

TABLE 5.—CASE-MIX ADJUSTED FEDERAL RATES FOR URBAN SNFS BY LABOR AND NON-LABOR COMPONENT—Continued

RUG III category	Total rate	Labor portion	Non-labor portion
CC1	200.19	153.02	47.17
CB2	190.18	145.36	44.82
CB1	181.42	138.67	42.75
CA2	180.16	137.71	42.45
CA1	170.15	130.05	40.10
IB2	162.64	124.31	38.33
IB1	160.14	122.40	37.74
IA2	147.63	112.84	34.79
IA1	142.62	109.01	33.61
BB2	161.39	123.36	38.03
BB1	157.64	120.49	37.15
BA2	146.37	111.88	34.49
BA1	136.36	104.23	32.13
PE2	175.16	133.88	41.28
PE1	172.66	131.97	40.69
PD2	166.40	127.19	39.21
PD1	163.90	125.28	38.62
PC2	157.64	120.49	37.15
PC1	156.39	119.54	36.85
PB2	140.12	107.10	33.02
PB1	138.87	106.15	32.72
PA2	137.61	105.18	32.43
PA1	133.86	102.32	31.54

TABLE 6.—CASE-MIX ADJUSTED FEDERAL RATES FOR RURAL SNFS BY LABOR AND NON-LABOR COMPONENT

RUG III category	Total rate	Labor portion	Non-labor portion
RUC	465.08	355.48	109.60
RUB	423.23	323.50	99.73
RUA	402.90	307.96	94.94
RVC	353.44	270.15	83.29
RVB	342.68	261.93	80.75
RVA	315.18	240.91	74.27
RHC	317.90	242.99	74.91
RHB	293.98	224.70	69.28
RHA	271.27	207.35	63.92
RMC	310.18	237.09	73.09
RMB	279.09	213.32	65.77
RMA	263.55	201.44	62.11
RLB	244.52	186.90	57.62
RLA	207.46	158.57	48.89
SE3	281.59	215.23	66.36
SE2	244.52	186.90	57.62
SE1	218.22	166.80	51.42
SSC	213.43	163.14	50.29
SSB	203.87	155.83	48.04
SSA	199.09	152.17	46.92
CC2	212.24	162.23	50.01
CB1	196.69	150.34	46.35
CB2	187.13	143.03	44.10
CB1	178.76	136.64	42.12
CA2	177.56	135.72	41.84
CA1	168.00	128.41	39.59
IB2	160.82	122.92	37.90
IB1	158.43	121.10	37.33
IA2	146.47	111.95	34.52
IA1	141.69	108.30	33.39
BB2	159.63	122.01	37.62
BB1	156.04	119.27	36.77

TABLE 6.—CASE-MIX ADJUSTED FEDERAL RATES FOR RURAL SNFS BY LABOR AND NON-LABOR COMPONENT—Continued

RUG III category	Total rate	Labor portion	Non-labor portion
BA2	145.28	111.04	34.24
BA1	135.71	103.73	31.98
PE2	172.78	132.06	40.72
PE1	170.39	130.24	40.15
PD2	164.41	125.67	38.74
PD1	162.02	123.84	38.18
PC2	156.04	119.27	36.77
PC1	154.84	118.35	36.49
PB2	139.30	106.47	32.83
PB1	138.11	105.56	32.55
PA2	136.91	104.65	32.26
PA1	133.32	101.90	31.42

Section 1888(e)(4)(G)(ii) of the Act also requires that we apply this wage index in a manner that does not result in aggregate payments that are greater or lesser than would otherwise be made in the absence of the wage adjustment. In this sixth PPS year (Federal rates effective October 1, 2003), we are reapplying, or applying, the wage index applicable to SNF payments using the hospital wage data applicable to FY 2003 payments (as discussed earlier in this section) and applying an adjustment to fulfill the budget neutrality requirement. This requirement will be met by multiplying each of the components of the unadjusted Federal rates by a factor equal to the ratio of the volume weighted mean wage adjustment factor (using the wage index from the previous year) to the volume weighted mean wage adjustment factor, using the wage index for the FY beginning October 1, 2003. The same volume weights are used in both the numerator and denominator and will be derived from 1997 Medicare Provider Analysis and Review File (MEDPAR) data. The wage adjustment factor used in this calculation is defined as the labor share of the rate component multiplied by the wage index plus the non-labor share. Because the wage index applicable to FY 2004 is the same as that for FY 2003 and new data on the distribution of days by MSA is not yet available, the proposed budget neutrality factor for this year is 1.000. However, this may change in the final rule. In order to give the public a sense of the magnitude of this adjustment, last year's factor was 0.9997.

Finally, since we propose to use the FY 2003 wage index, we are republishing it in this proposed rule. The wage index applicable to FY 2004 can be found in Table 7 and Table 8 of

this proposed rule. The tables reflect the mid-year corrections made to the hospital wage data since the publication of the SNF update notice for FY 2003 payments (please see our correction notice that was published in the **Federal Register** on December 27, 2002 (67 FR 79123)).

TABLE 7.—WAGE INDEX FOR URBAN AREAS

Urban area (constituent counties or county equivalents)	Wage index
0040 Abilene, TX	0.7792
Taylor, TX	
0060 Aguadilla, PR	0.4587
Aguada, PR	
Aguadilla, PR	
Moca, PR	
0080 Akron, OH	0.9600
Portage, OH	
Summit, OH	
0120 Albany, GA	1.0594
Dougherty, GA	
Lee, GA	
0160 Albany-Schenectady-Troy, NY	0.8384
Albany, NY	
Montgomery, NY	
Rensselaer, NY	
Saratoga, NY	
Schenectady, NY	
Schoharie, NY	
0200 Albuquerque, NM	0.9315
Bernalillo, NM	
Sandoval, NM	
Valencia, NM	
0220 Alexandria, LA	0.7859
Rapides, LA	
0240 Allentown-Bethlehem-Easton, PA	0.9735
Carbon, PA	
Lehigh, PA	
Northampton, PA	
0280 Altoona, PA	0.9225
Blair, PA	
0320 Amarillo, TX	0.9034
Potter, TX	
Randall, TX	
0380 Anchorage, AK	1.2358
Anchorage, AK	
0440 Ann Arbor, MI	1.1103
Lenawee, MI	
Livingston, MI	
Washtenaw, MI	
0450 Anniston, AL	0.8044
Calhoun, AL	
0460 Appleton-Oshkosh-Neenah, WI	0.8997
Calumet, WI	
Outagamie, WI	
Winnebago, WI	
0470 Arecibo, PR	0.4337
Arecibo, PR	
Camuy, PR	
Hatillo, PR	
0480 Asheville, NC	0.9876
Buncombe, NC	
Madison, NC	
0500 Athens, GA	1.0211
Clarke, GA	
Madison, GA	
Oconee, GA	