Immediate Adoption of Rule

This rule involves a number of procedural changes to existing allocation procedures which are necessary to clarify those procedures. It is necessary for these changes to be made before the next slot allocation. Therefore, I find that further notice and public procedure thereon are impracticable and contrary to the public interest. I further find that good cause exists for making this regulation effective in less than 30 days after its publication in the **Federal Register.**

List of Subjects in 14 CFR Part 91

Air traffic control.

Adoption of the Rule

PART 91—GENERAL OPERATING AND FLIGHT RULES

Chapter I of Title 14 of the Code of Federal Regulations is amended as follows effective September 27, 1982.

The Appendix to Special Federal Aviation Regulation 44–5 (14 CFR Part 91) is amended as follows:

1. The following is added at the end of paragraph 2(a):

Upon a showing by the carrier that an operation is historically seasonal, API–1 may grant a waiver from the 57-percent requirement.

2. The following is substituted in lieu of the second sentence of paragraph (2)(e):

A carrier must answer "present" or make its selections within 1 minute or it will lose its turn. If it answers "present," the carrier must make its selection within 5 minutes total after its turn is called or it will lose its turn.

3. The following sentence is added at the end of paragraph 2(e):

A carrier not passing and deciding not to select slots in a particular sequence may "defer" selection in that sequence.

4. The last paragraph of paragraph 2(f) is changed to read as follows:

After the first slot selection session, the order for slot selection will be as follows: (1) impacted incumbents that "passed" their "impacted incumbent" selections in the previous slot selection session in the order in which they were listed as impacted; (2) impacted incumbents; (3) carriers that "passed" in the previous slot selection section in the order in which they were listed in the selection list; and (4) the carrier following the last carrier to make a slot selection in the previous session.

5. The following is inserted in lieu of the first sentence in paragraph 4:

Charter and extra section flight requests shall be made to the FAA Central Flow Facility. Non-passenger ferry flights, pilot training and mechanical repair checkout operations may be conducted notwithstanding the limitations contained in this SFAR.

(Secs. 307 (a) and (c), 313(a), and 601(a), Federal Aviation Act of 1958, as amended (49 U.S.C. 1348 (a) and (c), 1354(a), and 1421(a)); sec. 6(c), Department of Transportation Act (49 U.S.C. Section 1655(c)))

Note.—The FAA has determined that this rule is only a clarifying amendment in that it adjusts the procedures utilized during the slot selection process. It is consistent with previous interpretations given at the selection sessions. There are no apparent direct or indirect (non-industry) costs associated with the amendment. Therefore, the preparation of a regulatory evaluation is unnecessary.

Based on the above, it has been determined that this is not a major regulation under Executive Order 12291 and I certify that, under the criteria of the Regulatory Flexibility Act, the rule will not have a significant economic impact on a substantial number of small entities. In addition, the FAA has determined that this amendment is not significant under the Department of Transportation Regulatory Policies and Procedures (44 FR 11034; February 26, 1979).

Issued in Washington, D.C., on September 27, 1982.

J. Lynn Helms,

Administrator.

[FR Doc. 82–26980 Filed 9–27–82; 3:53 pm]

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federal register

Thursday
September 30, 1982

Part IV

Department of Health and Human Services

Health Care Financing Administration

Medicare Program; Medicare Hospital Reimbursement Reforms: Limitations on Reimbursable Costs and the Rate of Hospital Cost Increases

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

42 CFR Part 405

Medicare Program; Medicare Hospital Reimbursement Reforms: Limitations on Reimbursable Costs and the Rate of Hospital Cost Increases

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

ACTION: Interim Final Rule with Comment Period.

SUMMARY: These rules implement section 1886 of the Social Security Act (established by section 101 of the Tax Equity and Fiscal Responsibility Act of 1982). These rules amend current regulations on hospital cost limits, providing for new exemptions and exceptions. These amendments make exceptions available to hospitals consistent with the new cost limits published elsewhere in this issue of the **Federal Register**, and specifically exempt from those cost limits rural hospitals with less than 50 beds in existence as of the enactment of the law. These rules also set forth new regulations establishing a three-year ceiling on the allowable annual rate of increase in operating costs per case for inpatient hospital services. This ceiling takes the form of a target amount of cost per case against which a hospital's incurred cost per case will be compared. Hospitals are provided incentives to keep their cost increases below the target rate. A hospital that has costs per case less than the target amount will be paid a portion of the difference between actual cost and the target amount. A hospital that has costs per case that are greater than the target amount will be paid the target amount plus 25 percent of its costs in excess of the target for the first two years of the ceiling, and none of the excess in the third year. However, payment to a hospital under these new target rate regulations will not be greater than the amount determined under the new schedule of limits on hospital inpatient operating costs published elsewhere in this issue of the **Federal Register.**

DATES: These rules are effective for hospital cost reporting periods beginning on or after October 1, 1982. 42 CFR 405.463, establishing target rates for hospital cost increases, will apply only to cost reporting periods beginning before October 1, 1985.

To assure consideration, comments should be received by November 29, 1982.

ADDRESS: Address comments in writing to: Administrator, Health Care Financing Administration, Department of Health and Human Services, P.O. Box 17073, Baltimore, Maryland 21235

In commenting, please refer to file code BPP–233–FC.

If you prefer, you may deliver your comments to Room 309–G Hubert H. Humphrey Building, 200 Independence Ave., S.W., Washington, D.C., or to Room 132, East High Rise Building, 6325 Security Boulevard, Baltimore, Maryland 21207.

Comments received may be inspected during regular business hours at Room 309–G, of the Department's offices in the Humphrey Building, at the address mentioned above, beginning about 3 weeks after the date of publication. Arrangements to inspect these comments should be made by calling (202) 245–7890.

FOR FURTHER INFORMATION CONTACT: Marilyn Koch, (301) 594–9235.

SUPPLEMENTARY INFORMATION:

I. Background

A. *Legislative History.* Section 223 of the Social Security Amendments of 1972 (Pub. L. 92–603; enacted October 10, 1972), amended section 1861(v)(i) of the Social Security Act (42 U.S.C. 1395x(v)(1)), to authorize the Secretary to set prospective limits on the costs that are reimbursed under Medicare. These limits (commonly called section 223 cost limits) may be applied to direct or indirect overall costs or to costs incurred for specific items or services furnished by a Medicare provider, and may be based on estimates of the costs necessary in the efficient delivery of needed health services.

Regulations implementing this authority are set forth at 42 CFR 405.460. Under this authority, we have published section 223 limits on hospital inpatient general routine per diem costs annually since 1974. The current schedule of limits on hospital inpatient general routine per diem operating costs was published on September 30, 1981 (46 FR 48010), and applies to hospitals with cost reporting periods ending after September 30, 1981.

On September 3, 1982, the President signed into law the Tax Equity and Fiscal Responsibility Act of 1982 (Pub. L. 97–248). Section 101 of this legislation added a new section 1886 of the Social Security Act, supplementing section 1861(v) of the Act by providing for "further limitations on reasonable cost and determination of payment amounts for operating costs of inpatient hospital services * * *". (Section 101(d) of Pub. L. 97–248.) These regulations implement provisions of sections 1886 (a) and (b) that are intended to restrain growth of hospital costs and to relieve the stress that increases in these costs put on the financial soundness of the Hospital Insurance Trust Fund.

B. *Statutory Provisions.* 1. *Summary.* Section 101(a) of Pub. L. 97–248 enacted a variety of provisions to contain the costs that hospitals incur in providing inpatient services. Section 1886(a) provides for expanding the existing "section 223" limits, which currently apply on a per diem basis only to the inpatient routine operating costs hospitals incur in providing routine services (primarily room, board, and routine nursing services). The expanded limits will apply on a per case basis to the operating costs of ancillary services, such as radiology and laboratory services, and the operating costs of special care, such as intensive or coronary care, as well as operating costs of routine services. Section 1886(a)(1)(B) requires these limits to be adjusted to account for differences between hospitals in the types of cases treated (case-mix).

Section 1886(b) provides for a new three-year control on hospital cost increases that is separate and different from the type of limit established under section 223. This provision requires that we establish a ceiling target level for the allowable rate of increase of hospitals' inpatient operating costs per case, and provides for both incentive payments for hospitals that keep their cost below the target, and penalties for hospitals that incur costs greater than the target.

Section 101(b) of Pub. L. 97–248 makes the new section 1886 effective for cost reporting periods beginning on or after October 1, 1982 and provides that, in order to accomplish this prompt effect of these provisions, regulations needed to implement them may be issued as final regulations without prior notice and comment. Further, section 101(b) exempts, until January 1, 1984, these necessary regulations from Office of Management and Budget (OMB) review of information collection requirements, as required under the Paperwork Reduction Act of 1980 (Pub. L. 96–511). Section 101(b)(3) enacted section 1135(c) of the Social Security Act, which also requires us to develop, by December 31, 1982, proposals for legislation that would enable the Medicare program to reimburse participating providers (such as hospitals and skilled nursing facilities), on a prospective basis. (It is clear from the Conference Committee Report that the three-year rate of increase ceiling established under section 1886(b) is expected to end earlier

if prospective reimbursement for inpatient hospital services is implemented.) (H. R. Rep. No. 97–760, 97th Cong., 2d Sess. 421 (1982).)

Section 101(c) provides for a number of amendments to various sections of Title XVIII of the Social Security Act that are necessary to conform the provisions of those sections to the new requirements established under section 1886.

2. *Section 1886(a)—Total inpatient operating cost limits.* As noted above, section 1886(a) expands the section 223 hospital cost limits, currently applied to inpatient general routine operating costs, to include total inpatient operating costs, applied on an average cost-per-case basis, and adjusted for case mix. The statute specifies that the affected operating costs of inpatient hospital services include all routine operating costs, ancillary service operating costs, and special care unit operating costs. These new case-mix adjusted limits on inpatient operating costs per case are effective for hospital cost reporting periods beginning on or after October 1, 1982. In no case would reimbursement to a hospital on a cost-per-case basis be reduced below the allowable cost-per-case for the hospital's cost reporting period immediately preceding the first cost reporting period subject to the case-mix adjusted limits.

Section 1886(a) requires that rural hospitals (that is, hospitals that are not located in a Standard Metropolitan Statistical Area (SMSA)) in operation and having less than 50 beds at the time of enactment be exempt from the case-mix limits. In addition, section 1886(a)(2) requires that the Secretary provide, as he deems appropriate, exemptions, exceptions, and adjustments to the limits established under section 1886(a)(1)(A) to take into account:

(A) the special needs of sole community hospitals, of new hospitals, of risk basis health maintenance organizations, and of hospitals which provide atypical services or essential community services, and to take into account extraordinary circumstances beyond the hospital's control, medical and paramedical education costs, significantly fluctuating population in the service area of the hospital, and unusual labor costs,

(B) the special needs of psychiatric hospitals and of public or other hospitals that serve a significantly disproportionate number of patients who have low income or are entitled to benefits under part A of this title [title XVIII of the Social Security Act], and

(C) a decrease in the inpatient hospital services that a hospital provides and that are customarily provided directly by similar hospitals which results in a significant distortion in the operating costs of inpatient hospital services.

Section 1886(a) also includes specific provisions on the methodology, for establishing case-mix adjusted limits. However, that methodology is not incorporated in these regulations. Instead, it is explained in detail in a separate notice published elsewhere in this issue of the **Federal Register.** therefore, we are not describing all those provisions here. However, one element of that methodology involves an index of increases in hospital wages and prices that is also used in calculating the rate of increase ceiling established under section 1886(b). See section IV of this preamble, below, for a discussion of that index.

3. *Section 1886(b)—Rate-of-increase ceiling.* The new three-year hospital rate of increase provision includes two elements in common with the case-mix adjusted limits—the rate of increase ceiling is applied to the same inpatient operating costs per case as are subject to the expanded section 223 cost limits, and the rate of increase is determined on the basis of the same index of increases in hospital wages and prices. However, we wish to make clear that this ceiling is separate and different from the section 223 type of limit, and applies in addition to the limits established under 1886(a). Hospitals may *not* receive reimbursement in excess of the amount determined to be allowable under section 1886(a).

Section 1886(b) provides that payment for inpatient hospital services will be determined on the basis of the relation of a hospital's costs to a ceiling determined by a target rate of increase in operating costs per case. (In accordance with the statute, payments made on this basis will be subject to the coinsurance and deductible requirements of section 1813 of the Act, but will be made without regard to the provisions of section 1814(b) which requires payment of charges when they are lower than costs.) This ceiling is expressed as a target amount based on the percentage rate of increase in the hospital wage and price index (market basket index) plus one percentage point. In the first year subject to the ceiling (that is, to cost reporting periods beginning on or after October 1, 1982), a target amount will be established for each hospital equal to the hospital's allowable operating costs per case for the immediately preceding 12-month cost reporting period, increased by the target rate percentage. After the first year, a hospital's inpatient operating cost per case target amount would be computed by increasing the previous year's target amount by the current year's target rate percentage increase.

Section 1886(b)(5) specifies that, in the case of any hospital having a cost reporting period of other than 12-months in length, the Secretary shall determine the 12-month period that will be used for purposes of setting a rate-of-increase ceiling.

A hospital that incurs allowable costs per case below its target amount will be paid its costs plus the lesser of 5 percent of the target amount or 50 percent of the difference between its actual costs and target amount. A hospital that incurs allowable cost per case above its target amount will be allowed the target amount plus 25 percent of its cost in excess of its target amount for the first two years, and none of the excess cost in the third year. In no event could payment under this provision exceed the amount payable under the cost limits established under section 1886(a).

Section 1886(b)(4) provides for exemptions from, and exceptions and adjustments to, the rate of increase ceiling. The Conference Committee specified that adjustments could have the effect of either increasing or decreasing the target payment amount. (H.R. Rep. No. 97–760. 97th Cong., 2d Sess. 420 (1982).) The principal intention in authorizing exemptions, exceptions, and adjustments is to take into account factors that would distort either a hospital's base period or rate of cost increase during the 3-year period to which the rate of increase provisions are applicable. Examples of such factors include significant changes in a hospital's case-mix in a particular year when compared to the base year, extraordinary circumstances beyond the hospital's control, and a reduction in a hospital's costs resulting from cutting back on the kinds of services directly provided to patients—for example, as the result of leasing out its clinical laboratory.

The rate of increase ceiling established by section 1886(b) would not apply to any hospital cost reporting period beginning on or after October 1, 1985. (Further, if prospective reimbursement is established for inpatient hospital services furnished during cost reporting periods beginning before that date, the rate of increase ceiling would be terminated before the full three years elapsed.)

In addition, section 1886(b)(6) provides that, in the case of hospitals that withdraw from participation in Social Security (Old Age, Survivors, Disability, and Health Insurance, or OASDHI program) after August 15, 1982, the Secretary must reduce Medicare payments to reflect cost savings the hospitals achieve through withdrawal.

In computing the reduction, savings are to be offset by expenditures a hospital incurs for substitute pension, health, and insurance benefits comparable to the foregone Social Security benefits.

C. *Purpose of These Interim Final Regulations.* These regulations implement section 1886(a) by making changes to 42 CFR 405.460 that are needed to make the exceptions available to hospitals consistent with the new case-mix adjusted cost limits published elsewhere in this issue of the **Federal Register.** The amended regulations specify that the exception to the hospital cost limits based on intensity of routine care is available only for cost reporting periods in which hospitals are subject to routine per diem cost limits. These regulations also allow a hospital to obtain an exception to the case-mix-adjusted hospital cost limits if it can show that it has taken actions that have substantially altered its mix of patients treated. These changes are effective for cost reporting periods beginning on or after October 1, 1982.

These regulations implement section 1886(b) by establishing a new section 42 CFR 405.463, entitled "Limitations on Rate of Cost Increases". These regulations specify how the statutorily prescribed target rates will be applied, and provide for appropriate exemptions, exceptions, and adjustments. These regulations are effective for cost reporting periods beginning on or after October 1, 1982, and before October 1, 1985.

II. Changes to Regulations on Limitations on Reimbursable Costs (42 CFR 405.460)

A. *Introduction.* As noted above, the current hospital cost limits, effective for cost reporting periods ending after September 30, 1981, apply only to inpatient general routine operating costs, which generally include primarily the operating costs hospitals incur to furnish room, board, and routine nursing services. These limits do not apply to the cost of ancilliary services (for example, radiology or laboratory services), and cost of special care units, such as intensive or coronary care units. The limits also exclude capital-related costs (that is, costs classified in the depreciation accounts on a hospital's Medicare cost report), malpractice insurance costs, and costs a hospital allocates to the interns and residents (in approved programs) or nursing school cost centers on its Medicare cost report. The current limits, like those in previous cost limit schedules, are applied on a per diem basis and do not include an explicit adjustment for differences in inpatient routine care costs that result from variations in the type and mix of cases treated by various hospitals (that is, case mix differences).

However, in accordance with the new section 1886(a) of the Social Security Act, we are now implementing a new system of limits on hospital inpatient operating costs for cost reporting periods beginning on or after October 1, 1982, which are applied on a per discharge rather than per diem basis, and are explicitly adjusted to reflect the case mix of each hospital. These limits are described in detail in a separate document published elsewhere in this issue of the **Federal Register.**

To make our regulations at 42 CFR 405.460 consistent with section 1886(a) of the Social Security Act, and with the methodology and scope of the new hospital cost limits, it is necessary to make certain changes in those regulations. However, we wish to note that most provisions of those regulations are not inconsistent with the new cost limits established under section 1886(a), and will continue to remain in effect under section 1886(a). Thus, provisions at 42 CFR 405.460(e) for exempting sole community hospitals, new providers, and risk-basis health maintenance organizations from the section 223 cost limits will remain in effect. Similarly, provisions at § 405.460(f) for allowing a hospital to have its cost limit adjusted upwards on an exception basis due to allowable costs attributable to atypical services, extraordinary circumstances, fluctuating population, medical and paramedical education, and unusual labor costs will remain in effect. The provision will also remain in effect under which an exception is provided where a hospital providing essential community services would be rendered insolvent through application of the limits.

B. *Exemption for Rural Hospitals with Less than 50 Beds.* As mentioned above, the statute specifically states (section 1886(a)(3)) that these cost limits, effective for cost reporting periods beginning on or after October 1, 1982, shall not apply to any hospital that is located outside an SMSA, has less than 50 beds, and was in operation (with less than 50 beds) on September 3, 1982. (The official SMSA designations are maintained and published periodically by the Executive Office of Management and Budget.) Therefore, we are adding this group of hospitals to those exempted from the cost limits under the regulations at § 405.460(e). A hospital that may meet the criteria for this exemption may request such exemption under the rules at § 405.460(c) by filing a request with its Medicare fiscal intermediary no later than 180 days following the date on the intermediary's notice of program reimbursement. For purposes of this exemption, the definition of "bed" shall be the same as that currently used under the routine hospital cost limits (See § 2510.5, HCFA Pub. 15–1, Provider Reimbursement Manual).

C. *Exception for More Intensive Routine Care.* We have previously restricted hospital cost limits to inpatient general routine operating costs because the types of general routine services furnished by hospitals are comparatively uniform. The general routine cost limits, therefore, have been applied only to the cost of services that are not likely to vary widely, in either scope or intensity, because of factors unrelated to efficiency, such as variations in case mix.

Although inpatient general routine care services are relatively uniform among hospitals generally, we have recognized that some hospitals may provide more intensive routine services than others and that the hospitals may have shorter-than-average lengths of stay with higher per diem costs. The Medicare regulations at 42 CFR 405.460(f)(5) provide an exception to the limits for hospitals that can demonstrate that their excess per diem costs result from the provision of more intensive routine care, and result in shorter average lengths of stay, than other hospitals that have a reasonably similar mix of patients. We believe that under the system of per diem limits on routine costs (in conjunction with a days-of-care adjustment included in the routine cost limits methodology) the greater intensity of care exception has been adequate to account for cost differences in the intensity of routine services.

Since the new limits on total inpatient operating costs will be applied on a per discharge basis and will be directly adjusted to reflect individual hospital differences in case-mix, we do not believe the exception for hospitals with higher per diem costs resulting from more intensive routine care should be available to hospitals covered by those limits. We believe this exception will not be needed by hospitals subject to the new limits because a cost per discharge system of limits will reflect differences in intensity of care. A hospital will not be disadvantaged under the new limits if it produces equivalent services over a shorter average length of stay. Therefore, we are amending the regulations at 42 CFR 405.460(f)(5) to state explicitly that the exception provided by that section is available only for hospital cost reporting

periods that are subject to the routine per diem limits. Since the new limits will be effective for cost reporting periods beginning on or after October 1, 1982, the exception will be available to hospitals only for cost reporting periods that begin before that date (that is, cost reporting periods for which the current limits are effective).

D. *Exception for Changes in Case-Mix Due to Changes in Services.* As explained in the notice setting forth the new cost limits, under the new system each hospital's limit will be adjusted by a case-mix index that is specific to the hospital. This index is derived in part from data contained in bills the hospital submits to its Medicare intermediary. In general, we expect that there will be a time lag between the most recent year for which complete billing data are available, and the year in which a case-mix index based on the data are used to calculate a hospital's limit.

We do not believe this time lag will have a measurable effect on the overall accuracy of the new limits, since the type and mix of patients treated by most hospitals should remain relatively stable from year to year. That is, hospitals as a group tend to repeat the same pattern of case complexity in successive periods. However, some hospitals may experience significant and abrupt changes in their case mix because they have added or discontinued services. For example, if a community hospital were to open a special new facility such as a regional burn center, the added services offered in this unit could radically change the hospital's type and mix of patients. Under these circumstances, the lag in receipt and processing of the data described above could result in inaccuracy in the hospital's case-mix index, and in its limit.

To deal with this problem, we are adding a new exception for hospitals that incur costs that exceed the new limits due to significant and abrupt changes in case mix that result from the addition or discontinuation of services. A hospital that wishes to obtain an exception to the limits on this basis is required to submit to HCFA, in a specified format, a record of all Medicare discharges for the cost reporting period to which the limits are applied. To permit processing of these records, they must be submitted on magnetic tape according to specifications and using ICD–9–CM coding. To have its exception request considered, a provider will have to submit the request and the discharge records needed to evaluate the request within the time limit for exception requests now specified in 42 CFR 405.460(c), i.e., within 180 days of the date on the intermediary's notice of program reimbursement.

Based on these records, HCFA will then recompute the hospital's case-mix index. HCFA will use the recomputed case-mix index, rather than the index published in the schedule of limits then in effect, to calculate the hospital's limit for the subject cost reporting period. Because the recomputed index will be more current than the index in the published schedule, and will be based on data from 100 percent of the hospital's Medicare discharges, rather than from a sample of discharges, we will apply the new index in calculating the hospital's limit, regardless of whether it results in a limit for the particular hospital that is higher or lower than the limit based on the published index.

Since the new exception is available only to hospitals covered by the new limits, we are making this exception effective only for cost reporting periods beginning on or after October 1, 1982.

E. Other exemptions, exceptions, and adjustments. Section 1886(a)(2) directs the establishment of exemptions, exceptions, and adjustments to the limits as deemed necessary. In addition to the items covered above, section 1886(a)(2)(B) mentions the special needs of psychiatric hospitals and of public or other hospitals that serve a disproportionate number of patients who have low income or are entitled to benefits under Medicare.

We have not included specific provisions for those exemptions or exceptions in these regulations. In the case of psychiatric hospitals, we believe that the exclusion of long-term-care hospitals from the system of case-mix adjusted cost limits will cover most psychiatric hospitals. We believe the exception for atypical services contained in current regulations will allow us to appropriately recognize special needs of short-term psychiatric hospitals which participate in Medicare.

We have not now made any special provision for public hospitals or other hospitals that treat a disproportionate number of low income or Medicare patients, because we do not now have data that enable us to determine the extent to which special consideration is warranted, or the type of provision that may be appropriate. We have not, for example, been able to identify generally higher Medicare inpatient operating costs in thee hospitals as a group. A report reviewing the section 223 routine cost limits prepared for HCFA by Applied Management Sciences found that Medicare patients apparently utilize relatively fewer routine care resources per day than do non-Medicare patients. Further, the study found that hospitals with high rates of Medicare utilization tend to have lower routine per diem costs, but a somewhat faster rate of increase in those costs.

We have also made some preliminary analysis of Medicare inpatient operating costs per case adjusted for case mix and have not found a significant association between higher Medicare cost per case and either public ownership or the proportion of low income patients after considering other factors (e.g. area wages) already recognized in the cost limits methodology. For example, including government ownership in a regression analysis along with other variables now present in the cost limits methodology indicated a small negative relationship. We did not consider the results conclusive. Using a ratio of Medicaid utilization as an indicator of low-income patients showed no significant influence on cost per case.

The conference agreement follows the Senate amendment on this provision. The Report of the Senate Committee on Finance (S. Rept. No. 97–494) directed the Secretary to determine the extent to which the limits for public hospitals and other institutions should be adjusted to take into account the extra costs that they necessarily incur in treating low income patients. Since it is unclear at this point what, if any, cost effects occur as a result of public ownership or what changes may be appropriate, we have not included a special provision for public hospitals.

Although we are not now including any specific provision for these hospitals, we do expect to examine this issue further to determine what action would be appropriate with respect to public hospitals or other hospitals that serve a disproportionate number of low income or Medicare patients. To the extent that we find that either some adjustment for these hospitals as a class, or an exception for individual hospitals, is warranted, we will issue a revision to the regulations or notices as appropriate. We wish to invite specific comment, from hospitals, hospital associations, and others knowledgeable on this issue, on differences in the cost of services to Medicare beneficiaries in these hospitals, and on potential methods for recognizing their effects.

As noted above, section 1886(a)(2)(C) provides for an additional adjustment to take into account a decrease in the inpatient services that a hospital provides, which are customarily provided directly by similar hospitals,

and that results in a significant distortion in operating costs. This provision reflects congressional concern that a hospital could create an appearance of reduced costs and compromise the limits by cutting back on services that would otherwise have been provided directly. Such actions may include, but are not limited to, closing a special care unit or changing the arrangements under which such services may be furnished such as by leasing out a department. These changes would result in costs lower than those that would have otherwise been incurred for purposes of comparison to the limit. Our regulations provide that in these cases, an adjustment to the operating costs may be made as necessary to take these factors into account.

F. *Prospective Application of Limits.* We are amending 42 CFR 405.460(a) by adding a paragraph setting forth the scope and authority of these regulations, and by adding a sentence to the section setting forth the general principle of the limits to state that the limits established under section 1861(v) of the Act will be applied on a prospective basis. When we revised the regulations at 42 CFR 405.460 on June 1, 1979 (see 44 FR 31804), reference to the prospectivity of the limits was inadvertently omitted. We are now inserting language in the regulation to make it clear that the limits are to be applied prospectively. These changes are purely technical, and have no effect on the way we develop or apply the limits.

III. Regulations Establishing Rate of Cost Increase Ceilings

A. *Introduction.* Section 1886(b) of the Social Security Act (enacted on September 3, 1982, by section 101(a) of Pub. L. 97–248) authorizes, for a three-year period only, a limitation on allowable rates of increase for hospital inpatient operating costs. This section provides incentives for hospitals to keep increases in their inpatient operating costs per case below an annual ceiling expressed as a target amount. A hospital that keeps its costs per case below its target amount per case may be paid an amount in addition to its allowable cost per case equal to 50 percent of the difference between its actual cost per case and its target amount, up to 5 percent of the target amount. However, a hospital that has actual costs per case that exceed its target amount will be paid its target amount plus 25 percent of its costs above its target amount during the first two cost reporting years under this provision, and will be paid none of those costs in excess of the target amount in the third cost reporting period under this provision.

The rate of increase ceiling is distinct and separate from the section 223 cost limits established under sections 1861(v) and 1886(a) of the Act. Those limits are based on group means and are applied directly to the inpatient operating costs per case that a hospital incurs during a particular cost reporting period. The rate of increase ceiling, on the other hand, limits the amount by which a hospital's inpatient operating costs may increase from one cost reporting period to the next. A hospital's costs will be subject to both types of limitation. For example, a hospital may have a small increase in inpatient operating costs from one cost reporting period to the next and be eligible for an additional payment under section 1886(b). However, the total reimbursement due the hospital, both for inpatient operating costs and the incentive payment, will still be screened against the 223 limits, and the cost limit will determine the maximum reimbursement. Similarly, a hospital with low operating costs per case could have actual operating costs below the 223 limits, but, if its costs exceed the applicable target amount, the excess costs would be disallowed to the extent prescribed by the ceiling.

B. *Cost Reporting Periods Subject to the Ceiling.* 1. *Periods of other than 12 months in length.* The methods in the law are uniformly described in terms of 12-month cost reporting periods for both the base year on which the initial ceiling would be computed and for the three years intended to be subject to the ceiling. Section 1886(b)(5) makes the only statutory reference to cost-reporting periods of other lengths, stating that, when a hospital does have such a reporting period, the Secretary will determine the 12-month period to be used for the ceiling.

There are two points at which the cost reporting period enters the determination of the ceiling. One cost reporting period is used as a base period for establishing the target amount for the first cost reporting period subject to the ceiling. Then, the target amount must be applied in determining the amount payable to a hospital for a particular cost reporting period. In both instances, it is important for both the accuracy and the equity of the ceiling that there be reasonable comparability between two cost reporting periods.

Cost reporting periods of other than 12 months result frequently from hospital mergers or changes of ownership. Usually such periods are shorter than 12 months in length. Very often two such periods happen in sequence, as one period is ended early (or late) due to sale or merger, and the next period is of whatever length is necessary to reconcile subsequent periods with the customary fiscal year of the owning entity. Short cost reporting periods also occur when a hospital enters or leaves the Medicare program.

These changes may result in cost reporting periods that are not comparable. For one thing, utilization, occupancy, case mix, and other factors such as services offered, and arrangements with suppliers, may be altered when hospitals are sold or merged. These changes may cause significant variation between cost reporting periods in measures such as average cost per case. For these reasons, we will not apply the rate of increase ceiling to cost-reporting periods of less than 12-months that occur along with a change in the operations of a hospital resulting from events such as merger, consolidation, or change of ownership. It is important to note that the determination as to whether the ceiling is applicable will be based on the effects that a transaction has on services a hospital furnishes, not on the type of transaction.

Where a reporting period of other than 12 months occurs along with a change in the operations of the hospital, and these events result in cost reporting periods in which services and costs are not comparable, the rate of increase ceiling would not apply. For example, Hospital A and Hospital B merge to form Hospital C. Hospital C offers a different range of services and services a different patient population than either Hospital A or Hospital B. In this case, the rate of increase ceiling would not apply.

However, sometimes hospitals elect, with intermediary approval, to make changes in their accounting cycles that are not related to a change in operations that would affect their inpatient operating costs per case. When a hospital does this, we will adjust the target percentage rate to reflect fewer months in the case of a short reporting period, using a monthly factor corresponding to the annual percentage rate and apply the ceiling. (We will also use such a monthly factor to make adjustments for cost reporting periods longer than 12 months.)

2. *The cost reporting period to be used as a base period.* The ceilings established under section 1886(b) must be initially set for each hospital on the basis of the allowable operating costs per case that a hospital incurs in its 12-month cost reporting period immediately preceding the first cost reporting period

subject to the ceiling. For hospitals that have consecutive 12-month periods, the base period is the 12-month cost reporting period beginning on or after October 1, 1981 (that is, the cost reporting period ending immediately prior to the first period subject to the ceiling).

C. *Procedures for Establishing the Target Amount to be Used as a Ceiling.* 1. *General procedure.* As noted above, the costs subject to the rate of increase ceiling are the same costs that are subject to the new limits on hospital inpatient operating costs per case established under section 1886(a). The target amount may be computed on a per discharge or per admission basis, as determined by HCFA. We will initially determine these costs on a per discharge basis in accordance with the methodology used to establish the new cost limits. (For purposes of applying the new case-mix adjusted limits and the rate of increase ceiling, intermediaries will use the definition of "discharge" is § 304.4 of the Provider Reimbursement Manual, HCFA Pub. 15–II–C.) (Under this definition, the transfer of a patient from one inpatient area to another does not constitute a discharge.)

In accordance with the statute, the operating costs included are:

- Routine operating costs, such as room, board, and routine nursing services;
- Ancillary service operating costs, such as the operating costs of radiology and laboratory department; and
- Special care unit operating costs.

Operating costs are defined in the notice establishing inpatient operating cost limits under section 1886(a) published elsewhere in this issue of the **Federal Register**. These costs exclude capital-related costs, malpractice insurance costs, and costs of approved medical and nursing education programs that are allocated to the intern and resident (in approved programs) and nursing school cost centers in the Medicare cost report. To establish the first year's ceiling, we will determine the allowable inpatient operating cost per case for a hospital's base period. This cost per case will be increased by a target rate percentage (equal to the market basket index, discussed below, plus one percentage point) to yield the hospital's target amount expressed in terms of cost per case. In subsequent years, the hospital's target amount will be determined by increasing the previous year's target amount by the target rate percentage for the applicable cost reporting period.

2. *The market basket index and target rate percentage.* Section 1886(b)(3)(B) requires that, in determining the rate of increase ceiling, the applicable percentage increase for any 12-month cost reporting period shall be equal to 1 percentage point plus the percentage, estimated by the Secretary, by which

> the cost of the mix of goods and services (including personnel costs but excluding non-operating costs) comprising routine, ancillary, and special care unit inpatient hospital services, based on an index of appropriately weighted indicators of changes in wages and prices which are representative of the mix of goods and services included in such inpatient hospital services, for such cost reporting period exceeds the cost of such mix of goods and services for the preceding 12-month cost reporting period.

As noted above, the case-mix adjusted limits established under 1886(a) must also use such an increase percentage. We will use the same data, methodology, and adjustment factors for both purposes.

We will base these wage and price adjustments on the market basket index of hospital wages and prices that we are using for the new hospital case-mix adjusted limits. Since July 1, 1979 the hospital cost limit schedules have incorporated such a market basket index to reflect changes in the prices of goods and services hospitals use in producing general inpatient routine services.

Under the rate-of-increase ceiling and the new case mix adjusted limits, we will use a market basket index to project rates of increase in total inpatient operating costs, rather than only inpatient routine operating costs. We have appropriately revised the market basket categories, and the weights assigned to each category, to reflect this change in the affected costs.

The revised market basket reflects two changes from the inpatient routine cost market basket that was included in the hospital cost limits notice published on September 30, 1981. The notice on the case-mix adjusted limits published elsewhere in this issue of the **Federal Register** gives a detailed discussion of the changes in and the technical background of the market basket index.

The categories of expenses we used to develop the revised market basket are based primarily on those used by the American Hospital Association (AHA) in its analysis of costs, and by the U.S. Department of Commerce in publishing price indexes by industry. The weights are based primarily on surveys by the AHA, and on the Department of Commerce's input-output studies.

Each notice setting forth a schedule of total inpatient operating cost limits will include a table of the rates of increase in the market basket, plus one percentage point, for each calendar year. That is, if the market basket increase for a particular calendar year is 8 percent, the percentage rate of increase for a cost reporting period corresponding to that calendar year would be 9 percent. For purposes of illustrating the determination of an initial rate-of-increase ceiling, let us assume that this 12-month period is the 12-month period immediately following the 12-month base period for a given hospital. We would determine the rate-of-increase ceiling target amount for the hospital by multiplying the inpatient operating cost per case for the base period by 1.09 (one plus the rate of increase).

Since the annual percentage rates will be published in the hospital cost limit notices for cost reporting periods beginning on or after October 1, 1982, we will use those notices instead of making a separate publication. Note that, since the cost limits are set prospectively, the table will include projected market basket indexes for future cost reporting periods. Rate-of-increase ceiling determinations will be made at the time of settlement on the basis of the most recently published market basket percentages.

D. Application of Target Rate Amounts in Determining Reimbursement. 1. *General procedure.* Congress incorporated an incentive feature in the rate-of-increase ceiling by establishing incentive payments as well as penalties, depending on whether a hospital's cost per case for cost reporting periods subject to the ceiling is less than or greater than the applicable target amount per case. Payments made under the rate of increase ceiling will take into account beneficiaries' deductible and coinsurance obligations under section 1813 of the Act, but, as specified in 1886(b)(1), will be determined without regard to section 1814(b) which requires payment to be made on the basis of charges when they are lower than reasonable costs.

After each affected cost reporting period, the Medicare intermediary will compare a hospital's actual allowable inpatient operating cost per case to its target amount. If the target amount is greater than actual cost, we will give the hospital an incentive payment with the hospital's total reimbursement, subject to the case-mix limits. If the target amount is less than actual cost, the hospital will be reimbursed for costs in excess of the target only to the extent allowed by the statute.

2. *Inpatient operating costs are not in excess of the target amount.* Section 1886(b)(1)(A) authorizes us to pay a hospital more than its otherwise allowable cost per case if it succeeds in

keeping its inpatient operating cost per case below the target amount. We will determine this on the basis of a comparison of incurred costs to a target amount derived as described above. If the hospital's actual cost is lower than its target amount, its reimbursement for inpatient operating costs will be whichever of the following is *least:*

- The inpatient operating cost per case plus 50 percent of the difference between that amount and the applicable target amount;
- The inpatient operating cost per case plus 5 percent of the target amount; or
- The hospital's allowable cost per case under the case-mix adjusted limits.

Example I

Hospital A has allowable inpatient operating costs per discharge as follows:

Cost Reporting Period and Cost Per Discharge

10/1/81–9/30/82—$1800
10/1/82–9/30/83—$1953

For the cost reporting period beginning 10/1/82 the applicable total inpatient operating cost (case-mix) limit is $1,975 per discharge, the market basket rate of increase is 8.5 percent, and the target rate of increase is 9.5 percent. (The target rate adjustment factor is therefore 1.095.)

Hospital A's target amount for the cost reporting period beginning 10/1/82 is $1971 ($1800×1.095).

The Medicare reimbursement per discharge for Hospital A would be the lowest of the following three amounts:

1. Actual cost plus 50 percent of the difference between actual and target cost per discharge.

$1971−$1953=$18.
$1953+(0.50×$18)=$1962.00.

2. Actual cost plus 5 percent of the target amount.

$1953+(0.05×$1971)=$2051.55.

3. Total inpatient operating cost (case-mix) limit=$1975.00.

Hospital A's Medicare reimbursement per discharge for the cost reporting period beginning 10/1/82 is $1,962.

Note.—Hospital A's target amount for the period beginning 10/1/83 will be $1971 increased by the target rate percentage for that period.

3. Inpatient operating costs are greater than the target amount. Section 1886(b)(1)(B) specifies that during the first two 12-month cost reporting periods subject to the rate of increase ceiling, a hospital may be paid the target amount plus 25 percent of allowable operating costs per case incurred in excess of its target rate amount per case (subject to the case-mix limits), and that, in the third cost reporting period subject to the ceiling, a hospital may not receive Medicare payment for any costs incurred in excess of its target amount.

For cost reporting periods beginning on or after October 1, 1982 and before October 1, 1984, we will determine reimbursement for a hospital that has actual costs in excess of its target amount on the basis of the lower of:

- The hospital's target amount plus 25 percent of the allowable inpatient operating costs per case in excess of that amount;
- The hospital's allowable cost per case under the case-mix adjusted limits.

For cost reporting periods beginning on or after October 1, 1984 and before October 1, 1985, reimbursement for a hospital that has actual cost in excess of the target amounts will be based on the lower of:

- The hospital's target amount per case; or
- The hospital's allowable cost per case under the case-mix adjusted limits.

