farmington Hills, MI Lapeer County, MI Livingston County, MI Macomb County, MI Oakland County, MI St. Clair County, MI	0.9806
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	1.0882
47940	Waterloo-Cedar Falls, IA Black Hawk County, IA Bremer County, IA Grundy County, IA	0.8518
48140	Wausau, WI Marathon County, WI	0.9440
48260	Weirton-Steubenville, WV-OH Jefferson County, OH Brooke County, WV Hancock County, WV	0.7368
48300	Wenatchee-East Wenatchee, WA Chelan County, WA Douglas County, WA	0.9719
48424	West Palm Beach-Boca Raton-Boynton Beach, FL Palm Beach County, FL	0.9879
48540	Wheeling, WV-OH Belmont County, OH Marshall County, WV Ohio County, WV	0.6869
48620	Wichita, KS Butler County, KS Harvey County, KS Sedgwick County, KS Sumner County, KS	0.9018

CBSA Code	Urban Area (Constituent Counties)	Wage Index
48660	Wichita Falls, TX Archer County, TX Clay County, TX Wichita County, TX	0.9197
48700	Williamsport, PA Lycoming County, PA	0.7877
48864	Wilmington, DE-MD-NJ New Castle County, DE Cecil County, MD Salem County, NJ	1.0555
48900	Wilmington, NC Brunswick County, NC New Hanover County, NC Pender County, NC	0.8986
49020	Winchester, VA-WV Frederick County, VA Winchester City, VA Hampshire County, WV	0.9777
49180	Winston-Salem, NC Davie County, NC Forsyth County, NC Stokes County, NC Yadkin County, NC	0.8953
49340	Worcester, MA Worcester County, MA	1.1089
49420	Yakima, WA Yakima County, WA	0.9949
49500	Yauco, PR Guánica Municipio, PR Guayanilla Municipio, PR Peñuelas Municipio, PR Yauco Municipio, PR	0.3348
49620	York-Hanover, PA York County, PA	0.9299
49660	Youngstown-Warren-Boardman, OH-PA Mahoning County, OH Trumbull County, OH Mercer County, PA	0.8679
49700	Yuba City, CA Sutter County, CA Yuba County, CA	1.1265
49740	Yuma, AZ Yuma County, AZ	0.9143

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

Table B: FY 2008 WAGE INDEX BASED ON CBSA LABOR MARKET AREAS FOR RURAL AREAS

State Code	Nonurban Area	Wage Index
1	Alabama	0.7327
2	Alaska	1.1669
3	Arizona	0.8790
4	Arkansas	0.7332
5	California	1.2051
6	Colorado	0.9929
7	Connecticut	1.1093
8	Delaware	0.9910
10	Florida	0.8566
11	Georgia	0.7623
12	Hawaii	1.1113
13	Idaho	0.7733
14	Illinois	0.8312
15	Indiana	0.8529
16	Iowa	0.8624
17	Kansas	0.8167
18	Kentucky	0.7813
19	Louisiana	0.7611
20	Maine	0.8579
21	Maryland	0.9131
22	Massachusetts[1]	1.1700
23	Michigan	0.8778
24	Minnesota	0.9160
25	Mississippi	0.7638
26	Missouri	0.7671
27	Montana	0.8399
28	Nebraska	0.8705

State Code	Nonurban Area	Wage Index
29	Nevada	0.9674
30	New Hampshire	0.9957
31	New Jersey[1]	-----
32	New Mexico	0.8938
33	New York	0.8269
34	North Carolina	0.8535
35	North Dakota	0.7813
36	Ohio	0.8506
37	Oklahoma	0.7654
38	Oregon	1.0236
39	Pennsylvania	0.8306
40	Puerto Rico[1]	0.4047
41	Rhode Island[1]	-----
42	South Carolina	0.8394
43	South Dakota	0.8510
44	Tennessee	0.7808
45	Texas	0.7759
46	Utah	0.8363
47	Vermont	0.9763
48	Virgin Islands	0.7416
49	Virginia	0.7869
50	Washington	1.0224
51	West Virginia	0.7396
52	Wisconsin	0.9206
53	Wyoming	0.9535
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 2010. The rural Massachusetts wage index is calculated as the average of all contiguous CBSAs. The Puerto Rico wage index is the same as FY 2009.

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