

TABLE 1.—1993-BASED COST CATEGORIES, WEIGHTS, PRICE PROXIES, AND FY 2004 UPDATES—Continued

Cost category	1993-based market basket weight	Price proxy	FY 2004 update (percent)
Paper & Printing	0.529	CPI-U Household Paper, Paper Products & Stationery Supplies.	1.7
Postage	0.724	CPI-U Postage	1.8
Other Administrative & General, including allocated contract services' non-labor.	7.591	CPI-U Services	3.0
Transportation	3.405	CPI-U Private Transportation	-0.4
Capital-Related	3.204	2.6
Insurance	0.560	CPI-U Household Insurance	3.6
Fixed Capital	1.764	CPI-U Owner's Equivalent Rent	3.3
Movable Capital	0.880	PPI Machinery & Equipment	0.1
Other Expenses, including allocated contract services' nonlabor	5.322	CPI-U All Items Less Food & Energy	2.7

Source: Global Insights Inc., 1st Qtr, 2003; @USMACRO/MODTREND @CISSIM/TL0203.SIM Historical data through 4TH Qtr, 2002

TABLE 2.—1993-BASED COST CATEGORIES, WEIGHTS, AND FY 2003 UPDATE VERSUS FY 2004 UPDATE

Cost category	1993-based market basket weight	FY03 update (as of 2001: 4th quarter forecast) (percent)	FY04 update (as of 2003: 1st quarter forecast) (percent)
Total	1000.000	3.2	3.3
Compensation, including allocated Contract Services' labor	77.668	3.4	3.6
Wages and salaries, including allocated contract services' labor	64.226	3.4	3.4
Employee benefits, including allocated contract services' labor	13.442	3.4	4.7
Operations & Maintenance	0.832	0.9	0.5
Administrative & General, including allocated contract services' non-labor	9.569	2.9	2.7
Telephone	0.725	0.4	0.6
Paper & Printing	0.529	0.9	1.7
Postage	0.724	3.6	1.8
Other Administrative & General, including allocated contract services' non-labor	7.591	3.1	3.0
Transportation	3.405	0.9	-0.4
Capital-Related	3.204	2.5	2.6
Insurance	0.560	3.0	3.6
Fixed Capital	1.764	3.4	3.3
Movable Capital	0.880	-0.3	0.1
Other Expenses, including allocated contract services' nonlabor	5.322	2.7	2.7

Source: Global Insights Inc., 1st Qtr, 2003; @USMACRO/MODTREND @CISSIM/TL0203.SIM Historical data through 4th Qtr, 2002; and 4th Qtr, 2001, @USMACRO/MODTREND @CISSIM/TRENDLONG1101 Historical data through 3rd Qtr, 2001.

C. FY 2004 Update to the Home Health Market Basket Index

Section 1895(b)(3)(B) of the Act requires the standard prospective payment amounts to be increased by a factor equal to the applicable home health market basket increase for FY 2004. This requirement has been codified in regulations in § 484.225.

• FY 2004 Adjustments

In calculating the annual update for the FY 2004 60-day episode rates, we first looked at the FY 2003 rates as a starting point. The FY 2003 national 60-day episode rate is \$2,159.39.

In order to calculate the FY 2004 national 60-day episode rate, we multiplied the FY 2003 national 60-day episode rate (\$2,159.39) by the applicable home health market basket update for FY 2004. The home health market basket increase for FY 2004 is 3.3 percent. We increased the FY 2003

amount by the FY 2004 home health market basket increase (\$2,159.39 + 3.3 percent) to yield the updated FY 2004 national 60-day episode rate (\$2,230.65) (see Table 3 below).

TABLE 3.—NATIONAL 60-DAY EPISODE AMOUNTS UPDATED BY THE APPLICABLE HOME HEALTH MARKET BASKET FY 2004 PRIOR TO CASE-MIX ADJUSTMENT, WAGE INDEX ADJUSTMENT BASED ON THE SITE OF SERVICE FOR THE BENEFICIARY OR APPLICABLE PAYMENT ADJUSTMENT

Total prospective payment amount per 60-day episode for FY 2003	Multiply by the applicable home health market basket increase	Final FY 2004 updated national 60-day episode rate
\$2,159.39	×1.033	\$2,230.65

• National Per-Visit Amounts Used To Pay LUPAs and Compute Imputed Costs Used in Outlier Calculations.

As discussed previously in this notice with comment period, the policies governing the LUPAs and outlier calculations set forth in the July 3, 2000 HH PPS final rule will continue during FY 2004. In calculating the annual update for the FY 2004 national per-visit amounts we use to pay LUPAs and to compute the imputed costs in outlier calculations, we again looked at the FY 2003 rates as a starting point. We then multiply those amounts by the applicable home health market basket increase for FY 2004 to yield the updated per-visit amounts for each home health discipline for FY 2004. (See Table 4 below.)