Example II

Hospital B has allowable inpatient operating costs per discharge as follows:

Cost Reporting Period and Cost Per Discharge

10/1/81–9/30/82—$1800
10/1/82–9/30/83—$2000

For the cost reporting period beginning 10/1/82 the applicable total inpatient operating cost (case-mix) limit is $1,975 per discharge, the market basket rate of increase is 8.5 percent, and the target rate of increase is 9.5 percent. (The target rate adjustment factor is therefore 1.095.)

Hospital B's target amount for the cost reporting period beginning 10/1/82 is $1971 ($1800×1.095).

The Medicare reimbursement per discharge for Hospital B would be the lower of the following:

1. The target amount plus 25 percent of the excess actual costs.

$1971+0.25 ($2000−$1971)=$1978.25.

2. Total inpatient operating cost (case-mix) limit=$1975.00.

Hospital B's Medicare reimbursement per discharge for the cost reporting period beginning 10/1/82 is $1,975.

Example III

Hospital C has allowable inpatient operating costs per discharge of $2,000 for the cost reporting period beginning 1/1/85.

For this cost reporting period, the applicable total cost limit is $2100 per discharge, the market basket rate of increase is 8.7 percent, and the target rate of increase is 9.7 percent. (The target rate adjustment factor is therefore 1.097.) The applicable target amount per discharge for the previous cost reporting period is $1,732.

Hospital C's target amount for the cost reporting period beginning 1/1/85 is $1,900 ($1732×1.097).

The Medicare reimbursement per discharge for Hospital C would be the lower of the following:

1. The target amount of $1900.
2. The case-mix limit of $2100.

Hospital C's Medicare reimbursement per discharge for the cost reporting period beginning 1/1/85 is $1,900.

E. Exemptions, Exceptions, and Adjustment. 1. General process. As noted above, section 1886(b)(4) provides for exemptions from, or exceptions and adjustments to, the rate of increase ceiling in situations in which there is a distortion in a hospital's operating costs in either its base period or a cost reporting period subject to the ceiling. Such situations include:

- Extraordinary circumstances or events beyond the hospital's control;
- Changes in case-mix; or
- A decrease in inpatient hospital services that a hospital provides and that are customarily provided directly by similar hospitals.

A hospital may request an exemption from or exception to the rate of increase ceiling in a manner similar to that used in regard to hospital cost limits established under section 405.460. An exemption excludes a hospital completely from application of the ceiling for a specified cost reporting period. An exception allows a hospital to have its ceiling adjusted to take costs into account that would otherwise be disallowed by application of the ceiling.

The hospital must make the request for an exemption or exception to its fiscal intermediary no later than 180 days from the date on the intermediary's notice of program reimbursement. The intermediary will review the request and forward it to HCFA with a recommendation as to appropriate action. HCFA will review the request and the intermediary's recommendation and respond to the intermediary within 180 days from the date the package is received by HCFA. The intermediary will notify the hospital of HCFA's decision.

HCFA's decision on a request for an exemption or exception may be appealed by the hospital to the Provider Reimbursement Review Board (PRRB) under the regulations at 42 CFR Part 405, Subpart R. The time limit for applying for PRRB review may be extended in consideration of the time taken by HCFA reviewing and responding to the hospital's request.

2. *Exemptions.* We are only allowing two classes of hospitals to be exempted from the rate-of-increase ceiling—new hospitals and risk-basis health maintenance organizations (HMOs).

New hospitals. We are allowing new hospitals to be exempted from this ceiling because they commonly have unusually high operating costs per case in the first year of operation. This results from a combination of effects,

especially low utilization rates and start-up costs. Therefore, a base period reflecting such distorted per case costs would not provide a good basis for applying the ceiling. Such hospitals' costs per case typically would be expected to decline steadily during the initial phase of operation.

For purposes of this exemption, we will consider a hospital new if it has operated as the type of provider for which it is certified for Medicare participation for less than three full years. We would not use a cost reporting period for a base period unless it began at least two years after the hospital accepted its first patient. This exemption would expire at the end of the first such acceptable base period.

Risk-basis HMOs. We are allowing risk-basis HMOs to be exempted from this ceiling because their established reimbursement method includes incentives and limitations that are incompatible with this system. (See 42 CFR 405.2049 through 405.2054 for regulations governing reimbursement to risk-basis HMOs.)

3. *Exceptions.* We are establishing two types of exceptions under which a hospital may request to have its operating costs per discharge adjusted for purposes of applying the rate-of-increase ceiling. We will make an appropriate adjustment, either upward or downward, to a hospital's inpatient operating costs in the base period or subject period to the extent that those costs are reasonable, attributable to the circumstances specified, separately identified by the hospital, and verified by the intermediary.

Extraordinary circumstances. This criterion covers situations in which a hospital incurs unusual costs per case in a particular cost reporting period due to extraordinary circumstances beyond its control. Such circumstances may include strikes, fires, earthquakes, floods, or other unusual occurrences with substantial cost effects.

Change in case mix. This criterion covers situations in which either addition or discontinuation of services furnished by a hospital results in significant change in costs per case. In requesting an adjustment under this criterion, a hospital is required to submit data on both the nature of the case mix change and the resulting effect on costs.

4. Adjustment. We expect that it may be necessary to make an adjustment to inpatient operating costs in either the base period or a period that is subject to the rate of increase ceiling to take into account factors such as a decrease in inpatient hospital services that would distort the comparison of costs per case between cost reporting periods. A decrease in hospital services, such as closing a special care unit, or changing the arrangements under which a particular service is furnished, such as leasing a department, are examples of situations with such effects. In these and other cases, we will adjust the amount of inpatient operating costs considered in establishing cost per discharge in order to maintain the comparability of cost between periods.

increased hospital admissions. The Conference Committee anticipated that the Secretary "will give consideration to making an adjustment where a hospital manipulates admissions or discharges in order to maximize reimbursement."

To protect against the possibility of abuse, the regulations allow HCFA to adjust the amount of operating costs considered in establishing cost per case to offset any unwarranted increase in or other manipulation of discharges undertaken by hospitals for the purpose of increasing reimbursement.

HCFA currently maintains records of beneficiary admissions and discharges and will use that data base to develop screens by which hospital admission practices will be monitored. If the incentives created by the regulation appear to have contributed to an industrywide increase in admission rate above that included in current projections, HCFA will consider revision of the formula used to establish per admission targets to eliminate this incentive consistent with Congressional intent.

Because the Medicare inpatient routine nursing salary cost differential does not apply in the cost reporting periods that will be subject to rate of increase ceilings, we must adjust base period costs to remove the effect of this differential. The new regulations set forth below specify that we will make this adjustment.

We are not yet making adjustments of payments to hospitals that withdraw from Social Security, as required by section 1886(b)(6). There are several technical difficulties in determining the most appropriate and effective means of making such adjustments. When we have resolved these issues, we will publish an appropriate notice in the **Federal Register** describing the basis on which these adjustments will be made.

IV. Impact Analysis

A. *Executive Order 12291.* Section 1(b) of Executive Order 12291 states that a major rule is one that will:

(1) Have an annual effect on the economy of $100 million or more;

(2) Result in a major increase in costs or prices for consumers, individual industries, or government agencies, or geographic regions; or

(3) Have significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

We estimate that as a result of implementation of these new case-mix adjusted hospital cost limits (described in a separate document published

We will also make adjustments where appropriate based on increases in Medicare admissions. Under the reimbursement system established by Pub. L. 97–248, a hospital may have an incentive to increase its number of Medicare patients. For example, a hospital that has costs less than the target amount will receive an increased payment per discharge above its actual costs. We are concerned that some hospitals may promote the increased admission of Medicare patients to take advantage of this aspect of the reimbursement system. Such action would be contrary to the intent of the legislation, which was to reward efficient operation, not to stimulate

elsewhere in this issue of the **Federal Register**) and the rate of increase ceiling implemented by this final rule, net savings over projected expenditures for inpatient hospital services under the current routine cost limits will increase by $480 million in FY 1983, with a three-year savings of more than $5 billion, as follows:

SAVINGS OVER CURRENT ROUTINE COST LIMITS [1]

[In millions]

Fiscal year	Case-mix adjusted limits	Rate of increase ceiling	Combined savings
1983	$75	$405	480
1984	405	1,085	1,490
1985	1,030	2,020	3,050
Total	1,510	3,510	5,020

[1] We estimate that the current routine cost limits would result in savings of $333 million for fiscal year 1983, $376 million for fiscal year 1984, and $426 million for fiscal year 1985.

Although the new rate of increase ceiling will have an annual effect on the economy of $100 million or more, we have determined this impact will be caused by section 101 of Pub. L. 97–248, which requires imposition of the ceiling, rather than by this rule, which merely implements the statutory provisions. We have made this determination because the major features of the rate of increase ceiling are specified in the statute, and we do not have administrative discretion to develop alternatives to them. While the statute does allow the

Secretary administrative discretion with respect to certain features of the ceiling provisions, these discretionary features will not have an impact of $100 million or more, or meet the other threshold criteria of the Order. Therefore, a regulatory impact analysis is not required. (See the cost limit notice published elsewhere in this issue of the **Federal Register** for a discussion of the effects of the new case-mix adjusted cost limits.) However, the preamble to this rule describes the expected impact of the rule and ways to mitigate unnecessary cost, and constitutes a regulatory impact analysis.

B. *Regulatory Flexibility Act.* The Secretary certifies under 5 U.S.C. 605(b), enacted by the Regulatory Flexibility Act (Pub. L. 96–354), that this final rule will not, in itself, result in a significant impact on a substantial number of small entities.

Hospitals of less than 100 beds and all non-profit hospitals, regardless of size, are considered small entities for purposes of the Regulatory Flexibility Act. Although rural hospitals of less than 50 beds are exempted by law from the case-mix limits on total inpatient operating costs, they are not exempt from the rate-of-increase ceiling. Both the cost limits and the ceiling will clearly limit the revenues of a large number of small entities. Overall the $2 billion fiscal year 1985 impact is only about 1 percent of total hospital revenues. The impact on individual hospitals will vary. However, any adverse consequences of this impact can be avoided through the cost containment efforts we expect hospitals will make. Accordingly, we do not believe that a substantial number will actually experience a significant impact. In any event, any such impact will be the result of the statutory provisions (section 101(a) of Pub. L. 97–248), and not of the regulations that implement these provisions. Therefore, a regulatory flexibility analysis is not required.

Although a regulatory flexibility analysis is not required, we are aware that some hospitals may be concerned about the impact of these regulations. For the benefit of these hospitals, and to forestall any unnecessary concern regarding the effect of the regulations, the preamble presents an analysis which, taken as a whole, constitutes a regulatory flexibility analysis.

C. *Paperwork Reduction Act.* Information collection requirements imposed by regulations are normally subject to OMB review under section 3504(h) of Title 44, United States Code, as enacted by Pub. L. 96–511, the Paperwork Reduction Act of 1980. However, section 101(b)(2)(A) of Pub. L. 97–248 specifically states that the information collection requirements imposed by these regulations which implement section 101(a) of Pub. L. 97–248, are not subject to that review until January 1, 1984.

V. Waiver of Proposed Rulemaking and 30-Day Delay in Effective Date

Section 101 of Pub. L. 97–248 has an effective date of October 1, 1982. To have implementing regulations in place as close as possible to the effective date specified in the statute, we must publish these regulations in final form promptly. The Congress itself took note of this in section 101(b)(2)(A) by instructing the Secretary to issue final regulations, whether on an interim or other basis, by the effective date of the law. In our view, the statutory language is sufficiently clear to support implementation of these regulations on October 1, 1982.

We are providing an opportunity for public comment. We will consider comments submitted within 60 days of the publication of these regulations and make any regulatory amendments that are necessary. In view of this, and in consideration of the extent that Federal spending will be reduced by timely implementation of section 101, we believe that the delay necessary to publish proposed rulemaking would be contrary to the public interest.

For these reasons, we find good cause to waive proposed rulemaking procedures, and to issue these regulations in final form. For the same reasons, we find good cause to waive the usual 30-day delay in effective date, and to make these regulations effective for hospital cost reporting periods beginning on or after October 1, 1982.

VI. Other Required Information

A. *Public Comments.* Because of the large numbr of comments we receive, we cannot acknowledge or respond to them individually. However, we will consider any comments on this notice/rule that are received by the date specified in the "DATES" section. If as a result of public comments we conclude that changes in these interim final regulations are needed, we will include these changes in the final regulations described in item B below.

B. *Publication of final regulations.* Section 101(b)(1) of Pub. L. 97–248 specifically requires the Secretary of HHS to first issue such final regulations (whether on an interim or other basis) before October 1, 1982, as may be needed to implement sections 1886(a) and (b) of the Social Security Act on a timely basis. This legislation further requires that if these regulations are promulgated on an interim final basis, the Secretary shall provide an opportunity for public comment and appropriate revision of the regulations, so that they are not on an interim basis later than March 31, 1983.

To comply with these requirements, we are publishing this rule on an interim final basis. As required by the law, we will consider all public comments we receive on the rule, determine whether changes in these interim regulations are needed, and publish final regulations implementing sections 1886(a) and (b) by March 31, 1983.

C. List of Subjects in 42 CFR Part 405

Administrative practice and procedure, Certification of compliance, Clinics, Contracts (Agreements), End-stage renal disease (ESRD), Health care, Health facilities, Health maintenance organizations (HMO), Health professions, Health suppliers, Home health agencies, Hospitals, Inpatients, Kidney diseases, Laboratories, Medicare, Nursing homes, Onsite surveys, Outpatient providers, Reporting requirements, Rural areas, X-rays.

42 CFR Chapter IV is amended as set forth below:

PART 405—FEDERAL HEALTH INSURANCE FOR THE AGED AND DISABLED

42 CFR Part 405 is amended as set forth below:

1. The table of contents for Part 405 is amended by revising the title of Subpart D, adding a new § 405.463 under Subpart D to read as follows:

* * * * *

Subpart D—Principles of Reimbursement for Providers, Outpatient Dialysis, and Services by Hospital-Based Physicians

* * * * *

Sec.
405.463 Ceiling on rate of hospital cost increases.

* * * * *

2. The authority citation for Subpart D is revised to read as follows:

Authority.—Secs. 1102, 1814(b), 1833(a), 1861(v), 1871, 1881, and 1886 of the Social Security Act; 42 U.S.C. 1392, 1395f, 1395l, 1395x(v), 1395hh, 1395rr, and 1395ww.

3. Section 405.460 is amended by revising paragraphs (a), (b), (e), the uncoded introductory material of paragraph (f), and paragraph (f)(5), and by adding new paragraphs (f)(9) and (h), to read as follows:

§ 405.460 Limitations on reimbursable costs.

(a) *Introduction.* (1) *Scope.* This

section implements section 1861(v)(1)(A) of the Social Security Act, by setting forth the general rules under which HCFA may establish limits on provider costs recognized as reasonable in determining Medicare program payments, and sections 1861(v)(7)(B) and 1886(a) of the Social Security Act, by setting forth the general rules under which HCFA may establish limits on the operating costs of inpatient hospital services that are recognized as reasonable in determining Medicare program payments. This section also sets forth rules governing exemptions, exceptions, and adjustments to limits established under this section that HCFA may make as appropriate in consideration of special needs or situations of particular providers.

(2) *General principle.* Reimbursable provider costs may not exceed the costs estimated by HCFA to be necessary for the efficient delivery of needed health services. HCFA may establish estimated cost limits for direct or indirect overall costs or for costs of specific items or services or groups of items or services. These limits will be imposed prospectively and may be calculated on a per admission, per discharge, per diem, per visit, or other basis.

(b) *Procedure for establishing limits.* (1) In establishing limits under this section, HCFA may classify providers by type of provider (e.g., hospitals, skilled nursing facilities, and home health agencies) and by any other factors HCFA finds appropriate and practical, including:

(i) Type of services furnished;

(ii) Geographical area where services are furnished, allowing for grouping of noncontiguous areas having similar demographic and economic characteristics;

(iii) Size of institution;

(iv) Nature and mix of services furnished; or

(v) Type and mix of patients treated.

(2) Estimates of the costs necessary for efficient delivery of health services may be based on cost reports or other data providing indicators of current costs. Current and past period data will be adjusted to arrive at estimated costs for the prospective periods to which limits are being applied.

(3) Prior to the beginning of a cost period to which revised limits will be applied, HCFA will publish a notice in the **Federal Register**, establishing cost limits and explaining the basis on which they were calculated.

* * * * *

(e) *Exemptions.* Exemptions to the limits imposed under this section may be granted in the following circumstances:

(1) *Sole community hospital.* The hospital, by reason of factors such as isolated location or absence of other hospitals is the sole source of such care reasonably available to beneficiaries.

(2) *New provider.* The provider of inpatient services has operated as the type of provider (or the equivalent) for which it is certified for Medicare, under present and previous ownership, for less than 3 full years. An exemption granted under this paragraph expires at the end of the provider's first cost reporting period beginning at least 2 years after the provider accepts its first patient.

(3) *Risk-basis HMO.* The items or services are furnished to beneficiaries enrolled in an HMO by a provider that is either owned or operated by a risk-basis HMO or related to a risk-basis HMO by common ownership or control (see § 405.2050(c)).

(4) *Rural hospital with less than 50 beds.* The hospital:

(i) Was in operation with less than 50 beds as of September 3, 1982;

(ii) Has less than 50 beds throughout the applicable cost reporting period; and

(iii) Is outside the boundaries of all Standard Metropolitan Statistical Areas as designated by the Executive Office of Management and Budget.

(f) *Exceptions.* Limits established under this section may be adjusted upward for a provider under the circumstances specified in paragraphs (f) (1) through (8) of this section, and may be adjusted upward or downward under the circumstances specified in paragraph (f)(9) of this section. An adjustment will be made only to the extent the costs are reasonable, attributable to the circumstances specified, separately identified by the provider, and verified by the intermediary.

* * * * *

(5) *More intensive routine care for cost reporting periods beginning before October 1, 1982.* The hospital:

(i) Is subject to per diem limits on inpatient general routine operating cost issued under paragraph (b)(3) of this section;

(ii) Furnishes a greater intensity of inpatient general routine care than other hospitals having a reasonably similar mix of patients; and

(iii) Shows that the more intensive care results in a shorter average length of stay and higher per unit costs than in comparable hospitals;

* * * * *

(9) *Changes in case mix.* The hospital:

(i) Is subject to limits issued under paragraph (b)(3) of this section that are calculated by use of a case mix index;

(ii) Has added or discontinued services in a year after the year represented in the discharge data used to establish the limits described in paragraph (f)(9)(i) of this section;

(iii) Has experienced a significant and abrupt change in case mix as a result of the addition or deletion of services; and

(iv) Submits discharge data, in the format required by HCFA, for Medicare discharges in the cost reporting period for which the exception is requested.

* * * * *

(h) *Adjustments.* HCFA may adjust the amount of a hospital's inpatient operating costs to take into account factors which could result in a significant distortion in the operating costs of inpatient hospital services. Such factors could include a decrease in the inpatient services that a hospital provides that are customarily provided directly by similar hospitals, or the manipulation of discharges to increase reimbursement. A decrease in inpatient services could result from changes that include, but are not limited to, such actions as closing a special care unit or changing the arrangements under which such services may be furnished, such as leasing a department.

4. A new § 405.463 is added to read as follows:

§ 405.463 Ceiling on rate of hospital cost increases.

(a) *Introduction.* (1) *Scope.* This section implements section 1886(b) of the Social Security Act, establishing a ceiling on the rate of increase of operating costs per case for inpatient hospital services that will be recognized as reasonable for purposes of determining Medicare reimbursement. This ceiling on allowable rate of cost increases applies to hospital cost reporting periods beginning on or after October 1, 1982 and before October 1, 1985, and is applied in addition to the limitations on reasonable cost established under § 405.460. This section also sets forth rules governing exemptions from, and exceptions and adjustments to the ceiling.

(2) *Applicability.* This section is not applicable to hospitals reimbursed in accordance with section 1814(b)(3) of the Act, or under State reimbursement control systems that have been approved under section 1886(c) of the Act.

(3) *General principles.* (i) The intermediary will determine a target amount of inpatient operating cost per case for any 12-month cost reporting period subject to this provision, based on a rate of cost increase for hospital

inpatient operating costs per case equal to the market basket percentage rate of increase for that period plus one percentage point.

(ii) HCFA will recognize a hospital's operating costs of furnishing inpatient hospital services as reasonable under this paragraph, subject to the cost limits established under §405.460, based on the comparison of the hospital's actual cost per case to the ceiling determined by the hospital's target amount.

(b) *Cost-reporting periods subject to the rate of increase ceiling.* (1) *Base period.* Each hospital's initial ceiling will be based on allowable inpatient operating costs per case incurred in the 12-month cost reporting period immediately preceding the first cost reporting period subject to ceilings established under this section, except that, when the immediately preceding cost reporting period is a short reporting period (fewer than 12 months) the first 12-month period ending after October 1, 1982 will be the base period.

(2) *Periods subject to the ceiling.* Ceilings established under this section will be applied to all full 12-month cost reporting periods that:

(i) Immediately follow either a base period as described in paragraph (b)(1) of this section, or another 12-month cost reporting period subject to the ceiling; and

(ii) Begin on or after October 1, 1982 and before October 1, 1985.

(3) *Periods other than 12 months.* Ceilings established under this section will not apply to cost reporting periods of fewer than 12 months that occur along with a change in operations of the facility as a result of changes in ownership, merger, or consolidation. However, ceilings will apply to cost reporting periods of fewer than 12 months which result solely from the approval of a hospital's request for a change in accounting cycle. In the case of such periods, the applicable percentage rate of increase will be adjusted downward by a monthly factor corresponding to the annual percentage rate to reflect fewer months. Ceilings established under this section will apply to cost reporting periods of greater than 12 months with the percentage rate of increase adjusted upward by a monthly factor corresponding to the annual percentage rate to reflect the additional months.

(c) *Procedure for establishing the ceiling (target amount).* (1) *Costs subject to the ceiling.* The cost per case ceiling established under this section applies to operating costs incurred by a hospital in furnishing inpatient hospital services. These operating costs *include* operating costs of routine services (as described in § 405.158(c)), ancillary service operating costs, and special care unit operating costs. These operating costs *exclude* the costs of malpractice insurance, capital-related costs, and costs a hospital allocates to approved medical education programs (nursing school or approved intern and resident programs) on its Medicare cost report.

(2) *Costs determined on a per case basis.* Costs subject to the ceiling as described in paragraph (c)(1) of this section will be determined on a per admission or per discharge basis as determined by HCFA for the purpose of the notice of cost limits established under § 405.460.

(3) *Target rate percentage.* The target rate percentage will be based on a hospital wage and price index (market basket index) that incorporates appropriately weighted indicators of changes in wages and prices that are representative of the mix of goods and services included in the most common categories of inpatient hospital operating costs subject to the ceiling as described in paragraph (c)(1) of this section. The target rate percentage for a particular 12-month cost reporting period will be identical to the rate of cost increase (market basket plus one percentage point) which is used in determining cost limits under § 405.460 and is contained in notices of hospital cost limits published under § 405.460(b)(3).

(4) *Target amount (ceiling).* The intermediary will establish for each hospital a ceiling on the reimbursable costs per case of that hospital. The ceiling for each 12-month cost reporting period will be set at a target amount determined as follows:

(i) For the first 12-month cost reporting period to which this ceiling applies, the target amount will equal the hospital's allowable operating costs per case for the hospital's base period increased by the target rate percentage for the subject period.

(ii) For subsequent 12-month cost reporting periods, the target amount will equal the hospital's target amount for the previous 12-month cost reporting period increased by the target rate percentage for the subject cost reporting period.

(5) *Notification of applicable target rate percentages.* For purposes of determining the ceiling on allowable rate of cost increases under this section, the intermediary will use the annual percentage increase for appropriate calendar years as published in final notices establishing schedules of hospital cost limits under § 405.460. When a cost reporting period spans portions of two calendar years, the intermediary will prorate the applicable percentages accordingly.

(d) *Application of target amounts in determining reimbursement.* (1) *General process.* At the end of each 12-month cost reporting period subject to this section, the hospital's intermediary will compare a hospital's allowable cost per case with that hospital's target amount for that period. If the hospital's actual allowable costs do not exceed the target amount, reimbursement will be determined (without regard to the lower of cost or charges provisions of § 405.455, but subject to other limitations on reimbursable cost established under § 405.460) under paragraph (d)(2) of this section. If the hospital's actual costs exceed the target amount, reimbursement will be determined (subject to other limitations on reimbursable cost established under 405.460) under paragraph (d)(3) of this section.

(2) *Inpatient operating costs are less than or equal to the target amount.* If a hospital's allowable inpatient operating costs per case do not exceed the hospital's target amount for the applicable cost reporting period, reimbursement to the hospital will be determined on the basis of the lowest of:

(i) The inpatient operating costs per case plus 50 percent of the difference between the inpatient operating cost per case and the target amount;

(ii) The inpatient operating costs per case plus 5 percent of the target amount; or

(iii) The hospital's allowable inpatient operating cost per case under applicable limits established under § 405.460.

(3) *Inpatient operating costs are greater than the target amount.* If a hospital's allowable inpatient operating costs per case exceed the hospital's target amount for the applicable cost reporting period, reimbursement to the hospital will be determined as follows:

(i) For cost reporting periods beginning on or after October 1, 1982 and before October 1, 1984, reimbursement will be based on the lower of:

(A) The hospital's target amount plus 25 percent of the allowable operating costs per case in excess of the target amount; or

(B) The hospital's allowable cost per case under applicable limits established under § 405.460.

(ii) For cost reporting periods beginning on or after October 1, 1984 and before October 1, 1985 reimbursement will be based on the lower of:

(A) The target amount per case; or

(B) The hospital's allowable cost per

case under applicable limits established under § 405.460.

(e) *Hospital requests regarding applicability of the rate of increase ceiling.* A hospital may request an exemption from or exception to the rate of cost increase ceiling imposed under this section. The hospital's request must be made to its fiscal intermediary no later than 180 days from the date on the intermediary's notice of program reimbursement. The intermediary will make a recommendation on the hospital's request to HCFA, which will make the decision. HCFA will respond to the exception request within 180 days from the date HCFA receives the request from the intermediary. The intermediary will notify the hospital of HCFA's decision. The time required for HCFA to review the exception request is considered good cause for the granting of an extension of the time limit to apply for review by the Provider Reimbursement Review Board, as specified in § 405.1841(b). HCFA's decision is subject to review under Subpart R of this part.

(f) *Exemptions.* (1) *New hospitals.* HCFA will exempt new hospitals from the rate of increase ceiling imposed under this section. For purposes of this section, a new hospital is a provider of inpatient hospital services that has operated as the type of provider for which it is certified for Medicare participation, under present and previous ownership, for less than 3 full years. This exemption expires at the end of the first cost reporting period beginning at least 2 years after the hospital accepts its first patient, or the first cost reporting period beginning on or after October 1, 1985, whichever comes first.

(2) *Risk-basis health maintenance organization (HMO).* The items or services are furnished to beneficiaries enrolled in an HMO by a hospital that is either owned or operated by a risk-basis HMO or related to a risk-basis HMO by common ownership or control (see § 405.2050(c)).

(g) *Exceptions.* (1) *General procedure.* HCFA may adjust a hospital's operating costs (as described in paragraph (b)(1) of this section) upward or downward, as appropriate, under circumstances as specified in paragraphs (g) (2) and (3) of this section. HCFA will make an adjustment only to the extent that the hospital's operating costs are reasonable, attributable to the circumstances specified, separately identified by the hospital, and verified by the intermediary.

(2) *Extraordinary circumstances.* The hospital can show that it incurred unusual costs (in either a cost reporting period subject to the ceiling or the hospital's base period) due to extraordinary circumstances beyond its control. These circumstances include, but are not limited to, strikes, fire, earthquakes, floods, or similar unusual occurrences with substantial cost effects.

(3) *Change in case mix.* The hospital:

(i) Has added or discontinued services in a year after its base period described in paragraph (b)(1) of this section;

(ii) Has experienced a change in case mix as a result of the addition or discontinuation of services that results in a distortion in the rate of cost increase; and

(iii) Submits data summarizing the case-mix changes and the resulting changes in costs.

(h) *Adjustments.* (1) *Comparability of cost reporting periods.* HCFA may adjust the amount of the operating costs considered in establishing cost per case for one or more cost reporting period(s), including both periods subject to the ceiling and the hospital's base period, to take into account factors which could result in a significent distortion in the operating costs of inpatient hospital services. Such factors could include a decrease in the inpatient hospital services that a hospital provides, that are customarily provided directly by similar hospitals, or the manipulation of discharges to increase reimbursement. A decrease in the inpatient hospital services provided could result from changes that include, but are not limited to, closing a special care unit or changing the arrangements under which such services may be furnished, such as leasing a department.

(2) *Nursing differential.* Because the Medicare inpatient routine nursing salary cost differential (see § 405.430) does not apply in the cost reporting periods subject to ceilings established under this section, HCFA will adjust base period costs to remove the effect of this differential.

(Catalog of Federal Domestic Assistance Program No. 13.773, Medicare-Hospital Insurance)

Dated: September 14, 1982.

Carolyne K. Davis,

Administrator, Health Care Financing Administration.

Approved: September 27, 1982.

Richard S. Schweiker,

Secretary.

[FR Doc. 82-27082 Filed 9-29-82; 8:45 am]

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Thursday
September 30, 1982

Part V

Department of Health and Human Services

Health Care Financing Administration

Medicare Program; Schedule of Limits on Hospital Inpatient Operating Costs for Cost Reporting Periods Beginning on or After October 1, 1982

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

Medicare Program; Schedule of Limits on Hospital Inpatient Operating Costs for Cost Reporting Periods Beginning on or After October 1, 1982

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

ACTION: Interim final notice with comment period.

SUMMARY: This notice sets forth a schedule of limits on the hospital inpatient operating costs that may be reimbursed under Medicare for cost reporting periods beginning on or after October 1, 1982. These limits are needed to implement changes in the Medicare law that were made by section 101(a) of Pub. L. 97–248, the Tax Equity and Fiscal Responsibility Act of 1982. The new limits differ from the current per diem limits on inpatient general routine operating costs in several major respects. First, they are not restricted to costs of inpatient general routine care, but cover total inpatient operating costs, including the costs of general routine service, special care, and ancillary services. The new limits will be applied on a cost per discharge rather than cost per diem basis. Finally, they are adjusted to reflect differences in the mix of Medicare cases treated by each hospital. The limits are similar to the current limits in that they do not apply to outpatient service cost, capital-related costs, malpractice insurance costs, or costs a hospital allocates to the interns and residents (in approved programs) or nursing school cost centers on its Medicare cost report. They also do not apply to children's hospitals, long-term care hospitals, or rural hospitals with fewer than 50 beds. The notice explains our methodology for deriving and applying the new limits.

DATES: Effective date: October 1, 1982. Although we are publishing this notice in final form, comments may be submitted as described below.

Comment date: To assure consideration, comments should be received by November 29, 1982.

ADDRESSES: Address comments in writing to: Administrator, Health Care Financing Administration, Department of Health and Human Services, P.O. Box 17013, Baltimore, Maryland 21235.

Please refer to File Code BPP–196–FN.

If you prefer, you may deliver your comments to: Room 309–G, Hubert H. Humphrey Building, 200 Independence Avenue, S.W., Washington, D.C.; or to Room 132, East High Rise Building, 6325 Security Boulevard, Baltimore, Maryland 21207.

Comments will be available for public inspection, beginning approximately 3 weeks after publication, in Room 309–G of the Department's offices at 200 Independence Avenue, S.W., Washington, D.C. 20201 on Monday through Friday of each week from 8:30 a.m. to 5:00 p.m. (202–245–7890).

FOR FURTHER INFORMATION, CONTACT: Marilyn Koch, (301) 594–9235.

SUPPLEMENTARY INFORMATION:

I. Background

A. General Information Relating to Provider Cost Limits

Section 223 of the Social Security Amendments of 1972 (Pub. L. 92–603, enacted October 10, 1972) amended section 1861(v)(1) of the Social Security Act (42 U.S.C. 1395x(v)(1)) to authorize the Secretary to set prospective limits on the costs that are reimbursed under Medicare. These limits (commonly called section 223 limits) may be applied to direct or indirect overall costs or to costs incurred for specific items or services furnished by a Medicare provider, and may be based on estimates of the cost necessary in the efficient delivery of needed health services.

Regulations implementing this authority are set forth at 42 CFR 405.460. Under this authority, we have published limits on hospital inpatient general routine per diem costs annually since 1974.

The current schedule of limits on hospital inpatient general routine operating costs was published in the **Federal Register** on September 30, 1981 (46 FR 48010), and applies to cost reporting periods ending after Septembere 30, 1981. The schedule excludes capital-related costs, medical and nursing education costs, and malpractice insurance expenses. It incorporates a "market basket" index to project increases in the prices of goods and services hospitals use in furnishing routine care, an adjustment for cost variations due to area differences in hospital wage levels, and an adjustment to recognize individual hospital differences in costs due to approved teaching activity. The current schedule also includes a formula that permits an increase in the limits for hospitals in States with below average Medicare utilization that may result from the provision of a greater intensity of routine care.

The schedule of limits set forth in this notice reflects major changes from the methodology used for the current limits. Several of these changes are needed to implement specific new provisions that were added to the Medicare law by section 101 of Pub. L. 97–248, the Tax Equity and Fiscal Responsibility Act of 1982. These changes in methodology are described in detail in section II of this preamble. Other features of these limits are similar to those of prior cost limit schedules. These features are also explained in section II.

B. Recent Legislation

1. *Summary.* On September 3, 1982, the President signed into law Pub. L. 97–248, the Tax Equity and Fiscal Responsibility Act of 1982. Section 101 of that legislation added section 1886 to the Social Security Act. This new section includes a number of provisions that restrict the level of Medicare payment for costs of inpatient hospital services. Section 1886(a) provides for the extension of the section 223 hospital cost limits, which currently apply only to inpatient general routine operating costs, to the operating costs of inpatient hospital services. (These operating costs are defined in the statute as all routine operating costs, ancillary service operating costs, and special care unit operating costs with respect to inpatient hospital services.) Section 1886(a) specifies that the costs to which the expanded limits apply are to be determined on a per discharge or per admission basis, and requires that the limit for each hospital be set based on the mix of types of Medicare cases treated by the hospital. In addition, section 1886(a) specifies the level at which the new limits are to be set for particular cost reporting periods.

Section 1886(b) provides for a new three-year limitation on payment for hospital costs that is separate from the type of limit currently established under section 223. This provision requires that we establish a ceiling level for the allowable rate of increase of hospitals' inpatient operating costs per case, and provides for incentive payments to hospitals that keep their cost below a target amount, as well as penalties for hospitals that incur costs greater than the target amount. Section 1886(c) provides that the Secretary may authorize payment to hospitals under State hospital cost control systems (instead of Medicare reimbursement rules, including limitations in reimbursement under sections 1886(a) and (b) that meet certain criteria.

Section 101(b) of Pub. L. 97–248 makes the new section 1886 effective for cost reporting periods beginning on or after October 1, 1982 and provides that, in order to accomplish the effect of these provisions promptly, regulations needed

to implement them may be issued as final regulations without prior notice and comment. Further, section 101(b) exempts, until January 1, 1984, these necessary regulations from the Office of Management and Budget (OMB) review of information collection requirements that would otherwise be required under the Paperwork Reduction Act of 1980 (Pub. L. 96–511). Section 101(b) also requires us to develop, by December 31, 1982, proposals for legislation that would enable the Medicare program to reimburse participating providers (such as hospitals and skilled nursing facilities), on a prospective basis. (It is clear from the Conference Committee Report that the three-year rate of increase ceiling established under section 1886(b) is expected to end earlier if prospective reimbursement for inpatient hospital services is implemented.) (H.R. Rep. No. 97–760, 97th Cong., 2d Sess. 421 (1982).)

Section 101(c) provides for a number of amendments to various sections of Title XVIII of the Social Security Act that are necessary to conform the provisions of those sections to the new requirements established under section 1886.

2. *Section 1886(a) limits.* As noted above, section 1886(a) requires that the current section 223 hospital cost limits be expanded to cover total operating costs of inpatient hospital services, that they be applied on an average cost per discharge or per admission basis, and that they be adjusted for Medicare case mix. The statute specifies that the operating costs that are subject to the new limits must include all routine operating costs, ancillary service operating costs, and special care unit operating costs. These new cost limits are effective for hospital cost reporting periods beginning on or after October 1, 1982.

Under the current section 223 inpatient routine limits, hospitals are classified by bed size and geographic location, and the limits are set based on a percentage (currently 108 percent) of the mean labor-related and non-labor costs of each classification group. The new legislation requires that the level of the new limits for each group be set as follows:

- At 120 percent of the meafn for cost reporting periods beginning on or after October 1, 1982 and before October 1, 1983;
- At 115 percent of the mean for cost reporting periods beginning on or after October 1, 1983 and before October 1, 1984; and
- At 110 percent of the mean for cost reporting periods beginning on or after October 1, 1984.

To prevent hospitals from being disadvantaged under this new system, the statute requires that a hospital's limitation on reimbursement for allowable operating costs of inpatient services be no lower than the hospital's reimbursement for allowable operating costs of inpatient services for the last cost reporting period prior to the first cost reporting period for which these cost limits are applicable. In accordance with the Conference Committee Report on Pub. L. 97–248, this provision will be implemented by comparing each hospital's cost-per-case limit established for the hospital's first cost reporting period under the new system to the allowable cost-per-case reimbursement in the previous cost reporting period. (See H.R. Rep. No. 97–760, 97th Cong., 2d Sess. 420 (1982).)

The Conference Committee Report also discussed (on page 419) the necessity to use data that are not current in establishing the limits, and provided guidance on the adjustments to be made to the data so they can be used for current cost reporting years. The committee stated its expectation that actual industry average cost increase information will be used to update the data through the cost reporting period preceding each cost reporting period to which the limits apply and that, to account for projected increases during the year subject to limits, the data will be adjusted by the hospital wage and price index (market basket) plus one percentage point.

The statute requires the Secretary to provide for exemptions, exceptions, and adjustments to the limits for certain categories of hospitals, as the Secretary deems appropriate, including psychiatric hospitals and public hospitals or other hospitals incurring additional costs because the facility serves a disproportionate number of patients who have low incomes or are Medicare beneficiaries under Part A. In addition, the special needs of sole community hospitals, new hospitals, risk-basis health maintenance organizations, and hospitals providing atypical services and essential community services, as well as extraordinary circumstances beyond the hospital's control, medical and paramedical education costs, significantly fluctuating population in a hospital's service area, and unusual labor costs are to be accounted for, as deemed appropriate by the Secretary. Rural hospitals with less than 50 beds which were in operation with less than 50 beds on September 3, 1982 are specifically exempted from the limits by the statute.

As noted above, the new legislation authorizes the Secretary to make special provisions for hospitals that serve a disproportionate number of patients who have low incomes, or are Medicare beneficiaries under Part A. For the reasons specified in the preamble to the final rule amending 42 CFR 405.460 (this rule is published elsewhere in this issue of the **Federal Register**) we have not yet developed any provisions of this type. However, we note that other exceptions for which these hospitals may qualify are provided by 42 CFR 405.460.

