

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.

Table 9 in the Addendum of this final rule 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 (68 for wage index, 31 for the standardized amount, and 34 for both the wage index and the standardized amount), as well as hospitals that were reclassified for the wage index in either FY 2002 (451) or FY 2003 (55) and are, therefore, in either the second or third year of their 3-year reclassification. 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). Since publication of the May 19 proposed rule, the number of reclassifications has changed because some MGCRB decisions were still under review by the Administrator and because some hospitals decided to withdraw their requests for reclassification.

Changes to the wage index that result from withdrawals of requests for reclassification, wage index corrections, appeals, and the Administrator's review process have been incorporated into the wage index values published in this final rule. The changes may affect not only the wage index value for specific geographic areas, but also the wage index value redesignated hospitals receive; that is, whether they receive the wage index value that includes the data for both the hospitals already in the area and the redesignated hospitals. Further, the wage index value for the area from which the hospitals are redesignated may be affected.

Applications for FY 2005 reclassifications are due to the MGCRB by September 2, 2003. We note that this is also the deadline for canceling a previous wage index reclassification withdrawal or termination under § 412.273(d). Applications and other information about MGCRB reclassifications may be obtained via the CMS Internet Web site at <http://cms.hhs.gov/providers/prrb/mginfo.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 announced its new Metropolitan and Micropolitan Statistical Area definitions on June 6,

2003. However, as noted previously as well as in the proposed rule, in order to implement these changes for the IPPS, it is necessary to identify the new area designations for each county and hospital in the country. This is not possible by the September 2, 2003 deadline for reclassification by the MGCRB for FY 2005. Therefore, hospitals submitting applications for reclassification by the MGCRB for FY 2005 should base those applications on the current MSAs. We plan to move deliberately in determining the implications the new definitions will have on hospitals' reclassification requests, and we are considering addressing these implications in the FY 2005 proposed rule.

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

In the May 19, 2003 proposed rule, we described the process for hospitals to review and revise their FY 2000 wage data. 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>. At that time, we also made available, at the same Internet address, a file showing each MSA's and rural areas's FY 2004 average hourly wage based on data then available compared to its FY 2003 average hourly wage. 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 were necessary to allow sufficient time to review and process the data so that the final wage index calculation could be completed for the development of the final FY 2004 prospective payment rates to be published by August 1, 2003.

If a hospital disagreed with the fiscal intermediary's resolution of a policy issue (for example, whether a general category of cost is allowable in the wage data), the hospital could have contacted CMS in an effort to resolve the issue. We note that the April 4, 2003 deadline also applied to these requests. Requests were required to be sent to CMS at the address below (with a copy to the hospital's fiscal intermediary). The request must have fully documented all attempts by the hospital to resolve the dispute through the process described above, including copies of relevant correspondence between the hospital and the fiscal intermediary. During review, we do not consider issues such as the adequacy of a hospital's supporting documentation, as we believe that fiscal intermediaries are generally in the best position to make evaluations regarding the appropriateness of these types of issues (which should have been resolved earlier in the process).

The final wage data public use file was released in May 2003. Hospitals had an opportunity to examine both Table 2 of the proposed rule and the May 2003 final public use wage data file (which reflected revisions to the data used to calculate the values in Table 2) to verify the data CMS used to calculate the wage index.

As with the file made available in January 2003, we made the final wage data released in May 2003 available to hospital associations and the public on the Internet. However, the May 2003 public use file was made available solely for the limited purpose of identifying any potential errors made by CMS or the fiscal intermediary in the entry of the final wage data that result from the correction process described above (with the February 2003 deadline). Hospitals were encouraged to review their hospital wage data promptly after the release of the May 2003 file. Data presented at that time could not be used by hospitals to initiate new wage data correction requests.

If, after reviewing the May 2003 final file, a hospital believed that its wage data were incorrect due to a fiscal