

the hospital is reclassified (subject to the rules described above) and the wage index calculation of the urban area where the hospital is physically located.

The proposed wage index values for FY 2004 are shown in Tables 4A, 4B, 4C, and 4F in the Addendum to this proposed rule. Hospitals that are redesignated should use the wage index values shown in Table 4C. Areas in Table 4C may have more than one wage index value because the wage index value for a redesignated urban or rural hospital cannot be reduced below the wage index value for the rural areas of the State in which the hospital is located, and those areas have hospitals from more than one State reclassified into them.

Tables 3A and 3B in the Addendum of this proposed rule list the 3-year average hourly wage for each labor market area before the redesignation of hospitals, based on FYs 1998, 1999, and 2000 cost reporting periods. Table 3A lists these data for urban areas and Table 3B lists these data for rural areas. In addition, Table 2 in the Addendum to this proposed rule includes the adjusted average hourly wage for each hospital from the FY 1998 and FY 1999 cost reporting periods, as well as the FY 2000 period used to calculate the proposed FY 2004 wage index. The 3-year averages are calculated by dividing the sum of the dollars (adjusted to a common reporting period using the method described previously) across all 3 years, by the sum of the hours. If a hospital is missing data for any of the previous years, its average hourly wage for the 3-year period is calculated based on the data available during that period.

At the time this proposed wage index was constructed, the MGCRB had completed its review of FY 2004 reclassification requests. We have included in this proposed rule Table 9, which shows hospitals that have been reclassified under either section 1886(d)(8) or section 1886(d)(10)(D) of the Act. This table includes hospitals reclassified for FY 2004 by the MGCRB (73 for wage index, 66 for the standardized amount, and 33 for both the wage index and the standardized amount), as well as hospitals that were reclassified for the wage index in either FY 2002 (476) or FY 2003 (56) and are, therefore, in either the second or third year of their 3-year reclassification. This table also includes hospitals located in urban areas that have been designated rural in accordance with section 1886(d)(8)(E) of the Act (14). In addition, it includes rural hospitals redesignated to an urban area under section 1886(d)(8)(B) of the Act for

purposes of the standardized amount and the wage index (42).

Under § 412.273, hospitals that have been reclassified by the MGCRB are permitted to withdraw their applications within 45 days of the publication of this proposed rule in the **Federal Register**. Similarly, hospitals may terminate an existing 3-year reclassification within 45 days of the publication of this proposed rule. The request for withdrawal of an application for reclassification or termination of an existing 3-year reclassification that would be effective in FY 2003 must be received by the MGCRB within 45 days of the publication of this proposed rule. If a hospital elects to withdraw its wage index application after the MGCRB has issued its decision but prior to the above date, it may later cancel its withdrawal in a subsequent year and request the MGCRB to reinstate its wage index reclassification for the remaining fiscal year(s) of the 3-year period (§ 412.273(b)(2)(i)). The request to cancel a prior withdrawal must be made in writing to the MGCRB no later than the deadline for submitting reclassification applications for the following fiscal year (§ 412.273(d)). For further information about withdrawing, terminating, or canceling a previous withdrawal or termination of a 3-year reclassification for wage index purposes, we refer the reader to § 412.273, as well as the August 1, 2002 IPPS final rule (67 FR 50065) and the August 1, 2001 IPPS final rule (66 FR 39887).

Any changes to the wage index that result from withdrawals of requests for reclassification, wage index corrections, appeals, and the Administrator's review process will be incorporated into the wage index values published in the final rule following this proposed rule. Therefore, the final wage indexes will likely be different from those published in this proposed rule, and, in some cases, they may be quite different. Although, as described above, the statute provides that a reclassified rural hospital may not have a lower wage index after reclassification than before, there is no similar protection for urban hospitals. Therefore, hospitals should carefully evaluate the impacts of their reclassifications prior to the deadline for withdrawing from an approved reclassification.

Applications and other information about MGCRB reclassifications may be obtained via the CMS internet Web site at <http://cms.hhs.gov/providers/prrb/mgcrbinfo.asp>, or by calling the MGCRB at (410) 786-1174. The mailing address of the MGCRB is: 2520 Lord Baltimore

Drive, Suite L, Baltimore, MD 21244-2670.

As noted previously, OMB plans to announce new definitions of CBSAs by the middle of this year, and the earliest these new CBSA definitions would be used for the wage index is FY 2005. Applications for reclassification by the MGCRB for FY 2005 will be due by September 2, 2003. However, by that time, we will not have completed our analysis of the new CBSAs. Therefore, hospitals submitting applications for reclassification by the MGCRB for FY 2005 should base those applications on the current MSAs. We will assess the implications of the new CBSAs on hospitals' reclassification requests in the FY 2005 proposed rule.

#### *G. Requests for Wage Data Corrections*

The preliminary wage data file was made available on January 10, 2003 (and subsequently on February 4, 2003), through the Internet on CMS's Web site at <http://www.cms.hhs.gov/providers/hipps/default.asp>. In a memorandum dated December 31, 2002, we instructed all Medicare fiscal intermediaries to inform the IPPS hospitals they service of the availability of the wage data file and the process and timeframe for requesting revisions (including the specific deadlines listed below). We also instructed the fiscal intermediaries to advise hospitals that these data are made available directly through their representative hospital organizations.

If a hospital wished to request a change to its data as shown in that wage data file, the hospital was to submit corrections along with complete, detailed supporting documentation to its intermediary by February 17, 2003 (this deadline was initially announced as February 10, 2003, but was changed due to the need to repost some of the data). Hospitals were notified of this deadline and of all other possible deadlines and requirements, including the requirement to review and verify their data as posted on the preliminary wage data file on the Internet, through the December 31, 2002 memorandum referenced above.

After reviewing requested changes submitted by hospitals, fiscal intermediaries transmitted any revised cost reports to CMS and forwarded a copy of the revised Worksheet S-3, Parts II and III to the hospitals by April 4, 2003. In addition, fiscal intermediaries were to notify hospitals of the changes or the reasons that changes were not accepted. These deadlines are necessary to allow sufficient time to review and process the data so that the final wage index