C. Implementation of Legislation

As explained earlier, the general rules governing section 223 cost limits are set forth in our regulations at 42 CFR 405.460. These regulations explain the procedure we follow in developing section 223 limits, and describe the exceptions and exemptions to the limits that are available to providers. The regulations do not, however, contain specific information on the cost limit schedules applicable for particular cost reporting periods. Since the cost limit schedules must be revised periodically to reflect more recent data or to permit refinements to the methodology for developing limits, we have adopted the practice of publishing cost limit schedules, and the methodology used to develop those schedules, in **Federal Register** notices. These cost limit schedules are generally published at least annually.

We plan to continue to follow this practice in issuing the hospital cost limit schedules required by section 1886(a). Thus, the initial schedule of limits on operating costs of inpatient hospital services is set forth in this notice. However, the changes in the Medicare law that were made by section 101 of Pub. L. 97–248 also require changes in our regulations. The revised regulations needed to implement the provisions of section 1886(a) that deal with exceptions and exemptions to the new limits, as well as new regulations needed to implement the rate-of-increase provisions of section 1886(b), are published as a separate document elsewhere in this issue of the **Federal Register**.

II. Major Features of New Limits

The schedule of limits effective for cost reporting periods beginning on or after October 1, 1982 will provide for the following:

A. Limits on Hospital Inpatient Operating Costs

Although section 1861(v)(1) of the Social Security Act authorizes limits on overall incurred costs or on the costs of specific items or services, we have

applied all previous hospital cost limit schedules only to costs for inpatient general routine services which include primarily room, board, and routine nursing services. These costs exclude cost of ancillary services (e.g. radiology or laboratory services) and costs of special care units such as intensive or coronary care.

Section 1886(a) of the Social Security Act provides for the establishment of limits on the amount of hospital inpatient operating costs per case that may be recognized as reasonable for Medicare reimbursement. Therefore, the new schedule applies to total hospital inpatient operating costs, including inpatient general routine operating costs, operating costs of special care units, and inpatient ancillary service operating costs. Like the current schedule, the new limits do not cover outpatient service costs, capital-related costs (i.e. depreciation, rent, interest and other costs normally classified in the depreciation accounts on a hospital's Medicare cost report), malpractice insurance costs, or costs a hospital allocates to the interns and residents (in approved programs) or nursing school cost centers on its Medicare cost report.

B. Application of Limits on Cost Per Dicharge Basis

Section 1886(a) of the Social Security Act requires that the limits on hospital inpatient operating costs be applied, at the Secretary's discretion, on either a cost per admission or per discharge basis. This provision of the statute requires a significant change in our methodology, since all previous hospital cost limit schedules, including the schedule of limits now in effect, have been applied on a per diem basis. (That is, each hospital's limit represents the maximum amount Medicare will pay for each day of inpatient general routine care the hospital furnishes a Medicare patient.) We have applied our limits on this basis because cost per diem is widely accepted by hospitals and payers (including the Medicare and Medicaid programs) as a valid and relatively uniform measurement of inpatient general routine cost.

Unlike the limits now in effect, the new limits will be applied on a per discharge, rather than per diem, basis. This means that each hospital will be paid no more than a specified amount per Medicare patient stay, and that the limit on the amount of payment to the hospital will be set without regard to the actual number of days of care each patient received or the per diem cost the hospital incurred to furnish this care. Under this system of limits the intermediary will use a hospital's number of Medicare discharges to determine the number of Medicare patient stays the hospital had during each cost reporting period. (For purposes of applying these limits, intermediaries will use the definition of "discharge" in § 304.4 of HCFA Pub. 15–II–C, the Provider Reimbursement Manual. Under this definition, the transfer of a patient from one inpatient area of the hospital to another does not constitute a discharge.) The intermediary will multiply each hospital's per discharge limit by the number of Medicare discharges, and compare the resulting amount with the total inpatient operating cost the hospital incurred to treat Medicare patients. The intermediary will then use the lesser of the two amounts as the basis for determining reimbursement to the hospital. The hospital's reimbursement also will be subject to the rate of increase ceiling required by section 1886(b) and implemented under new regulations described elsewhere in this issue of the **Federal Register.** However, reimbursement to the hospital under the rate of increase ceiling provisions will not be allowed to exceed the amount of reimbursement due under the hospital's inpatient operating cost limit.

C. Elimination of Adjustment for Covered Days of Care

In the past, commenters have objected to the application of routine cost limits on a per diem basis because such limits do not recognize differences in the intensity of routine services. Specifically, many hospitals have stated that they have relatively high per diem costs because they provide more intensive routine services than other hospitals to which they are compared. These hospitals also argue that their high per diem costs often are offset by their shorter-than-average lengths of stay, which result in a lower cost per case when compared to other hospitals with lower per diem costs but longer-than-average lengths of stay.

In response to these comments we have included, in the schedules of limits effective since July 1, 1979, an adjustment (the "covered days of care" adjustment) that automatically increases the per diem limits for hospitals in States with below average Medicare utilization per 1000 HI enrollees. This adjustment is designed to compensate for costs that may result from more intensive routine services. In addition, the Medicare regulations at 42 CFR 405.460(f)(5) provide an exception to the limits for hospitals that can demonstrate that their excess per diem costs are attributable to the provision of more intensive routine care resulting in a shorter average length of stay and higher per unit costs when compared to other hospitals that have a reasonably similar mix of patients. We believe that under the current system of per diem limits, the automatic utilization adjustment and the greater intensity of care exception are adequate to account for cost differences resulting from differences in service intensity.

As explained in sections II. A and II. B above, the new limits cover hospital inpatient operating costs and will apply on a per discharge basis. These limits will permit per diem differences in service intensity in both routine and ancillary services, and any resulting efficiencies in terms of lower cost per stay, to be directly represented in each hospital's reimbursement. Therefore, we believe the current "covered days of care adjustment" is not needed under the new limits, and we have not used that adjustment in developing these limits.

We do not believe the current exception to the limits for hospitals with high per diem costs resulting from more intensive routine care should continue to be available to hospitals covered by the new limits. Therefore, in a final rule published elsewhere in this issue of the **Federal Register,** we are amending 42 CFR 405.460(f)(5) to state explicity that the exception provided by that section is available only for periods during which hospitals are subject to the routine per diem limits. When the current routine limits are fully phased out (i.e., for hospital cost reporting periods beginning on or after October 1, 1983), the exception will no longer be available.

D. Use of a Hospital Specific Case-Mix Index (see Appendix II) to Reflect Differences in Hospital Inpatient Operating Costs Attributable to Institutional Differences in Medicare Patient Mix

Section 1886(a) requires the Secretary to establish case mix indexes for all short-term hospitals, and to set limits for each hospital based on the general mix of types of medical cases with respect to which the hospital provides services covered under Medicare. This means we must recognize hospital specific differences in Medicare case mix in establishing the limits on inpatient operating costs.

This adjustment is needed to implement the statutory requirement, and to recognize that hospital costs for treating particular cases can vary widely depending on the nature of the patient's illness or injury, the age of the patient, whether medical or surgical

treatment is indicated, and many other factors that are beyond a hospital's control and unrelated to the efficiency of its operations. Some hospitals will incur higher costs per discharge than others because they treat a higher proportion of more complex and costly cases. Because these variations in the types of cases treated (i.e., case mix) can result in cost differences that do not reflect differences in operating efficiency, Congress recognized that these limits must include an explicit adjustment for case mix. Under our system, this adjustment would be accomplished by means of a Medicare case-mix index. Section III contains further detail on the development and application of the case-mix index.

E. Application of the Limits to All Hospitals Except Rural Hospitals With Less Than 50 Beds, Children's Hospitals and Long-Term Care Hospitals

(1) *Rural hospitals with less than 50 beds.* The limits authorized under Pub. L. 97–248 specifically exempt less than 50 bed rural hospitals that were in operation and had less than 50 beds before September 3, 1982.

For the purpose of this exemption only, rural hospitals are those facilities that are located outside the boundaries of a Standard Metropolitan Statistical Area (SMSA) as that term is defined by the Office of Management and Budget (OMB), Executive Office of the President. In addition, the definition of "bed" shall be the same as that currently used under the routine hospital cost limits (see section 2510.5, HCFA Pub. 15–1 (Provider Reimbursement Manual)).

In a final rule published elsewhere in this issue of the **Federal Register**, we have added this category of exemption to those already provided at 42 CFR 405.460(e).

(2) *Children's hospitals.* As explained in greater detail in section III below, a key feature of our methodology for developing the limits is the Medicare case-mix index. The case-mix index is used to adjust for differences in hospital costs that result from differences in the type and mix of cases treated by various hospitals. It is a hospital-specific adjustment, unique to each facility, that is derived in part from abstracts of Medicare patient records (i.e., "cases") maintained in HCFA.

To calculate case-mix indexes with a sufficient degree of statistical reliability, a minimum number of cases is required from each hospital. However, children's hospitals as a class (i.e., those hospitals organized and operated for the treatment of patients, the majority of whom are under age 18) generally do not treat a sufficient number of Medicare patients in each cost reporting period to supply the information we need to calculate reliable case-mix indexes.

If the number of Medicare cases treated by a hospital were our only criterion for determining whether to apply the new limits to a hospital, we would be able to apply those limits to certain children's hospitals for some cost reporting periods but not for others. If the limits were applied in this way, however, these hospitals would not know from year to year whether they would be subject to the limits. We believe this uncertainty would be inconsistent with the purpose of prospective limits. Therefore, we are excluding children's hospitals from the new limits. (These hospitals, however, would continue to be subject to the routine cost limits for as long as those limits remain in effect. When the routine limits are fully phased out, no Medicare cost limits, other than the rate of increase ceiling under § 405.463, will apply to children's hospitals.)

We wish to note that the exclusion from the new limits only applies to entire facilities that are organized and operated as children's hospitals. Children's components of a short-term general hospital are subject to the new limits on the same basis as other components of the hospital.

(3) *Long-term care hospitals.* Long-term care hospitals are hospitals organized to provide long-term treatment programs with lengths of stay generally in excess of 30 days. These hospitals are identified by a distinct "type of facility" code in the third digit of the Medicare provider number. Data from long-term care hospitals are not adequate to include them in a system of case-mix adjusted limits based primarily on records from general short-term acute care hospitals.

Under section 1886, the Secretary is required to consider the special needs of psychiatric hospitals in developing exemptions from and exceptions to the cost limits. Since most psychiatric hospitals are long-term care facilities, we believe that the exclusion of long-term care hospitals from the limits will insure that most psychiatric hospitals are not disadvantaged. For those few psychiatric hospitals that are not long-term care providers, we believe the exception provisions of 42 CFR 405.460(f) area sufficient to accommodate most circumstances that may result in a provider legitimately exceeding its cost limit.

F. A Classfication System Based on a Hospital's Bed Size, and Urban or Rural Location

As in prior cost limit schedules, we group hospitals on the basis of their bed size and urban or rural location. We use Standard Metropolitan Statistical Areas (SMSAs) and in New England, New England County Metropolitan Areas (NECMAs) to determine urban location. The SMSA and NECMA definitions we use are the most recent definitions established by the Office of Management and Budget, Executive Office of the President, including areas newly designated as SMSAs and NECMAs based on the 1980 Census of Population.

G. Use of 1980 Medicare Cost Report and Billing Data

We derived the limits from Medicare records fron three sources, as follows: (1) Medicare hospital cost reports available as of May 1, 1981, which primarily consist of cost reports for fiscal years ending in 1980; (2) billing data from a 20 percent sample of Medicare hospital bills submitted for calendar year 1980 (see discussion of the MEDPAR file in section III and (3) a quarterly tabulation of Medicare discharges covering the same periods represented in the cost report. These data were the latest available for the construction of the cost per discharge limits.

We calculated each hospital's cost per Medicare discharge (less capital, medical education, and malpractice costs) from the hospital's cost report, and from a file of Medicare hospital discharges (bills) maintained by HCFA. We projected each hospital's cost per Medicare discharge to account for inflation occurring between the cost reporting periods used to calculate the limits and April 1, 1983, the midpoint of the first cost reporting period to which the limits would apply. We also standardized each hospital's cost per discharge to adjust for variations in costs due to differences in case mix, level of teaching activity, and variation in area wage levels. A detailed explanation of the construction of the basic group limits is contained in section VII.

H. Elimination of the 5 Percent Nursing Differential

Regulations published on October 1, 1981 state that Medicare will recognize a nursing salary differential equal to 5 percent of a hospital's average per diem general routine nursing salary costs for hospital cost reporting periods ending after September 30, 1981. However,

section 103 of Pub. L. 97-248 amended section 1861(v)(1) of the Social Security Act to eliminate payment of an inpatient routine nursing salary cost differential for hospitals and skilled nursing facilities, effective for cost reporting periods ending after September 30, 1982. For those cost reporting periods beginning before October 1, 1982, the reduction in reimbursement can only be applied to the portion of the cost reporting period occurring after September 30, 1982. We are publishing revised regulations to implement this legislation in a separate **Federal Register** document.

Since the law requires that effective October 1, 1982, we no longer recognize a nursing salary cost differential, the cost per discharge limits on hospital inpatient operating costs have been calculated to reflect a zero nursing salary differential.

I. Revised Market Basket Index

Since July 1, 1979 the hospital cost limit schedules have incorporated a market basket index to reflect changes in the prices of goods and services hospitals use in producing general inpatient routine services. We developed the current market basket by identifying the most commonly used categories of hospital routine operating expenses, and weighting each category to reflect the estimated proportion of hospital routine operating expenses attributable to each category. We then obtained historical and projected rates of increase in the resource prices for each category. Based on the rate of increase and the weight for each category, we developed market basket index factors. We used these factors to project the overall rates of increase in hospital inpatient general routine operating costs between the cost reporting periods represented in the data collection (i.e., the fiscal year of each hospital's most recent cost report) and the mid-point of the first cost reporting period to which the limit, based on these data, apply.

Under the revised system of limits, we are continuing to use a market basket index to project rates of increase in hospital costs. Because the limits will apply to total inpatient operating costs rather than only inpatient routine operating costs, we have revised the market basket categories, and the weights assigned to each category, to reflect this change in the scope of the limits (see Appendix I).

The revised market basket reflects two changes from the inpatient routine cost market basket that was included in the hospital cost limits notice published on September 30, 1981. First, we have deleted malpractice insurance premiums from the categories of expenses included in the market basket. We made this change because malpractice insurance premiums, which are apportioned to Medicare on a different basis from other operating costs (see 42 CFR 405.452(b)(i)(ii)), are not included among the hospital costs subject to limitation. Secondly, we have revised the weights assigned to each expense category to reflect the estimated proportion of total inpatient operating cost, rather than inpatient routine operating cost, attributable to each category.

The categories of expenses we used to develop the revised market basket are based primarily on those used by the American Hospital Association (AHA) in its analysis of costs, and by the U.S. Department of Commerce in publishing price indexes by industry. The weights are based primarily on surveys by the AHA, and from the Department of Commerce's input-output studies. The price variables we used to predict price changes for each category of expenses are specified in Appendix I. For further background on the development of the market basket index, the reader is referred to Freeland, Anderson, and Schendler, "National Hospital Input Price Index", *Health Care Financing Review*, Summer 1979, pp. 37-61.

J. Revised Wage Index

Since July 1, 1979, the schedules of hospital cost limits have incorporated a wage index to adjust for differences in the levels of labor-related costs among the areas in which hospitals are located. The hospital wage indexes are based on wage and employment data maintained by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor. Specifically, the source file has been the ES 202 Employment, Wages, and Contributions File for hospital workers (Standard Industrial Classification code 806).

To develop the current wage index, we first calculated the national average wage for hospital workers in urban areas (Standard Metropolitan Statistical Areas (SMSAs) or New England County Metropolitan Areas (NECMAs)) and a separate national average wage for hospital workers in non-urban (i.e., non-SMSA and non-NECMA) areas. We then divided the average wage for each urban and non-urban area by the appropriate national average (urban or non-urban). This calculation yielded an index value for each urban area that reflected the average wage for that area relative to the national average of all urban areas, and an index value for each non-urban area that reflected the average wage for that area relative to the national average for all non-urban areas. We call this type of index, which relates the average wage for each individual area to separate urban or non-urban national averages, a "split" index.

Because the wage index we used to calculate the current routine limits is a split index, there are instances in which the index value for an urban area is lower than the value for an adjacent non-urban area. This apparent anomaly has caused concern and confusion among hospitals in these areas. To avoid further confusion on this point, we have, in developing the revised total cost limits, used a "combined" wage index based on 1980 BLS wage and employment records. The combined wage index relates the average area wage for urban and non-urban areas to a single national average wage for all areas. Although the change from a split to a combined wage index has no effect on either the accuracy or the dollar amount of any hospital's limit, use of a combined index will permit direct comparison of the index values for urban and rural areas, and thus make it easier for hospitals to understand how the wage indexes for their areas were computed. The following example demonstrates that the final result using a combined wage index, as compared to a split wage index, is identical.

Example

(1) *Split Wage Index* = .7059
Labor share = 1995.58
Labor deflated cost:
1995.58 ÷ .7059 = 2827.00
Mean labor deflated costs = 2127.82
Area labor share limit:
2127.82 × .7059 = $1502.00

(2) *Combined Wage Index* = .7916
Labor share = 1995.58
Labor deflated cost:
$1995.58 ÷ .7916 = 2520.94
Mean labor deflated cost =
Area labor share limit:
1897.53 × .7916 = $1502.00

The following hypothetical sample array is the source of the data used in this example. The split and combined wage indexes used in the hypothetical sample array were derived as shown below.

HYPOTHETICAL SAMPLE

Urban area	Average monthly hospital wage	Split wage index	Combined wage index
1	$900	.7059	.7916
2	1,050	.8235	.9235
3	1,125	.8824	.9894
4	1,500	1.1765	1.3193
5	1,800	1.4118	1.5831
Total	6,375		

Urban Nat'l Avg. Monthly Hospital Wage =

$$\frac{\text{Total Urban Avg. Monthly Hosp. Wage}}{\text{Number of urban areas}} = \frac{6375}{5} = \$1275.00$$

Combined National Avg. Monthly Hosp. Wage =

Total Urban Avg. Monthly Hosp. Wages

$$+ \frac{\text{Total Rural Avg. Monthly Hosp. Wages*}}{\text{No. urban areas + Number rural areas}} = \frac{6375 + 4990^*}{10} = \$1137.00$$

Example

(1) *Computation of Split Wage Index*
Area 1 average monthly hospital wage = $900.00
Urban Natl. Avg. monthly hosp. wage = $1275.00
Area 1 split wage index: 900.00 ÷ 1275.00 = .7059

(2) *Computation of Combined Wage Index*
Area 1 average monthly hosp. wage = $900.00
Combined national average monthly hosp. wage = $1137.00
Area 1 combined wage index: $900.00 ÷ $1137.00 = .7916

HYPOTHETICAL SAMPLE ARRAY

1	2	3		4		5	
Area	Labor share	Wage index		Labor deflated cost [1]		Area limit (Labor share) [2 3]	
		Split	Combined	Using split wage index	Using combined wage index	Split wage index	Combined wage index
1	$1,995.58	.7059	.7916	$2,827.00	$2,520.94	$1,502.03	$1,502.08
2	2,001.35	.8235	.9235	2,430.30	2,167.14	1,752.26	1,752.37
3	1,998.25	.8824	.9894	2,264.56	2,019.66	1,877.59	1,877.42
4	2,003.41	1.1765	1.3193	1,702.86	1,518.54	2,503.38	2,503.41
5	1,996.85	1.4118	1.5831	1,414.40	1,261.35	3,004.06	3,003.98
Mean labor deflated arrayed costs =				$2,127.82	$1,897.53		

[1] Column 2 divided by corresponding value in column 3.
[2] Column 4 multiplied by appropriate value in column 3.
[3] Numbers are not identical solely due to rounding.

In developing the wage index for the limits, we have continued to use approximate, rather than actual, index values for certain areas. (We also used approximate wage index values for certain areas in developing the current limits.) These approximate values are identified in Tables III A. and III B. We have done this because BLS, which supplies the wage and employment data used to calculate the wage index, has informed us that its confidentiality requirements prohibit it from disclosing either the actual data or indexes for areas that include fewer than 3 reporting units. (A reporting unit need not be a single hospital. Reporting unit is defined by BLS as the smallest unit for which data are recorded on the employer's contribution report. For example, two facilities in the same area owned by one employer could appear as one reporting unit.)

To make it possible to calculate limits for these areas, we have asked the BLS to identify the areas having wage index values numerically closest to, but not less than, the areas for which it cannot supply actual data. In the case of each area for which actual data are unavailable, we have substituted the wage index value identified by BLS as being closest to the actual value. We believe that the use of approximate rather than actual values for these areas will not affect the accuracy of the limits significantly, and will assure that no hospital's limit is reduced because actual data for its area are not disclosable. As was done in developing the current routine limits, we have excluded data from Federal government hospitals in constructing the wage indexes. Because Federal hospitals typically use national pay scales, the amounts they pay their employees do not necessarily reflect area wage levels. Since they also do not normally participate in the Medicare program, we believe exclusion of these data is appropriate.

The latest series of wage indexes reflects two additional changes from previous schedules. Prior schedules of limits that incorporated a wage index adjustment were not applied to hospitals in Puerto Rico, due to the lack of BLS hospital wage and employment records for that area. This notice of total inpatient operating cost limits contains wage indexes for Puerto Rico, and we have extended these limits to Puerto Rican hospitals.

We have also included wage indexes in Table IIIA for those newly designated SMSAs and NECMAs that were classified as such as a result of the 1980 census. (See Appendix III for a listing of the newly designated SMSAs and NECMAs.)

*Total Rural Average Monthly Hospital Wages are computed from average monthly hospital wages for five rural areas.

K. Use of Revised Inflation Estimates to Derive the Cost Limits

Since July 1, 1979, we have constructed the published limits using provider costs that have been inflated to the midpoint of the first cost reporting period to which the particular schedule applied. The inflators used were based on historical and projected rates of increase in the hospital market basket. To account for projected inflation for cost reporting periods beginning after the earliest effective date of the cost limits schedule, we applied the forecasted inflation in the market basket to increase the otherwise applicable limit contained in the notice. With respect to the new cost per discharge limits, new section 1886(a)(1)(B) states:

> The Secretary shall set limits for a cost reporting period of a hospital (I) by updating available data for a previous period to the immediate preceding period by the estimated average rate of change of hospital costs industry-wide, and (II) by projecting for the cost reporting period by the "applicable percentage increase" (quotations added) . . .
>
> "Applicable percentage increase" is defined in the statute as:
>
> . . . 1 percentage point plus the percentage, estimated by the Secretary, by which the cost of the mix of goods and services . . . based on an index of appropriately weighted indicators of changes in wages and prices . . . representative of the mix of goods and services included in such inpatient hospital services, . . . exceeds the cost of such mix of goods and services for the preceding 12-month cost reporting period.

As in prior limitation schedules, to derive the basic group limits, each hospital's cost per Medicare discharge was inflated to the midpoint of the first cost reporting period to which the limits apply. This cost reporting period is the twelve month period beginning on October 1, 1982; its midpoint is April 1, 1983. In accordance with the statute, two different estimates of inflation were used to accomplish this adjustment. First, using estimates of the actual rate of increase in Medicare inpatient hospital costs furnished by HCFA's Office of the Actuary, we inflated the cost per discharge of each hospital in our data base to the midpoint of the cost reporting period immediately preceding that hospital's first cost reporting period subject to the new limits. From this point, we then further adjusted these actuarilly inflated costs per discharge to April 1, 1983 by applying a rate of increase equal to 1 percentage point plus the estimated annual rate of inflation in

the market basket described in Appendix I.

This process was followed for each hospital in our data base in order to arrive at the mean costs which form the basis of the group limits. For providers whose cost reporting period begin after October 1, 1982, the limit published in the notice is further updated using the market basket rate plus 1 percentage point to reflect cost increases occurring after the period represented in the published limit. (See Section VII.B. for further detail on the computation of each hospital's limit.)

Example.

Hospital A, Cost reporting period ends 12/31

Cost report in data base is: Fiscal Year Ending 12/31/80

First reporting period to which limit applies is: Fiscal Year Ending 12/31/83

Hospital A's cost data from the data base is updated through 6/30/82 (midpoint of Hospital A's cost reporting period preceding the first period to which limits apply) using the average actual increase in Hospital cost. This yields average cost for hospital A during the period 1/1/82—12/31/82 recognizing the actual change in hospital inpatient expenditures. The data are further updated to 4/1/83 midpoint of the first cost reporting period to which limits apply using the market basket rate plus one percentage point, the rate of increase specified in section 1886(b)(3)(B).

This yields Hospital A's cost used in setting the mean costs on which the limits are based (costs incurred during the period ending 9/30/83). The limit applicable to Hospital A is further updated using the market basket rate plus 1 percentage point to reflect cost increases occurring after the period represented in the published limit. This yields a limit for Hospital A reflecting cost increases during the first period subject to the limit.

The annual inflation rates that we used to establish the limits are as follows:

	Estimated actual rate of increase in medicare inpatient operating costs per discharge	Estimated market basket rate of increase plus one percentage point
1980	12.9	*12.8
1981	15.1	*12.9
1982	14.3	9.9
1983	14.0	7.9
1984	NA	8.6

*For comparison only. These rates were not used to construct the cost per discharge limits.

L. Separate Treatment of the Labor-Related and Non-Labor Cost Per Discharge Used to Derive the Limits (see Tables I and II)

M. A Cost of Living Adjustment to the Non-Labor Component of the Limits for Hospitals in Alaska, Hawaii, and Puerto Rico (see Section VII B and Table II))

N. A Revised Adjustment to the Limits for Increased Costs Due To Approved Internship and Residency Programs

The current schedule of limits on hospital inpatient general routine operatings costs permits each hospital's otherwise applicable limit to be increased by 4.7 percent for each .1 increase (above zero) in the hospital's intern-and-resident to bed ratio. We included this adjustment to account for increased routine operating costs that are generated by approved internship and residency programs, but are not allocated to the interns and residents (in approved programs) or nursing school cost centers on the hospital's Medicare cost report. Such costs might include, for exemple, increased medical records costs that result from the keeping, for teaching purposes, of more detailed medical records than would otherwise be required.

Because our analysis of the data we used to develop the new limits shows that hospital inpatient operating costs per discharge tend to increase in proportion to increases in hospital levels of teaching activity, we have adopted a similar adjustment to the new limits. Specifically, we have increased each hospital's otherwise applicable limit by 6.06 percent for each increase of .1 (above zero) in the hospital's ratio of full-time equivalent (FTE) interns and residents to beds. The increase in the percentage amount of the adjustment (from 4.7 percent to 6.06 percent) results from the fact that total inpatient operating costs, which include special care unit and inpatient ancillary costs, are more heavily influenced than routine costs by changes in the level of teaching activity. In our opinion, this adjustment accounts for the additional inpatient operating cost which a hospital incurs through its operation of an approved intern and resident program.

In previous cost limit schedules, we have required hospitals to report to their intermediaries the number of full time equivalent (FTE) interns and residents in approved programs. The intermediaries used this information to compute the education cost adjustment.

Section 1886(b)(2)(B) provides that chapter 35 of title 5, United States Code shall not apply, until January 1, 1984, to collection of information and information collection requests which the Secretary of HHS determines to be necessary to carry out the amendments made by section 1886.

The Conference Committee Report accompanying Pub. L. 97–248 indicates this provision was included because the conferees recognized that the necessity to establish regulations implementing the statute will not permit the Secretary to follow the normal approval process for forms under the Paperwork Reduction Act of 1980 (Pub. L. 96–511). Under section 1886(b)(2)(B), all revisions to the Medicare cost reporting forms needed to implement these provisions will be exempt from Pub. L. 96–511 until the end of calendar year 1983. Therefore, HCFA will continue to require hospitals that wish to obtain the education cost adjustment to report to their intermediaries the number of FTE interns and residents in approved programs.

Our current regulations, 42 CFR 405.460(f)(4), provide an exception to the limits for a provider that, when compared to other providers in its group, incurs increased costs because it operates an approved professional or paramedical education program, other than an intern and resident program of the type specified in 42 CFR 405.421 (see Provider Reimbursement Manual HCFA Pub. 15–1, Sections 404–404.3). This exception continues to be applicable to the new cost limits. In our view, this exception, properly interpreted, means that a hospital that incurs total inpatient operating costs per discharge in excess of its education-adjusted limit because it operates an approved medical education program can obtain an exception only if, after application of the education cost adjustment, the hospital's actual costs exceed its limit. For such cases, the exception cannot be greater than the amount of the difference between its actual costs and its limit.

O. Limits Set at 120 Percent of the Mean Labor-Related and Mean Non-Labor Costs of Each Hospital Classification Group (see Tables I and II)

Section 1886 of the Social Security Act specifies that the level of limits on hospital inpatient operating costs be set at 120% of the group means effective for cost reporting periods beginning on or after October 1, 1982. Effective with reporting periods beginning on or after October 1, 1983 and October 1, 1984, the levels shall be reduced to 115% and 110%, respectively.

P. A Hold Harmless Provision to Guarantee a Minimum Level of Reimbursement for Hospitals Subject to the Cost Per Discharge Limits

We believe the extension of reimbursement limits to total hospital inpatient operating costs adjusted for case mix will enhance the effectiveness of the limits in preventing payment for costs due to inefficiency. However, Congress recognized that there may be instances in which individual hospitals could have their reimbursement substantially reduced by the immediate application of the new schedule. To prevent hardship to these hospitals, Section 101(a) of Pub. L. 97–248 enacted section 1886(a)(1)(C) of the Social Security Act, which mandates a hold harmless provision for all hospitals subject to the new limits beginning with the first reporting period of application. Under the hold harmless provision, each hospital's total Medicare per discharge reimbursement for allowable inpatient operating costs (excluding costs specifically exempt from the new limits such as capital, medical education, and malpractice insurance costs), cannot be less than a guaranteed minimum level for the cost reporting periods in which the cost per discharge limits apply, regardless of all other provisions in this schedule. This guaranteed minimum level is equal to an amount no less than the provider's allowable reimbursement per discharge for inpatient operating costs (including payment for inpatient general routine operating costs, special care unit operating costs, and inpatient ancillary service costs) based on the hospital's Medicare cost report for the most recent cost reporting period immediately preceding the first period to which limits are applied (i.e., the "base period"). However, in no instance could a provider receive more than its actual allowable costs for the reporting period in which the cost per discharge limits apply. Section VII contains a further explanation on the application of the hold harmless provision.

III. The Medicare Case-Mix Index

A. Development of the Case-Mix Index

1. *Statutory Requirement.* Section 101(a) of Pub. L. 97–248, requires the Secretary to establish case-mix indexes for all short-term hospitals. The Conference Committee Report accompanying the legislation states that "* * * initially the Secretary will need to rely on a currently available indicator of case-mix complexity such as the system developed at Yale University." However, the report also indicates that the conferees expected that "* * * the Secretary will continue to evaluate possible methods for adjusting for case mix and will adopt an improved method when it becomes available." (See H. R. Rep. 97–760, 97th Cong. 2d Sess. 418 (1982).)

2. *Overview.* Isolating the effects of differences in case mix from the effects of other factors that affect hospital costs required a statistical measure defining a hospital's inpatient case mix. The development of such a mesure depends on our ability to distinguish among the various kinds or types of inpatient cases, and to identify the relative cost of hospital treatment for each category.

The number of possible combinations of diagnoses, procedures, complications, and admitting status is obviously very large. However, the number of combinations that occur with significant frequency is much smaller. Furthermore, many of these are similar in terms of the quantity of resources required in diagnosis and treatment. These facts should permit the classification of hospital cases into a manageable number of categories that are clinically similar and reasonably homogeneous in terms of resource use and cost.

The first requirement in the process of constructing a valid case-mix measure that differentiates costliness among case categories involves the development of a suitable case classification system.

The second requirement is the creation of a set of "weights" that measure the relative cost of treating cases classified in each classification category. Once these requirements are met, a "case-mix index" for each hospital can be calculated.

If the proportion of a hospital's patients in a given category is multiplied by the cost weight associated with that category, and these products are summed across all categories, we obtain a measure of the hospital's expected cost per case, given its case mix. Dividing a hospital's expected cost per case by the national average expected cost per case over all hospitals produces a specific case mix index value for each hospital. The case mix index, then, is a summary statistic representing the relative costliness of each hospital's mix of cases compared to the national average mix of cases. This index permits us to express a hospital's Medicare patient mix as a single statistic in the context of a total cost limits system.

In the following sections we describe the actual construction of the Medicare case mix index, the methods used to classify Medicare discharges, the data sources used, the construction of the cost weights, and the calculation of the index. (In the explanations that follow, the terms "case" and "discharge" are used interchangeably.)

3. *Case classification.* Over the past several years, a case classification system called Diagnosis Related Groups (DRGs) has been developed at Yale University. The formation of DRGs presupposes that cases can be classified into clinically coherent groups that are reasonably similar in resource consumption, either in terms of cost or length of stay. The latest series of Yale DRGs is based on records of patients discharged during the last half of 1979.

Using a population of over 1.4 million records selected from a nationally representative sample of 332 hospitals participating in the Commission on Professional and Hospital Activities hospital discharge abstract service, the Yale researchers created a stratified sample of 400,000 medical records, classified into 23 Major Diagnostic Categories (MDCs). Each MDC represents a broad clinical category that is differentiated from all others based on body system involvement and disease etiology. The specification of the MDCs was developed by a committee of clinicians using the following guidelines: (1) They must be clinically consistent; (2) They must have a sufficient number of patients; and (3) They must cover the complete range of diagnoses represented in the *International Classification of Diseases, 9th Revision, Clinical Modification* (ICD–9–CM), without overlap.

The patient records in each MDC were then partitioned using a classification algorithm called AUTOGRP and a prespecified set of variables to suggest subgroups of cases that were expected to be distinct in length of stay. The variables used to split the MDCs were intentionally limited to those that are descriptive of the patient's clinical condition, and readily available on most discharge abstracts, such as principal diagnosis, secondary diagnoses, surgical procedures, age, sex, and discharge status. Suggested subgroups of cases within the MDCs were examined by physicians to determine whether the proposed distinctions were clinically sensible and whether the cases in each group were medically similar. These purely statistical subgroups were modified if they were not supported clinically. For example, in MDC 11 (Diseases and Disorders of the Kidney and Urinary Tract), the initial statistical grouping of medical (i.e. nonsurgical) cases suggested 3 subgroups that were different in terms of length of stay. Each of these subgroups, however, contained several different kinds of cases (e.g.

urinary tract infections, signs and symptoms, renal failure, and neoplasms). Clinical judgment suggested that the major clinical subsets of these 3 groups should be revised to form 7 more clinically coherent initial groups: Kidney stone, infection, renal failure, neoplasms, signs and symptoms, urethral stricture, and other. This process ultimately resulted in a set of 467 mutually exclusive and exhaustive case classification categories called Diagnosis Related Groups (DRGs).

The patient classification categories we used to classify Medicare cases are a subset of the 467 Yale DRGs. Of the 467 Yale DRGs, 18 were collapsed into 9 more general categories because specific clinical information essential for the assignment of Medicare cases to these DRGs was not available in HCFA's file of Medicare discharge records (see the discussion of the MEDPAR file in section 4(i)). Of the remaining 458 DRGs, we eliminated 38 because they contained no Medicare cases, and an additional 64 because they contained so few cases that cost weights for them would be statistically unreliable. This process resulted in 356 Medicare DRGs, which we used to construct the Medicare case-mix indexes.

4. *Data.* Hospitals participating in Medicare submit cost and utilization information to the Medicare intermediaries in several forms. In developing the Medicare case mix index, we used the following types of data.

(i) *MEDPAR File.* Although hospitals are not paid accumulated charges for each Medicare discharge, they are required to submit a detailed bill for services furnished to each Medicare inpatient. The billing form is the HCFA–1453, Inpatient Hospital and Skilled Nursing Facility Admission and Billing Form. For each beneficiary whose HI claim number ends in the digits "0" or "5" (i.e., 20 percent of all patients) the hospital also submits a narrative description of the patient's diagnosis at discharge, and surgical procedures performed, if any, along with the charges for ancillary services (e.g., radiology, laboratory, operating room, etc.). The information from these bills is recorded on electromagnetic tape, and transmitted to HCFA's central office in Baltimore.

In HCFA, the narrative diagnoses and procedures are coded using the ICD–9–CM system. The coded clinical information and billed charge data are maintained in a statistical file called MEDPAR (MP). For 1980, this file contains approximately 2 million sample patient cases.

(ii) *Cost Reports.* After the end of each cost reporting period, each hospital must complete and submit to its fiscal intermediary a Medicare cost report. The intermediary uses this report, which contains auditable financial data, to calculate the total amount Medicare will pay for services the hospital furnished Medicare patients during the reporting period. On specific schedules of the report, the hospital reports data on Medicare inpatient general routine service per diem costs, Medicare speciall care per diem costs, and on the ratio of cost to charges for each ancillary service department. Cost reports available as of May 1, 1981 were used to construct the case-mix indexes.

5. *Construction of the cost weights.* a. *Computation of adjusted cost for each case.* Given these data and the existence of 356 Medicare DRGs, a cost weight for each DRG can be calculated. Each weight reflects the average cost, across all hospitals, of treating cases classified in that DRG. In establishing these weights, we used data from the MEDPAR file (MP), and from the Medicare cost reports (MCR). The source of the data items used to construct the weights is given in parentheses for each steps of the calculation.

To derive DRG weights, we first calculated an adjusted cost for each case by: (1) Multiplying the number of days the patient spent in a regular room (MP) by the hospital's routine cost per day (MCR); (2) Multipying the number of days the patient spent in a special care unit (MP) by the hospital's special care unit cost per day (MCR); and (3) Multiplying the ancillary charges (MP) by the relevant departmental ancillary cost to charge ratios (MCR) to eliminate the gross effects of cross subsidization between hospital service departments. All hospital routine and special care per diem costs were standardized to July 1, 1980, to coincide with the mid-point of the period represented in the MEDPAR file (i.e. calendar year 1980 records). Example 1 depicts the calculation of the adjusted cost per case for a patient who spent 10 days in a hospital in New York City. Two of the 10 days were spent in a special care unit. During the stay, the patient incurred charges for radiology, laboratory and pharmacy services.

Example 1.—Calculation of Adjusted Cost Per Case for Cases Classified Within a DRG.

Routine Care Cost Per Diem (MCR)	×	Routine Care Days (MP)	=	Routine Care Cost
$150		8	=	$1,200

Special Care Cost Per Diem (MCR)	×	Special Care Days (MP)	=	Special Care Cost
$200	×	2	=	$400

Ancillary department	Cost-to-charge ratio (MCR)	×	Ancillary charges (MP)	=	Ancillary cost
Radiology	.80	×	$55	=	$44
Laboratory	1.20		175		210
Pharmacy	.85		80		68
Total					322

NOTE: Adjusted Cost Per Case $1200 + $400 + $322 = $1922.

b. *Standardization of adjusted cost per case for variation due to teaching activity and hospital wage levels.* The next step was to standardize each adjusted cost per case for the effects of variations in the level of hospital specific teaching activity and area-specific hospital wage levels, so that the cost values would be comparable across hospitals. The method for standardizing adjusted costs per case for differences in teaching activity is as follows. First, for each hospital with an approved internship and residency program, we determine the ratio of full-time equivalent (FTE) Interns and residents per bed. We compute this ratio for each hospital from data contained on Medicare institutional certification surveys where available, and from data submitted directly by the intermediary. We then multiply the FTE intern and resident to bed ratio by 6.06 percent, the education cost adjustment factor, and add the product to 1.0. This results in a teaching activity adjustment factor, which we then use to divide the hospital's adjusted cost per case. The result of this division is a cost value for each case adjusted for hospital differences in teaching activity.

