

the FY 1998 IPPS proposed rule (62 FR 29918) and in the FY 2002 IPPS proposed rule (66 FR 22682). In each discussion, we described the increasing number of revisions to wage data between the proposed rule and the final rule.

Currently, the fiscal intermediaries are required to conduct initial desk reviews on or before November 15 in advance of the preparation of the preliminary wage data public use file in early January (see Program Memorandum A-02-94, October 4, 2002). Furthermore, fiscal intermediaries are required to explain and attempt to resolve items that fall outside the established thresholds. This may involve further review of the supplementary documentation or contacting the hospital for additional documentation. In addition, fiscal intermediaries are required to notify State hospital associations regarding hospitals that fail to respond to issues raised during the desk review. These actions are to be completed in advance of sending the data to CMS to prepare the preliminary wage data public use file in early January. However, as we have indicated in prior **Federal Registers**, nearly 30 percent of hospitals subsequently request revisions to their data after the preliminary wage data file is made available.

This high volume of revisions results in an additional workload for the fiscal intermediaries. In particular, much of a fiscal intermediary's efforts prior to submitting the data to prepare the preliminary public use file may be in vain if the hospital subsequently revises all of its data prior to the early February deadline (which is the hospital's right at that point). Therefore, in the May 19 proposed rule, we proposed to modify the process to release the preliminary wage data file prior to requiring the fiscal intermediaries to conduct their initial desk reviews on the data. We proposed that this unaudited data would be available on the Internet by early October rather than early January. Hospitals would review this file to ensure it contains their correct data as submitted on their cost reports and request any changes by early November. At that time, the fiscal intermediaries would review the revised requests and conduct desk reviews of the data including all approved changes.

Under the proposed revised timetable, the fiscal intermediaries would notify the hospitals in early February of any changes to the wage data as a result of the desk reviews and the resolution of the hospitals' early November change requests. The fiscal intermediaries would also submit the revisions to CMS

in early February. Hospitals would then have until early March to submit requests to the fiscal intermediaries for reconsideration of adjustments made by the fiscal intermediaries as a result of the desk review. Other than requesting reconsideration of desk review adjustments, hospitals would not be able to submit new requests for additional changes that were not submitted by early November. By early April, the fiscal intermediaries would notify all hospitals of their decisions regarding the hospitals' requests to reconsider desk review adjustments and submit all of the revised wage data to CMS. From this point (early April) until the publication of the final rule, the process would be identical to the current timetable. Similar to the current timetable, hospitals would also have the opportunity in early April to request CMS consideration of policy disputes.

Therefore, we proposed to revise the schedule to improve the quality of the wage index by initiating hospitals' review of their data sooner and allowing the fiscal intermediaries to focus their reviews on the final data submitted by hospitals to be included in the wage index. In addition, we would receive the revised data in time to incorporate them into the wage indexes published in the proposed rule, resulting in fewer changes from the proposed rule to the final rule. This will improve the ability of hospitals to assess whether they should request a withdrawal from a MGRB reclassification. Because the decision of whether to withdraw a wage index reclassification must be made prior to publication of the final rule, the proposed schedule should decrease the likelihood that the final wage index will be dramatically different from the proposed wage index.

Comment: Commenters stated their appreciation of the desire to expedite the process and reduce the workload of its fiscal intermediaries, but some were concerned about the additional workload these timeframes would place on hospitals.

Some commenters were concerned about the 30-day review period for the hospitals, stating it would not be enough time to conduct a thorough and complete review of the detailed data, adding that a 45-day comment period should be the minimum review time for providers. Commenters also stated their concerns about adjusting to a new timetable while also collecting and submitting occupational mix data, and the possible adoption of the new MSA definitions for the FY 2005 wage index. They believe any changes to the timeline should be postponed until the FY 2006 wage index.

Other commenters were concerned about the additional workloads for hospitals whose fiscal year ends on June 30. These hospitals would most likely be preparing cost reports for the fiscal year just ended and this would be an additional burden. Another commenter expressed concern that the proposed rule did not mention the State hospital association notification for hospitals failing desk review edits and that the new deadlines would not afford hospitals any recourse to ensure accurate data. One commenter cited the major role its fiscal intermediary played in the delay of revisions to its wage index.

Several other commenters generally supported the proposal to modify the wage index timetable, but with some modification. The commenters asked that hospitals have 75 days from the proposed October release of the public use file to submit revised data to the fiscal intermediaries and that CMS finalize the timetable in June rather than waiting until the final rule is published. The commenters believed this would allow virtually all hospitals the time they need to do a thorough and complete review to determine the accuracy of the detail data needed to compute an accurate wage index. Commenters also believed this would give fiscal intermediaries time to respond to hospital issues raised during the desk review period.

Finally, other commenters expressed support for the timetable changes. These commenters believed the hospitals will have more time to review their wage data and there will be less of an administrative burden on fiscal intermediaries. Another commenter believed auditors' and hospitals' resources will be better utilized and this could help eliminate the problem of reauditing wage index data after revisions are submitted. Another commenter added that hospitals would be able to better determine how they compare to other hospitals and whether a reclassification would be appropriate using much more accurate data. Also, aberrant data would become more apparent earlier in the process.

Response: Although hospitals will be required to review the data sooner, they are not being asked to perform any more reviews or work than currently. Therefore, we do not believe this change will be burdensome to hospitals. Hospitals will still have sufficient time to complete a thorough review of the data, because the data for the FY 2005 wage index values will be taken from cost reporting periods beginning during FY 2001. These cost reports should have already been thoroughly reviewed