Next, we divided each hospital's adjusted cost per case into labor related and non-labor components. The labor related component was derived from the market basket and represents a fixed share (80.77 percent) of cost per case. This share represents the sum of the

1980 market basket relative importance weights for wages and salaries, employee benefits, professional fees, business services, and miscellaneous expenses (see Appendix I). The labor related component of adjusted cost per case was then divided by the hospital's applicable wage index from Tables III.A and III.B. This result was added to the non-labor proportion of adjusted cost per case to yield a revised cost per case that is standardized for hospital differences in teaching activity and area wage levels. The resulting adjusted cost values for the cases from each hospital represent estimates of the treatment costs that would prevail if the hospital had no teaching programs, and paid the prevailing national average wage rates. The calculation of this standardized cost per case is shown in Example 2.

Examples 2

Calculation of Standardized Cost Per Case

Adjusted cost per case = $1922.

Hospital intern and resident to bed ratio (based on 686 bed facility with 77 FTE interns and residents)

(77 ÷ 686) − .1 = 1.1224

Education adjustment factor = .0606

Adjusted cost per case, standardized for differences in teaching activity.

$1922 ÷ [1.0+(1.1224) (.0606)] = $1799.60

Labor-related portion of adjusted cost per case, standardized for differences in teaching activity.

$1799.60 × .8077 = $1453.54

Non-labor portion of adjusted cost per case, standardized for differences in teaching activity.

$1799.60 − $1453.54 = $346.06

Adjusted cost per case, standardized for area wage differences.

$1453.54 ÷ 1.3979 (New York SMSA) + $346.06 = $1385.86

Outliners, i.e., all cases in each DRG for which the standardized cost values were outside three standard deviations from the geometric mean of the values for the DRG, were eliminated. The weight for each of the 356 DRGs was calculated by summing the standardized adjusted costs for all cases in the DRG and dividing that amount by the number of cases classified in the DRG.

6. *Calculation of case-mix index.* To calculate each hospital's individual Medicare case-mix index, we multiplied the proportion of the hospital's Medicare cases in each DRG by the standardized cost weight for the DRG. We then summed these products to obtain an expected cost per case for each hospital. We then summed the expected per case costs for all hospitals, and divided the result by the total number of hospitals included in our data base. This produced an expected average cost per case for all hospitals. Finally, for each hospital, we divided the expected cost per case for that hospital by the average expected cost per case for all hospitals. The result of this division is the individual hospital's Medicare case-mix index. Appendix II lists the case-mix indexes for all hospitals in our data base.

Example 3 illustrates the calculation of the Medicare case-mix index.

EXAMPLE 3.—Calculation of Medicare Case-Mix Index: Proportion of Medicare Discharges by DRG (Percent)[1]

Hospital	DRG 1	DRG 2	DRG 3	DRG 4	DRG 5	Total (percent)	DRG weighted expected cost per case[2]	Case mix index 3
A	2.5	27.3	10.5	41.5	18.2	100	$1,660.40	.8900
B	21.0	.9	30.1	2.0	46.0	100	2,401.30	1.2872
C	40.6	5.0	2.3	47.2	4.9	100	1,346.30	.7227
D	5.1	18.4	62.5	10.0	4.0	100	2,990.70	1.6031
E	30.4	65.0	1.0	1.6	2.0	100	929.00	.4980
Average proportion for all hospitals	19.92	23.32	21.28	20.46	15.02	100	1,865.54	
DRG cost weight	$1,000	$800	$4,100	$1,500	$2,000			

[1]Adjusted to make these 5 DRGs hypothetically represent all 356 Medicare DRG's
[2]For hospital A, Calculated as follows: .025 (1000)+.273 (800)+.105 (4100)+.415 (1500)+.182 (2000)=$1660.40
[3]For hospital A, calculated as $1660.40 divided by $1865.54=.8900

B. Application of the Case-Mix Index

Using the actuarial and market basket rates of inflation cited in section II J, we adjusted each hospital's average cost per Medicare discharge to April 1, 1983, the midpoint of the first cost reporting period to which the limits apply. We then divided each hospital's cost per Medicare discharge by the Medicare case-mix index for that hospital. The effect of this calculation is to eliminate cost differences due to differences in case mix. We then applied the education cost and wage index adjustments, calculated the mean labor-related component and mean non-labor component of cost per discharge for each hospital classificatioin group, and established limit components set at 120 percent of each mean (see steps 1 through 6 of section VII A, "Development of Published Limits").

In calculating each hospital's individual limit, the intermediary will multiply the hospital's labor-adjusted limit (i.e. the sum of (1) the product of the labor-related component and the wage index and (2) the non-labor component) by the case-mix index for that hospital, in order to calculate the hospital's case-mix adjusted limit. The intemediary will then apply the education cost adjustment, if applicable, and the cost reporting year adjustment, if applicable, to calculate the per-discharge limit for the particular hospital. A step-by-step explanation of the calculation of each individual hospital's limit is contained in section VII B.

C. Further Information Regarding Case-Mix Index

A detailed technical explanation of the development of the Medicare case-mix index is available on request. Requests for a copy of this explanation should be sent to: Marilyn Koch, Health Care Financing Administration, Room 192 East High Rise, 6325 Security Boulevard, Baltimore, Maryland 21207.

IV. Alternates To Use of Published Case Mix Index

A. Use of Greater of Actual Case-Mix Index or Group Average Case-Mix Index

As explained in section III, we calculated each hospital's case-mix index based on data from three sources. These include Medicare billing data from the MEDPAR file, which represents a 20 percent sample of all Medicare hospital bills submitted for calendar year 1980, our discharge bill file for calendar year 1980, and the most recent Medicare cost reports available as of May 1, 1981. Although the data in these records generally are complete and accurate, the number of sample bills submitted by some hospitals that otherwise would be subject to the limits is insufficient to enable us to calculate statistically reliable Medicare case-mix indexes for them. Therefore, we did not have sufficient information to calculate statistically reliable case-mix indexes for all hospitals subject to the new limits.

We believe the limits can be applied to these hospitals without disadvantage to them by using the higher of the hospital's actual case-mix index

calculated from the available information or the average case-mix index for the hospital's classification group. (See Section VII B.3., Adjustment by Case-Mix Index). Therefore, we have adopted this approach in setting limits for these hospitals. Case mix indexes that do not meet our required statistical precision criteria are asterisked in Appendix II. Table IV contains the average case mix index for each hospital classification group. To determine the cost per discharge limit for those providers with statistically questionable case mix indexes, the fiscal intermediaries will use the higher of the index in Table IV, corresponding to the hospital's classification group, or the hospital's actual index in Appendix II. Where the hospital is not included in Appendix II, the intermediary will use the average index value for the hospital's group, as shown in Table IV.

B. Calculation of Case-Mix Index Based on Total Medicare Discharges

We believe the data from the MEDPAR file provide a reasonably accurate representation of the clinical mix of Medicare discharges for most hospitals.

While we are confident of the accuracy of the case-mix indexes for hospitals as a whole, we realize that inaccuracies could exist in some cases. Because data deficiencies could lead to inaccurate case-mix index values for some hospitals, we believe it is appropriate to offer hospitals, for a limited time, the opportunity to submit corrected discharge data and to have their case-mix index values recalculated based on the corrected data. To obtain a recalculation of its case mix index, a hospital would have to submit to HCFA a record of all its Medicare discharges for the calendar year for which we obtained the MEDPAR sample used to establish the limits. For the limits effective October 1, 1982 the year involved is 1980. These discharge records would have to be coded using ICD–9–CM codes, and would have to be available on magnetic tape in a manner that would facilitate their processing.

When we receive the revised data submitted by the hospital according to HCFA specifications, we will recalculate the hospital's case mix index based on these data. We will then use the recalculated index, rather than the index based on the MEDPAR sample, to calculate the hospital's limit. We wish to note that since the recalculated index will presumably be more accurate than the published index, we plan to use the recalculated index even in those cases in which it will result in a lower limit for the hospital. The national DRG cost weights applicable in the original calculation will, however, be retained in deriving the recalculated case mix index.

We will permit hospitals to request this recalculation only for cost reporting periods beginning within the first 12 months following the effective date of the new limits. To obtain a recalculation, a hospital will be required to file its request within 180 days after the end of the hospital's first cost reporting period for which the new limits are effective. This period should be long enough to permit hospitals to improve the accuracy of their discharge data. We expect that, in later periods, hospitals will be able to assure that their discharge date are accurate before these data are submitted.

Our requirement that data be submitted on magnetic tape using ICD–9–CM coding is needed to enable us to act on recalculation requests in a timely and efficient manner. As a practical matter, we could not deal with these requests efficiently unless the revised discharge information could be processed electronically.

C. Recalculation of Limit to Reflect Changes in Case Mix

The Medicare case-mix index is intended to recognize the relative costliness of a hospital's case-mix compared to a standard reflecting the average case mix for all hospitals. The pattern of distribution of cases among hospitals tends to be similar from year to year. That is, hospitals that have large volumes of complicated cases in one period also tend to have large volumes of complicated cases in other periods. Likewise, hospitals that treat relatively simple cases in one period tend to repeat that experience in other periods. This reflects the evolution of a system in which highly sophisticated services are concentrated in certain facilities to which patients can be referred for specialized treatment.

Since hospitals tend to treat similar types of patients from one period to the next, we believe the case-mix index can be applied prospectively. However, we understand that events can occur that will abruptly and significantly alter the case mix of an individual hosptial. For example, the addition of an entirely new service e.g. a regional trauma center, could quickly change a hospital's case mix. Similarly, the merger of two facilities with different levels of specialization could result in a case mix for the surviving entity that is different from that of either facility. If a significant and abrupt change in case mix is the direct result of an identifiable event occurring between the base year used in developing the case-mix index and the year to which the limit will apply, we believe it is appropriate to recognize the effect of the change. Therefore, we are amending the Medicare regulations at 42 CFR 405.460 to provide an exception that would allow the Medicare case-mix index to be recomputed based on actual case mix in the year of application of the limit, if the hospital can show that the change in case mix is the result of a specific change in organization, range of services, medical specialty, or another particular and identifiable event. The interim final rule that makes this change is published elsewhere in this issue of the **Federal Register.**

V. Impact Analysis

A. Executive Order 12291

Section 1(b) of Executive Order 12291 states that a major rule is one that will:

(1) Have an annual effect on the economy of $100 million or more;

(2) Result in a major increase in costs or prices for consumers, individual industries, or government agencies, or geographic regions; or

(3) Have significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

We estimate that for fiscal year 1983, implementation of these new limits will result in additional net savings of $75 million over the estimated savings of $333 million we would realize under the current routine cost limits. For fiscal year 1984, we estimate that the new limits will result in net savings of $405 million in addition to the $376 million savings we would realize under the routine limits. For fiscal year 1985, we are estimating additional net savings of $1.03 billion over the $426 million in savings that would occur under the routine limits. Also, we expect that there will be substantial additional savings as a result of implementation of the rate of increase ceiling required by section 1886(b) of the Social Security Act. These savings are described in the preamble to the interim final rule (published elsewhere in this issue of the **Federal Register**) that implements that provision.

Although we believe these new limits will have an annual effect on the economy that approaches the threshold specified in the Executive Order, we have determined this impact will be caused by section 101(a) of Pub. L. ——, which requires imposition of the limits, rather than by this notice, which merely implements the statutory provisions. We

have made this determination because the major features of the new limits are specified in the statute, and we do not have administrative discretion to develop alternatives to them. While the statute does allow the Secretary administrative discretion with respect to certain features of the new limits (e.g., the exclusion, for reasons related to the availability of discharge data, of children's and long-term care hospitals), these discretionary features will not have an impact of $100 million or more, or meet the other threshold criteria of the Order. Therefore, a regulatory impact analysis is not required.

While Executive Order 12291 does not require us to perform a regulatory impact analysis, the application of total cost limits represents a significant advance over the routine cost limits, and can be expected to have a major effect on hospital operations. Therefore, we are providing the following discussion of the expected effects of the new limits. This discussion, and the preamble as a whole, constitute a regulatory impact analysis.

As noted earlier in this preamble, the hospital cost limits in the past have been restricted to general routine costs for a number of reasons. Chief among these reasons was the fact that routine services (composed mainly of bed, board, and routine nursing services) tend to be similar among institutions, thereby allowing for comparison among institutions of the cost of these services. However, cost of ancillary services tends to vary significantly among institutions depending on the types of patients treated. Until recently, there was no suitable methodology available by which we could explicitly take differences in hospital case mix into account when establishing cost limits.

The development of the Diagnosis Related Group (DRG) case classification system referred to in this notice now permits us to compute an adjustment for each hospital that makes reasonable allowance for the resource implications of the type and mix of cases treated by the institution. Application of the case mix index, wage index, and teaching adjustments to each hospital's cost per discharge permits greater standardization of each hospital's costs, thus permitting the derivation of limits which act as improved measures of hospital efficiency.

We also expect the total cost limits presented in this notice will be an improvement on the current system of per diem reimbursement. Generally, the marginal cost of caring for a patient declines the longer that patient stays in the hospital. This is because patients generally require the closest observation during the first few days of a hospital stay. This means that a hospital can reduce its average per diem costs by increasing the average length of stay of its inpatients, even though in this way it may be increasing its overall costs. By thus reducing its per diem costs, the hospital may appear efficient with respect to the per diem limits, even though it is actually operating in an inefficient manner.

The new cost limits will alleviate this problem because they are computed and applied on a per discharge basis. A hospital's aggregate limit will be computed by multiplying its per case limit by the number of its discharges. Each discharge will have an equal weight in this calculation (differences due to the hospital's case mix having already been accounted for through application of the individual hospital's case-mix index). The incentive under the total cost limits system will be for hospitals to keep patients only so long as is medically necessary. In this sense, the total cost limits will act as a check on hospital utilization.

In addition to methodological advances which now allow the computation of total hospital cost limits, we anticipate that the new limits, by encouraging efficiency in hospital behavior, will help to slow the rapid rise in hospital costs, particularly with regard to ancillary services.

The costs of ancillary services and special care services have been rising at a more rapid rate than the costs of general routine services. In part, this may be attributable to the deterrent effect which the cost limits have had in the general routine area. In addition to actual disallowances under the general routine limits, we believe hospitals may have altered their practices in anticipation of disallowances, so as to avoid those disallowances. Consequently, the rise in the cost of those services subject to the routine limits has been less than the rise in the cost of those services not subject to limitation in the past. We would expect that cost limits which encompass ancillary and special care services, as well as general routine services, would promote efficient behavior on the part of hospitals across the entire spectrum of inpatient services.

We believe that any actions the Federal Government takes with respect to bringing about efficient economic behavior in hospitals should create incentives for such behavior, but should interfere as little as possible in the actual methods used to achieve economic efficiency. We believe the total cost limits set forth in this notice meet these requirements. While we are setting an upper limit on Medicare payment for total hospital inpatient operating costs, we are not prescribing the methods hospitals must emloy to ahieve the necessary economies. Rather, a hospital will be free to experiment with any number of cost saving methods and measures, and to choose the ones most appropriate for its individual situation. This reliance on individual hospital initiative should encourage competition among hospitals and a reduction in the rate of increase in hospital costs, while ensuring that Medicare beneficiaries continue to have access to needed hospital services.

We also realize that there may be cases where hospitals, even though they exceed the limits, are operating efficiently. To equitably provide relief in these situations, thereby insuring that these facilities are reimbursed the reasonable costs of their services in accordance with the law, there are a number of exemptions and exceptions available.

For further information on exceptions and exemptions, see the final regulations implementing section 1886 of the Social Security Act that are published elsewhere in this issue of the **Federal Register.**

B. Regulatory Flexibility Act

The Secretary certifies under 5 U.S.C. 605(b), enacted by the Regulatory Flexibility Act (Pub. L. 96–354), that this final notice will not in itself result in a significant impact on a substantial number of small entities. Under the Regulatory Flexibility Act, the great majority of hospitals (e.g., all non-profit hospitals, regardless of size) are "small entities." The potential impact of this notice will fall on about 20 percent of the hospitals affected by the limits on inpatient operating costs, with an average potential Medicare reimbursement reduction of about 2 percent. However, any adverse consequences of this impact can be avoided through the cost containment efforts we expect hospitals will make. Accordingly, we do believe that a substantial number will actually experience a significant impact. In any event, any impact will be the result of the statutory provisions (section 101(a) of Pub. L. 97–248), and not of the regulations that implement these provisions. Therefore, a regulatory flexibility analysis is not required.

Although a regulatory flexibility analysis is not required, we are aware that some hospitals may be concerned about the impact of these limits. For the benefit of these hospitals, and to forestall any unnecessary concern

regarding the effect of the limits, we are providing the following analysis which, together with this preamble taken as whole, constitutes the regulatory flexibility analysis.

Under section 1861(v) of the Social Security Act, the Secretary may pay no more than the reasonable cost of covered services furnished to Medicare beneficiaries. This requirement applies to services furnished by all Medicare participating hospitals regardless of size. Both section 1861(v) and section 1886(a) of the Social Security Act require the Secretary to set limits on the costs that will be recognized as reasonable. In computing these limits, we rely on actual costs facilities have incurred. However, we realize that it may be inequitable to compare the costs of facilities for purposes of computing limits without taking into account the size of those facilities. Therefore, since the inception of the cost limits, we have classified hospitals by bed size, that is, by number of beds, (as well as geographic location) and only compared a hospital's costs with the costs of other hospitals in the same bed size groping. The limits contained in this notice are based on the same bed size classifications we have used in previous schedules of limits. In this manner, we have in large measure recognized that small hospitals should be treated similarly as a group and that their costs should not be compared with the costs of large institutions when developing limits.

To the extent that the reasonable cost requirements of the Medicare law apply to all participating hospitals, the considerations discussed above in the Executive Order analysis apply to small hospitals. However, we would particularly like to stress the fact that the limits contained in this notice represent an upper ceiling on the amount the Medicare program will pay for inpatient hospital services. We do not specify or require any particular methods or courses of action which hospitals must employ to avoid exceeding the limits. How to achieve the necessary economies is left up to each indivdual hospital. We recognize that the methods which individual hospitals employ will be dependent upon many factors, and that what works well for a large, teaching hospital may not be appropriate for a small community hospital. Therefore, we believe it is important that each hospital retain the flexibility to structure its own operations in such a way as to achieve the necessary efficiencies consistent with the continued provision of needed health services to Medicare beneficiaries.

We have compared the impact of the proposed limits contained in this notice on small hospitals (defined as those having less than 100 beds) with the impact of the limits on all providers. Our data indicate that the limits on this notice will impact 20.5 percent of all hospitals subject to the limits. Our data further indicate that 25.5 percent of urban hospitals with less than 100 beds will be impacted, and 21.4 percent of rural hospitals with less than 100 beds will be impacted. (This does not include rural hospitals with less than 50 beds on September 3, 1982, the date of enactment of Pub. L. 97–248. These hospitals are specifically exempted by the statute from the new limits.)

The following tables show our estimate of the impact these limits will have by cell grouping as well as by geographic regions.

TABLE A

Group	Percent impacted
Urban:	
Less than 100	25.5
100–404	20.2
404–684	18.1
685 and above	22.0
Rural:	
Less than 100	21.4
100–169	17.0
170 and above	14.7

TABLE B

Region	Percent impacted
New England	26.2
Middle Atlantic	17.1
East North Central	26.2
West North Central	22.2
South Atlantic	14.6
East South Central	11.2
West South Central	14.8
Mountain	22.8
Pacific	31.9

Waiver of Public Comment Period and of 30-Day Delay in Effective Date

As noted earlier in this preamble, the legislation that requires us to issue the new limits specifies the major features of the limits methodology, and allows us very limited administrative discretion in determining how the new limits will be developed and applied. In view of the specificity of this legislation, we believe that publication of the new limits for public comments before their implementation is unnecessary, and would not contribute to the clarification of any issues.

Moreover, section 101 of Pub. L. 97–248 specifies that the new limits are to be effective for hospital cost reporting periods beginning on or after October 1, 1982. To have these limits in place as close as possible to the effective date specified in the law, we must publish this notice as soon as possible. The Congress itself took note of this in section 101(b)(2)(A) by instructing the Secretary to issue final regulations, whether on an interim or other basis, before October 1, 1982, the effective date of the law. In our view, the statutory language is sufficiently clear to support implementation of the new limits effective October 1, 1982. Therefore, in consideration of the need to implement these limits promptly, we believe delaying their implementation by even the minimum amount of time usually allowed for public comment (30 days) would be impractical.

In addition, to the extent that Federal spending will be reduced by timely implementation of the limits on inpatient operating costs, we believe that any delay in implementation due to the publication of proposed rulemaking would be contrary to the public interest.

Therefore, we find good cause to waive a prior public comment period, and to issue this notice in final form. For the same reasons, and in light of the statutory requirement that these limits be effective for hospital cost reporting periods beginning on or after October 1, 1982, we find good cause to waive the usual 30-day delay in effective date. We will, however, consider any comments on this notice that are received by the date specified above in the "DATES" section and make any further changes that may be necessary.

VI. Other Required Information

A. Public Comments

Because of the large number of comments we receive, we cannot acknowledge or respond to them individually. However, we will consider any comments on this notice that are received by the date specified in the "DATES" section. If as a result of public comments we conclude that changes in this interim final notice are needed, we will include these changes in the final notice described in item B below.

B. Publication of Final Notice

Section 101(b)(1) of Pub. L. 97–248 specifically requires the Secretary of HHS to first issue such final regulations (whether on an interim or other basis) before October 1, 1982, as may be needed to implement sections 1886(a) and (b) of the Social Security Act on a timely basis. This legislation further requires that if these regulations are promulgated on an interim final basis, the Secretary shall provide an

opportunity for public comment, and for appropriate revision of these regulations, so that they are not on an interim basis later than March 31, 1983.

To comply with these requirements, we are published this notice on an interim final basis. As required by the law, we will consider all public comments we receive, determine whether changes in this interim final notice are needed, and publish a final notice implementing section 1886(a) by March 31, 1983.

VII. Methodology for Determining Per Discharge Inpatient Operating Cost Limits

A. Development of Published Limits

1. *Data.* We developed the limits by using actual hospital inpatient operating costs per Medicare discharge that we obtained from the latest Medicare cost reports available as of May 1, 1981. In developing the group limits, we excluded data from long-term care hospitals, children's hospitals, and rural hospitals with fewer than 50 beds. From the remaining cost reports, we excluded capital-related costs and the direct costs of the interns and residents (in approved programs) and nursing school cost centers. We then adjusted the per discharge cost data for inflation, using the annual rates cited in section II J, by projecting these data from the cost reporting periods used in the data collection to April 1, 1983, the midpoint of the first cost reporting period to which the limits apply.

2. *Use of Case-Mix Index to Adjust Cost Data.* We divided each hospital's Medicare inpatient operating cost per discharge by the case-mix index for the hospital to obtain a case-mix adjusted inpatient operating cost per Medicare discharge.

Example: After adjustment for inflation, the average cost per discharge of a 686-bed hospital in Queens County, New York, is $2000.00. The hospital's Medicare case-mix index is 1.2150.

$2000.00 ÷ 1.2150 = $1646.09, which is the hospital's case-mix adjusted inpatient operating cost per discharge.

3. *Adjustment for Education Costs.* After adjusting each hospital's inpatient operating cost per discharge for inflation and case-mix complexity, we divided each cost by 1.0 plus the product of the education adjustment factor (6.06 percent) and the individual hospital's adjusted intern-and-resident to bed ratio. We determined that adjusted ratio by dividing the number of FTE interns and residents for the cost reporting period to which the average cost per discharge applies by the hospital's bed size determined at the beginning of that period to obtain the hospital's intern-and-resident to bed ratio, and dividing that ratio by .1.

Example: After adjustment for inflation and case-mix complexity, the per discharge inpatient operating cost of a 686-bed hospital in Queens County, New York, is $1646.09. The hospital employed 77 FTE interns and residents in approved teaching programs.

The per case cost is adjusted for education costs as follows:

77 ÷ 686 = .11224, which is the intern-and-resident to bed ratio for this hospital.

.1122 ÷ .1 = 1.12240—Adjusted Ratio

$16464.09 ÷ [1 + (.0606 × 1.1224)] = $1541.26, Education-adjusted cost per discharge.

This adjusted per discharge cost is divided into labor-related and non-labor components. The labor-related component is adjusted by the wage index and the two components are used to calculate the group means (see steps 4, 5 and 6 below).

4. *Use of Wage Index to Adjust Cost Data.* We divided each hospital's case-mix and education adjusted inpatient operating cost per discharge into labor-related and non-labor portions. To determine the labor-related portion of cost, we multiplied each hospital's adjusted per discharge operating cost by 80.77 percent, which is the labor-related portion of cost from the market basket. We then divided the labor-related portion of each hospital's per discharge cost by the wage index applicable to the hospital's area (see Tables IIIA and IIIB) to arrive at an adjusted labor-related portion of inpatient operating cost per discharge:

$1541.26 × .8077 = $1244.88, Labor related portion of cost per discharge

$1541.26 − $1244.88 = $296.38, Non-labor related portion of cost per discharge

$1244.88 ÷ 1.3979 = $890.54, Adjusted labor-related portion of cost per discharge

5. *Group Means.* We calculated separate means of labor-related and non-labor inpatient operating costs per discharge for each group established in accordance with the hospitals' urban/rural location and bed size.

6. *Components of Limit.* For each group, we multiplied the mean labor-related and mean non-labor costs by 120 percent (see Tables I and II).

B. Calculation of Individual Hospital Limit

1. *Cost-of-Living Adjustment (Alaska, Hawaii and Puerto Rico Hospitals Only).* If a hospital is located in Alaska, Hawaii, or Puerto Rico, the hospital's intermediary will multiply the non-labor component for the hospital's group (see Tables I and II) by the appropriate cost-of-living adjustment factor from the following list. The intermediary will use the adjusted non-labor component in computing the hospital's limit.

Location	Cost-of-living adjustment factor
Alaska:	
Anchorage	1.225
All others	1.250
Hawaii:	
Oahu	1.175
Kauai	1.175
Molakai	1.175
Maui and Lanai	1.175
Hawaii	1.100
Puerto Rico	1.075

Example—Calculation of Cost-of-Living Adjusted Non-Labor Component for a 400-bed Hospital Located in Anchorage, Alaska.

Non-Labor Component $731.05 (Published in Table I.) Adjustment Factor for Anchorage, Alaska = 1.225; $731.05 x 1.225 = $895.54 Cost-of-Living Adjusted Non-Labor Component.

3. *Adjustment of Labor Related Component by Wage Index.* To arrive at a labor-adjusted limit for each hospital, the hospital's Medicare intermediary will multiply the labor-related component for the hospital's group by the wage index developed from the wage levels for hospital workers in the area in which the hospital is located (see Tables IIIA and IIIB). The individual limit for any hospital will be the sum of the non-labor component, plus the wage adjusted labor-related component.

Example—Calculation of labor-adjusted Limit for a 686-bed Hospital Located in Queens County, New York.

Non-Labor Component—$881.65(published in Table I).

Labor-related Component—$3199.78(published in Table I).

New York, NY–NJ SMSA Wage Index—1.3979(published in Table IIIA).

Computation of Adjusted Limit

$3199.78 × 1.3979 (wage index) = $4472.97—Adjusted Labor Component

$4472.97 (Adjusted Labor component) + $881.65 (Non-Labor Component) = $5354.62 Labor-adjusted limit.

3. *Adjustment By Case-Mix Index.* To adjust each hospital's limit for case-mix complexity, the Medicare intermediary will multiply the hospital's labor-adjusted limit from step 2 by the assigned case-mix index for the particular hospital (see Appendix II). For hospitals for which a statistically valid case mix index could not be calculated (identified by an asterisk in the list of case-mix indexes) the intermediary will

use the higher of the calculated index value or the average index value for the hospital's group, shown in Table IV. Where a hospital is not included in Appendix III, the intermediary will use the average index value for the hospital's group shown in Table IV.

Example: A 686-bed hospital in Queens County, New York has a labor-adjusted limit of $5354.62. The case-mix index for the hospital is 1.1500..

Labor-adjusted limit $5354.62 × case-mix index 1.1500 = $6157.81, which is the hospital's case-mix adjusted limit.

4. *Education Cost Adjustment.* If a hospital has a graduate medical education program approved under 42 CFR 405.421, the Medicare intermediary will increase the hospital's limit by 6.06 percent for each .1 increase (above zero) in the hospital's ratio of full-time equivalent (FTE) interns and residents (in approved programs) to its bed size. The number of full-time equivalent interns and residents is the sum of:

1. Interns and residents employed for 35 hours or more per week, and

2. One half of the total number of interns and residents working less than 35 hours per week (regardless of the number of hours worked).

For purposes of this adjustment, a hospital will be allowed to count only interns and residents in teaching programs approved under 42 CFR 405.421 who are employed at the hospital. Interns and residents in unapproved programs and those who are on the hospital's payroll but furnish services at another site will not be taken into account in making this adjustment. In determining the amount of the prospective adjustment, the fiscal intermediary will use the number of interns and residents employed on the September 30 immediately preceding the first cost reporting period subject to the new limits. In those instances where this figure is unavailble, the intermediary will use the number of interns and residents for the September 30 of the latest available cost reporting period. The hospital will report to its intermediary, 45 days before the start of each cost reporting period, the number of FTE interns and residents it employed on September 30, immediately preceding the date on which this report is due. The intermediary will calculate the amount of the education cost adjustment based on that report, and will adjust the hospital's limit retroactively at final settlement if, for a cost reporting year, a hospital actually employed more or fewer FTE interns and residents on September 30 of that period than the number it reported.

Example—A 686-bed hospital in Queens County, New York has an adjusted limit of $6157.81 for the cost reporting period beginning October 1, 1982. The hospital employed 77 FTE interns and residents in approved teaching programs on September 30, 1981, the latest reporting period for which the number of interns and residents is available.

77 ÷ 686 = .11224 Ratio of FTE interns and residents to beds

Ratio .1122 ÷ .1 = 1.1224 Adjusted ratio

The Education Adjustment Factor is .0606.

Case-mix adjusted limit $6157.81 × [1 + .0606 (education adjustment factor) × 1.1224] (adjusted ratio) = $6157.81 × [1.06802] = $6576.66 Education—adjusted limit.

If the number of FTE interns and residents the hospital employs on September 30, 1983, is more or less than 77, the intermediary will adjust the hospital's limit at the time of final settlement of the hospital's cost report.

If a hospital does not have a graduate medical education program approved under 42 CFR 405.421, the education adjustment will not apply.

5. *Adjustment for Cost Reporting Year.* If a hospital has a cost reporting period beginning on or after November 1, 1982, the intermediary will increase the limit that would otherwise apply to the hospital by the factor from Table V that corresponds to the month and year in which the cost reporting period begins. Each factor represents the monthly increase that we derived by dividing the projected annual percentage increase in the market basket index plus one percentage point by twelve. This adjustment is needed to account for price increases that occur after the date on which the limits are effective.

Example—A 686-bed hospital in Queens County, New York has a cost reporting period that begins January 1, 1983.

The otherwise applicable cost per discharge limit for the hospital is $5000.00.

Computation of Revised Hospital Limit

Individual Hospital Adjusted Limit—$5000.00

Adjustment factor from Table V—1.01975

Adjustment Limit $5000.00 × Adjustment factor 1.01975

Revised limit $5098.75

If a hospital uses a cost reporting period that is not 12 months in duration, a special calculation of the adjustment factor must be made. This results from the fact that projections are computed to the end of a cost reporting period and the adjustment factors in Table V are based on an assumed 12 month reporting period. For cost reporting periods other than 12 months, the calculation must be done specifically for the midpoint of the cost reporting period. The hospital's intermediary will obtain this adjustment factor from HCFA.

6. *Implementation of Hold Harmless Provisions.* The proper implementation of the "hold harmless" provision in section 1886(a)(1)(C) of the Social Security Act will require the fiscal intermediaries to calculate the base period inpatient operating cost per discharge for all hospitals subject to the new limits. Base period inpatient operating costs must exclude, to the extent feasible, capital, medical education, and malpractice insurance costs. The following examples illustrate the operation of the hold harmless provision:

Example 1

Hospital A's total Medicare reimbursement for allowable inpatient operating costs (excluding capital medical education, and malpractice insurance costs) for the fiscal year October 1, 1981 through September 30, 1982 was $5,000,000. During this period, Hospital A had 5000 Medicare discharges for an average inpatient operating cost per discharge of $1000. For the reporting period October 1, 1982 through September 30, 1983, Hospital A incurred Medicare inpatient operating costs of $6,000,000 and had 5300 Medicare discharges. A's Medicare reimbursement for inpatient operating costs for the period October 1, 1982 through September 30, 1983 cannot be less than 5300 × $1,000 or $5,300,000.

Example 2

Hospital B's total Medicare reimbursement for inpatient operating costs for the period October 1, 1981 through September 30, 1982 was $4,000,000. During this period, B had 2,000 Medicare discharges for an average cost per discharge of $2,000. Effective January 1, 1983, B changed ownership, but does not qualify for a new hospital exemption. For the short cost reporting period October 1, 1982 through December 31, 1982, B's Medicare inpatient operating costs were $1,200,000. Based on 550 Medicare discharges, B's reimbursement for allowable inpatient operating costs cannot be less than 550 x $2,000 or $1,100,000. Because B does not qualify as a new provider 1/1/83, the hospital is considered to be delivering the same services to the same population both before and after the change of ownership. For the short period 1/1/83

through 9/30/83, B's Medicare inpatient operating costs were $3,190,000 based on 1450 Medicare discharge costs cannot be less than 1450 x $2,000 or $2,900,000.

Example 3

Some as example 2 except that effective 1/1/83, B changed ownership and qualified for a new hospital exemption because of a complete change in service i.e., B limits its practice to orthopedic surgery with no general medical surgical practice. For the short cost reporting period October 1, 1982 through December 31, 1982, B's reimbursement is identical to that in Example 2. For the short period 1/1/83 through 9/30/83, B may be exempt from the limits as a new hospital.

HCFA will issue instructions providing a more detailed explanation of the calculations of base period inpatient operating costs to be used for the hold harmless provision, including the treatment of other than 12 month cost reporting periods. While it will be necessary for the intermediary to reduce interim payments to providers who are expected to exceed the cost limits, it should not be necessary to reduce interim payments below the prior year's amount.

C. Schedule of Limits

Under the authority of sections 1861(v) and 1886(a) of the Social Security Act, the following per discharge limits, will apply to hospital inpatient operating costs for cost reporting periods beginning on or after October 1, 1982. Medicare fiscal intermediaries will compute the adjusted limits using the methodology set forth in this notice and notify each hospital of its applicable limit.

TABLE I.—HOSPITALS LOCATED IN SMSA/NECMA [1]

Bed size	Labor-related component	Nonlabor component
Less than 100	$2,394.70	$616.48
100 to 404	2,778.13	731.05
405 to 684	2,897.76	765.57
685 and above	3,199.78	881.65

[1] Nonlabor components for hospitals located in Alaska, Hawaii, and Puerto Rico will be increased by multiplying them by the following cost-of-living adjustment factors:

Location:	Adjustment factor
Alaska:	
Anchorage	1.225
All others	1.250
Hawaii:	
Oahu	1.175
Kauai	1.175
Malokai	1.175
Maui and Lanai	1.175
Hawaii	1.100
Puerto Rico	1.075

TABLE II.—HOSPITALS LOCATED IN NON-SMSA/NON-NECMA AREAS

Bed size	Labor-related component	Nonlabor component [1]
Less than 100	$2,215.88	$459.23
100 to 169	2,429.93	505.61
170 and above	2,490.11	528.42

[1] Nonlabor components for hospitals located in Alaska, Hawaii, and Puerto Rico will be increased by multiplying them by the following cost-of-living adjustment factors:

Location:	Adjustment factor
Alaska:	
Anchorage	1.225
All others	1.250
Hawaii:	
Oahu	1.175
Kauai	1.175
Malokai	1.175
Maui and Lanai	1.175
Hawaii	1.100
Puerto Rico	1.075

TABLE IIIA.—WAGE INDEX FOR URBAN AREAS

SMSA area	Wage index
Abilene, TX	.8360
Akron, OH	1.0997
Albany, GA	[1].8712
Albany-Schenectady-Troy, NY	.9645
Albuquerque, NM	1.0380
Alexandria, LA	.9619
Allentown-Bethlehem-Easton, PA-NJ	1.0506
Altoona, PA	1.0463
Amarillo, TX	.9449
Anaheim-Santa Ana-Garden Grove, CA	1.2853
Anchorage, AK	1.5992
Anderson, IN	.9850
Anderson, SC	.8712
Ann Arbor, MI	1.2883
Anniston, AL	.8882
Appleton-Oshkosh, WI	.9620
Arecibo, PR	.6481
Asheville, NC	1.0033
Athens, GA	.8811
Atlanta, GA	.9418
Atlantic City, NJ	1.0417
Augusta, GA-SC	.9462
Austin, TX	1.0158
Bakersfield, CA	1.1813
Baltimore, MD	1.1352
Bangor, ME	.9421
Baton Rouge, LA	.9906
Battle Creek, MI	1.0366
Bay City, MI	[1]1.0658
Beaumont-Port Arthur-Orange, TX	.9407
Bellingham, WA	[1].9181
Benton Harbor, MI	.8639
Billings, MT	[1].9762
Biloxi-Gulfport, MS	.8379
Binghamton, NY-PA	.9463
Birmingham, AL	1.0023
Bismarck, ND	.9430
Bloomington-Normal, IL	.9168
Bloomington, IN	[1].9100
Boise City, ID	1.0585
Boston-Lowell-Brockton-Lawrence-Haverhill, MA-NH	1.1387
Bradenton, FL	[1].9296
Bremerton, WA	.8993
Bridgeport-Stamford-Norwalk-Danbury, CT	1.1904
Brownsville-Harlingen-San Benito, TX	.9764
Bryan-College Station, TX	.8228
Buffalo, NY	.9939
Burlington, NC	.8785
Burlington, VT	[1].9554
Caguas, PR	.6007
Canton, OH	.9637
Casper, WY	[1]1.0632

TABLE IIIA.—WAGE INDEX FOR URBAN AREAS—Continued

SMSA area	Wage index
Cedar Rapids, IA	[1].9418
Champaign-Urbana-Rantoul, IL	1.0359
Charleston, SC	1.0333
Charleston, WV	1.0869
Charlotte-Gastonia, NC	.9767
Charlottesville, VA	1.0694
Chattanooga, TN-GA	.9985
Chicago, IL	1.2013
Chico, CA	1.0813
Cincinnati, OH-KY-IN	1.0959
Clarksville-Hopkinsville, TN-KY	.8519
Cleveland, OH	1.2149
Colorado Springs, CO	1.0890
Columbia, MO	1.1961
Columbia, SC	.9874
Columbus, GA-AL	.9195
Columbus, OH	1.0803
Corpus Christi, TX	.9762
Cumberland, MD-WV	.9221
Dallas-Fort Worth, TX	1.0222
Danville, VA	[1].8960
Davenport-Rock Island-Moline, IA-IL	.9804
Dayton, OH	1.1240
Daytona Beach, FL	.8804
Decatur, IL	[1]1.0023
Denver-Boulder, CO	1.1952
Des Moines, IA	1.0597
Detroit, MI	1.2516
Dubuque, IA	.9685
Duluth-Superior, MN-WI	.9252
Eau Claire, WI	.9102
El Paso, TX	.8765
Elkhart, IN	[1].9100
Elmira, NY	1.0249
Enid, OK	.9247
Erie, PA	.9804
Eugene-Springfield, OR	.9554
Evansville, IN-KY	1.0438
Fargo-Moorhead, ND-MN	1.0057
Fayetteville, NC	[1].8618
Fayetteville-Springdale, AR	.8155
Flint, MI	1.1849
Florence, AL	.8223
Florence, SC	.8445
Fort Collins, CO	.9121
Fort Lauderdale-Hollywood, FL	1.0830
Fort Meyers, FL	.9389
Fort Smith, AR-OK	.9318
Fort Walton Beach, FL	[1].7921
Fort Wayne, IN	.9222
Fresno, CA	1.2345
Gadsden, AL	.9316
Gainesville, FL	.9496
Galveston-Texas City, TX	1.0940
Gary-Hammond-East Chicago, IN	1.1438
Glens Falls, NY	.9078
Grand Forks, ND-MN	.8120
Grand Rapids, MI	.9905
Great Falls, MT	[1].9406
Greeley, CO	[1]1.0158
Green Bay, WI	1.0100
Greensboro-Winston-Salem-High Point, NC	.9463
Greenville-Spartanburg, SC	.9802
Hagerstown, MD	1.0411
Hamilton-Middletown, OH	1.0706
Harrisburg, PA	1.0608
Hartford-New Britain-Bristol, CT	1.1760
Hickory, NC	.8509
Honolulu, HI	1.1867
Houston, TX	1.1222
Huntington-Ashland, WV-KY-OH	.9534
Huntsville, AL	.8827
Indianapolis, IN	1.0551
Iowa City, IA	1.1812
Jackson, MI	[1]1.0561
Jackson, MS	.9192
Jacksonville, FL	.9777
Jacksonville, NC	[1].9059
Janesville-Beloit, WI	.8912
Jersey City, NJ	1.1350
Johnson City-Kingsport-Bristol, TN-VA	.8975
Johnstown, PA	1.0642
Joplin, MO	.8965
Kalamazoo-Portage, MI	1.2181
Kankakee, IL	.9784
Kansas City, MO-KS	.9846
Kenosha, WI	[1]1.1136

TABLE IIIA.—WAGE INDEX FOR URBAN AREAS—Continued

SMSA area	Wage index
Killeen-Temple, TX	.9185
Knoxville, TN	.9087
Kokomo, IN	1.0083
LaCrosse, WI	[1].9406
Lafayette, LA	1.0077
Lafayette-West Lafayette, IN	.9257
Lake Charles, LA	.9204
Lakeland-Winter Haven, FL	.8993
Lancaster, PA	1.0762
Lansing-East Lansing, MI	1.0718
Laredo, TX	.8631
Las Cruces, NM	[1].7733
Las Vegas, NV	1.2134
Lawrence, KS	[1].9678
Lawton, OK	[1].9619
Lewiston-Auburn, ME	[1].8879
Lexington-Fayette, KY	.9328
Lima, OH	1.0392
Lincoln, NE	.9347
Little Rock-North Little Rock, AR	1.0469
Long Branch-Asbury Park, NJ	1.0278
Longview, TX	.8757
Lorain-Elyria, OH	1.0438
Los Angeles-Long Beach, CA	1.3174
Louisville, KY–IN	1.0632
Lubbock, TX	.9036
Lynchburg, VA	.8747
Macon, GA	.9431
Madison, WI	1.0454
Manchester-Nashua, NH	[1].9762
Mansfield, OH	.9359
Mayaguez, PR	.5902
McAllen-Pharr-Edinburg, TX	.8269
Medford, OR	.9967
Melbourne-Titusville-Cocoa, FL	.9652
Memphis, TN–AR–MS	1.0594
Miami, FL	1.1623
Midland, TX	[1] 1.0057
Milwaukee, WI	1.0561
Minneapolis-St. Paul, MN–WI	1.0099
Mobile, AL	.9490
Modesto, CA	1.0548
Monroe, LA	.9324
Montgomery, AL	.9885
Muncie, IN	[1].9595
Muskegon-Muskegon Heights, MI	.9808
Nashville-Davidson, TN	1.0498
Nassau-Suffolk, NY	1.2886
New Bedford-Fall River, MA	.9922
New Brunswick-Perth Amboy-Sayreville, NJ	1.0618
New Haven-Westhaven-Waterbury-Meridenn, CT	1.0904
New London-Norwich, CT	1.0930
New Orleans, LA	.9842
New York, NY–NJ	1.3979
Newark, NJ	1.2061
Newark, OH	[1].9595
Newburgh-Middletown, NY	1.0483
Newport News-Hampton, VA	.9259
Norfolk-Virginia Beach-Portsmouth, VA–NC	1.0327
Northeast, PA	1.0447
Ocala, FL	[1].9418
Odessa, TX	[1].9296
Oklahoma City, OK	1.0161
Olympia, WA	[1] 1.0540
Omaha, NE–IA	.9859
Orlando, FL	.9890
Owensboro, KY	[1].8803
Oxnard-Simi Valley-Ventura, CA	1.4050
Panama City, FL	[1].8856
Parkersburg-Marietta, WV–OH	1.0064
Pascagoula-Moss Point, MS	[1] 1.1283
Paterson-Clifton-Passaic, NJ	1.0829
Pensacola, FL	.9236
Peoria, IL	1.1136
Petersburg-Hopewell, VA	.9327
Philadelphia, PA–NJ	1.1941
Phoenix, AZ	1.1383
Pine Bluff, AR	[1].7832
Pittsburgh, PA	1.1494
Pittsfield, MA	1.0335
Ponce, PR	.7832
Portland, ME	1.0113
Portland, OR–WA	1.1208
Portsmouth-Dover-Rochester, NH–ME	.8549
Poughkeepsie, NY	1.1148
Providence-Warwick-Pawtucket, RI	1.0384
Provo-Orem, UT	.9408
Pueblo, CO	1.0859
Racine, WI	.8987

TABLE IIIA.—WAGE INDEX FOR URBAN AREAS—Continued

SMSA area	Wage index
Raleigh-Durham, NC	1.0364
Reading, PA	1.0092
Redding, PA	1.0671
Reno, NV	[1] 1.3337
Richland-Kennewick, WA	.9678
Richmond, VA	.9379
Riverside-San Bernardino-Ontario, CA	1.2201
Roanoke, VA	.9948
Rochester, MN	1.0438
Rochester, NY	1.0571
Rockford, IL	1.0550
Rock Hill, SC	9181
Sacramento, CA	1.2130
Saginaw, MI	1.1289
St. Cloud, MN	.8638
St. Joseph, MO	1.0264
St. Louis, MO–IL	1.0367
Salem, OR	1.0834
Salinas-Seaside-Monterey, CA	1.2317
Salisbury-Concord, NC	1.0402
Salt Lake City-Ogden, UT	.9370
San Angelo, TX	.8521
San Antonio, TX	.9595
San Diego, CA	1.2334
San Francisco-Oakland, CA	1.3337
San Jose, CA	1.3264
San Juan, PR	.6806
Santa Barbara-Santa Maria-Lompoc, CA	1.1107
Santa Cruz, CA	1.1223
Santa Rosa, CA	1.4336
Sarasota, FL	1.0096
Savannah, GA	.9740
Seattle-Everett, WA	1.0487
Sharon, PA	1.0046
Sheboygan, WI	.8920
Sherman-Denison, TX	.8879
Shreveport, LA	1.0540
Sioux City, IA–NE	.9975
Sioux Falls, SD	.9242
South Bend, IN	.9157
Spokane, WA	1.1020
Springfield, IL	1.1235
Springfield, MO	.9079
Springfield, OH	1.0412
Springfield-Chicopee-Holyoke, MA	1.0298
State College, PA	[1] 1.1383
Steubenville-Weirton, OH–WV	.9905
Stockton, CA	1.3466
Syracuse, NY	1.5182
Tacoma, WA	1.0720
Tallahassee, FL	[1].9462
Tampa-St. Petersburg, FL	1.0066
Terre Haute, IN	.8856
Texarkana-TX-Texarkana, AR	1.1761
Toledo, OH–MI	1.1421
Topeka, KS	1.0783
Trenton, NJ	1.0906
Tucson, AZ	1.0495
Tulsa, OK	1.0220
Tuscaloosa, AL	1.0384
Tyler, TX	.9893
Utica-Rome, NY	.9977
Vallejo-Fairfield Napa, CA	1.6758
Victoria, TX	.8608
Vineland-Millville-Bridgeton, NJ	1.0070
Visalia-Tulare-Porterville, CA	1.4467
Waco, TX	.8347
Washington, DC–MD–VA	1.1908
Waterloo-Cedar Falls, IA	.8884
Wausau, WI	[1].9566
West Palm Beach-Boca Raton, FL	.9821
Wheeling, WV–OH	.9953
Wichita, KS	1.0412
Wichita, Falls, TX	.8576
Williamsport, PA	.9890
Wilmington, DE–NJ–MD	1.1092
Wilmington, NC	.9005
Worcester-Fitchburg-Leominster, MA	.9943
Yakima, WA	.9682
York, PA	1.0110
Youngstown-Warren, OH	1.1351
Yuba City, CA	1.1283

[1] Approximate value for area.

TABLE III B.—WAGE INDEX FOR RURAL AREAS

Non-SMSA area	Wage index
Alabama	.8167
Alaska	1.4136
Arizona	.9100
Arkansas	.7921
California	1.0662
Colorado	.8515
Connecticut	1.0658
Delaware	.9406
Florida	.9059
Georgia	.8586
Hawaii	1.2652
Idaho	.8991
Illinois	.8965
Indiana	.8826
Iowa	.8290
Kansas	.8205
Kentucky	.8506
Louisiana	.8515
Maine	.8960
Maryland	.9928
Massachusetts	1.0870
Michigan	1.0471
Minnesota	.8264
Mississippi	.8118
Missouri	.8479
Montana	.8803
Nebraska	.7245
Nevada	.9741
New Hampshire	1.0452
New Jersey	.9559
New Mexico	.9235
New York	.9070
North Carolina	.8810
North Dakota	.8203
Ohio	.9305
Oklahoma	.8525
Oregon	.9566
Pennsylvania	1.0428
Puerto Rico	.6438
Rhode Island	[1].9628
South Carolina	.8184
South Dakota	.7733
Tennessee	.7987
Texas	.8149
Utah	.8006
Vermont	.8808
Virginia	.8484
Washington	.9453
West Virginia	.9296
Wisconsin	.8291
Wyoming	.9782

[1] Approximate value for area.

TABLE IV.—AVERAGE CASE MIX INDEXES BY HOSPITAL CLASSIFICATION GROUP

Bed size	Mean case mix index
Urban Hospitals:	
Less than 100	.9655
100 to 404	1.0448
405 to 684	1.1048
685 and above	1.1412
Rural Hospitals:	
Less than 100	.9558
100 to 169	.9854
170 and above	1.0247

TABLE V.—COST REPORTING YEAR ADJUSTMENT FACTORS

If the hospital cost reporting period begins—	The adjustment factor is [1]—
November 1, 1982	1.00658
December 1, 1982	1.01317
January 1, 1983	1.01975
February 1, 1983	1.02692
March 1, 1983	1.03408
April 1, 1983	1.04125
May 1, 1983	1.04842
June 1, 1983	1.05558
July 1, 1983	1.06275
August 1, 1983	1.06692

TABLE V.—COST REPORTING YEAR ADJUSTMENT FACTORS—Continued

If the hospital cost reporting period begins—	The adjustment factor is [1]—
September 1, 1983	1.07708

[1] Based on projected 1983 and 1984 inflation rates (equal to the market basket plus one percentage point) of 7.9 percent and 8.6 percent, respectively.

If for any reason, we do not publish a new schedule of limits to be effective on October 1, 1983, or do not announce other changes in the current schedule, the current limits reduced to 115 percent would continue in effect. The adjustment factor would be increased by .00717 (corresponding to .717 percent) per month, until a new schedule of limits or other provision is issued.

APPENDIX I—DERIVATION OF MARKET BASKET INDEX FOR HOSPITAL INPATIENT OPERATING COSTS [1]

Cost category	Relative importance, [2] 1980	Forecaster, [3] percent changes 1981–84	Price variable used
1. Wage and salaries	57.33	DRI–CFS	Percentage change in average hourly earnings of hospital industry workers (SIC 806). Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings (monthly), Table C–2.
2. Employee benefits	8.65	DRI–MM	Percentage change in supplements to wages and salaries per worker in nonagricultural establishments. Source: For supplements to wages and salaries—U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business (monthly), Table 1.11. July issue has detailed components. For total employment—U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings (monthly), Table B–4.
3. Professional fees, other (legal, auditing, consulting, etc.).	.58	DRI–MM	Percentage change in hourly earnings index for production or nonsupervisory workers on private nonagricultural payrolls, total private. Source: U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review, Table 18.
4. Food	3.59	DRI–MM	A. Percentage change in food and beverages component of Consumer Price Index, All Urban (relative importance, 1.81). Source: U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review, Table 23.
		DRI–MM	B. Percentage change in processed foods and feeds component of Producer Price Index (relative importance, 1.78). Source: U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review, Table 27.
5. Fuel and other utilities	3.41	DRI–MM	A. Percentage change in implicit price deflator—consumption of fuel oil and coal (derived from fuel oil component of Consumer Price Index) (relative importance 1.62). Source: U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business (monthly), Table 7.11.
			B. Percentage change in implicit price deflator—consumption of electricity (derived from electricity component of Consumer Price Index) (relative importance, DRI–MM .79). Source: U.S. Department of Commerce, Bureau of Economic Analysis. Unpublished data provided to Data Resources, Inc. by the Bureau of Economic Analysis. Historical time series data are available from the Health Care Financing Administration or the Bureau of Economic Analysis.
		DRI–MM	C. Percentage change in implicit price deflator for natural gas, derived from utility (piped) gas component of Consumer Price Index (relative importance, .66). Source: Same as electricity above.
		DRI–CFS	D. Percentage change in water and sewerage maintenance component of Consumer Price Index (relative importance, .34). Source: U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review, Table 23.
6. Drugs	2.66	DRI–CFS	Percentage change in pharmaceutical preparations, ethical component of Producer Price Index. Source: U.S. Department of Labor, Bureau of Labor Statistics, Producer Prices and Price Indexes (monthly), Table 6.
7. Chemicals and cleaning products	2.23	DRI–MM	Percentage change in chemicals and allied products components of Producer Price Index. Source: U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review, Table 27.
8. Surgical and medical instruments and supplies.	2.12	DRI–CFS	Percentage change in special industry machinery and equipment component of Producer Price Index. Source: U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review, Table 27.
9. Rubber and miscellaneous plastics	1.84	DRI–MM	Percentage change in rubber and plastic products component of Producer Price Index. Source: U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review, Table 27.
10. Business and travel and motor freight	1.87	DRI–CFS	Percentage change in transportation component of Consumer Price Index, All Urban. Source: U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review, Table 23.
11. Apparel and textiles	1.51	DRI–MM	Pecentage change in textile products and apparel component of Producer Price Index. Source: U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review, Table 27.
12. Business services	5.03	DRI–MM	Percentage change in services component of Consumer Price Index, All Urban. Source: U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review, Table 23.
13. All other miscellaneous expenses [4]	9.18	DRI–MM	Percentage change in Consumer Price Index for all items, All Urban. Source: U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review, Table 23.
Total	100.00		

[1] Cost not within the scope of the limits (i.e. capital, medical education, malpractice insurance, and medical professional fees) were excluded in deriving the market basket index.
[2] A Laspeyres price index was constructed using 1977 base value weights and the price variables indicated in the table. Base value weights (cost shares) were derived from special studies by the Health Care Financing Administration using primarily data from the American Hospital Association and the Interindustry Economics Division of the Bureau of Economic Analysis, U.S. Department of Commerce. In 1977 each price variable has an index value of 100.00. The "relative importance" changes over time in accordance with price changes for each price variable. Cost categories with relatively higher price increases get higher relative importance values and vice versa. These relative importance values are subject to marginal change. For an explanation of the methodology used, see Freeland, Mark S., Anderson, Gerald, and Schendler, Carol Ellen, "National Hospital Input Price Index," Health Care Financing Review, Summer 1979, pp. 37–61.
[3] DRI–CFS = Data Resources, Inc., Cost Forecasting Service, 1750 K Street, NW., Washington, DC. 20006 (Forecast 822). DRI–MM = Data Resources, Inc., Macro Model, 29 Hartwell Avenue, Lexington, Massachusetts 02173 (Trendlong 0582).
[4] This is a residual category of costs not included in the 12 specific categories above. It consists primarily of miscellaneous and unallocated items.

BILLING CODE 4120-03-M

Appendix II

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX	PROVIDER NUMBER	CASE MIX INDEX	PROVIDER NUMBER	CASE MIX INDEX	PROVIDER NUMBER	CASE MIX INDEX	PROVIDER NUMBER	CASE MIX INDEX
01-0001	1.0346	* 01-0057	.9298	01-0117	.9857	03-0003	.9587	03-0067	.9547
01-0004	.9522	* 01-0058	.9889	01-0118	.9849	* 03-0004	1.0078	03-0068	.9376
01-0005	1.0141	01-0059	.9242	01-0119	1.0380	03-0005	1.0294	03-0069	1.0563
01-0006	1.0218	01-0060	.9743	01-0120	.9325	03-0006	1.1539	* 03-0070	.8310
01-0007	.9402	01-0061	.9417	01-0121	.9433	03-0007	1.0036	03-0080	1.0825
01-0008	.9685	01-0062	.9211	01-0122	.9212	03-0008	1.0372	04-0001	.9155
01-0009	.9093	01-0064	1.1458	01-0123	.9617	03-0009	1.1357	04-0002	.9540
01-0010	.9061	01-0065	1.0035	01-0124	.9507	03-0010	1.1192	04-0003	.9521
01-0011	1.0243	01-0066	.8925	01-0125	.9360	03-0011	.9685	04-0004	1.1255
01-0012	.9699	01-0067	.9277	01-0126	.9267	03-0012	1.0005	04-0005	1.0219
01-0013	.9236	01-0068	1.0259	01-0127	.9825	03-0013	1.0775	04-0006	1.0051
01-0014	1.0025	01-0069	.9918	01-0128	.8697	03-0014	1.0904	04-0007	1.0803
01-0015	1.0532	01-0070	.9196	01-0129	.9270	03-0016	.9870	04-0008	.9697
01-0016	1.0175	01-0071	.9708	01-0130	1.0073	03-0017	1.0012	04-0009	.9019
01-0017	.9842	01-0072	1.0301	01-0131	.8299	03-0018	1.0812	04-0010	1.0091
01-0018	.5499	01-0073	.9655	01-0133	.8382	03-0019	1.0037	04-0011	.9129
01-0019	.9469	01-0074	.8080	01-0134	.9559	03-0020	1.0054	04-0013	.9524
01-0020	.8562	* 01-0075	1.0139	* 01-0136	.8252	03-0022	1.1612	04-0014	.9027
01-0021	.9372	01-0078	1.0236	01-0137	1.1494	03-0023	1.0266	04-0015	.9342
01-0022	.9435	01-0079	.9910	01-0138	.9878	03-0024	1.1894	04-0016	1.1506
01-0023	1.0314	01-0080	.8942	01-0139	1.2040	03-0025	1.0036	04-0017	1.0754
01-0024	1.0290	01-0081	1.0744	01-0140	1.1453	* 03-0026	.9278	04-0018	.9656
01-0025	.9737	01-0082	.9260	* 01-0141	1.4744	03-0027	.9936	04-0019	.9237
01-0026	.9773	01-0083	.9600	* 01-0142	.8088	03-0030	1.0339	04-0020	1.0134
01-0027	.9004	01-0084	1.0412	01-0143	.9541	03-0033	.9708	04-0021	.9503
01-0028	.9543	01-0085	1.0219	01-0144	.9714	03-0034	.9624	04-0022	.9949
01-0029	1.0491	01-0086	.9238	01-0145	.9471	03-0035	1.0336	04-0024	.9565
01-0030	.9012	01-0087	1.0473	01-0146	.8783	03-0036	.9010	04-0025	.8794
01-0031	.9596	01-0089	.9490	* 01-0147	.9338	03-0037	1.2264	04-0026	1.0268
* 01-0032	.6430	01-0090	1.0407	01-0148	.9483	03-0038	1.0944	04-0027	.9984
01-0033	1.3904	01-0091	.9703	01-0149	1.0635	* 03-0039	.8674	04-0028	.9712
01-0034	.8585	01-0092	1.0646	02-0001	1.0596	03-0040	.9889	04-0029	1.0044
01-0035	.9462	01-0094	.8869	* 02-0002	1.0677	* 03-0041	.9423	04-0030	.8833
01-0036	.8878	01-0095	1.0057	* 02-0004	.9879	03-0043	1.0477	04-0031	.9241
01-0038	.8633	* 01-0096	.9921	* 02-0005	1.1574	03-0044	.9793	04-0032	.9811
01-0039	1.1107	01-0097	.9566	* 02-0006	1.0106	* 03-0046	.9736	04-0033	.8538
01-0040	1.0338	01-0098	.9647	* 02-0007	.9195	* 03-0047	.9275	04-0034	1.0014
* 01-0041	.9851	01-0099	.9291	02-0008	.9155	03-0048	1.0380	04-0035	.9354
01-0043	.9181	01-0100	.9939	* 02-0009	.6116	03-0049	.9682	04-0036	.9895
01-0044	.9219	01-0101	.9457	* 02-0010	.9337	03-0051	.8984	04-0037	1.0776
01-0045	.9578	* 01-0102	.9197	* 02-0011	.9868	03-0054	.9112	04-0039	.9740
01-0046	.9749	01-0103	1.1033	02-0012	1.0292	03-0055	1.0231	04-0040	.9417
01-0047	.8668	01-0104	1.1028	* 02-0013	.9987	03-0057	1.0253	04-0041	1.0417
01-0049	.9286	01-0108	.9305	* 02-0014	.9533	03-0059	.8656	04-0042	1.0471
01-0050	.9248	01-0109	1.0493	* 02-0016	.8522	03-0060	1.0495	04-0043	.9247
* 01-0051	.9308	* 01-0110	.9864	02-0017	.9797	03-0061	1.1273	04-0044	.8993
01-0052	.9170	01-0111	.8592	* 02-0024	.7816	03-0062	.9490	04-0045	.9177
01-0053	1.0064	01-0112	.9511	* 02-0025	1.0737	03-0063	1.0300	04-0047	.9448
01-0054	.9698	01-0113	1.0677	* 02-0026	.8396	03-0064	1.1777	04-0048	.9465
01-0055	.9486	01-0114	1.0036	03-0001	1.0707	03-0065	1.0979	04-0050	.9574
01-0056	1.0870	01-0115	1.0042	03-0002	1.1963	* 03-0066	1.1014	04-0051	.9992

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
04-0053	.9182
04-0054	.8865
04-0055	1.0773
04-0057	.9274
04-0058	.9376
04-0060	.9102
04-0062	1.0669
04-0063	1.0247
04-0064	.9187
04-0066	.8858
04-0067	.8829
04-0068	.9861
04-0069	.9381
04-0070	.9207
04-0071	.9965
04-0072	.9135
04-0074	.9937
04-0075	1.0068
04-0076	.9882
04-0077	.9449
04-0078	1.0009
04-0080	.9141
04-0081	.9006
04-0082	.9679
04-0084	.9260
04-0085	.9208
04-0087	.9378
04-0088	1.0246
04-0090	.9700
04-0091	.9381
04-0093	.8725
04-0095	.8906
04-0098	1.0039
04-0100	1.0063
04-0105	.9866
04-0106	1.0018
04-0107	.9539
04-0108	.9011
04-0109	.9335
* 04-0113	.9675
04-0114	1.1595
04-0115	.9674
04-0116	1.0442
* 04-0117	1.1311
04-0118	.9791
04-0119	.9696
* 04-0121	.9364
04-0122	.9734
04-0123	.9169
04-0124	.9507
04-0125	.8534
* 04-0126	1.0822
* 05-0001	1.0503
05-0002	1.0993
05-0004	1.0329
05-0005	1.0062
05-0006	1.0674
05-0007	1.0983
05-0008	1.1221
05-0009	1.0936
* 05-0010	1.1899
05-0011	.9417
05-0013	1.3489
05-0014	1.0040
05-0015	1.0420
05-0016	1.0660
05-0017	1.1221
05-0018	.9417
* 05-0019	.9100
* 05-0020	.9896
05-0021	.9988
05-0022	1.1115
05-0024	1.0492
05-0025	1.2531
05-0026	1.0502
* 05-0027	1.1839
05-0028	1.1100
05-0029	1.0655
05-0030	1.0080
* 05-0031	1.1119
05-0032	1.0158
05-0033	1.0999
05-0034	1.0343
05-0036	1.0895
05-0038	1.1609
05-0039	1.2146
05-0040	1.0864
05-0041	1.0082
05-0042	.9762
05-0043	1.1811
05-0045	1.0963
05-0046	1.0975
05-0047	1.3103
05-0049	1.0085
05-0051	.9448
* 05-0052	.9288
05-0053	1.1069
05-0054	1.1029
05-0055	1.1206
05-0056	1.0334
05-0057	1.1089
05-0058	1.0150
05-0060	1.0632
05-0061	.9693
05-0063	1.0653
05-0065	1.0641
05-0066	1.0253
05-0067	1.1003
05-0068	.9791
05-0069	1.1052
05-0070	1.0491
05-0071	1.0868
05-0072	1.1121
05-0073	1.0736
05-0074	.9698
05-0075	1.1450
05-0076	1.1194
05-0077	1.1434
05-0078	1.0870
05-0079	1.0818
05-0080	1.0429
05-0081	1.1381
05-0082	1.0831
05-0084	1.1915
05-0085	1.0346
05-0086	1.0020
05-0087	1.1757
05-0088	1.0077
05-0089	1.0915
05-0090	1.0842
05-0091	.9820
05-0092	1.0106
05-0093	1.1654
05-0095	1.0640
05-0096	.9921
05-0097	1.0683
05-0098	1.0327
05-0099	1.1207
05-0100	1.2639
05-0101	1.0427
05-0102	1.0773
05-0103	1.1932
05-0104	1.1061
05-0107	1.0416
05-0108	1.0849
05-0109	1.3265
05-0110	.9716
05-0111	1.0206
05-0112	1.1131
05-0113	1.0196
05-0114	1.0725
05-0115	1.1499
05-0116	1.1537
05-0117	1.0379
05-0118	1.0281
* 05-0119	.8079
05-0121	1.0591
05-0122	1.1661
* 05-0123	1.1938
05-0124	1.0841
05-0125	1.0672
05-0126	1.0201
05-0127	1.1309
05-0128	1.0881
05-0129	1.0604
* 05-0130	2.9394
05-0131	1.0529
05-0132	1.0510
05-0133	.9907
05-0134	1.0181
05-0135	.9567
05-0136	1.0869
05-0137	1.0601
05-0138	1.1444
05-0139	1.1122
05-0140	1.1171
05-0141	1.0420
05-0143	.9417
05-0144	1.1534
05-0145	1.1178
05-0146	1.1398
05-0147	.9608
05-0148	.9923
05-0149	1.0466
05-0150	1.1124
05-0151	1.0114
05-0152	1.0445
05-0153	1.1293
05-0154	1.0189
05-0155	1.0039
05-0156	1.0306
05-0158	1.1568
05-0159	1.0354
05-0161	.9552
* 05-0162	1.0056
05-0164	1.0542
05-0166	1.2751
05-0167	1.0898
05-0168	1.1207
05-0169	1.0666
05-0170	1.0984
05-0172	1.1134
05-0173	1.0071
05-0174	1.1232
05-0175	1.0623
05-0177	1.1082
05-0179	1.1081
05-0180	1.0887
05-0181	.9678
05-0182	1.0978
05-0183	1.0228
* 05-0185	.9942
05-0186	1.0888
05-0187	.9315
05-0188	1.1122
* 05-0189	1.0781
* 05-0190	1.1129
05-0191	1.1058
05-0192	1.0373
05-0193	1.0505
05-0194	1.0455
05-0195	1.0529
05-0196	1.1696
05-0197	1.1567
05-0199	1.1250
05-0200	1.0583
05-0201	1.0606
05-0202	1.0010
05-0204	1.1469
05-0205	1.0508
05-0207	1.0901
05-0208	1.0029
* 05-0209	.7240
05-0210	1.0689
05-0211	1.0108
05-0212	1.0102
05-0213	1.1067
05-0214	1.0585
05-0215	1.0984
05-0216	.9545
05-0217	1.0049
05-0219	1.0504
05-0220	.9536
05-0221	1.0872
05-0222	1.0323
05-0224	1.1189
05-0225	1.0356
05-0226	1.1054
05-0228	1.0844
05-0229	1.0069
05-0230	1.0242
05-0231	1.1042
05-0232	1.1021
05-0233	1.0767
05-0234	1.0281

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
05-0235	1.0990
05-0236	1.0035
* 05-0237	.8983
05-0238	1.0619
05-0239	1.1002
05-0240	1.0443
05-0241	1.0926
05-0242	1.1602
05-0243	1.0764
05-0245	1.1057
05-0248	1.0004
05-0251	1.0077
05-0253	.9967
05-0254	1.0286
05-0255	.9390
05-0256	1.3208
05-0257	1.0354
05-0258	.9811
* 05-0260	1.1385
05-0261	1.0816
05-0262	1.1190
05-0263	1.0747
05-0264	1.1383
05-0266	1.0317
05-0267	1.1833
05-0268	1.0756
05-0269	1.0368
05-0270	1.1206
05-0272	1.0457
* 05-0273	.8579
* 05-0274	.9182
* 05-0275	1.0802
05-0276	.9856
05-0277	.9664
05-0278	1.0413
05-0279	1.0087
05-0280	1.0663
05-0281	1.1099
05-0282	1.0941
05-0283	1.1172
05-0284	1.1264
05-0285	1.0264
05-0286	.9594
05-0289	1.0865
05-0290	1.0323
05-0291	1.1492
05-0292	1.1608
* 05-0293	.9075
05-0295	1.0768
05-0296	1.0099
05-0298	.9972
05-0299	1.0495
05-0300	1.0497
05-0301	1.0996
05-0302	1.1155
* 05-0303	1.0063
05-0305	1.1071
05-0307	1.0662
05-0308	1.1407
05-0309	1.0243
05-0310	1.0532
05-0312	1.1577
05-0313	.9583
05-0314	.9110
05-0315	1.0969
05-0317	1.0906
05-0318	.9192
05-0319	1.0532
05-0320	1.0525
* 05-0322	1.0555
05-0323	1.0246
05-0324	1.1321
05-0325	1.0465
05-0326	1.0336
05-0327	1.1433
05-0328	.9962
05-0329	.9628
05-0331	1.0025
* 05-0333	1.0619
05-0334	1.0913
05-0335	.9486
05-0336	1.1598
05-0337	1.0398
05-0342	.9806
05-0343	.9323
05-0345	.9918
05-0348	1.1369
05-0349	.9819
05-0350	1.1158
05-0351	1.1363
05-0352	1.0326
05-0353	1.1598
* 05-0355	.9079
05-0357	1.2248
05-0359	1.1183
05-0360	1.0917
* 05-0361	1.0095
05-0362	1.0654
05-0363	1.0364
05-0366	1.0481
05-0367	1.0743
05-0368	.9390
05-0369	1.1126
05-0371	1.0813
05-0372	1.0812
05-0373	.9721
05-0375	1.0313
05-0376	1.1360
05-0377	1.0048
05-0378	1.0130
05-0379	.9332
05-0380	1.3454
05-0381	.8845
05-0382	1.0721
05-0383	1.2176
05-0385	1.0487
05-0387	.8755
05-0388	.9550
05-0390	1.1106
05-0391	.9881
* 05-0392	1.2100
05-0393	1.1586
05-0394	1.0484
05-0395	.9514
05-0396	1.2059
* 05-0397	1.0350
* 05-0398	1.1045
* 05-0399	.8857
05-0400	1.0556
05-0401	1.0851
05-0403	1.0154
05-0404	1.0112
05-0405	.9514
* 05-0406	.9480
05-0407	1.0548
05-0410	.9682
05-0411	1.0974
05-0413	1.1307
05-0414	1.1125
05-0415	.8636
* 05-0416	.9444
05-0417	.9889
05-0418	1.0842
05-0419	1.0072
05-0420	1.0749
05-0421	1.0771
05-0423	.9665
05-0424	1.1409
05-0425	1.0968
05-0426	1.0498
* 05-0427	.9760
* 05-0428	.9858
* 05-0429	.9097
* 05-0430	.8826
05-0431	.9537
05-0432	1.1060
* 05-0433	.9911
05-0434	1.0618
05-0435	1.0200
05-0436	1.0036
05-0438	1.1155
05-0440	1.0777
05-0441	1.3993
05-0442	1.0595
05-0443	.9261
05-0444	1.0365
* 05-0446	.9326
05-0447	1.0949
05-0448	1.0127
05-0449	.9370
* 05-0450	1.0573
* 05-0451	1.0101
05-0454	1.3804
05-0455	1.1442
05-0456	1.0671
05-0457	1.1651
05-0458	1.0153
05-0459	1.0865
* 05-0463	1.0579
05-0464	1.0729
05-0467	1.0901
05-0468	1.0478
05-0469	1.0532
05-0470	1.1120
* 05-0471	1.0847
05-0473	1.2459
05-0476	.9948
05-0477	.9940
05-0478	1.0485
05-0481	1.0273
* 05-0482	.9875
05-0483	.9858
05-0485	1.0913
05-0486	1.0504
* 05-0487	.9403
05-0488	1.1055
* 05-0489	1.0789
05-0491	1.0579
05-0492	1.0083
* 05-0494	1.0395
05-0496	1.1950
* 05-0497	.9367
05-0498	1.0932
* 05-0500	.9199
05-0502	1.3915
05-0503	1.0708
05-0506	1.0875
05-0510	1.0649
05-0512	1.1111
* 05-0513	.9664
05-0515	1.1002
05-0516	1.0732
05-0517	1.0420
* 05-0521	1.1116
05-0522	1.0235
05-0523	.9603
* 05-0525	1.0766
05-0526	1.0355
05-0527	1.0513
05-0528	1.0920
* 05-0530	.9640
05-0531	.9041
05-0534	.9184
05-0535	1.0518
05-0537	1.0849
05-0539	1.0013
05-0540	1.0809
05-0541	1.3908
05-0542	.9231
05-0543	1.0315
05-0544	1.0482
05-0549	1.0729
05-0550	1.0344
05-0551	1.0817
* 05-0552	.9953
* 05-0554	1.1790
05-0557	1.0698
05-0559	1.0710
05-0560	1.0413
05-0561	1.1213
05-0562	.9637
05-0564	1.0121
05-0565	1.0305
* 05-0566	1.0317
05-0567	1.0370
05-0568	1.1065
05-0569	1.0741
05-0570	1.1065
05-0571	1.0560
05-0573	1.1066
05-0575	.9224
05-0576	.9640
05-0577	1.0591
05-0578	.9592
05-0579	.9911

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
05-0580	.9896
05-0581	1.0506
05-0583	1.2181
05-0584	1.0891
05-0585	1.0888
05-0586	.9753
05-0587	.9757
05-0588	1.0868
05-0589	1.0767
05-0590	1.0868
05-0591	1.0125
05-0592	1.0511
05-0593	.9632
05-0594	1.1075
05-0595	1.0793
05-0597	1.0394
05-0598	.9729
05-0599	1.2935
05-0601	1.0079
05-0602	1.1496
05-0603	1.0547
05-0604	1.1203
* 05-0605	1.0200
05-0606	1.0900
05-0607	.9800
05-0608	1.0778
05-0609	1.1174
* 05-0611	.8966
* 05-0613	.9605
05-0615	1.0997
05-0616	1.0582
* 05-0617	.8250
05-0618	.9684
05-0619	1.1363
05-0622	1.0110
05-0623	.9256
05-0624	1.0245
05-0625	1.2079
05-0626	.8056
05-0627	.8112
05-0628	.8028
* 05-0629	.8568
05-0630	1.1375
* 05-0631	.8044
05-0632	1.0244
05-0633	1.1113
05-0635	1.0942
05-0636	1.0210
05-0637	1.0329
* 05-0638	.8864
* 05-0639	.9900

PROVIDER NUMBER	CASE MIX INDEX
* 05-0640	1.0892
05-0641	1.0138
* 05-0642	.8044
05-0644	1.0416
* 05-0645	1.1279
05-0646	.8064
06-0001	.9486
06-0003	1.0336
06-0004	.9989
06-0005	1.0168
06-0006	.9911
06-0007	1.0078
06-0008	.8868
06-0009	1.0184
06-0010	.9463
06-0011	.9858
06-0012	.9686
06-0013	1.0154
06-0014	1.0369
06-0015	1.0337
06-0016	.9527
06-0017	.9992
06-0018	.8635
06-0019	1.0706
06-0020	.9613
06-0022	1.0014
06-0023	.9647
06-0024	1.3115
06-0025	.9562
06-0026	1.0401
06-0027	1.0632
06-0028	1.1101
* 06-0029	.9215
06-0030	1.0857
06-0031	1.0368
06-0032	.9919
06-0033	.9405
06-0034	.9662
06-0035	1.0208
06-0036	.9925
06-0037	.9577
* 06-0038	.9725
06-0039	.9189
* 06-0041	.9562
* 06-0042	.9777
* 06-0043	.8455
06-0044	.9304
06-0045	.9455
* 06-0046	.9147
* 06-0047	.9334
* 06-0049	.8723

PROVIDER NUMBER	CASE MIX INDEX
06-0050	.9255
06-0051	.9283
* 06-0052	.9333
* 06-0053	.9738
06-0054	.9907
* 06-0055	.8626
* 06-0056	.9618
* 06-0057	.7797
* 06-0058	1.0251
06-0059	.9088
06-0060	1.0282
06-0061	1.0600
* 06-0062	1.0315
* 06-0063	1.1251
06-0064	1.0099
06-0065	.9968
06-0066	.9139
06-0067	.8997
* 06-0068	.9758
* 06-0069	.8450
* 06-0070	1.0144
06-0071	1.0304
* 06-0072	.9190
* 06-0073	.9781
* 06-0074	.8667
06-0075	1.0633
06-0076	.9018
* 06-0077	.8362
* 06-0081	1.2428
* 06-0083	1.0869
* 06-0085	.9047
06-0087	1.0131
* 06-0088	.9658
* 06-0090	.9840
* 06-0092	.8044
* 06-0093	.7680
07-0001	1.1716
07-0002	1.1743
07-0003	1.0857
07-0004	1.1239
07-0005	1.1297
07-0006	1.0879
07-0007	1.1239
07-0008	1.0011
07-0009	1.1279
07-0010	1.1104
07-0011	1.0433
07-0012	1.1111
07-0013	1.0735
07-0014	.9824
07-0015	1.0063

PROVIDER NUMBER	CASE MIX INDEX
07-0016	1.1284
07-0017	1.0225
07-0018	1.0242
07-0019	1.0689
07-0020	1.1472
07-0021	1.0464
07-0022	1.2445
07-0023	.9838
07-0024	1.0484
07-0025	1.1823
07-0026	1.0465
07-0027	1.0410
07-0028	1.1679
07-0029	.9985
07-0030	1.0636
07-0031	1.0970
07-0033	1.1020
07-0034	1.0354
07-0035	1.1284
07-0036	1.1019
* 07-0037	.6499
* 07-0038	1.1421
08-0001	1.1615
08-0002	1.0376
08-0003	1.1027
08-0004	1.1287
08-0005	1.0851
08-0006	1.0687
08-0007	1.0391
09-0001	1.1799
09-0002	1.0920
09-0003	1.1162
09-0004	1.2551
09-0005	1.1097
09-0006	1.0508
09-0007	.9552
09-0008	1.0531
09-0009	.9489
* 09-0010	1.0326
09-0011	1.1699
* 09-0014	1.8156
10-0001	1.1047
10-0002	1.0492
10-0004	.9044
10-0005	1.0036
10-0006	.9772
10-0007	1.1535
10-0008	1.0891
10-0009	1.0607
10-0010	1.0908
10-0011	.8645

PROVIDER NUMBER	CASE MIX INDEX
10-0012	.9770
10-0013	.9862
10-0014	1.0416
10-0015	1.0358
10-0016	.9753
10-0017	1.0839
10-0018	1.0602
10-0019	1.0808
10-0020	1.0086
10-0021	.9695
10-0022	1.2158
10-0023	1.0085
10-0024	.9385
10-0025	1.1551
10-0026	1.0115
* 10-0027	.9664
10-0028	.9793
10-0029	.9804
10-0030	.9513
* 10-0031	.8560
10-0032	1.1290
10-0033	1.0373
10-0034	1.1021
10-0035	1.0338
10-0036	.9892
10-0038	1.0800
10-0039	1.0915
10-0040	1.0897
10-0042	.9966
10-0043	1.0739
10-0044	1.0761
10-0045	1.0173
10-0046	1.0564
10-0047	1.0309
10-0048	.8510
10-0049	1.0703
10-0050	.9590
10-0051	.9069
10-0052	.9956
10-0053	1.0136
10-0054	.9737
10-0055	.9530
10-0056	.9059
10-0057	.9928
10-0059	1.0920
10-0060	1.1890
10-0061	1.0229
10-0062	1.1909
10-0063	1.0585
10-0065	.9663
10-0067	1.0919

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
10-0068	1.0194
10-0069	.9774
10-0070	1.1124
10-0071	.9729
10-0072	1.0017
10-0073	1.0496
10-0074	.9607
10-0075	1.0141
10-0076	.9899
10-0077	1.0284
10-0078	.8852
10-0079	.9767
10-0080	1.0332
10-0081	.8676
10-0082	1.0544
10-0083	1.0132
10-0084	.9237
10-0085	.9532
10-0086	1.0474
10-0087	1.1213
10-0088	1.0924
10-0089	1.0245
10-0090	.9862
10-0092	1.0535
10-0093	1.0125
10-0098	.9748
10-0099	1.0144
10-0100	1.0104
10-0102	.9059
10-0103	.9589
10-0105	1.0565
10-0106	.8798
10-0107	.9630
10-0108	.8705
10-0109	.9326
10-0110	.9612
10-0112	.8807
10-0113	1.2977
10-0114	1.0040
10-0115	.9320
10-0117	.9864
10-0118	.9901
10-0120	.9028
10-0121	.8579
10-0122	.8447
10-0124	.8598
10-0125	.9763
10-0126	1.0334
10-0127	1.0593
10-0128	1.4590
10-0129	1.0117

PROVIDER NUMBER	CASE MIX INDEX
* 10-0130	1.0001
10-0131	1.0055
10-0132	1.0454
* 10-0133	.9300
10-0134	.8705
10-0135	1.0648
10-0137	.9518
10-0138	.8359
10-0139	1.0114
10-0140	.8846
10-0142	.9154
10-0143	.9519
10-0144	.9881
10-0145	.9887
10-0146	.9399
10-0147	.9254
10-0149	1.0663
10-0150	.9093
10-0151	1.0727
10-0152	.8621
10-0153	.8631
10-0154	1.0564
10-0156	.8414
10-0157	1.0564
10-0159	.9243
10-0160	.9319
10-0161	1.0465
10-0162	1.0927
10-0164	.9364
10-0165	.9103
10-0166	1.0113
10-0167	.9782
10-0168	1.0642
10-0169	1.0115
10-0170	1.0257
10-0172	1.0061
10-0173	1.0292
10-0174	.9358
10-0175	.9331
10-0176	1.0514
10-0177	.8559
10-0178	1.0960
10-0180	1.1515
10-0181	.8695
* 10-0182	.8125
10-0183	.9125
* 10-0184	1.1385
10-0185	.9178
10-0186	1.0584
10-0187	1.0043
10-0188	.9792

PROVIDER NUMBER	CASE MIX INDEX
10-0191	.9879
10-0193	.8522
10-0194	.9503
10-0195	1.1248
10-0196	1.0076
* 10-0197	1.0208
10-0199	1.0668
10-0200	1.0819
10-0201	1.0796
10-0203	1.0656
10-0204	1.1849
10-0206	1.0490
10-0207	1.0218
10-0208	1.0036
10-0209	1.0484
10-0210	1.0439
10-0211	.9495
10-0212	.9903
10-0213	1.0488
10-0214	1.0116
10-0217	.9847
10-0218	.9773
10-0219	1.0096
10-0220	1.1056
10-0221	1.1431
10-0222	.9371
10-0223	1.0456
10-0224	.9976
10-0225	1.0160
10-0226	.9975
* 10-0227	1.0342
10-0228	.9764
10-0229	1.0459
10-0230	.9740
10-0231	1.2444
10-0232	.9504
10-0234	1.0258
10-0235	1.0534
10-0236	.9715
10-0237	1.1720
10-0238	.9783
10-0239	1.0610
10-0240	.5652
* 10-0241	.8718
10-0242	.9858
10-0243	1.0598
10-0244	1.0611
* 10-0245	1.1092
10-0246	1.0820
* 10-0247	.7752
10-0248	1.0358

PROVIDER NUMBER	CASE MIX INDEX
10-0249	.9889
* 10-0250	3.6042
10-0251	.8703
10-0252	.9354
10-0253	1.1150
10-0254	.9234
11-0001	.9974
11-0002	.9603
11-0003	1.0356
11-0004	1.0166
11-0005	1.0828
11-0006	.9942
11-0007	1.0728
11-0008	1.0097
11-0009	.9305
11-0010	1.3396
11-0011	.9779
11-0013	.9867
11-0014	.9274
11-0015	.9556
11-0016	1.0322
11-0017	.9245
11-0018	.9741
11-0020	.9787
11-0023	.9112
11-0024	1.0189
11-0025	1.0298
11-0026	.9608
11-0027	.9425
11-0028	1.0789
11-0029	1.0317
11-0030	1.0133
11-0031	1.0443
11-0032	.9653
11-0033	.9734
11-0034	1.1193
11-0035	1.1004
11-0036	1.2330
11-0037	.9279
11-0038	1.0419
11-0039	.9886
11-0040	.9129
11-0041	.9626
11-0042	.9197
11-0043	1.1070
11-0044	1.0077
11-0045	.9523
11-0046	.9768
11-0047	.9776
11-0048	.9674
11-0049	.8667

PROVIDER NUMBER	CASE MIX INDEX
* 11-0050	.9495
11-0051	.9488
11-0052	.8921
11-0054	1.0374
11-0055	.9760
11-0056	.9613
11-0059	.9152
11-0061	.9567
11-0062	.9341
11-0063	1.0196
11-0064	1.1128
* 11-0065	1.0006
11-0066	1.1051
11-0067	.9780
11-0069	.9929
11-0070	.8163
11-0071	.8966
11-0072	.8774
11-0073	.8801
11-0074	1.0783
11-0075	.9760
11-0076	1.1072
11-0077	.8886
11-0078	1.0745
11-0079	1.0780
11-0080	.9646
11-0081	1.0469
11-0082	1.2181
11-0083	1.0803
11-0084	.8953
11-0085	.9776
11-0086	.9841
11-0087	.9420
11-0088	.9015
11-0089	.9504
11-0091	1.0840
11-0092	.9652
11-0093	.9048
11-0094	.8678
11-0095	1.0702
11-0096	.9533
11-0097	.8906
11-0098	.9393
11-0099	.9772
11-0100	1.0052
11-0101	.8561
11-0103	.8847
11-0104	.9867
11-0105	.9115
11-0107	1.1934
11-0108	.8876

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
11-0109	.9201
11-0111	.8982
11-0112	.9012
11-0113	.9404
11-0114	.9436
11-0115	1.0927
11-0117	.9441
11-0118	.9198
11-0120	.9108
11-0121	.9678
11-0122	1.0915
11-0123	.9020
11-0124	.9081
11-0125	.9372
11-0127	.8729
11-0128	1.0244
11-0129	1.1285
11-0130	.9361
* 11-0131	.9615
11-0132	.9293
* 11-0133	.9836
11-0134	.9126
11-0135	.9444
* 11-0136	.9974
* 11-0138	.9233
11-0140	.8931
11-0141	.8848
11-0142	.8584
11-0143	1.0037
11-0144	1.0140
11-0146	.8794
11-0149	.9230
11-0150	.9973
11-0151	.9630
11-0152	.9457
11-0153	.8718
11-0154	.9017
11-0155	.9775
* 11-0156	.9681
11-0157	.9934
11-0158	.9242
11-0161	1.1259
11-0163	1.0581
11-0164	1.0273
11-0165	1.1182
11-0166	1.0107
11-0168	1.0050
11-0169	.5467
11-0170	.8298
11-0171	1.0955
11-0172	1.0562
11-0174	.8951
11-0175	.9961
11-0176	1.0605
11-0177	1.0259
11-0178	.5975
11-0179	1.0417
11-0181	.9778
* 11-0182	.8004
11-0183	.9853
11-0184	1.0018
11-0185	.9627
11-0186	.9841
11-0187	.9616
11-0188	1.1231
11-0189	.9849
11-0190	.8936
11-0191	1.0542
11-0192	.9234
11-0193	.9105
* 11-0194	.9558
* 11-0195	.8262
12-0001	1.1367
12-0002	1.0492
* 12-0003	1.0252
12-0004	1.1078
12-0005	1.0425
12-0006	1.0608
12-0007	1.0932
* 12-0008	.9221
* 12-0009	.9019
12-0010	1.2119
12-0011	1.1266
* 12-0012	.8148
12-0014	1.0665
* 12-0015	1.0633
* 12-0016	1.0085
* 12-0018	.8701
12-0019	.9446
12-0020	.9410
* 12-0021	1.0250
12-0022	1.1569
13-0001	.9615
13-0002	1.0522
13-0003	1.0309
* 13-0004	1.0229
13-0005	.9657
13-0006	1.2226
13-0007	1.1458
* 13-0008	.9037
* 13-0009	.9540
13-0010	.9487
13-0011	.9601
* 13-0012	.9375
13-0013	1.0449
13-0014	1.0006
* 13-0015	.8410
13-0016	.9042
* 13-0017	.9005
13-0018	1.0848
13-0019	.9251
* 13-0021	.8728
13-0022	.9841
13-0024	.9846
13-0025	.9254
13-0026	1.0923
13-0027	.9251
13-0028	1.0288
13-0029	1.0520
* 13-0030	.8889
* 13-0031	1.0213
* 13-0032	.9663
13-0034	.8621
13-0035	.9429
13-0036	1.0112
13-0037	.8686
* 13-0038	.9465
* 13-0039	1.1068
* 13-0040	.9999
* 13-0041	.8855
13-0043	.9228
* 13-0044	.8043
13-0045	.9019
* 13-0048	.9579
13-0049	.9937
* 13-0050	.8047
13-0051	.9067
* 13-0052	1.1424
* 13-0053	.8322
* 13-0054	.9204
14-0001	1.0039
14-0002	1.0574
14-0003	.9334
14-0004	.9789
14-0005	.9378
14-0007	.9918
14-0008	1.0473
14-0009	.9777
14-0010	1.0711
14-0011	.9485
14-0012	.9215
14-0013	1.0478
14-0014	.9424
14-0015	.9921
14-0016	.9850
14-0017	.9717
14-0018	1.0391
14-0019	.9309
14-0023	.9864
14-0024	.9160
14-0025	.9830
14-0026	1.0404
14-0027	1.0635
14-0029	1.0945
14-0030	1.0567
14-0031	1.0035
14-0032	.9980
14-0033	1.0314
14-0034	.9423
14-0035	1.0228
14-0036	.9847
14-0037	.9679
14-0038	1.0595
14-0039	.9550
14-0040	.9878
14-0041	.9606
14-0042	.9861
14-0043	.9981
* 14-0044	.6015
14-0045	1.0422
14-0046	.9998
14-0047	1.0144
14-0048	1.0023
14-0049	1.0493
14-0051	1.0681
14-0052	.9304
14-0053	1.1042
14-0054	1.0588
14-0055	.9514
14-0058	.9914
14-0059	1.0068
14-0061	.9674
14-0062	1.0542
14-0063	1.0685
14-0064	.9939
14-0065	1.0439
14-0066	.9532
14-0067	1.0799
14-0068	.9847
14-0069	.9424
14-0070	.9680
14-0072	1.0163
14-0074	1.0428
14-0075	1.1262
14-0076	.9264
14-0077	.9775
14-0079	1.0462
14-0080	1.1713
14-0081	1.0420
14-0082	1.0284
14-0083	1.0440
14-0084	1.0572
14-0085	1.1334
14-0086	1.0521
14-0087	1.0551
14-0088	1.2194
14-0089	.9655
14-0090	1.0108
14-0091	1.0918
14-0093	.9817
14-0094	1.0595
14-0095	1.0745
14-0097	1.0087
14-0098	1.0232
14-0099	.9636
14-0100	1.0602
14-0101	.9781
14-0102	.9658
14-0103	1.0020
14-0104	.8795
14-0105	1.0940
14-0107	1.0014
14-0108	.9931
14-0109	.9006
14-0110	1.0153
14-0111	1.0206
14-0112	.9768
14-0113	1.0611
14-0114	1.0488
14-0115	.9348
14-0116	1.0787
14-0117	1.0691
14-0118	1.1404
14-0119	1.2914
14-0120	1.0104
14-0121	.9516
14-0122	1.0202
14-0123	.9989
14-0124	.8993
14-0125	.9835
14-0126	1.0672
14-0127	1.0419
14-0128	1.0305
14-0129	.9879
14-0130	1.0323

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
14-0131	1.0757
14-0132	1.1[illegible]
14-0133	1.0[illegible]
14-0134	.9643
14-0135	1.0[illegible]
14-0136	.9476
14-0137	.9[illegible]
14-0138	.9[illegible]
14-0139	.9[illegible]
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14-0273	.9015
14-0275	1.0178
14-0276	1.3649
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14-0281	1.1799
14-0283	2.3495
14-0285	.9235
14-0286	1.0599
14-0288	1.0806
14-0289	1.1009
14-0290	1.0074
14-0291	1.0675
14-0292	1.0514
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15-0002	.9822
15-0003	1.0309
15-0004	1.0340
15-0005	1.0277
15-0006	1.0284
15-0007	1.0149
15-0008	1.1535
15-0009	1.0020
15-0010	1.0072
15-0011	1.0521
15-0012	1.0987
15-0013	.8986
15-0014	1.0034
15-0015	1.0303
15-0017	1.2015
15-0018	1.0592
15-0019	.9399
15-0020	.9974
15-0021	1.1841
15-0022	.9558
15-0023	1.0127
15-0024	1.0772
15-0025	1.0451
15-0026	.9633
15-0027	.9711
15-0029	1.1171
15-0030	.9697
15-0031	.9029
15-0032	1.3328
15-0033	1.0784
15-0034	1.0002
15-0035	1.0292
15-0036	.9461
15-0037	1.0041
15-0038	.9773
15-0039	.9895
15-0042	1.0172
15-0043	.9707
15-0044	.9993
15-0045	1.0052
15-0046	1.0729
15-0047	1.0006
15-0048	1.0396
15-0049	.9094
15-0050	.9644
15-0051	1.0169
15-0052	.8781
15-0053	.9661
15-0054	.9460
15-0056	1.1940
15-0057	.8652
15-0058	1.1080
15-0059	.9446
15-0060	1.0174
15-0061	1.0301
15-0062	.9578
15-0063	.9717
15-0064	.9850
15-0065	1.0155
15-0066	1.0147
15-0067	.9263
15-0069	.9368
15-0070	.9648
15-0071	.9580
15-0072	1.0573
15-0073	.9591
15-0074	1.1401
15-0075	1.0524
15-0076	.9954
15-0077	1.0376
15-0078	.9615
15-0079	.9625
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15-0083	.9210
15-0084	1.2308
15-0085	.8912
15-0086	.9998
15-0088	.9699
15-0089	1.0891
15-0090	1.0402
15-0091	.9713
15-0092	.9613
15-0094	1.0018
15-0095	1.0040
15-0096	.9796
15-0097	.9888
15-0098	.9781
15-0099	1.0043
15-0100	1.0954
15-0101	.9600
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15-0103	.9715
15-0104	1.0415
15-0105	1.0010
15-0106	.9298
15-0109	1.0217
15-0110	.9448
15-0111	.9573
15-0112	1.0267
15-0113	.9599
15-0114	.9761
15-0115	.9391
15-0122	.9857
15-0123	.8553
15-0124	1.0135
15-0125	1.0551
15-0126	1.2009
15-0127	.9382
15-0128	.9452
15-0129	.9166
15-0130	.9525
15-0132	1.0524
15-0133	1.0403
15-0134	.9680
15-0135	.9764
16-0001	.9205
16-0002	.9502
16-0003	.9897
16-0004	1.0834
16-0005	.9499
16-0007	.8623
16-0008	.9767
16-0009	1.0134
16-0012	.9807
16-0013	1.0353
16-0014	.9436
16-0016	1.0276
16-0018	.8943
16-0020	.8993

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
16-0021	.9581
16-0023	1.0160
16-0024	.9611
16-0025	1.1137
16-0026	.9166
16-0027	1.0456
16-0028	1.0267
16-0029	1.0450
16-0030	1.0473
16-0031	.9544
16-0032	.9307
16-0033	1.0855
16-0034	.9578
16-0035	.9000
16-0036	1.0222
16-0037	.9784
16-0038	1.0058
16-0039	.9134
16-0040	.9569
16-0041	.9550
16-0043	1.0234
16-0044	1.0227
16-0045	1.1427
* 16-0046	.9501
16-0047	1.0347
16-0048	1.0128
16-0049	.8639
16-0050	.9812
* 16-0051	.9901
16-0052	1.0289
16-0053	.9819
16-0054	.9678
16-0055	1.0171
16-0056	.9654
16-0057	1.0286
16-0058	1.1657
16-0059	1.0559
16-0060	.9281
16-0061	.8833
16-0062	.9244
* 16-0063	.9647
16-0064	1.0179
16-0065	.9634
16-0066	.9308
16-0067	1.0290
16-0068	.8997
16-0069	1.1154
16-0070	.9180
* 16-0071	1.0497
16-0072	1.0114
16-0073	.9391
16-0074	.9808
16-0075	.9061
16-0076	.9179
16-0077	.9092
16-0079	1.0741
16-0080	.9781
16-0081	1.0225
16-0082	1.1818
16-0083	1.1449
16-0085	1.1847
16-0086	.9272
16-0088	.9139
16-0089	1.0033
16-0090	.9390
16-0091	1.0610
16-0092	.8927
16-0093	.9208
16-0094	1.0379
16-0095	.9385
16-0097	.9333
* 16-0098	.9197
16-0099	.9240
16-0101	.9995
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16-0107	.9553
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16-0112	.9901
16-0113	.9448
16-0114	.9141
16-0115	.9372
16-0116	.9512
16-0117	1.1318
16-0118	.9214
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16-0120	.8688
16-0121	.9185
16-0122	.9784
16-0123	1.0356
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16-0153	1.0469
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17-0005	.8790
17-0006	.9879
17-0007	.9432
17-0008	.9114
17-0009	.9623
17-0010	.9665
17-0011	1.0141
17-0012	1.1290
17-0013	.9946
17-0014	.9344
17-0015	.9967
17-0016	1.1760
17-0017	1.0083
17-0018	1.0141
17-0019	1.0148
17-0020	1.0225
17-0021	.9227
17-0022	.9242
17-0023	.9833
17-0024	.9496
17-0025	.9231
17-0026	.9297
17-0027	.9482
17-0030	.8855
17-0031	.8403
17-0032	.9178
17-0033	.9557
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17-0035	.9522
17-0036	.8950
17-0037	1.0380
17-0038	.8562
17-0039	.8941
17-0040	1.1699
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17-0043	.9311
17-0044	.8810
17-0045	.8305
17-0046	.9044
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17-0051	.9106
17-0052	.9737
17-0053	.8806
17-0054	.9530
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17-0056	.9074
17-0057	.9101
17-0058	.9775
17-0060	1.0323
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17-0062	.8635
* 17-0063	.9511
* 17-0064	.8501
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17-0068	.9580
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17-0070	.9034
17-0072	.8821
17-0073	.9041
17-0074	.9848
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17-0076	1.0290
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17-0092	.9814
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17-0095	.9685
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17-0097	.9378
17-0098	.9353
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17-0101	.9091
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17-0103	.9459
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17-0106	.8446
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17-0109	.9547
17-0110	.9756
17-0112	.8927
17-0113	1.0255
17-0114	.9989
17-0115	.8819
17-0116	.9195
* 17-0117	.9174
* 17-0119	.9149
17-0120	.9478
* 17-0121	.9751
17-0122	1.1650
17-0123	1.1147
17-0124	.8690
17-0125	1.0009
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17-0128	.8889
17-0130	.9303
17-0131	.9607
17-0133	.9858
* 17-0134	.9263
17-0137	1.0516
17-0138	.9398
* 17-0139	.8597
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17-0143	.9998
17-0144	.9944
17-0145	.9885
17-0146	1.0282
17-0147	1.0502
17-0148	1.0607
17-0150	.9141
17-0151	.9467
17-0152	.8871
* 17-0159	.9814
17-0160	.9265
17-0164	.8525
* 17-0166	1.0426
* 17-0168	.9448
* 17-0170	.9242

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX	PROVIDER NUMBER	CASE MIX INDEX	PROVIDER NUMBER	CASE MIX INDEX	PROVIDER NUMBER	CASE MIX INDEX	PROVIDER NUMBER	CASE MIX INDEX
17-0171	.9717	18-0048	1.0497	18-0123	1.0436	19-0050	.9178	19-0134	.9204
17-0172	1.0120	18-0049	.9988	18-0124	.9783	19-0053	.9056	19-0135	1.1368
* 17-0173	.9454	18-0050	.9783	18-0125	.9063	19-0054	1.0439	19-0136	.8764
* 17-0174	.9558	18-0051	1.0002	18-0126	.9006	19-0058	.9682	19-0137	.8498
17-0175	1.0579	18-0053	.9866	18-0127	.9969	19-0059	.9419	19-0138	.5773
17-0176	1.0010	18-0054	.9401	18-0128	.9254	19-0060	.9864	19-0139	.9243
* 17-0177	.9164	18-0055	.9449	18-0129	1.0330	19-0064	1.0612	19-0140	.8749
18-0001	1.0122	18-0056	.9912	18-0130	1.0750	19-0065	1.1454	19-0141	.8961
18-0002	.9376	18-0058	.9036	18-0132	1.0564	* 19-0066	.9207	19-0142	.8818
18-0004	.9780	18-0059	.9740	18-0133	1.0649	19-0067	.9409	19-0144	.9663
18-0005	1.0032	18-0060	.8611	19-0001	.9174	19-0071	.8918	19-0145	.8928
18-0006	.8639	18-0062	.8859	19-0002	1.2789	19-0073	.8840	19-0146	1.1411
18-0007	1.0649	18-0063	.8986	19-0003	.9658	19-0075	.9672	19-0147	.9542
18-0008	1.1047	18-0064	.9944	19-0004	1.0075	19-0077	.9987	19-0148	.9517
18-0009	.9675	18-0065	.8533	19-0005	1.0233	19-0078	.9674	19-0149	.9210
18-0010	1.1925	18-0066	.9660	19-0006	1.0148	19-0079	.9462	19-0151	.9628
18-0011	.9579	18-0067	1.2113	19-0007	.8803	19-0081	.8535	* 19-0152	.9838
18-0012	.9795	18-0069	1.0319	19-0008	1.0207	19-0083	.8894	* 19-0155	.9410
18-0013	1.0884	18-0070	.9352	19-0009	.9671	19-0086	1.0137	19-0156	.9267
18-0014	1.0360	18-0072	1.0095	19-0010	.8864	19-0088	.9490	19-0157	.9267
18-0015	.9155	18-0075	.8439	19-0011	.9360	19-0089	1.0009	19-0158	.9844
18-0016	.9699	18-0078	.9465	19-0012	.8814	19-0090	.8424	* 19-0159	.9644
18-0017	1.0037	18-0079	.8907	19-0013	.9803	19-0092	1.0230	19-0160	.9831
18-0018	1.0065	18-0080	.5940	19-0014	.9004	19-0095	.8775	19-0161	.9392
18-0019	.9824	18-0081	1.0675	19-0015	.9627	19-0098	1.1795	19-0162	1.0801
18-0020	.8908	18-0085	1.0824	19-0016	.9893	19-0099	.9810	19-0163	.9547
18-0021	.9064	18-0087	1.0137	19-0017	.9310	19-0101	.8737	19-0164	.8787
18-0023	.9021	18-0088	1.1517	19-0018	.9375	19-0102	1.1081	19-0165	.8611
18-0024	.9271	18-0092	.9191	19-0019	1.0591	19-0103	.8878	19-0166	.9333
18-0025	1.0876	18-0093	1.1228	19-0020	.9669	19-0106	.9563	19-0167	.9420
18-0026	.8585	18-0094	.9708	19-0023	.9003	19-0109	1.0159	19-0168	1.1071
18-0027	.9595	18-0095	.9605	19-0025	1.0073	* 19-0110	1.0195	* 19-0169	.9063
18-0028	.9296	18-0099	.9917	19-0026	1.0000	19-0111	.9848	19-0170	.8880
18-0029	.9716	18-0100	1.0459	19-0027	.9941	19-0112	.9982	* 19-0172	.9548
18-0030	.9341	18-0101	.9256	* 19-0028	.8768	19-0113	1.0491	19-0173	1.0609
18-0031	.8912	18-0102	1.0859	19-0029	1.0121	19-0114	.8853	19-0175	.9783
18-0032	.9382	18-0103	1.1559	19-0033	.8831	19-0115	.9846	19-0176	1.2539
18-0033	.9442	18-0104	1.0416	19-0034	1.0032	19-0116	.9608	19-0177	.9513
18-0034	.9538	18-0105	.9123	19-0035	1.0296	19-0117	.8776	* 19-0178	.9817
18-0035	1.0912	18-0106	.9075	19-0036	1.1530	19-0118	.9524	19-0179	.9411
18-0036	.9096	18-0108	.9367	* 19-0037	.9285	19-0119	.9688	19-0180	.9315
18-0037	1.0687	18-0112	.9345	19-0039	1.0040	19-0120	.8763	19-0182	.9546
18-0038	1.0067	18-0114	.8507	19-0040	.9453	19-0122	.9492	19-0183	.8476
18-0040	1.2414	18-0115	.9200	19-0041	1.0962	19-0124	1.0266	19-0184	.9139
18-0041	.9252	18-0116	.9915	19-0043	.9625	19-0125	1.0500	19-0190	.8928
18-0042	.9290	18-0117	.8604	19-0044	.9023	19-0127	.9472	20-0001	1.1542
18-0043	.9450	18-0118	.9065	19-0045	.9913	* 19-0128	.9146	20-0002	.9663
18-0044	.9571	* 18-0119	.8575	19-0046	1.0724	19-0130	.9105	20-0003	.9418
18-0045	.9607	18-0120	.9169	19-0047	.8959	19-0131	.9010	20-0005	.8287
18-0046	.9980	18-0121	.8653	19-0048	.9627	19-0132	.9766	20-0006	1.0202
18-0047	.9742	18-0122	.9261	19-0049	.9517	19-0133	.9516	20-0007	1.0408

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
20-0008	1.0348
20-0009	1.2570
20-0012	1.0541
20-0013	1.1206
20-0015	1.0912
20-0016	1.0160
20-0017	1.0195
20-0018	.9890
20-0019	1.0470
20-0020	1.0353
20-0021	.9798
* 20-0023	.9221
20-0024	1.0725
20-0025	.9990
20-0026	.9751
20-0027	.9607
20-0028	.9212
* 20-0029	.8761
* 20-0030	1.0667
20-0031	1.0467
20-0032	1.0921
20-0033	1.2005
20-0034	1.0383
20-0037	1.0031
20-0038	.9809
20-0039	1.0693
20-0040	.9744
20-0041	1.0016
* 20-0043	1.0654
20-0044	1.0294
20-0046	1.0923
20-0047	.9960
* 20-0049	.9499
20-0050	1.0066
20-0051	1.0150
20-0052	1.0245
* 20-0053	1.0633
* 20-0054	.9639
20-0055	.9502
* 20-0056	.6518
20-0062	.9952
20-0063	1.0699
* 20-0064	.9868
* 20-0065	.9611
20-0066	1.0957
21-0001	1.0460
21-0002	1.2424
21-0003	1.0945
21-0004	1.0691
21-0005	1.0886
21-0006	1.0373
21-0007	1.1256
21-0008	1.0893
21-0009	1.1877
21-0010	.9586
21-0011	1.1419
21-0012	1.0528
21-0013	1.0291
21-0015	1.0890
21-0016	1.1114
21-0017	1.0328
21-0018	1.1006
21-0019	1.1554
21-0021	1.0111
21-0022	1.1489
21-0023	1.0638
21-0024	1.1139
21-0025	.9810
21-0026	1.0514
21-0027	1.0322
21-0028	.9610
21-0029	1.2160
21-0030	.9633
21-0031	1.4180
21-0032	1.0238
21-0033	1.0941
21-0034	1.0674
21-0035	1.1310
21-0036	1.0745
21-0037	1.0281
21-0038	1.0049
21-0039	1.0095
21-0040	1.1698
21-0041	1.0280
21-0042	1.0793
21-0043	1.0740
21-0044	.9627
21-0045	.9591
21-0046	.8778
21-0047	.8542
21-0048	.9861
21-0049	1.0130
21-0051	1.1282
21-0054	1.0135
21-0055	1.0319
21-0056	1.1307
21-0057	1.1326
22-0001	1.0654
22-0002	1.2137
22-0003	.9432
22-0004	1.0415
22-0005	1.0650
22-0006	1.0690
22-0008	1.0856
22-0009	1.0391
22-0010	1.0813
22-0011	1.1047
22-0012	1.0972
22-0015	1.0725
22-0016	1.0120
22-0017	1.1343
22-0019	1.0389
22-0020	1.0414
22-0021	1.0228
22-0022	.9233
22-0023	1.0371
22-0024	1.0623
22-0025	1.0631
22-0026	1.0501
22-0028	1.0167
22-0029	1.0133
22-0030	.9724
22-0031	1.1367
22-0033	1.0680
22-0034	.9636
22-0035	1.0775
22-0036	1.1273
22-0038	1.0861
22-0040	1.0048
22-0041	1.1151
22-0042	1.0158
22-0044	1.5153
22-0045	1.0646
22-0046	1.0623
22-0048	1.0233
22-0049	.9826
22-0050	.9166
22-0051	1.0758
22-0052	1.0847
22-0053	1.0310
22-0054	1.0540
22-0055	1.0530
22-0057	1.0286
22-0058	.9688
22-0060	1.0541
22-0061	1.0307
22-0062	.8675
22-0063	1.0012
22-0064	1.0128
22-0065	1.0193
22-0066	1.0344
22-0067	1.1180
22-0068	.9745
22-0069	1.0513
22-0070	1.0531
22-0071	1.3418
22-0072	.9464
22-0073	1.0883
22-0074	1.0257
22-0075	.6135
22-0076	1.0716
22-0077	1.0913
22-0079	1.0208
22-0080	1.0895
22-0081	.9167
22-0082	1.0107
22-0083	1.0490
22-0084	1.0752
22-0086	1.1475
22-0087	.9053
22-0088	1.2643
22-0089	1.0742
22-0090	1.0145
22-0091	1.0125
22-0092	1.0452
22-0094	1.0052
22-0095	1.0139
22-0096	.8993
22-0097	.9543
22-0098	1.0137
22-0099	.9286
22-0100	1.1262
22-0101	1.0939
* 22-0102	.9050
22-0104	1.0672
22-0105	1.0643
22-0106	1.0525
22-0107	.9692
22-0108	1.0716
22-0110	1.4161
22-0111	1.0795
* 22-0113	1.0068
22-0114	.9770
22-0115	1.0583
22-0116	1.3035
22-0117	.9356
22-0118	1.2522
22-0119	1.1369
22-0120	1.0327
22-0121	.9574
* 22-0122	1.1334
22-0123	1.0192
22-0126	1.0500
22-0128	1.0706
22-0129	1.0403
22-0130	.8948
22-0131	1.0270
* 22-0133	.8903
22-0135	1.0621
* 22-0153	.8381
22-0154	.9081
22-0156	1.0532
* 22-0159	1.1322
22-0162	1.0539
22-0163	1.2802
* 22-0167	.5330
* 22-0171	.9701
23-0001	.9001
23-0002	1.0899
23-0003	1.0526
23-0004	1.1176
23-0005	.9903
23-0006	.9663
23-0007	.8475
23-0008	.9735
23-0011	1.0652
23-0012	.9442
23-0013	1.0779
23-0014	.9115
23-0015	1.0057
23-0017	1.1264
23-0019	1.1360
23-0020	1.0384
23-0021	1.1285
23-0022	1.0517
23-0023	1.0135
23-0024	1.1266
23-0027	.9902
23-0029	1.0781
23-0030	1.0720
23-0031	1.0638
23-0032	1.2909
23-0034	.9736
23-0035	.9689
23-0036	1.0570
23-0037	1.0990
23-0038	1.2677
23-0039	1.1020
23-0040	1.0149
23-0041	1.0448
23-0042	.9858
23-0043	.9143
23-0044	.9182
23-0046	1.1451
23-0047	1.0208

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
* 23-0049	.8455
23-0051	.9821
23-0052	1.0386
23-0053	1.2072
23-0054	1.1307
23-0055	.9967
23-0056	.9656
23-0057	.9486
23-0058	1.0690
23-0059	1.1489
23-0060	.9719
23-0062	.9815
23-0063	1.0620
23-0065	1.0642
23-0066	1.0149
* 23-0067	.8938
23-0068	1.0975
23-0069	1.0182
23-0070	1.0451
* 23-0071	1.0608
23-0072	1.0472
23-0075	1.0511
23-0076	1.1255
23-0077	1.1733
23-0078	.9466
23-0079	.9881
23-0080	.9756
23-0081	1.0196
23-0082	.9461
23-0084	.9237
23-0085	.9287
23-0086	.9242
23-0087	1.0576
23-0089	1.0329
23-0090	1.0040
23-0092	1.0503
23-0093	1.0873
23-0095	.9848
23-0096	.9776
23-0097	1.0900
23-0098	1.0978
23-0099	.9788
23-0100	1.0042
23-0101	.8659
23-0102	1.0280
23-0103	.9883
23-0104	1.1505
23-0105	1.1475
23-0106	1.0781
23-0107	1.0371
23-0108	.9997
23-0110	.9873
23-0111	.9960
23-0113	.8063
23-0114	.7636
23-0115	.9645
23-0116	.9248
23-0117	1.2374
23-0118	.9849
23-0119	.9762
23-0120	.9417
23-0121	1.0000
23-0122	1.0053
* 23-0123	.9099
23-0124	1.0747
23-0125	1.2363
23-0126	1.1601
23-0128	1.0797
23-0129	1.2708
23-0130	1.1545
23-0132	1.0952
23-0133	1.0803
23-0134	.9545
23-0135	1.0014
23-0137	1.0047
23-0138	.8970
23-0139	.9357
23-0140	.9577
23-0141	1.1122
23-0142	1.1031
23-0143	1.0139
23-0144	.9612
23-0145	1.0225
23-0146	1.1145
23-0147	1.0164
23-0149	1.0399
23-0150	1.1375
23-0151	1.1642
23-0152	1.0088
23-0153	1.0161
23-0154	.9997
23-0155	.9854
23-0156	1.1978
23-0157	1.0871
23-0158	.8946
23-0159	1.0064
* 23-0161	.9430
* 23-0162	.9334
23-0163	.8883
23-0165	1.1926
23-0167	1.0476
23-0168	.9064
23-0169	1.0750
* 23-0170	.9422
* 23-0171	.9016
23-0172	.9425
23-0173	1.0036
23-0174	1.0454
* 23-0175	1.0649
23-0176	1.0069
23-0177	.8949
23-0178	1.0000
* 23-0179	.9152
23-0180	.9485
23-0181	.9621
23-0183	.9513
23-0184	.9435
23-0186	.8739
23-0188	1.0262
23-0189	.9714
* 23-0190	.8755
23-0191	.8970
23-0193	.9767
23-0194	1.0035
23-0195	1.1300
* 23-0196	.8802
23-0197	1.0523
23-0199	.9859
23-0201	.8719
* 23-0203	.9321
23-0204	1.1156
23-0205	1.0521
23-0207	1.0266
23-0208	.9517
* 23-0211	.9315
23-0212	1.0032
23-0213	.9925
23-0216	1.1073
23-0217	.9092
23-0219	.9320
23-0221	1.0071
23-0222	1.0553
23-0223	1.0645
23-0224	.9951
23-0225	.9934
23-0227	.9757
23-0228	1.0492
23-0230	1.1236
23-0231	.9588
* 23-0232	.9410
23-0235	.9122
23-0236	1.0200
23-0237	.9693
23-0238	.9554
23-0239	.9476
* 23-0240	1.6514
23-0241	1.0063
23-0244	1.0368
23-0253	1.0061
23-0254	1.0457
* 23-0255	.9682
23-0256	.9555
23-0257	.9730
* 23-0258	.8890
23-0259	.9931
* 23-0260	.7722
23-0261	1.0595
* 23-0262	1.1735
* 23-0264	.8651
23-0265	1.0451
23-0266	1.0327
23-0268	1.0833
23-0269	1.0678
23-0270	1.0197
23-0271	1.0146
* 23-0272	.8755
23-0273	1.2589
24-0001	1.0656
24-0002	1.1283
24-0003	.9951
24-0004	1.2218
* 24-0005	.9512
24-0006	.9328
24-0007	.9512
24-0008	1.0410
24-0009	.9740
24-0010	1.3412
24-0011	1.0023
24-0013	.9536
24-0014	1.0053
24-0016	1.0454
24-0017	.9514
24-0018	.9845
24-0019	.8914
24-0020	.9570
* 24-0021	.9362
24-0022	1.0091
24-0023	.9175
24-0024	1.0207
24-0025	.9579
24-0026	1.0604
24-0027	1.0167
24-0028	1.0315
24-0029	.9304
24-0030	.9867
24-0031	.9051
* 24-0033	.9362
24-0035	.9908
24-0036	1.0486
24-0037	.9316
24-0038	1.1182
24-0040	.9863
24-0041	1.0133
24-0043	1.0943
24-0044	1.0564
24-0045	.9748
24-0046	1.1192
24-0047	1.0605
24-0048	.9796
24-0049	1.2427
24-0050	.9879
24-0051	1.0323
24-0052	1.1077
24-0053	1.1601
24-0054	.9500
24-0055	1.0660
24-0056	1.0424
24-0057	1.1249
24-0058	1.0069
24-0059	.9169
24-0061	1.1724
24-0062	.9931
24-0063	1.1076
24-0064	.9471
24-0065	.9365
24-0066	.9358
* 24-0068	1.4289
24-0069	1.0280
24-0071	.9339
24-0072	.8808
24-0073	.9363
24-0074	.9632
24-0075	1.0413
24-0076	.9624
* 24-0077	.8600
24-0078	1.0444
24-0079	.9191
24-0080	1.1055
24-0081	1.0838
24-0082	.9974
24-0083	.9231
24-0084	1.0736
24-0085	.9966
24-0086	.9419
24-0087	.9785

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
24-0088	1.0744
24-0089	1.0593
24-0090	.9532
24-0091	.9686
24-0093	1.1072
24-0094	.9148
24-0096	.9291
24-0097	.9962
24-0098	.9310
24-0099	.9721
24-0100	1.0284
24-0101	1.0411
* 24-0102	.9412
24-0103	.9574
24-0104	1.0056
24-0105	.9379
24-0106	1.1373
24-0107	.9704
24-0108	.9431
24-0109	.9402
24-0110	.8871
24-0111	1.0052
24-0112	.9712
* 24-0114	1.0593
24-0115	1.0850
24-0116	1.0122
24-0117	.9631
* 24-0118	.9253
* 24-0119	.9689
24-0120	.9687
24-0121	.9255
24-0122	.8899
24-0123	1.0245
24-0124	.9491
* 24-0125	.9788
* 24-0127	1.0380
24-0128	.9931
24-0129	.8705
24-0130	.9692
24-0131	1.0770
24-0132	.9724
24-0133	.9382
* 24-0134	1.0904
* 24-0135	.9074
24-0136	.8983
24-0137	.9704
24-0138	.9443
24-0139	1.0242
* 24-0140	.9713
24-0141	.9761
24-0142	.9759
24-0143	.9970
24-0144	.9300
* 24-0145	.9778
24-0146	.9125
* 24-0148	.8705
* 24-0150	.8454
24-0152	.9457
24-0153	.9301
24-0154	.9208
24-0155	.9000
* 24-0156	1.0417
24-0157	.9760
24-0158	.9710
24-0160	.9184
24-0161	.8901
24-0162	1.1019
* 24-0163	.8796
* 24-0165	.9542
24-0166	.9454
24-0167	1.0083
24-0169	.9083
24-0170	1.0075
24-0171	.8859
24-0172	.9689
24-0173	.9341
24-0175	1.0378
* 24-0176	1.0006
24-0177	.9294
24-0179	.9993
24-0180	.9324
24-0183	.9080
24-0184	.9510
24-0187	.9674
* 24-0189	.8863
* 24-0192	.9599
* 24-0193	.8783
24-0194	.9280
* 24-0195	1.0795
24-0196	1.1318
* 24-0200	.8962
* 24-0201	.9795
* 24-0204	1.0481
25-0001	1.2292
25-0002	.8571
25-0003	.8892
25-0004	1.0213
25-0005	.9038
25-0006	.9723
25-0007	1.0142
25-0008	.9084
25-0009	.9664
25-0010	.8977
25-0012	.9716
25-0014	.9426
25-0015	.9001
25-0016	.8613
25-0017	.9950
25-0018	.9781
25-0019	1.0720
25-0020	.9391
25-0021	.9230
25-0023	.8629
25-0024	.9371
25-0025	.9864
25-0026	.9110
25-0027	.8973
25-0029	.9171
25-0030	.9024
25-0031	1.0275
25-0032	1.0675
25-0033	.9033
25-0034	.8902
25-0035	.9199
25-0036	.8792
25-0037	.9304
25-0038	.9026
25-0039	.9035
25-0040	1.0221
25-0041	.9110
25-0042	.9682
25-0043	.8814
25-0044	.8573
25-0045	.9798
25-0046	.8607
25-0047	.8564
25-0048	1.1567
25-0049	.9586
25-0050	1.0422
25-0051	.9975
25-0054	.9130
25-0057	.9624
25-0058	1.0094
25-0059	.8825
25-0060	.9662
25-0061	.9396
25-0062	1.0146
25-0063	.9153
25-0065	.8938
25-0066	.8969
25-0067	.9158
25-0068	.9104
25-0069	.9791
25-0071	.9347
25-0072	.9766
25-0073	.8612
* 25-0075	1.0124
25-0076	.7980
25-0077	.9102
25-0078	1.0341
25-0079	.8585
25-0080	.9410
25-0081	1.0269
25-0082	1.0596
25-0083	.9275
25-0084	.9955
25-0085	.8889
25-0086	.9226
* 25-0087	.9478
25-0088	.9413
25-0089	.9596
25-0091	.8594
25-0093	.9371
25-0094	.9984
25-0095	.8666
25-0096	1.0062
25-0097	.9721
* 25-0098	.9388
25-0099	.9761
25-0100	1.0584
* 25-0101	.8607
25-0102	1.1268
25-0103	.9378
25-0104	.9922
25-0105	.8708
25-0106	.9354
25-0107	.8600
25-0108	1.0037
25-0109	.9410
25-0110	.9594
25-0111	.7991
25-0112	.8448
25-0113	.9554
* 25-0114	.9443
* 25-0116	.9198
25-0117	.9038
25-0118	1.0097
25-0119	.8970
25-0120	.9782
25-0121	.8653
25-0122	.9573
25-0123	.8880
25-0124	.8461
25-0125	.9252
25-0126	.9413
* 25-0127	.9900
25-0128	.9674
25-0129	.9951
* 25-0130	.9535
* 25-0131	.8804
25-0132	.9514
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26-0002	.9843
26-0003	.9442
26-0004	.9881
26-0005	.9841
26-0006	1.0280
26-0007	.9825
26-0008	1.0947
26-0009	1.0193
26-0010	.9621
26-0011	.9755
26-0012	.8599
26-0013	.9647
26-0014	1.0422
26-0015	.9721
26-0016	.9603
26-0017	.9757
26-0018	.9406
26-0019	.8982
26-0020	1.0186
26-0021	.9865
26-0022	.9438
26-0023	.9736
26-0024	.9719
26-0025	.9855
26-0026	1.0119
26-0027	1.1319
26-0029	.9487
26-0030	.9303
26-0031	.9934
26-0032	1.0653
26-0033	1.0780
26-0034	.9198
26-0035	.9096
26-0036	.9221
26-0037	.9606
26-0038	.9307
26-0039	.9935
26-0040	1.0775
26-0041	.9236
26-0042	.9369
26-0044	1.0186
26-0045	.9302
26-0047	.9974

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
26-0048	1.0377
26-0049	1.0033
26-0050	.9449
26-0051	.9290
26-0052	1.0050
26-0053	.9425
26-0054	1.0201
26-0055	.9247
26-0056	.8863
26-0057	.9431
26-0058	1.0638
26-0059	.9595
26-0061	.9592
26-0062	.9822
26-0063	1.0474
26-0064	.9247
26-0065	1.1259
26-0066	.9509
26-0067	.9421
26-0068	1.0899
26-0070	.9207
26-0072	.8658
26-0073	.9122
26-0074	.9846
26-0077	1.0302
26-0078	.9091
26-0079	.9028
26-0080	.8902
26-0081	1.0594
26-0082	.9943
26-0083	.9009
26-0084	.9410
26-0085	.9829
26-0086	1.0779
26-0088	.9443
26-0089	.9674
26-0090	1.0786
26-0091	.9966
26-0092	.9189
26-0093	.9657
26-0094	.9475
26-0095	1.0512
26-0096	1.0517
26-0097	.9418
26-0100	.9665
* 26-0101	1.4882
26-0102	.9550
26-0103	1.0248
26-0104	1.0180
26-0105	1.3544
* 26-0106	.8384
26-0107	.9861
26-0108	1.0406
26-0109	.9948
26-0110	.9653
26-0111	.8871
26-0112	1.0379
26-0113	.9928
26-0115	.9940
26-0116	.9265
* 26-0117	.9171
26-0118	1.0239
26-0119	.9517
26-0120	.9805
26-0121	.9155
26-0122	.9742
26-0123	.8843
26-0127	.9323
26-0128	.9891
26-0129	.9807
26-0131	.9544
26-0133	.9746
26-0134	.9587
26-0136	1.0110
26-0137	.9595
26-0138	1.1887
* 26-0140	.9331
26-0141	1.1019
26-0142	1.0122
26-0143	.9355
26-0146	1.0906
26-0147	.9407
26-0148	.9137
26-0150	1.0431
26-0158	.9800
26-0159	.8744
26-0160	.9824
26-0162	.9983
26-0163	.9576
26-0164	.9548
26-0165	.9902
26-0166	1.0225
26-0172	.9293
26-0173	.8997
26-0175	.9983
26-0176	1.0138
26-0177	1.0226
26-0178	1.0478
26-0179	1.0538
26-0180	1.0708
26-0182	.9594
26-0183	.9991
26-0186	.9628
* 26-0187	1.0112
26-0188	1.0219
26-0189	.9979
26-0190	1.0558
26-0191	1.0270
* 26-0192	.7214
* 27-0001	.8451
27-0002	.9843
27-0003	1.0713
27-0004	1.2288
* 27-0006	1.0733
27-0007	.8760
27-0008	.9223
27-0009	.9504
* 27-0010	.8264
27-0011	.9784
27-0012	1.0371
27-0013	1.0285
27-0014	1.1273
* 27-0016	.9098
27-0017	1.0693
27-0018	.9078
27-0019	1.0073
27-0021	.9339
27-0023	1.1021
27-0024	1.0226
* 27-0026	.8670
* 27-0027	1.0609
* 27-0028	.9571
27-0029	.9456
* 27-0030	.9477
27-0031	.8840
27-0032	.9698
* 27-0033	.8893
* 27-0035	.9575
* 27-0036	1.0143
27-0039	.9263
27-0040	1.0036
* 27-0041	1.0312
* 27-0042	.8321
27-0043	.8394
27-0044	1.0292
27-0046	.9637
* 27-0047	.9448
27-0048	.8720
27-0049	1.1707
27-0050	.9225
27-0051	1.0695
* 27-0052	.9697
* 27-0053	.9432
27-0054	.9181
27-0057	1.0890
27-0058	1.0178
* 27-0059	.9688
* 27-0060	.9265
27-0061	.8647
* 27-0063	.9742
* 27-0064	.6116
27-0065	.9723
* 27-0067	.8625
* 27-0068	1.0042
* 27-0070	.9264
* 27-0071	.9451
* 27-0072	.9157
* 27-0073	1.0191
* 27-0079	.9487
27-0080	.9719
* 27-0081	1.0302
28-0001	.9381
28-0003	1.1119
* 28-0004	.9267
28-0005	1.0917
28-0006	.9692
28-0009	1.0058
* 28-0010	.9990
28-0011	.9142
28-0012	.9809
28-0013	1.1267
28-0014	.9443
28-0015	.8649
28-0017	.9366
28-0018	.8543
28-0020	1.0782
28-0021	.9673
* 28-0022	.9752
28-0023	1.0201
28-0024	.9306
28-0025	.8278
* 28-0026	.9467
28-0028	.9063
* 28-0029	.9169
28-0030	1.1059
28-0031	.9403
28-0032	.9749
28-0033	.9020
28-0034	1.0782
28-0035	.8810
28-0037	1.0268
28-0038	.9214
28-0039	.9760
28-0040	1.1077
28-0041	.9562
28-0042	.8626
28-0043	.9695
28-0045	.9395
28-0046	.9573
28-0047	.9708
28-0048	.9326
28-0049	.9650
* 28-0050	.8639
* 28-0051	.9518
28-0052	1.0076
28-0054	.9457
28-0055	.9558
* 28-0056	.9687
28-0057	.9065
28-0058	.9856
28-0060	1.0433
28-0061	1.0779
28-0062	.9328
* 28-0063	.9897
28-0064	.9171
28-0065	.9955
28-0066	.9406
28-0068	.8874
* 28-0070	1.0519
28-0071	.9603
28-0073	.9397
28-0074	1.0130
28-0075	.9229
28-0076	.9725
28-0077	1.0943
* 28-0078	.8988
28-0079	.9964
28-0080	.9302
28-0081	1.0719
28-0082	.8869
28-0083	1.0025
28-0084	.9752
28-0085	1.0123
28-0087	1.0480
28-0088	1.0729
28-0089	.9272
* 28-0090	.8921
28-0091	1.0474
28-0092	.9432
* 28-0093	.9209
28-0094	.8323
28-0097	.9328
* 28-0098	.8663
* 28-0101	.8780
28-0102	.9440

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
28-0103	1.0067
28-0104	.9043
28-0105	1.0910
* 28-0106	.9809
28-0107	.9820
28-0108	.9561
28-0109	1.0018
28-0110	1.0363
28-0111	.9464
* 28-0114	.8427
28-0115	.9839
* 28-0116	.8391
28-0117	.9423
28-0118	.9345
* 28-0121	1.1947
29-0001	1.0690
29-0002	.9076
29-0003	1.0514
29-0005	.9118
29-0006	.9338
29-0007	1.1040
29-0008	1.0706
29-0009	.9933
29-0010	.9133
* 29-0011	.8938
29-0012	.9546
* 29-0013	.9264
29-0014	.9342
* 29-0015	1.0503
* 29-0016	.9864
* 29-0018	1.1637
29-0019	1.0251
* 29-0020	.9313
29-0021	.9586
29-0022	1.0531
29-0024	.8044
* 29-0027	1.0450
30-0001	1.0706
30-0002	1.0147
30-0003	1.2082
30-0005	.9916
30-0006	.9984
30-0007	1.0149
30-0008	1.0593
30-0009	1.0302
30-0010	.9305
30-0011	1.0210
30-0012	1.0647
30-0013	1.0320
30-0014	1.0514
30-0015	.9508
30-0016	1.0289
30-0017	.9896
30-0018	1.0261
30-0019	.9670
30-0020	.9593
30-0021	.8941
30-0022	.9701
30-0023	1.1175
30-0024	.9723
30-0028	1.0214
30-0029	1.0326
30-0033	.9319
30-0034	1.0097
31-0001	1.0894
31-0002	1.3571
31-0003	1.0207
31-0005	1.0412
31-0006	1.0801
31-0008	1.1124
31-0009	1.0028
31-0010	1.1202
31-0011	1.0869
31-0012	1.0886
31-0013	.9926
31-0014	1.1295
31-0015	1.1186
31-0016	1.0904
31-0017	1.1341
31-0018	.9193
31-0019	1.0659
31-0020	1.0296
31-0021	1.0361
31-0022	1.0746
31-0024	1.0762
31-0025	1.0435
31-0026	1.0759
31-0027	.9997
31-0028	1.0708
31-0029	1.1238
31-0031	1.3030
31-0032	1.0405
31-0033	1.0555
31-0034	1.0671
31-0036	.9961
31-0037	1.0640
31-0038	1.0227
31-0039	1.0249
31-0040	1.0313
31-0041	1.0449
31-0042	1.0479
31-0043	1.0020
31-0044	1.0607
31-0045	1.1604
31-0046	1.0536
31-0047	1.0947
31-0048	1.0281
31-0049	1.0408
31-0050	1.0799
31-0051	1.1180
31-0052	1.0690
31-0053	1.0055
31-0054	1.1114
31-0056	1.0439
31-0057	1.1858
31-0058	1.0219
31-0059	.9845
31-0060	1.0222
31-0061	1.0189
31-0062	.9210
31-0063	1.0649
31-0064	1.1122
31-0065	.9777
31-0067	1.0345
31-0068	1.0403
31-0069	.9613
31-0070	1.0890
31-0071	1.0195
31-0072	.9869
31-0073	1.0630
31-0074	1.0718
31-0075	1.1039
31-0076	1.1096
31-0077	1.0654
31-0078	1.0645
31-0080	1.0274
31-0081	1.0772
31-0083	1.0632
31-0084	1.0674
31-0085	1.0600
31-0086	1.0885
31-0087	1.0517
31-0088	.9607
* 31-0089	1.1298
31-0090	.9701
31-0091	1.0227
31-0092	1.0905
31-0093	1.0231
31-0094	.9903
31-0096	1.1101
31-0104	1.0618
31-0105	.9832
31-0106	1.1342
31-0108	1.0690
* 31-0109	1.1564
31-0110	.9922
31-0111	1.0501
31-0112	1.0615
31-0113	1.0809
31-0114	.9894
31-0115	1.0038
31-0116	1.1095
31-0117	1.0598
31-0118	.9808
31-0119	.9540
31-0120	.9751
32-0001	1.1245
32-0002	1.0249
32-0003	1.0063
32-0004	.9918
32-0005	1.0275
32-0006	.9551
32-0009	1.0666
32-0010	.9464
32-0011	.9444
32-0012	.9445
32-0013	1.0636
32-0014	.9597
32-0016	.9459
32-0017	1.0463
32-0018	1.0382
32-0019	1.0430
32-0021	1.1565
32-0022	1.0179
* 32-0023	.8901
32-0027	.9240
* 32-0028	1.2955
32-0030	1.0122
* 32-0031	.9102
32-0032	.8865
32-0033	.9777
32-0035	.9564
32-0036	.9925
* 32-0037	.8872
* 32-0038	.9472
32-0046	.9635
* 32-0048	.9308
32-0049	.9694
* 32-0051	.9191
32-0053	.8848
* 32-0058	.9302
32-0063	1.0199
32-0065	1.0712
* 32-0066	.9650
* 32-0067	.8381
* 32-0068	.9153
33-0001	1.0839
33-0002	1.0630
33-0003	1.0800
33-0004	1.0401
33-0005	1.1782
33-0006	1.1018
33-0007	1.0873
33-0008	.9910
33-0009	.9235
33-0010	1.0152
33-0011	1.0335
33-0012	1.0906
33-0013	1.1639
33-0014	1.1011
33-0015	.9833
33-0016	1.0021
33-0019	1.0207
33-0020	1.0022
33-0022	1.0067
33-0023	1.0666
33-0024	1.2084
33-0025	.9377
33-0027	1.1130
33-0028	1.1085
33-0029	1.0161
33-0030	1.0193
33-0032	.9632
33-0033	1.0441
33-0034	1.0020
33-0036	.9145
33-0037	1.0547
33-0038	.9972
33-0039	1.0464
33-0041	1.0442
33-0043	1.0328
33-0044	1.0977
33-0045	1.1350
33-0046	1.1270
33-0047	.9817
33-0048	1.0162
33-0049	.9971
33-0050	.9750
33-0052	.9422
33-0053	.9636
33-0055	1.1054
33-0056	1.0567
33-0057	1.1662
33-0058	.9755
33-0059	1.1297

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
33-0061	1.0889
33-0062	.9754
33-0063	1.0377
33-0064	1.0435
33-0065	.9951
33-0066	1.0455
33-0067	1.0136
33-0069	1.0619
33-0072	1.0973
33-0073	.9969
33-0074	1.0892
33-0075	.9778
33-0076	1.0514
33-0077	.9862
33-0078	1.1620
33-0079	.9963
33-0080	.9728
33-0082	1.0101
33-0084	.9411
33-0085	1.1371
33-0086	1.0333
33-0087	1.0252
33-0088	1.0259
33-0090	1.2043
33-0091	1.1041
33-0092	.9893
33-0094	1.0751
33-0095	1.0239
33-0096	.9559
33-0097	1.0668
33-0098	1.0643
33-0100	.5620
33-0101	1.1613
33-0102	1.0971
33-0103	1.1007
33-0104	1.0754
33-0106	1.1755
33-0107	1.0037
33-0108	1.0096
33-0109	.9424
33-0110	.9293
33-0111	.9941
33-0114	.9394
33-0115	1.0733
33-0116	.9463
33-0117	1.0126
33-0118	1.1327
33-0119	1.1070
33-0120	1.2679
33-0121	.9390
33-0122	1.0039
33-0124	1.0937
33-0125	1.2954
33-0126	1.0682
33-0127	1.0698
33-0128	1.1425
33-0132	1.0446
33-0133	1.0458
33-0134	1.0789
33-0135	.9850
33-0136	1.1027
33-0138	1.0398
33-0139	.8422
33-0140	1.1470
33-0141	1.1366
33-0142	1.0362
33-0143	1.0283
33-0144	1.0173
33-0146	.9401
33-0147	.8931
33-0148	.9942
33-0150	.9607
33-0151	1.0159
33-0152	1.0591
33-0153	1.0909
33-0154	1.1797
33-0155	.9896
33-0157	1.0881
33-0158	1.0560
33-0159	1.1446
33-0160	1.1112
33-0161	.9998
33-0162	1.1221
33-0163	.9743
33-0164	1.2719
33-0165	.9441
33-0166	.9612
33-0167	1.1494
33-0168	.9796
33-0169	1.0554
33-0171	1.1071
33-0172	.9971
33-0174	.9218
33-0175	1.0601
33-0176	.9589
33-0177	.8957
33-0179	.9451
33-0180	1.0246
33-0181	1.1070
33-0182	1.3603
33-0183	1.1246
33-0184	1.0908
33-0185	1.0959
33-0186	1.0141
33-0187	.9584
33-0188	1.0345
33-0189	.7307
33-0191	1.0844
33-0193	1.1007
33-0194	1.1098
33-0195	1.2568
33-0196	1.1320
33-0197	.9626
33-0198	1.0983
33-0199	1.0565
33-0201	1.0634
33-0202	1.0260
33-0203	1.1357
33-0204	1.0705
33-0205	.9960
33-0208	1.0828
33-0209	1.0339
33-0210	.9767
33-0211	.9744
33-0212	.9710
33-0213	.9755
33-0214	1.1671
33-0215	1.0290
33-0217	.9653
33-0218	1.0449
33-0219	1.1660
33-0221	1.0568
33-0222	1.0097
33-0223	.9275
33-0224	1.0664
33-0225	1.1058
33-0226	.9583
33-0229	1.0338
33-0230	.9882
33-0231	1.0756
33-0232	1.0081
33-0233	1.0494
33-0234	1.2893
33-0235	1.0534
33-0236	1.1029
33-0238	.9911
33-0239	1.0780
33-0240	1.0334
33-0241	1.3027
33-0242	1.0804
33-0244	1.0236
33-0245	1.0709
33-0246	1.0443
33-0247	.5690
33-0249	1.0198
33-0250	1.0418
33-0252	.8739
33-0253	.8805
33-0254	1.0423
33-0256	.9342
33-0257	.9375
33-0258	1.0656
33-0259	1.1574
33-0260	1.1017
33-0261	1.0469
33-0263	.9576
33-0264	1.0359
33-0265	1.0749
33-0266	.9176
33-0267	1.0128
33-0268	1.0786
33-0270	1.5995
33-0272	.9676
33-0273	.9718
33-0275	1.1302
33-0276	.9438
33-0277	.9572
33-0279	1.1320
33-0281	.9126
33-0283	1.0398
33-0285	1.2413
33-0286	1.0773
33-0288	1.0083
33-0289	.7942
33-0290	1.1694
33-0291	1.0009
33-0293	1.1364
33-0297	1.0521
33-0298	.9068
33-0299	1.0448
33-0300	.8755
33-0304	1.0965
33-0305	1.0127
33-0306	1.1295
33-0307	1.0197
33-0308	1.0857
33-0309	1.0635
33-0310	.9845
33-0311	1.0260
33-0314	1.0942
33-0315	1.0894
33-0316	1.0543
33-0318	1.0280
33-0320	1.0300
33-0321	1.0729
33-0323	.9797
33-0324	1.0029
33-0327	.9449
33-0331	1.0581
33-0332	1.0324
33-0333	.9145
33-0335	1.0149
33-0336	1.0427
33-0338	1.0358
33-0339	1.1701
33-0340	.9619
33-0342	1.0346
33-0345	.7094
33-0350	1.3728
33-0351	.8800
33-0353	1.0619
33-0354	.9874
33-0355	.9557
33-0357	1.0493
33-0359	.9720
33-0372	1.0408
33-0377	1.1421
33-0379	1.1283
33-0382	1.0128
33-0383	1.0143
33-0385	1.0790
33-0386	.9790
33-0387	1.1787
33-0389	1.2904
33-0390	1.0139
33-0391	1.0655
33-0393	.9166
34-0001	1.0157
34-0002	1.1542
34-0003	1.0177
34-0004	1.0406
34-0005	.9505
34-0006	.9512
34-0007	.9816
34-0008	.9876
34-0009	.4854
34-0010	1.0226
34-0011	.9759
34-0012	.9536
34-0013	1.0507
34-0014	1.1021
34-0015	.9687
34-0016	.9574
34-0017	1.0139
34-0018	1.0973

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
34-0019	.9866
34-0020	1.0146
34-0021	1.0172
34-0022	.9238
34-0023	.9764
34-0024	1.0505
34-0025	.9995
34-0026	.9099
34-0027	1.0209
34-0028	1.0232
34-0030	1.1117
34-0031	.9769
34-0032	1.0394
34-0034	.9832
34-0035	.9253
34-0036	.9875
34-0037	.9374
34-0038	.9591
34-0039	.9747
34-0040	1.0896
34-0041	1.0607
34-0042	1.0102
34-0044	.9757
* 34-0045	.9517
34-0047	1.2294
* 34-0048	.9074
34-0049	.5237
34-0050	1.0159
34-0051	1.0113
34-0052	.9545
34-0053	.9480
34-0054	.9182
34-0055	.9546
* 34-0056	1.0002
* 34-0057	1.0265
34-0058	1.0631
34-0060	.9589
34-0061	1.1567
34-0063	.9269
34-0064	.9911
34-0065	1.0153
34-0067	.9005
34-0068	.9539
34-0069	1.1403
34-0070	1.0150
34-0071	.9652
34-0072	.9982
34-0073	.8894
34-0075	.9373
34-0076	.9127
* 34-0077	.9587

PROVIDER NUMBER	CASE MIX INDEX
* 34-0078	1.0138
* 34-0079	1.0003
34-0080	.9318
34-0084	1.0008
34-0085	1.0130
* 34-0086	.8900
34-0087	.9862
34-0088	.9868
34-0089	.9156
34-0090	1.0181
34-0091	1.1050
34-0092	1.0593
34-0093	.9364
34-0094	.9631
34-0096	.9799
34-0097	1.0266
34-0098	1.0049
34-0099	.9607
34-0100	.9107
* 34-0101	1.0052
34-0104	.9838
34-0105	1.0150
34-0106	.8821
34-0107	1.0450
34-0109	1.0207
34-0111	1.0025
34-0112	1.0164
34-0113	1.1720
34-0114	1.0254
34-0115	.9990
34-0116	1.0949
34-0117	.9331
34-0119	1.0709
34-0120	.9901
34-0121	.9830
* 34-0122	1.0107
34-0123	1.0179
34-0124	.9368
34-0125	1.0710
34-0126	1.0360
34-0127	1.0228
34-0128	.9495
34-0129	.9527
34-0130	1.0000
34-0131	1.0362
34-0132	.9968
34-0133	.9379
34-0141	1.0461
34-0142	1.0303
34-0143	1.0092
34-0144	1.0381

PROVIDER NUMBER	CASE MIX INDEX
34-0145	.9399
* 34-0146	1.0770
34-0147	1.0437
34-0148	.8603
* 34-0150	1.2896
34-0151	.9494
34-0153	1.2472
34-0155	1.0760
34-0157	.7531
34-0158	.9460
34-0159	.9500
34-0160	.9382
* 34-0162	.9011
* 35-0001	.8110
35-0002	1.0055
35-0003	1.0283
35-0004	1.1511
35-0005	1.0634
35-0006	1.0072
35-0007	.9168
35-0008	.8802
35-0009	.9711
35-0010	.9501
35-0011	1.2177
35-0012	1.0158
35-0013	.9294
35-0014	.9627
35-0015	1.0703
35-0016	1.0082
35-0017	.8967
35-0018	1.0006
35-0019	1.1040
35-0020	.9549
* 35-0021	.8789
35-0023	.9562
* 35-0024	.8914
* 35-0025	.8584
* 35-0027	.8458
35-0029	.8631
35-0030	.9154
* 35-0031	.8880
35-0032	.9583
35-0033	.8865
35-0034	.9534
* 35-0035	.9469
* 35-0036	.9344
* 35-0037	.9021
35-0038	.8833
35-0039	.9222
* 35-0041	.9399
* 35-0042	.8972

PROVIDER NUMBER	CASE MIX INDEX
35-0043	1.0020
35-0044	.9115
* 35-0045	.8770
35-0047	.9978
35-0048	.8257
35-0049	.8807
35-0050	.9192
35-0051	.9333
* 35-0053	.9439
35-0055	.8475
35-0056	.9819
35-0058	.8846
35-0060	1.0350
35-0061	.9258
36-0001	1.0590
36-0002	1.0044
36-0003	1.1468
* 36-0005	1.2805
36-0006	1.1577
36-0007	.9710
36-0008	.9685
36-0009	1.0637
36-0010	1.0100
36-0011	1.1115
36-0012	1.7516
36-0013	.9931
36-0014	.9132
36-0015	1.1763
36-0016	1.0844
36-0017	1.0158
36-0018	1.0353
36-0019	1.0147
36-0020	1.0559
36-0021	.9718
36-0022	1.0195
36-0023	1.0446
36-0024	1.0543
36-0025	.9822
36-0026	1.0299
36-0027	1.1634
36-0028	1.0797
36-0029	1.0465
36-0030	1.0442
36-0031	1.0036
36-0032	.9574
36-0033	.9932
36-0034	1.0312
36-0035	1.1539
36-0036	.9424
36-0037	1.1579
36-0038	.9595

PROVIDER NUMBER	CASE MIX INDEX
36-0039	1.0097
36-0040	1.0596
36-0041	1.1539
36-0042	.9993
36-0044	.9886
36-0045	1.0920
36-0046	.9491
36-0047	.9852
36-0048	1.2355
36-0049	1.0223
36-0050	.9664
36-0051	1.1585
36-0052	1.1788
36-0053	1.0813
36-0054	1.0576
36-0055	1.0685
36-0056	1.0297
36-0057	.9561
36-0058	1.0159
36-0059	1.1333
36-0060	.8856
* 36-0061	.6570
36-0062	1.1103
36-0063	.8768
36-0064	1.1608
36-0065	.9732
36-0066	1.0404
36-0067	.9565
36-0068	1.1059
36-0069	.9891
36-0070	1.0816
36-0071	.9881
36-0072	1.0688
36-0074	1.0433
36-0075	1.1005
36-0076	.9819
36-0077	1.1223
36-0078	1.0573
36-0079	1.2189
36-0080	.9500
36-0081	1.0332
36-0082	1.1139
36-0083	1.0115
36-0084	1.0984
36-0085	1.2317
36-0086	1.0158
36-0087	1.1082
36-0088	.9868
36-0089	1.0454
36-0090	1.0246
36-0091	1.0621

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
36-0092	1.0001
36-0093	.9323
36-0094	.9922
36-0095	1.0524
36-0096	.9781
36-0097	1.0100
36-0098	1.1063
36-0099	1.0375
36-0100	1.0263
36-0101	1.1545
36-0102	1.0993
36-0103	1.0706
36-0104	.9967
36-0105	1.1383
36-0107	.9230
36-0108	.9920
36-0109	.9878
* 36-0110	.9521
36-0112	1.1521
36-0113	1.0656
36-0114	.9816
36-0115	1.0353
36-0116	.9707
36-0118	1.0694
36-0119	.9855
36-0120	.9629
36-0121	.9747
36-0122	1.0665
36-0123	.9141
36-0124	1.0015
36-0125	.9914
36-0126	.9824
36-0127	1.0078
36-0128	1.0187
36-0129	.9536
* 36-0130	1.0459
36-0131	1.0260
36-0132	.9716
36-0133	1.0496
36-0134	1.1962
36-0135	.9142
36-0136	.9970
36-0137	1.1666
36-0139	1.0351
* 36-0140	.9988
36-0141	1.0878
36-0142	.9616
36-0143	1.0782
36-0144	1.0452
36-0145	1.1181
36-0147	.9563
36-0148	1.0042
36-0149	.9511
36-0150	1.0703
36-0151	1.0154
36-0152	1.0462
36-0153	.9500
36-0154	.9942
36-0155	1.0223
36-0156	.9316
36-0159	1.0320
* 36-0160	.9395
36-0161	1.0330
36-0162	1.0181
36-0163	1.1913
36-0164	.9092
36-0165	1.0405
36-0166	.9584
36-0167	.9471
* 36-0168	1.0336
36-0169	.9357
36-0170	.9537
36-0171	1.0785
36-0172	1.0024
36-0174	.9511
36-0175	.9852
36-0176	.9722
36-0177	1.0325
36-0178	.8976
36-0179	1.0747
36-0180	1.2916
36-0184	1.0128
36-0185	1.0028
36-0186	.9087
36-0187	1.0564
36-0188	1.1044
36-0189	1.0167
36-0190	1.0818
36-0192	1.0555
36-0193	1.0079
36-0194	.9933
36-0195	.9982
36-0197	.9861
36-0200	.9031
36-0203	.9686
36-0204	1.0563
36-0210	.9851
36-0211	.9379
36-0212	1.1060
36-0213	1.0754
36-0218	1.0333
* 36-0220	.8840
* 36-0226	1.8281
36-0230	1.0945
36-0231	.9461
36-0232	1.0845
36-0234	1.0040
36-0236	1.0301
* 36-0237	.8680
* 36-0238	1.0633
36-0239	1.0277
36-0345	1.0216
37-0001	1.1319
37-0002	.9301
* 37-0003	.8735
37-0004	1.0206
37-0005	.9887
37-0006	1.0330
37-0007	1.0923
37-0008	1.0820
37-0011	.9303
37-0012	.8972
37-0013	1.0977
37-0014	.9448
37-0015	.9748
37-0016	1.0308
37-0017	.9617
37-0018	1.0455
37-0019	.9459
37-0020	1.0337
37-0021	.9526
37-0022	.9919
37-0023	1.0245
37-0025	1.0326
37-0026	1.0551
37-0028	1.1636
37-0029	.9588
37-0030	.9700
37-0032	1.0175
37-0033	.9318
37-0034	.9779
37-0035	1.1846
37-0036	.9484
37-0037	1.0767
37-0038	.8719
37-0039	.9658
37-0040	.9333
37-0041	.8585
37-0042	.8287
37-0043	.8529
37-0045	1.0122
37-0046	.8739
37-0047	.9323
37-0048	.8780
37-0049	1.0020
37-0050	.8690
37-0051	.9758
37-0054	1.0510
37-0056	1.0782
37-0057	1.0260
37-0059	.9423
37-0060	.9812
37-0061	.9392
37-0063	.9021
37-0064	.8809
37-0065	.9507
37-0069	.8760
37-0071	.8879
37-0072	.9349
* 37-0073	.7047
37-0076	1.0013
37-0077	1.0827
37-0078	1.0140
37-0079	.9448
37-0080	.9076
* 37-0082	.9551
37-0083	.8897
37-0084	.8795
37-0085	.9021
37-0086	.9529
37-0089	.9493
37-0090	.9806
37-0091	1.1209
37-0092	.9083
37-0093	1.1186
37-0094	1.0154
37-0095	.9213
* 37-0096	.9830
37-0097	1.0053
37-0098	.8649
37-0099	.8546
37-0100	.8987
37-0103	.9423
37-0105	1.3905
37-0106	.8648
37-0107	.9231
37-0108	.9496
* 37-0109	.9200
37-0110	.9591
37-0112	.9326
37-0113	.9505
37-0114	1.1139
37-0116	.8953
37-0117	.9565
37-0121	.9711
37-0122	.8298
37-0123	.9431
37-0125	.9566
37-0126	.9254
37-0130	.9029
* 37-0131	.9682
37-0133	.9434
37-0136	.9253
37-0138	.8882
* 37-0139	.9347
* 37-0140	.8972
37-0141	1.0392
37-0144	.9976
* 37-0146	.9677
37-0148	1.0021
37-0149	1.0565
37-0153	.9371
37-0154	.9104
* 37-0155	.8229
37-0156	.9653
37-0157	.9124
37-0158	.9413
37-0159	1.0359
37-0161	.8500
37-0163	.8545
37-0165	.8952
37-0166	.9061
* 37-0167	1.2308
* 37-0168	.9136
37-0169	.9059
37-0176	.9156
* 37-0177	1.0948
37-0178	.9535
37-0179	.8352
38-0001	1.1221
38-0002	.9787
38-0003	1.0944
38-0004	1.2293
38-0005	.9888
38-0006	1.0451
38-0007	1.1264
38-0008	1.0605
38-0009	1.3144
38-0010	1.0363
38-0011	1.0350
38-0013	1.0769
38-0014	1.0946
* 38-0016	.9528
38-0017	1.1359
38-0018	1.1568

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
38-0019	.9868
38-0020	1.1839
38-0021	1.0650
38-0022	1.0937
38-0023	.9157
38-0024	1.0639
38-0025	1.0607
38-0026	1.0879
38-0027	1.0449
38-0029	.9302
* 38-0030	.9097
38-0031	.9144
38-0033	1.1672
38-0035	1.0396
38-0036	.9531
38-0037	1.0779
38-0038	1.0823
38-0039	1.1230
38-0040	1.0097
38-0041	.9135
38-0042	1.0023
38-0043	.9669
* 38-0044	.9939
38-0045	1.0570
38-0047	1.1700
38-0048	.9805
38-0050	1.1182
38-0051	1.1251
38-0052	1.0608
* 38-0054	.9572
38-0055	1.1162
38-0056	.9960
* 38-0059	.9415
38-0060	1.1080
38-0061	1.2193
* 38-0062	.8488
38-0063	1.1037
38-0064	1.0678
* 38-0065	1.0563
38-0066	1.1398
* 38-0067	.8818
38-0068	1.0453
38-0069	.9213
38-0070	1.0047
38-0071	.9584
38-0072	.9733
38-0074	1.0036
38-0075	1.0659
* 38-0076	.9348
38-0077	.9205
38-0078	1.1134

PROVIDER NUMBER	CASE MIX INDEX
38-0079	1.1114
* 38-0081	.9328
38-0082	1.1136
38-0083	.9788
38-0084	1.0949
38-0087	.9033
* 38-0088	1.0018
38-0089	1.1308
38-0090	1.1266
38-0091	1.1417
38-0093	.8044
39-0001	1.1696
39-0002	1.0706
39-0003	.9722
39-0004	1.0209
39-0005	.9372
39-0006	1.1583
39-0007	1.0401
39-0008	.9933
39-0009	1.0945
39-0010	1.0534
39-0011	1.0687
39-0012	1.0655
39-0013	1.0264
39-0014	.9772
39-0015	1.0660
39-0016	1.0448
39-0017	1.0181
39-0018	1.0312
39-0019	1.0103
39-0020	1.0015
39-0021	1.0828
39-0022	1.0775
39-0023	1.0276
39-0024	.5851
* 39-0025	.8936
39-0026	1.1212
39-0027	1.1807
39-0028	1.1836
39-0029	1.1473
39-0030	.9771
39-0031	1.0179
39-0032	1.0607
39-0034	.9717
39-0035	1.1358
39-0036	1.0053
39-0037	1.0413
39-0038	.9470
39-0039	.9841
39-0040	.9228
39-0041	1.0349

PROVIDER NUMBER	CASE MIX INDEX
39-0042	1.0240
39-0043	1.0397
39-0044	1.1119
39-0045	1.1068
39-0046	1.1405
39-0047	1.0928
39-0048	1.0697
39-0049	1.0951
39-0050	1.2507
39-0051	1.2185
39-0052	.9726
39-0054	1.0367
39-0055	1.2044
39-0056	1.0698
39-0057	1.0978
39-0058	1.0560
39-0059	1.1523
39-0060	1.0761
39-0061	1.0900
39-0062	.9703
39-0063	1.1051
39-0064	1.1118
39-0065	1.0541
39-0066	1.0202
39-0067	1.1272
39-0068	1.0157
39-0069	1.0402
39-0070	1.0236
39-0071	.9950
39-0072	.9735
39-0073	1.0825
39-0074	1.0134
39-0075	1.0881
39-0076	1.0311
39-0077	1.0573
39-0078	.9200
39-0079	1.2657
39-0080	1.0433
39-0081	1.0383
39-0082	1.1113
39-0083	1.0924
39-0084	.9410
39-0086	.9983
39-0087	.9208
39-0088	.9581
39-0090	1.1549
39-0091	.9939
39-0092	.9705
39-0093	1.0799
39-0095	.9461
39-0096	1.0819

PROVIDER NUMBER	CASE MIX INDEX
39-0097	1.0858
39-0098	1.1580
39-0099	.9913
39-0100	1.0608
39-0101	1.0671
39-0102	1.1216
39-0103	.9925
39-0104	1.0284
39-0106	.8933
39-0107	1.1383
39-0108	1.1140
39-0109	.9478
39-0110	1.0483
39-0111	1.3157
39-0112	1.1224
39-0113	.9850
39-0114	.9575
39-0115	1.1379
39-0116	1.0026
39-0117	.9980
39-0118	.9262
39-0119	1.0728
39-0120	.9745
39-0121	.9932
39-0122	.9732
39-0123	1.1098
39-0125	1.0355
39-0126	1.1038
39-0127	1.0369
39-0128	.9893
39-0130	.9714
39-0131	1.0863
39-0132	.9814
39-0133	1.1492
39-0135	.9974
39-0136	1.0413
39-0137	1.0587
39-0138	1.1336
39-0139	1.0804
39-0141	.9978
39-0142	1.1691
39-0143	.6881
39-0145	1.0603
39-0146	.9977
39-0147	.9831
39-0148	.9993
39-0149	1.0430
39-0150	.9964
39-0151	1.0661
39-0152	1.0495
39-0153	1.1077

PROVIDER NUMBER	CASE MIX INDEX
39-0154	.9939
39-0155	1.0062
39-0156	1.0997
39-0157	1.0365
39-0158	1.0621
39-0159	1.0632
39-0160	.9590
39-0161	1.0732
39-0162	1.0745
39-0163	1.0696
39-0164	1.2770
39-0165	1.0299
39-0166	1.0383
39-0167	1.0913
39-0168	.9974
39-0169	1.0585
39-0170	1.1907
39-0171	1.0114
39-0172	1.0593
39-0173	1.0142
39-0174	1.1798
39-0176	1.0266
39-0177	.8956
39-0178	1.1098
39-0179	1.0749
39-0180	1.0862
39-0181	.9786
39-0183	.9697
39-0184	.9579
39-0185	1.0457
39-0186	1.0795
39-0187	1.0108
39-0188	1.0610
39-0189	.9687
39-0190	1.0105
39-0191	.8974
39-0192	.9319
39-0193	.9671
39-0194	1.0062
39-0195	1.2255
39-0196	1.1883
39-0197	.9846
39-0198	.9191
39-0199	1.0033
39-0200	1.0081
39-0201	1.1083
39-0203	1.0790
39-0204	1.0862
39-0205	1.0550
39-0206	1.0212
39-0209	1.0366

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
39-0211	1.0320
39-0213	.9934
39-0215	1.0223
39-0217	1.0201
39-0219	1.0610
39-0220	.9870
39-0222	.9910
39-0223	1.0092
39-0224	.9223
39-0225	1.0067
39-0226	1.1125
39-0228	1.0774
39-0229	1.1366
39-0231	1.1161
39-0232	1.0375
39-0233	1.0529
39-0234	1.0251
39-0235	1.0972
39-0236	.9639
39-0237	1.1249
* 39-0238	.8338
39-0240	.9106
39-0242	1.0558
39-0244	.8692
39-0245	1.0751
39-0246	.9343
39-0247	.9848
* 39-0248	.8318
39-0249	1.0009
* 39-0252	.9297
39-0256	1.2441
39-0258	1.1048
* 39-0259	3.0592
39-0260	1.0490
39-0261	1.3798
39-0262	.8917
39-0263	1.1852
* 39-0264	.9814
39-0265	1.0675
39-0266	1.0372
39-0267	1.0525
39-0268	1.0863
39-0269	1.0970
40-0001	.9419
40-0002	.8940
40-0003	.9534
40-0004	1.0468
40-0005	.9082
40-0006	.9280
40-0007	.9297
48-0008	.9126
40-0009	.8425
40-0010	.9389
40-0011	.8714
40-0012	1.0834
40-0013	.8507
40-0014	.9415
40-0015	1.0942
40-0016	1.0888
40-0017	.9863
40-0018	.9181
40-0019	.9607
40-0021	1.0622
40-0022	1.0560
* 40-0023	.4616
40-0024	.9619
40-0025	.9679
40-0026	.8271
40-0027	.9950
40-0028	1.0896
40-0029	1.0156
* 40-0031	.9994
40-0032	.8903
* 40-0037	.9230
* 40-0038	.9915
40-0044	1.0730
* 40-0048	1.0065
* 40-0060	.9003
40-0061	1.0385
40-0079	1.0546
* 40-0083	.9863
40-0087	1.0721
40-0088	.8295
40-0089	.8628
40-0090	.9994
40-0091	1.1083
40-0092	.7990
40-0094	.8846
40-0098	.9015
40-0102	1.0140
40-0103	1.1572
40-0104	1.1150
40-0105	.9991
40-0106	.9972
40-0108	.8702
40-0109	.9885
40-0110	1.0125
41-0001	1.1385
41-0002	1.0223
41-0004	1.1503
41-0005	1.1209
41-0006	1.0324
41-0007	1.2142
41-0008	1.0068
41-0009	1.1785
* 41-0010	.6614
41-0011	.9945
41-0012	1.1583
41-0013	1.0126
41-0014	1.0468
41-0016	.8575
42-0002	.9158
42-0003	.9138
42-0004	1.0649
42-0005	.9685
42-0006	1.0164
42-0007	.9920
42-0009	.9419
42-0010	.9686
42-0011	.8508
42-0014	.9529
42-0015	.9670
42-0016	1.0002
42-0017	.9999
42-0018	1.0181
42-0019	1.0147
42-0020	.9061
42-0022	.9479
42-0023	.9592
* 42-0024	.8788
42-0026	.9408
42-0027	.9356
42-0028	.9596
42-0029	1.0635
42-0030	.9090
42-0031	.9154
42-0032	.8831
42-0033	.9243
42-0036	.9431
42-0037	1.0545
42-0038	.9091
42-0039	.9299
42-0040	.9703
42-0042	.9155
42-0043	.9399
42-0044	.9084
42-0048	.9059
42-0049	.9306
42-0050	.9607
42-0051	1.0269
42-0053	.9044
42-0054	1.0492
42-0055	.9635
42-0056	.9410
42-0057	.9215
42-0059	.8892
42-0061	.9241
42-0062	1.0097
42-0064	.9045
42-0065	.9960
42-0066	.8645
42-0067	.9468
42-0068	.9606
42-0069	.9393
42-0070	.9987
42-0071	.9771
42-0072	.9080
42-0073	.9695
42-0074	.9032
42-0075	.9572
42-0076	.7944
* 42-0077	.6332
42-0078	.9115
42-0079	1.1473
42-0080	1.0092
* 42-0081	.9910
42-0082	.9560
42-0083	.9474
* 42-0084	.7331
42-0085	.9623
42-0086	.9817
42-0087	1.0957
43-0001	.9800
43-0004	.9257
43-0005	.9390
43-0007	.9996
43-0008	.9615
43-0009	1.0695
43-0010	.9393
43-0011	1.0106
43-0012	1.0107
43-0013	.9082
43-0014	1.0527
43-0015	.9384
43-0016	1.1050
43-0017	.8661
43-0018	.9323
43-0020	1.0556
43-0022	.9298
43-0023	.9814
43-0024	.9618
43-0025	.9498
* 43-0026	.9043
43-0027	1.1922
43-0028	.8993
43-0029	.9732
43-0030	.9457
43-0031	.9059
43-0033	.9822
43-0034	.9168
43-0036	.9300
43-0037	.9262
43-0038	.9596
* 43-0039	1.0393
43-0040	.9803
* 43-0041	.9070
* 43-0042	.9397
43-0043	.9009
43-0044	.9248
43-0047	.9282
43-0048	.8992
* 43-0049	.8528
* 43-0051	.9288
43-0054	.8840
43-0056	.9013
43-0057	.9087
* 43-0060	.8752
43-0062	.7912
43-0064	.9033
* 43-0065	1.0056
43-0066	.8835
43-0072	1.0126
43-0073	.9664
43-0076	.9680
43-0077	1.0947
* 43-0079	.8010
* 43-0080	1.0114
43-0087	.8329
44-0001	.8741
44-0002	1.0590
44-0003	.9389
44-0005	.9387
44-0006	.9812
44-0007	.9167
44-0008	.8970
44-0009	.9250
44-0010	.9178
44-0011	.9937
44-0012	1.0169
44-0014	.8863
44-0015	1.0861
44-0016	.9035
44-0017	1.0608
44-0018	.9705
44-0019	.9963

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
44-0020	.9462
44-0021	.8609
44-0022	.9219
44-0023	.8867
44-0024	.9629
44-0025	.9597
44-0026	1.0477
* 44-0028	.8077
44-0029	.9243
44-0030	.9405
44-0031	.9538
44-0032	.8984
44-0033	.8926
44-0034	1.0107
44-0035	1.0158
44-0037	.8541
44-0038	.9671
44-0039	1.3700
44-0040	.9467
44-0041	.9319
* 44-0044	.9063
44-0046	.9202
44-0047	.9522
44-0048	1.2070
44-0049	1.0812
44-0050	.9145
44-0051	.8968
44-0052	.9056
44-0053	.9621
44-0054	.9196
* 44-0055	.8278
44-0056	.8897
44-0057	.9140
44-0058	.8927
44-0059	.9707
44-0060	.9185
44-0061	.9613
44-0063	1.0361
44-0064	.9341
44-0065	.9330
44-0067	.9357
44-0068	.9424
44-0069	1.0055
44-0070	1.0003
44-0071	.9929
44-0072	.9625
44-0073	1.0145
44-0074	.8589
44-0078	.9240
44-0079	.8898
44-0081	.9739
44-0082	1.2439
44-0083	.8533
44-0084	.9016
* 44-0086	.9052
44-0087	.9081
44-0090	.8195
44-0091	1.0499
44-0095	.8815
44-0100	.9005
44-0101	.8967
44-0102	.9504
44-0103	.9555
44-0104	1.0521
44-0105	.5475
44-0109	.9198
44-0110	.9252
44-0111	1.0584
44-0113	.8790
44-0114	.9305
44-0115	.8988
44-0117	.8531
44-0120	1.0110
44-0121	.9586
44-0123	1.0155
44-0125	1.0189
44-0130	.9978
44-0131	.9213
44-0132	.8716
44-0133	1.1479
44-0134	.9355
44-0135	.9576
44-0136	.9949
44-0137	.8718
44-0141	.8942
44-0142	.8702
44-0143	.9304
44-0144	.9141
44-0145	.8844
* 44-0146	1.1452
44-0147	.6098
44-0148	.9216
44-0149	.9203
44-0150	1.0625
44-0151	.9452
44-0152	1.1294
44-0153	.9281
44-0156	.9764
44-0157	.9661
44-0159	1.0359
44-0160	.8742
44-0161	1.0382
44-0162	.9214
44-0166	1.0682
44-0167	1.1181
44-0168	.9542
44-0169	.6485
44-0170	.6382
44-0171	.9541
44-0173	.9475
44-0174	.9230
44-0175	.8973
44-0176	.9620
44-0177	.8803
44-0178	.9144
* 44-0179	.5672
44-0180	.9107
44-0181	.9334
44-0182	.8824
44-0183	1.0888
44-0184	1.0174
44-0185	.9818
44-0186	.8918
44-0187	.8915
44-0189	.9083
44-0191	.9786
44-0192	.9796
44-0193	.8872
44-0194	1.0354
44-0196	.8349
44-0197	1.1307
* 44-0200	1.0556
45-0001	1.0425
45-0002	1.0452
45-0004	.9316
45-0005	.9456
45-0007	.9501
45-0008	1.0110
45-0010	.9939
45-0011	.9719
45-0013	1.0023
45-0014	.8750
45-0015	1.1829
45-0016	1.0321
45-0018	1.1279
45-0019	.9551
45-0020	.9476
45-0021	1.1245
45-0022	.9380
45-0023	1.0247
45-0024	.9654
45-0025	1.0808
45-0027	.8318
45-0028	1.0272
45-0029	.9891
45-0031	.9831
45-0032	.9920
45-0033	1.0686
45-0034	1.0347
45-0035	1.0251
45-0037	.9835
45-0039	1.0920
45-0040	1.0868
45-0041	.8837
45-0042	1.0338
45-0043	.9559
45-0044	1.1219
* 45-0045	1.0205
45-0046	.9740
45-0047	.9940
45-0048	.9259
45-0050	.9646
45-0051	1.0666
45-0052	.9748
45-0053	1.0110
45-0054	1.1315
45-0055	.9063
45-0056	1.0255
45-0057	.9649
45-0058	1.0094
45-0059	1.0082
45-0060	.9565
* 45-0063	.8784
45-0064	1.0332
45-0065	.9009
45-0066	.9819
45-0068	1.0379
45-0069	.9931
45-0070	.8755
45-0072	.9029
45-0073	.9071
45-0074	.9318
45-0076	1.2057
45-0077	.8557
45-0078	.8625
45-0079	1.0292
45-0080	.9293
45-0081	.9440
45-0082	.9443
45-0083	1.0568
45-0084	.9112
45-0085	.9520
45-0087	.9752
* 45-0088	.9607
45-0090	.9279
45-0092	.9482
* 45-0093	1.0038
45-0094	.9172
45-0095	.9094
45-0096	.9881
45-0097	1.0097
45-0098	.9625
45-0099	.9035
45-0101	1.0530
45-0102	.9354
45-0104	.9902
45-0107	1.0499
45-0108	.9183
45-0109	.8750
45-0110	1.0644
45-0111	.9830
45-0112	.9859
45-0113	.9296
45-0115	.9201
45-0116	1.0075
45-0118	1.0333
45-0119	.9145
45-0121	1.0001
* 45-0122	.8534
45-0123	.9679
45-0124	1.1718
45-0126	.9662
45-0127	.9503
45-0128	.9182
* 45-0129	.8816
45-0130	1.0145
45-0131	.8966
45-0132	.9919
45-0133	1.0818
45-0134	.8799
45-0135	1.0697
45-0136	.9466
45-0137	1.0378
* 45-0140	1.0363
45-0141	.8516
45-0142	.8894
45-0143	.9942
45-0144	.8868
* 45-0145	.8227
45-0146	.8707
45-0147	1.0274
45-0148	.9542
45-0149	.9015
45-0150	.8820
45-0151	.9320

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
45-0152	1.0637
45-0153	1.0321
45-0154	.9473
45-0155	.9718
45-0157	.9472
45-0160	.8600
45-0162	1.0153
45-0163	.9105
45-0164	.9275
45-0165	.9023
45-0166	.8960
45-0169	.9093
* 45-0170	.9689
45-0173	.9062
45-0174	.9481
45-0175	.9133
45-0176	.9905
45-0177	.9077
45-0178	.8891
45-0179	1.0641
* 45-0181	.8474
45-0182	.7896
45-0183	1.0035
45-0184	1.0194
45-0185	.9719
* 45-0186	.9120
45-0187	.9670
45-0188	.9222
45-0190	.9900
45-0191	.9775
45-0192	.9468
45-0193	1.4049
45-0194	.9453
45-0195	1.0594
45-0196	.9327
45-0197	.8757
45-0198	.9066
45-0200	1.0617
45-0201	.8564
45-0203	.9872
45-0206	.9256
45-0207	.9615
45-0208	.8994
45-0209	1.0455
45-0210	.9176
45-0211	.9791
45-0213	1.0863
45-0214	.9862
* 45-0215	.8013
* 45-0216	1.0524
45-0217	.8842
45-0218	.9147
45-0219	.8910
45-0221	.9742
45-0222	.9683
45-0224	.9661
45-0229	.9937
* 45-0230	.8358
45-0231	1.1428
45-0233	.8312
45-0234	.8202
45-0235	.9096
45-0236	.9068
45-0237	1.0442
45-0239	.9749
45-0241	.8900
45-0242	.8763
45-0243	.9023
45-0244	.8618
45-0246	.9643
45-0247	.9294
45-0248	.9218
45-0249	.9420
* 45-0250	.8247
45-0253	.8549
45-0256	.8744
45-0258	.8405
45-0259	.9989
* 45-0260	.9002
45-0261	.8806
45-0263	.9049
* 45-0264	.8534
45-0265	.9165
* 45-0267	.9073
45-0268	.9544
* 45-0269	.9062
45-0270	.8774
45-0271	.9066
45-0272	.9689
45-0274	.9398
45-0275	.8875
45-0276	1.0067
45-0278	.8569
45-0280	1.0200
45-0281	.9863
45-0282	.8619
45-0283	.8626
45-0284	.9461
45-0286	.9269
45-0288	.9153
45-0289	1.0559
45-0292	1.0027
45-0293	.8973
45-0296	.8962
45-0297	.8477
45-0299	.9271
* 45-0300	.9434
45-0303	.9334
45-0304	.9243
* 45-0305	.8967
45-0306	.8730
* 45-0307	.8642
45-0309	.9782
45-0311	.8631
45-0312	.9135
* 45-0314	.8950
45-0315	.9135
* 45-0317	.8868
45-0319	.8667
45-0320	1.0143
45-0321	.8509
* 45-0322	.8700
45-0324	.9706
45-0325	.9439
45-0327	.8602
45-0328	.8477
45-0330	.9500
* 45-0331	.9737
45-0332	.8919
45-0333	.9688
45-0334	.9145
* 45-0335	.9552
45-0337	.9426
* 45-0338	.9788
45-0340	.9539
45-0341	.8585
* 45-0342	.8588
45-0343	.8646
45-0346	.9699
45-0347	.9320
45-0348	.9206
45-0349	.8702
45-0351	.9202
45-0352	1.0307
45-0353	.9474
45-0355	.9254
45-0357	.9917
45-0358	1.2040
* 45-0359	.8656
45-0362	.8980
45-0365	.8994
45-0366	.9839
45-0369	.9734
45-0370	.8041
45-0371	.9156
45-0372	1.0156
45-0373	.9748
* 45-0374	.8306
45-0376	1.0107
45-0378	1.0314
45-0379	.9752
45-0381	.9592
45-0382	.8349
45-0388	1.0543
45-0389	.9706
45-0391	.9852
45-0393	.9804
45-0394	.9485
45-0395	.8849
* 45-0398	.8077
45-0399	.8915
45-0400	.8842
45-0402	1.0000
45-0403	.9648
* 45-0405	.9227
* 45-0409	.7163
* 45-0410	.9665
45-0411	.9239
45-0415	.9638
45-0416	.9666
45-0417	.8535
45-0418	1.0025
* 45-0419	.8572
45-0421	.8568
45-0422	.6131
45-0423	.8456
45-0424	.8844
45-0425	.9451
* 45-0426	1.0300
45-0429	.8353
45-0431	1.0087
* 45-0437	.9482
45-0438	.9790
* 45-0440	.9451
* 45-0446	.8622
45-0447	1.0489
45-0450	.8263
45-0451	.8930
45-0454	.8622
45-0455	.8788
45-0457	1.1336
* 45-0458	.8621
45-0459	.8546
45-0460	.8662
45-0462	1.0822
45-0464	1.0341
45-0465	.9721
45-0467	.9114
45-0469	.9753
45-0472	.9041
45-0473	.9116
45-0475	.9235
45-0476	.9079
45-0481	.8972
* 45-0482	.8452
45-0484	1.0079
45-0486	.9630
45-0488	.9717
45-0489	.8668
45-0490	.9564
45-0492	.8235
45-0493	.9409
45-0497	.9495
45-0498	.9490
45-0508	.9968
45-0513	.8812
45-0514	.9679
45-0517	.8619
45-0518	1.0326
45-0523	1.0086
45-0527	.8746
45-0530	.9697
45-0534	.8794
45-0535	.9757
45-0537	1.1519
45-0538	.9500
45-0539	.9941
45-0544	.9184
45-0545	.8666
45-0546	.9582
45-0547	.9382
45-0550	.8966
45-0551	.9276
45-0552	.9456
* 45-0557	1.0101
45-0558	.9523
45-0559	.9197
* 45-0560	1.1975
45-0561	.9802
45-0563	.9232
45-0565	.9971
45-0568	.9738
45-0569	.9164
45-0570	.8767
45-0571	1.0770

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
45-0573	.8638
45-0574	.8967
45-0575	.9231
* 45-0576	2.2615
45-0577	.8891
45-0578	.9250
45-0579	.8487
45-0580	.9073
45-0581	.9053
* 45-0582	.8480
* 45-0583	.8695
45-0584	.9420
45-0586	.8992
45-0587	.9406
45-0588	.8992
45-0590	1.0152
45-0591	.9196
45-0592	.9462
45-0595	.9602
45-0596	.9345
45-0597	.9264
45-0600	.9577
* 45-0601	.9095
* 45-0603	.8288
45-0604	.9453
45-0605	.9000
* 45-0607	.7409
45-0609	.9013
45-0610	1.0259
45-0611	.9002
45-0613	.8871
45-0614	.9446
45-0615	.8955
45-0616	.9294
45-0617	1.0601
* 45-0618	.8493
45-0620	.8687
45-0621	.8946
45-0623	.9053
45-0624	.8810
45-0626	.9043
45-0627	.9273
45-0628	.8936
45-0629	1.0363
45-0630	1.1510
45-0631	1.1391
45-0632	.8981
45-0633	.9929
45-0634	1.0382
45-0635	.9214
45-0637	.9442
45-0638	1.0059
45-0639	.9979
45-0641	1.0007
45-0643	.9204
45-0644	1.0221
45-0646	1.0566
45-0647	1.1059
45-0648	.9014
45-0649	.9459
* 45-0650	.6828
45-0651	1.0367
45-0652	.9612
45-0653	.9621
45-0654	.8595
45-0655	.9577
45-0656	1.0483
* 45-0657	.8180
45-0658	.8810
45-0659	1.0604
45-0660	1.0111
* 45-0661	.9098
45-0662	.9732
45-0665	.9441
45-0666	.9646
45-0667	.9083
45-0668	1.0130
45-0669	.9915
45-0670	.9481
45-0671	.9800
45-0672	.9901
45-0673	.8843
* 45-0674	.8983
45-0675	1.0172
45-0676	.8768
45-0677	.9465
45-0678	1.0085
45-0679	.9237
45-0681	.9830
45-0682	.9220
45-0683	.9562
45-0684	1.0426
45-0685	.9184
45-0686	1.0183
* 45-0687	.8834
45-0688	.9626
* 45-0689	1.2210
45-0690	1.0476
* 45-0691	1.0062
* 45-0693	.8551
45-0694	.9644
* 45-0695	.8044
45-0696	.9031
45-0697	.9747
45-0698	.8878
45-0699	.9650
* 45-0700	.9358
* 45-0701	1.0377
45-0702	1.0376
* 45-0703	.8924
46-0001	1.0477
46-0003	1.0877
46-0004	1.1328
46-0005	1.0196
46-0006	1.0186
46-0007	.9542
46-0008	1.0570
46-0009	1.2126
46-0010	1.1682
46-0011	.9357
46-0012	1.2103
46-0013	1.1239
* 46-0014	.9544
46-0015	.9971
* 46-0016	.9439
46-0017	.9866
* 46-0018	.8346
46-0019	.9057
* 46-0020	.9592
46-0021	1.0686
* 46-0022	1.0063
46-0023	1.0070
* 46-0024	1.0369
* 46-0025	.8721
46-0026	.9578
* 46-0027	.9138
* 46-0029	.9406
46-0030	.9012
46-0032	.8804
* 46-0033	.8589
* 46-0035	.9286
* 46-0036	.9098
46-0037	.9689
* 46-0038	1.0506
* 46-0039	.9267
46-0040	.8146
46-0041	1.0630
46-0042	1.1212
47-0001	1.0048
47-0003	1.1893
47-0004	.9996
47-0005	.9961
47-0006	.9210
47-0008	.9446
47-0010	1.0010
47-0011	1.0349
47-0012	1.0460
47-0013	.9574
47-0015	.9848
47-0016	.9326
47-0018	.9623
* 47-0020	.9200
47-0023	.9493
47-0024	.9328
48-0001	1.0953
48-0002	.9755
49-0001	.9231
49-0002	.8973
49-0003	.5567
49-0004	1.0089
49-0005	1.0639
49-0006	.9294
49-0007	1.2639
49-0008	1.0098
49-0009	1.3047
49-0010	.9679
49-0011	1.0710
49-0012	.9889
49-0013	.9901
49-0014	1.2285
49-0015	1.1158
49-0017	1.0962
49-0018	.9797
49-0019	1.0585
49-0020	.9516
49-0021	1.0426
49-0022	.9959
49-0023	1.0371
49-0024	1.1025
49-0027	.8868
49-0028	1.0640
49-0029	1.0098
49-0030	.9952
49-0031	1.0179
49-0032	1.3371
49-0033	.9392
49-0034	.8948
49-0035	.8820
49-0037	1.0459
49-0038	.9632
49-0039	1.0029
49-0040	1.0990
49-0041	.8060
49-0042	.9772
49-0043	1.0793
49-0044	1.0379
49-0045	1.1344
49-0046	1.1003
49-0047	.9911
49-0048	1.0286
49-0050	1.1112
* 49-0051	.8922
49-0052	1.0314
49-0053	1.0652
49-0054	.9961
49-0055	.9324
49-0056	.8771
49-0057	1.0306
49-0059	1.0507
49-0060	.9253
49-0063	1.1490
49-0066	1.0171
49-0067	1.0008
49-0069	1.1087
49-0071	1.1204
* 49-0072	.8396
49-0073	1.0674
49-0074	.9994
49-0075	1.0318
49-0077	.9912
49-0078	.9431
49-0079	1.0610
49-0083	.5485
49-0084	.9391
49-0085	.9010
49-0088	1.0023
49-0089	.9996
49-0090	.9372
49-0091	1.0714
49-0092	.9507
49-0093	1.0269
* 49-0094	1.0313
49-0095	1.0062
49-0097	1.0104
49-0098	1.0223
49-0099	.9365
49-0100	1.0683
49-0101	1.0463
49-0104	.9828
49-0107	.9559
49-0110	1.0309
49-0111	.9908
49-0112	1.0546
49-0113	1.0362
49-0114	1.0468

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX
49-0115	1.0287
49-0116	.9502
49-0117	.9572
49-0118	1.1418
49-0119	1.0879
49-0120	1.0199
49-0122	1.0952
49-0123	1.0494
49-0124	.9729
* 49-0125	.8853
49-0126	.9785
49-0127	.9598
50-0001	1.1107
50-0002	1.0195
50-0003	1.0415
* 50-0004	1.0195
50-0005	1.1954
50-0006	1.0335
50-0007	1.0253
50-0008	1.3585
50-0009	1.0604
50-0010	1.0410
50-0011	1.0466
50-0012	1.1699
50-0014	1.1268
50-0015	.9821
50-0016	1.1564
50-0017	1.0321
50-0019	1.0494
50-0020	.9452
50-0021	1.0920
50-0023	.9653
50-0024	1.1502
50-0025	1.3803
50-0026	1.1446
50-0027	1.1223
50-0028	.9703
50-0029	.9781
50-0030	1.1357
50-0031	.9862
50-0032	.9968
50-0033	.8840
50-0034	.9965
50-0035	1.0245
50-0036	1.0995
50-0037	.9345
50-0038	1.0858
50-0039	1.0690
50-0040	.9905
50-0041	1.0469
50-0042	1.0073
* 50-0043	1.1022
50-0044	1.1317
50-0045	1.0441
50-0046	1.0542
50-0048	.8874
50-0049	.9732
50-0050	.9907
50-0051	1.1403
50-0052	.9918
50-0053	1.0289
50-0054	1.1992
50-0055	.9287
50-0057	1.0752
50-0058	1.0748
50-0059	1.0718
50-0060	.9232
* 50-0061	.9733
* 50-0062	1.0057
50-0064	1.1472
* 50-0065	1.0287
* 50-0066	.9093
* 50-0068	.9618
50-0069	.9414
50-0070	1.0822
50-0071	.9771
50-0072	1.0277
* 50-0073	.8818
50-0074	.8608
50-0075	.9274
50-0076	.9538
50-0077	1.0753
50-0078	1.1173
50-0079	1.1297
* 50-0080	.9059
50-0081	.5936
50-0084	1.0905
50-0085	.9236
50-0086	.9723
50-0087	1.0683
50-0088	1.0632
50-0089	1.1026
* 50-0090	.8721
50-0092	.9256
50-0093	1.0138
50-0094	.9005
50-0096	.9687
50-0097	.9253
* 50-0098	.8551
* 50-0100	.9812
* 50-0101	.9393
* 50-0102	.8623
* 50-0103	1.0976
50-0104	1.0077
* 50-0106	.7423
50-0107	.9883
50-0108	1.1491
50-0109	.9732
50-0110	1.0135
50-0114	1.1190
50-0118	1.1301
50-0119	.9659
* 50-0121	.9185
50-0122	1.1279
* 50-0123	.9525
50-0124	1.1941
* 50-0125	.9458
* 50-0127	.8044
50-0129	1.1794
50-0130	.8399
* 50-0132	.8427
51-0001	1.1505
51-0002	.9840
51-0003	1.0277
51-0004	.9531
51-0005	.9398
51-0006	1.0467
51-0007	1.0669
51-0008	1.0082
51-0009	.9559
* 51-0011	1.0808
51-0012	.9564
51-0013	.9511
51-0014	.9463
51-0015	.9241
51-0016	.9373
51-0018	.9988
* 51-0019	.9940
51-0020	.9813
51-0022	1.1559
51-0023	.9760
51-0024	1.0763
51-0025	.8816
51-0026	.9517
51-0027	1.0033
51-0028	.9802
51-0029	1.0117
51-0030	.9608
51-0031	.9438
51-0033	1.1003
51-0035	.9298
51-0036	.8634
51-0038	.9568
51-0039	1.0845
* 51-0040	1.0249
51-0041	.8684
51-0043	.9203
51-0045	.9715
51-0046	1.0319
51-0047	1.0482
51-0048	.9556
51-0050	1.0377
51-0052	.9295
51-0053	.9512
51-0054	.8481
51-0055	1.0335
51-0058	1.0586
51-0059	.5799
51-0060	.9730
51-0061	.9411
51-0062	1.0059
51-0063	.9141
51-0064	.9678
51-0065	.8740
51-0066	.9660
51-0067	.7925
51-0068	.9490
51-0070	.9849
51-0071	1.0504
51-0072	.9111
51-0074	.9126
* 51-0076	.8691
51-0077	.9191
51-0080	.9263
51-0081	.9166
51-0082	1.0277
* 51-0083	1.0655
52-0001	1.0137
52-0002	1.0337
52-0003	.9958
52-0004	1.0132
52-0006	.9904
52-0007	.9357
52-0008	.9700
52-0009	1.0388
52-0010	1.0363
52-0011	.9437
52-0012	.9509
52-0013	.9672
52-0014	.9508
52-0015	1.0203
52-0016	.9242
52-0017	.9654
52-0018	.9388
52-0019	1.0385
52-0020	1.0320
52-0021	.9821
52-0022	.9360
52-0024	.9333
52-0025	.9431
* 52-0026	1.1755
52-0027	.9241
52-0028	1.0320
52-0029	.8999
52-0030	1.1346
52-0031	1.0076
52-0032	.9505
52-0033	1.0134
52-0034	.9529
52-0035	1.0190
52-0037	1.2076
52-0038	.9588
52-0039	.9568
52-0040	1.0694
52-0041	.9422
52-0042	.9630
52-0043	1.0847
52-0044	1.0461
52-0045	1.1138
52-0047	.8949
52-0048	1.0164
52-0049	1.1428
52-0051	1.0850
52-0053	.8767
52-0054	.9694
52-0056	1.0546
52-0057	.9162
52-0058	.9553
52-0059	.9275
52-0060	.9078
52-0062	1.0434
52-0063	1.1147
52-0064	1.1763
52-0066	1.0416
52-0067	1.0813
52-0068	.9399
52-0069	.9563
52-0070	1.1205
52-0071	.9626
52-0074	.9730
52-0075	1.0707
52-0076	1.0088
52-0077	.9257
52-0078	1.0543
52-0080	.8743

TABLE HOSPITAL CASE MIX INDEXES

PROVIDER NUMBER	CASE MIX INDEX	PROVIDER NUMBER	CASE MIX INDEX	PROVIDER NUMBER	CASE MIX INDEX	PROVIDER NUMBER	CASE MIX INDEX	PROVIDER NUMBER	CASE MIX INDEX
52-0081	1.0314	52-0107	.9697	52-0130	.9283	52-0156	1.0008	53-0007	.8614
52-0082	.9542	52-0109	.9609	52-0131	.8872	52-0157	.9933	53-0008	.9417
52-0083	1.1832	52-0110	.9649	52-0132	.9735	52-0159	.9868	53-0009	.8555
52-0084	.9344	52-0111	1.0768	52-0134	.9332	52-0160	1.2387	53-0010	1.0510
52-0087	1.1722	52-0112	.9736	52-0135	.9527	52-0161	.9112	53-0011	.9425
52-0088	1.0491	52-0113	.9708	52-0136	1.0732	* 52-0164	.8421	53-0012	1.0056
52-0089	1.1078	52-0114	.9207	52-0138	1.1964	* 52-0165	1.0478	53-0014	.9982
52-0090	.9559	52-0115	1.0426	52-0139	1.0852	52-0167	1.0179	* 53-0015	.9920
52-0091	1.0867	52-0116	.9677	52-0140	1.0897	52-0170	.9642	53-0016	.9592
52-0092	.9815	52-0117	.9431	52-0141	.9816	52-0171	.9719	* 53-0017	.8195
52-0094	1.0392	52-0118	.8846	* 52-0142	.8889	52-0173	1.0329	53-0018	.8940
52-0095	.9535	52-0119	.9907	52-0143	.8173	52-0174	1.1957	53-0019	.8849
52-0096	1.0459	* 52-0120	1.0013	52-0144	.9879	* 52-0175	.8044	* 53-0021	.9276
52-0097	1.0338	52-0121	.9766	52-0145	.9271	* 52-0176	.8882	53-0022	.8956
52-0098	1.2406	52-0122	1.0064	52-0146	.9672	* 52-0177	.9190	* 53-0023	.9233
52-0100	1.0260	52-0123	.9937	52-0148	1.0324	53-0001	.9537	* 53-0024	.8991
52-0101	.9777	52-0124	.9918	52-0149	.9334	* 53-0002	1.0987	53-0025	.9648
52-0102	1.0039	52-0125	.8745	52-0151	.9543	53-0003	.8773	53-0026	.9940
52-0103	1.0951	52-0126	.9265	52-0152	.9669	53-0004	.9370	* 53-0027	.9885
52-0104	.9224	52-0127	.9373	52-0153	.9913	53-0005	.9318	* 53-0029	.8913
* 52-0105	.9493	52-0129	.9675	52-0154	1.0184	53-0006	.9359	* 53-0031	.8425

BILLING CODE 4120-03-C

Appendix III—SMSA/NECMA Constituent Counties Areas No Longer Qualifying as SMSAS

SMSA Area and Constituent Counties

Rapid City SD:
Meade
Pennington

Areas Qualifying for Recognition as New SMSAS

Anderson SC: Anderson
Arecibo, PR:
Arecibo, Municipio
Camuy Municipio
Hatillo Municipio
Athens GA:
Clarke
Jackson
Madison
Oconee
Bellingham WA: Whatcom
Benton Harbor MI: Berrien
Bremerton WA: Kitsap
Casper WY: Natrona
Charlottesville VA:
Albemarle
Fluvanna
Greene
Charlottesville City
Chico CA: Butte
Cumberland MD–WV:
Allegany (MD)
Mineral (WV)
Danville VA:
Pittsylvania
Danville City
Florence SC: Florence
Fort Walton Beach FL: Okaloosa
Glens Falls NY:
Warren
Washington
Hagerstown MD: Washington
Hickory NC:
Alexander
Catawba
Jacksonville NC: Onslow
Joplin MO:
Jasper
Newton
Medford OR: Jackson
Newark OH: Licking
Newburgh-Middletown NY: Orange
Ocala FL: Marion
Olympia WA: Thurston
Redding CA: Shasta
Rock Hill SC: York
Salisbury-Concord NC:
Cabarrus
Rowan
Sharon PA: Mercer
Sheboygan WI: Sheboygan
State College PA: Centre
Victoria TX: Victoria
Visalia-Tulare-Porterville CA: Tulare
Wausau WI: Marathon
Yuba City CA:
Sutter
Yuba

New NECMAS

Bangor ME: Penobscot
Burlington VT: Chittenden
Portsmouth-Dover-Rochester NH-ME:
Rockingham (NH)
Strafford (NH)
York (ME)

Revised NECMA Definitions

Boston-Lowell-Brockton-Lawrence-Haverhill MA:
Essex (MA)
Middlesex (MA)
Norfolk (MA)
Suffolk (MA)
Plymouth (MA)
Hartford-New Britain-Bristol CT:
Hartford
Middlesex
Tolland
Manchester-Nashua NH: Hillsborough
Portland ME:
Cumberland
Sagadahoc
Providence-Warwick-Pawtucket RI:
Bristol
Kent
Providence
Washington

(Secs. 1102, 1814(b), 1861(v)(1), 1866(a), and 1871 of the Social Security Act; 42 U.S.C. 1302, 1395f(b), 1395x(v)(1), 1395cc(a), and 1395hh)

(Catalog of Federal Domestic Assistance Program No. 13.773, Medicare—Hospital Insurance)

Dated: September 14, 1982.

Carolyne K. Davis,

Administrator, Health Care Financing Administration.

Approved: September 27, 1982.

Richard S. Schweiker,

Secretary.

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